



Alexander Sloan
Accountants and Business Advisers

Paisley Housing Association

Report and Financial Statements

For the year ended 31 March 2019

Registered Housing Association No. HCB166

FCA Reference No. 2171R(S)

Scottish Charity No. SCO35589

PAISLEY HOUSING ASSOCIATION

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PAISLEY HOUSING ASSOCIATION

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2019

BOARD OF MANAGEMENT

Ian Johnstone	Appointed Chairperson 25 September 2018
James Weir	
Eileen Graham	
Sandra Loney	
Karen McMillan	
Mairi MacLean	
John Sweeney	
Ian Dewar	Resigned 25 September 2018
Annie Patrick	Resigned 29 October 2018
Saroj Bains	Appointed 25 September 2018
Scott Tsuru	Appointed 25 September 2018
Alison McKeown	Appointed 26 November 2018
Magda Pawlik	Appointed 25 March 2019

EXECUTIVE OFFICERS

Kathleen McCutcheon
Elaine Thomson
Lorna Colville
Lorna Gilroy

REGISTERED OFFICE

64 Espedair Street
Paisley
PA2 6RW

EXTERNAL AUDITORS

Alexander Sloan
Accountants & Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

BANKERS

Bank of Scotland Commercial Banking
Level 6
110 St Vincent Street
Glasgow
G2 1BA

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

PAISLEY HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

The Board of Management presents its report and the Financial Statements for the year ended 31 March 2019.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2171R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SCO35589.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

1. providing, constructing, improving and managing land, accommodation and associated facilities and providing care;
2. providing or arranging home maintenance, repair and improvement services and providing facilities and services for the benefit of such people either exclusively for them or together with other persons;
3. undertaking any activities which are charitable, allowed under section 58 of the Housing (Scotland) Act 2001, including any statutory amendment or re enactment of the provisions of this section from time to time being in force and;
4. carrying on any other charitable activities permitted to registered social landlords from time to time.

Review of Business and Future Developments

The Association's overall aim is to help sustain the regeneration of Paisley through the provision of quality housing and services, which will meet the diverse needs and aspirations of our customers.

The Association aims to be onsite with 2 newbuild developments in Westerfields and in Glenburn during 19/20. We are also progressing proposals with the Government for one tenant improvement scheme which we are continuing to develop with Renfrewshire Council support and in consultation with the existing owners. We also have a land strategy which we continue to liaise with the Council on for further developments in the future.

The Association is committed to ensuring its properties are maintained to a high standard and recognises its obligations to provide major repairs to its properties to ensure that this is the case, whilst ensuring rents and services remain affordable and good value for money.

Current Year

The Association has 1204 properties for rent and has 2 shared ownership properties. The Association has continued to manage and maintain these houses to a high standard, reinforcing their commitment to good quality houses at affordable rents. We continue to invest in our housing stock and maintain the standard of properties that it offers to residents through our planned and cyclical maintenance programmes.

The Association has continued to work towards improving performances in repair responses, arrears levels, void loss and delivering good customer service and value for money. In particular we are investing significantly in technology to improve efficient delivery of services to tenants and in a new office located in central Paisley to provide easy access for customers.

We have just completed our third year of our rent phasing and service charges review, to ensure our rents and services better reflect the investment we have made/are making in our stock and the services we provide.

PAISLEY HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Board of Management and Executive Officers

The members of the Board of Management and the Executive Officers are listed on Page 1.

Each member of the Board of Management holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Board of Management.

The members of the Board of Management are also Trustees of the Charity. Members of the Board of Management are appointed by the members at the Association's Annual General Meeting.

Statement of Board of Management's Responsibilities

The Co-operative and Community Benefit Act 2014 requires the Board of Management to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Board of Management is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements - 2019. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Board of Management must in determining how amounts are presented within items in the statement of comprehensive income and the statement of financial position, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Board of Management are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Board of Management have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

PAISLEY HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Statement on Internal Financial Control

The Board of Management acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

It is the Board of Management's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Board of Management to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Management;
- the Board of Management receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Board of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2019. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Donations

During the year the Association made charitable donations amounting to £15 (2018 - £199).

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Accountants and Business Advisers, will be proposed at the Annual General Meeting.

By order of the Board of Management

E Graham

Secretary
27 August 2019

PAISLEY HOUSING ASSOCIATION

REPORT BY THE AUDITORS TO THE MEMBERS OF PAISLEY HOUSING ASSOCIATION ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 4 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

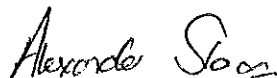
Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 4 has provided the disclosures required by the relevant Regulatory Standards within the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Board of Management, and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Board of Management's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls within the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
27 August 2019



Alexander Sloan
Accountants and Business Advisers

PAISLEY HOUSING ASSOCIATION

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PAISLEY HOUSING ASSOCIATION

Opinion

We have audited the financial statements of Paisley Housing Association (the 'Association') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Society Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Board of Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Management.

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

PAISLEY HOUSING ASSOCIATION

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PAISLEY HOUSING ASSOCIATION (Continued)

Responsibilities of the Board of Management

As explained more fully in the Statement of Board of Management's Responsibilities as set out on Page 3, the Board of Management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

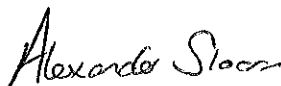
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management.
- Conclude on the appropriateness of the Board of Management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
27 August 2019



Alexander Sloan
Accountants and Business Advisers

PAISLEY HOUSING ASSOCIATION

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
REVENUE	2		7,018,117		6,368,019
Operating Costs	2		(5,552,544)		(4,639,622)
OPERATING SURPLUS			1,465,573		1,728,397
Gain On Sale Of Housing Stock	7	24,461		24,635	
Interest Receivable and Other Income		8,982		2,827	
Interest Payable and Similar Charges	8	(166,670)		(170,409)	
Movement in fair value of financial instruments	25	-		5,064	
Other Finance Income / (Charges)	11	(29,000)		(6,878)	
			(162,227)		(144,762)
Surplus on ordinary activities before taxation			1,303,346		1,583,636
Tax on surplus on ordinary activities	10		-		-
SURPLUS FOR THE YEAR	9		1,303,346		1,583,636
Other comprehensive income					
Adjustment relating to Opening Pension Liability			(458,426)		
Actuarial Gains/ (Losses) on defined benefit Pension Plan			4,000		-
TOTAL COMPREHENSIVE INCOME			848,920		1,583,636

The notes on pages 12 to 32 form part of these financial statements.

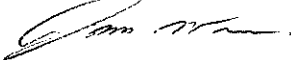
PAISLEY HOUSING ASSOCIATION

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12 (a)		47,517,335		48,499,798
Intangible Assets	12 (b)		83,854		72,258
Other Non-current Assets	12 (c)		694,602		639,259
			<u>48,295,791</u>		<u>49,211,315</u>
INVESTMENTS					
Investment in subsidiaries	25	2		2	
			2		2
CURRENT ASSETS					
Receivables	15	342,953		322,478	
Cash at bank and in hand		5,041,067		4,190,160	
		<u>5,384,020</u>		<u>4,512,638</u>	
CREDITORS: Amounts falling due within one year	16	<u>(1,747,754)</u>		<u>(1,441,635)</u>	
NET CURRENT ASSETS			<u>3,636,266</u>		<u>3,071,003</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>51,932,059</u>		<u>52,282,320</u>
CREDITORS: Amounts falling due after more than one year	17		<u>(5,526,702)</u>		<u>(6,431,237)</u>
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish Housing Association Pension Scheme	30	<u>(1,210,000)</u>			
			<u>(1,210,000)</u>		
DEFERRED INCOME					
Social Housing Grants	19	<u>(26,936,887)</u>		<u>(28,441,527)</u>	
			<u>(26,936,887)</u>		<u>(28,441,527)</u>
NET ASSETS			<u><u>18,258,470</u></u>		<u><u>17,409,556</u></u>
EQUITY					
Share Capital	20		35		41
Revenue Reserves			19,468,435		17,409,515
Pension Reserves			<u>(1,210,000)</u>		
			<u><u>18,258,470</u></u>		<u><u>17,409,556</u></u>

The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 27 August 2019.

Board Member



Board Member



Secretary



The notes on pages 12 to 32 form part of these financial statements.

PAISLEY HOUSING ASSOCIATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£	£
Net cash inflow from operating activities	18	2,945,157	2,203,614
Investing Activities			
Acquisition and Construction of Properties	(1,406,358)	(1,485,940)	
Purchase of Intangible Fixed Assets	(37,076)	(90,323)	
Purchase of Other Fixed Assets	(104,763)	(2,567)	
Proceeds on Disposal of Properties	33,258	33,935	
Net cash outflow from investing activities		(1,514,939)	(1,544,895)
Financing Activities			
Interest Received on Cash and Cash Equivalents	8,982	2,827	
Interest Paid on Loans	(129,280)	(170,409)	
Loan Principal Repayments	(459,017)	(457,815)	
Share Capital Issued	3	4	
Net cash outflow from financing activities		(579,312)	(625,393)
Increase in cash		850,907	33,326
Opening Cash & Cash Equivalents		4,190,160	4,156,834
Closing Cash & Cash Equivalents		<u>5,041,067</u>	<u>4,190,160</u>
Cash and Cash equivalents as at 31 March			
Cash		5,041,067	4,190,160
		<u>5,041,067</u>	<u>4,190,160</u>

The notes on pages 12 to 32 form part of these financial statements.

PAISLEY HOUSING ASSOCIATION

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

	Scottish Housing			Total
	Share Association Capital Pension reserve	Revenue Reserve		
	£	£	£	£
Balance as at 31 March 2017	45	15,825,880	-	15,825,925
Issue of Shares	4	-	-	4
Cancellation of Shares	(8)	-	-	(8)
Surplus for the year	-	1,583,636	-	1,583,636
Balance as at 31 March 2018	41	17,409,515	-	17,409,556
Balance as at 1 April 2018	41	17,409,515	-	17,409,556
Issue of Shares	3	-	-	3
Cancellation of Shares	(9)	-	-	(9)
Other comprehensive income	-	-	(454,426)	(454,426)
Other movement	-	755,574	(755,574)	-
Surplus for the year	-	1,303,346	-	1,303,346
Balance as at 31 March 2019	35	19,468,435	(1,210,000)	18,258,470

The notes on pages 12 to 32 form part of these financial statements.

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice Accounting for social landlords 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods commencing on or after 1 January 2015.

Basis of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2019. A summary of the more important accounting policies is set out below.

Basis of Consolidation

The Association has obtained exemption from the Financial Conduct Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The financial statements for Paisley Housing Association present information about it as an individual undertaking and not about the group.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the asset to which it relates.

Retirement Benefits

The Association participates in the Scottish Housing Associations Defined Benefit Pension Scheme where retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Land	Not depreciated
Structure	Over 50 years
Roofs	Over 50 years
Bathrooms	Over 25 years
Windows	Over 25 years
Electrics	Over 30 years
Entrance Doors	Over 30 years
Close Doors	Over 20 years
Internal Doors	Over 35 years
Door Entry	Over 15 years
Kitchen	Over 15 years
Heating - Boilers	Over 14 years
Heating - Radiators	Over 28 years
Lifts	Over 30 years
Multi - Balconies	Over 30 years

The Association has updated the life of components during the year to reflect the best estimate of their useful life. As a result of the change in the year the depreciation charge has increased by £597,326.

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

Depreciation and Impairment of Other Non-Current Assets

Non-current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Asset Category	Depreciation Rate
Office Premises	4% Straight Line
Furniture, Fittings and Equipment	20% Straight Line

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

Social Housing Grant and Other Grants in Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Board of Management the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Financial instrument break clauses

The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Board of Management, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

d) Pension Liability

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Board of Management to exercise judgement in applying the Association's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below.

a) Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through an assessment process based on the level of debt and if the tenancy is still active.

b) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

d) Costs of shared ownership

The Association allocates costs to shared ownership properties on a percentage basis split across the number of properties the Association owns.

e) Defined pension liability

Determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

f) Allocation of share of assets and liabilities for multi employer schemes

Judgements in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi employer pension schemes and estimations performed by the Pensions Trust.

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING AND OTHER ACTIVITIES

	Notes	2019			2018		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	6,998,463	5,548,053	1,450,410	6,329,091	4,625,434	1,703,657
Other Activities	4	19,654	4,491	15,163	38,928	14,188	24,740
Total		7,018,117	5,552,544	1,465,573	6,368,019	4,639,622	1,728,397

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared Ownership £	2019 Total £	2018 Total £
Revenue from Lettings				
Rent receivable net of service charges	5,186,984	6,387	5,193,371	4,995,216
Service charges receivable	194,679	-	194,679	228,037
Gross Income from rent and service charges	5,381,663	6,387	5,388,050	5,223,253
Less: Rent losses from voids	18,716	-	18,716	24,527
Net Rents Receivable	5,362,947	6,387	5,369,334	5,198,726
Grants released from deferred income	1,568,594	1,184	1,569,778	1,084,437
Revenue grants from Scottish Ministers	59,351	-	59,351	45,928
Total turnover from affordable letting activities	6,990,892	7,571	6,998,463	6,329,091
Expenditure on affordable letting activities				
Management and maintenance administration costs	1,947,180	-	1,947,180	1,720,309
Service Costs	163,632	-	163,632	191,341
Planned and cyclical maintenance, including major repairs	570,860	-	570,860	511,110
Reactive maintenance costs	505,511	-	505,511	556,068
Bad Debts - rents and service charges	27,007	-	27,007	4,123
Depreciation of affordable let properties	2,342,424	1,439	2,343,863	1,642,483
Impairment of affordable letting activities	-	-	-	-
Operating costs of affordable letting activities	5,546,614	1,439	5,548,053	4,625,434
Operating surplus on affordable letting activities	1,444,278	6,132	1,450,410	1,703,657
2018	1,697,857	5,800		

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2019	Operating Surplus / (Deficit) 2018
	£	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	-	-	-	-	-	-
Commercial leases	-	-	-	15,356	15,356	-	-	15,356	30,641
Development administration	-	-	-	-	-	-	4,491	(4,491)	(14,188)
Charitable donations	-	-	-	4,298	4,298	-	-	4,298	8,287
Rechargeable repairs	-	-	-	-	-	-	-	-	-
Total From Other Activities	-	-	-	19,654	19,654	-	4,491	15,163	24,740
2018	-	-	-	38,928	38,928	-	14,188	24,740	

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of Management, managers and employees of the Association.

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

Pension contributions made on behalf on Officers with emoluments greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)

Total Emoluments paid to key management personnel

2019	2018
£	£
<u>70,772</u>	<u>68,708</u>
<u>8,953</u>	<u>8,543</u>
<u>70,772</u>	<u>68,708</u>
<u>245,204</u>	<u>238,484</u>

The number of Officers, including the highest paid Officer, who received emoluments over £60,000 was in the following ranges:-

	Number	Number
	1	1
£60,001 to £70,000	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was:

The average total number of Employees employed during the year was:

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

Temporary, Agency and Seconded Staff

2019	2018
No.	No.
<u>34</u>	<u>31</u>
<u>34</u>	<u>32</u>
£	£
1,061,015	1,028,953
91,172	84,518
125,500	117,106
-	17,965
<u>1,277,687</u>	<u>1,248,542</u>

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2019	2018
	£	£
Sales Proceeds	33,258	33,936
Cost of Sales	8,798	9,301
Gain On Sale Of Housing Stock	<u>24,461</u>	<u>24,635</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2019	2018
	£	£
On Bank Loans & Overdrafts	<u>166,670</u>	<u>170,409</u>

9. SURPLUS FOR THE YEAR

	2019	2018
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	2,342,679	1,639,536
Auditors' Remuneration - Audit Services	8,160	7,920
Operating Lease Rentals - Land & Buildings	6,750	1,688
Gain on sale of fixed assets	<u>(24,461)</u>	<u>(24,635)</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

11. OTHER FINANCE INCOME / CHARGES

	2019	2018
	£	£
Defined pension scheme net interest cost	29,000	-
Unwinding of Discounted Pension Liabilities	<u>-</u>	<u>6,878</u>

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
COST				
As at 1 April 2018	71,905,487	471,379	78,140	72,455,006
Additions	1,125,990	280,368	-	1,406,358
Disposals	(251,861)	-	-	(251,861)
As at 31 March 2019	<u>72,796,968</u>	<u>734,395</u>	<u>78,140</u>	<u>73,609,503</u>
DEPRECIATION				
As at 1 April 2018	23,920,605	-	34,603	23,955,208
Charge for Year	2,291,820	-	1,439	2,293,259
Disposals	(156,299)	-	-	(156,299)
As at 31 March 2019	<u>26,056,126</u>	<u>-</u>	<u>36,042</u>	<u>26,092,168</u>
NET BOOK VALUE				
As at 31 March 2019	<u>46,740,842</u>	<u>734,395</u>	<u>42,098</u>	<u>47,517,335</u>
As at 31 March 2018	<u>47,984,882</u>	<u>471,379</u>	<u>43,537</u>	<u>48,499,798</u>

Additions to housing properties include capitalised development administration costs of £10,010 (2018 - £11,061) and capitalised major repair costs to existing properties of £1,125,990 (2018 - £1,460,491).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £2,202,361 (2018 - £2,553,118). The amount capitalised is £1,125,990 (2018 - £1,485,940) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £1,086,210 (2018 - £1,460,491) and improvement of £39,780 (2018 - £25,449).

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

(b) Intangible Assets	Website & Software	Total £
COST		
As at 1 April 2018	90,323	90,323
Additions	37,076	37,076
As at 31 March 2019	<u>127,399</u>	<u>127,399</u>
AGGREGATE DEPRECIATION		
As at 1 April 2018	18,065	18,065
Charge for year	25,480	25,480
As at 31 March 2019	<u>43,545</u>	<u>43,545</u>
NET BOOK VALUE		
As at 31 March 2019	<u>83,854</u>	<u>83,854</u>
As at 31 March 2018	<u>72,258</u>	<u>72,258</u>

12. NON CURRENT ASSETS (Continued)

(c) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Total £
COST			
As at 1 April 2018	929,679	118,119	1,047,798
Additions	86,287	18,476	104,763
As at 31 March 2019	<u>1,015,966</u>	<u>136,595</u>	<u>1,152,561</u>
AGGREGATE DEPRECIATION			
As at 1 April 2018	301,237	107,302	408,539
Charge for year	40,639	8,781	49,420
As at 31 March 2019	<u>341,876</u>	<u>116,083</u>	<u>457,959</u>
NET BOOK VALUE			
As at 31 March 2019	<u>674,090</u>	<u>20,512</u>	<u>694,602</u>
As at 31 March 2018	<u>628,442</u>	<u>10,817</u>	<u>639,259</u>

13. CAPITAL COMMITMENTS

	2019 £	2018 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>355,513</u>	<u>161,784</u>

The above commitments will be financed by a mixture of public grant, private finance and the

14. COMMITMENTS UNDER OPERATING LEASES

	2019 £	2018 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Land and Buildings		
Not later than one year	<u>-</u>	<u>4,501</u>

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Arrears of Rent & Service Charges	132,553	153,206
Less: Provision for Doubtful Debts	<u>(37,058)</u>	<u>(44,538)</u>
	95,495	108,668
Other Receivables	107,367	143,637
Amounts Due from Group Undertakings	<u>140,091</u>	<u>70,173</u>
	<u>342,953</u>	<u>322,478</u>

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Housing Loans	431,469	424,756
Trade Payables	191,794	253,515
Rent Received in Advance	215,908	204,441
Other Taxation and Social Security	57,171	24,568
Other Payables	93,269	215,086
Liability for Past Service Contributions	-	145,769
Accruals and Deferred Income	<u>758,143</u>	<u>173,500</u>
	<u>1,747,754</u>	<u>1,441,635</u>

At the balance sheet date there were pension contributions outstanding of £32,078 (2018 - £1,130).

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Liability for Past Service Contributions	-	438,805
Housing Loans	5,526,702	5,992,432
	<u>5,526,702</u>	<u>6,431,237</u>
Housing Loans		
Amounts due within one year	431,469	424,756
Amounts due in one year or more but less than two years	397,327	401,470
Amounts due in two years or more but less than five years	1,170,021	1,187,092
Amounts due in more than five years	3,959,354	4,403,870
	<u>5,958,171</u>	<u>6,417,188</u>
Less: Amount shown in Current Liabilities	431,469	424,756
	<u>5,526,702</u>	<u>5,992,432</u>
Liability for Past Service Contributions		
Amounts due within one year	-	145,769
Amounts due in one year or more but less than two years	-	147,907
Amounts due in two years or more but less than five years	-	289,780
Amounts due in more than five years	-	1,118
	-	<u>584,574</u>
Less: Amount shown in Current Liabilities	-	145,769
	-	<u>438,805</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Bank of Scotland	Standard security over 4 properties	3.0%	2022	Fixed
Bank of Scotland	Standard security over 3 properties	1.5%+BR	2025	Variable
Bank of Scotland	Standard security over 6 properties	3.0%	2022	Fixed
Bank of Scotland	Standard security over 21 properties	0.62%+BR	2026	Variable
Bank of Scotland	Standard security over 9 properties	3.0%	2022	Fixed
Bank of Scotland	Standard security over 25 properties	0.75% + BR	2031	Variable
Bank of Scotland	No security over properties	4.8%	2031	Fixed
Bank of Scotland	Standard security over 25 properties	0.75% + BR	2031	Variable
Bank of Scotland	No security over properties	4.8%	2031	Fixed
Nationwide Building Society	Standard security over 11 properties	4.2%	2026	Variable
Clydesdale Bank	Standard security over 10 properties	0.9% + BR	2022	Variable
Clydesdale Bank	Standard security over 14 properties	0.9% + BR	2022	Variable
Clydesdale Bank	No security over properties	0.9% + BR	2028	Variable
Clydesdale Bank	No security over properties	0.9% + LIBOR	2028	Variable
Clydesdale Bank	Standard security over 17 properties	0.67%+LIBOR	2033	Variable
Clydesdale Bank	No security over properties	0.65% + LIBOR	2033	Variable
Clydesdale Bank	Standard security over 20 properties	0.67% + LIBOR	2033	Variable
Clydesdale Bank	No security over properties	0.65% + LIBOR	2033	Variable
Clydesdale Bank	Standard security over 27 properties	0.67% + LIBOR	2033	Variable
Clydesdale Bank	No security over properties	0.65% + LIBOR	2033	Variable
Clydesdale Bank	Standard security over 33 properties	0.67% + LIBOR	2034	Variable
Clydesdale Bank	No security over properties	0.65% + LIBOR	2033	Variable
Clydesdale Bank	Standard security over 33 properties	0.67% + LIBOR	2034	Variable
Clydesdale Bank	No security over properties	0.65% + LIBOR	2033	Variable
Royal Bank of Scotland	Standard security over 11 properties	0.425% + BR	2035	Variable
Royal Bank of Scotland	Standard security over 27 properties	0.425% + BR	2035	Variable
Royal Bank of Scotland	No security over properties	0.425% + BR	2035	Variable
Royal Bank of Scotland	Standard security over 23 properties	0.4%+ BR	2039	Variable
Royal Bank of Scotland	Standard security over 32 properties	4.3%	2040	Fixed
Co-op Bank	Standard security over 39 properties	2.25% + BR	2019	Variable
Co-op Bank	Standard security over 47 properties	4.5%	2032	Fixed

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. STATEMENT OF CASH FLOWS

Reconciliation of surplus for the year to net cash inflow from operating activities

	2019 £	2018 £
Surplus for the year	1,303,346	1,583,636
Depreciation	2,393,283	1,687,183
Gain on disposal	(24,461)	(24,635)
Amortisation of Intangible Fixed Assets	25,480	18,065
Amortisation of Capital Grants	(1,468,480)	(1,084,437)
Change in debtors	(20,475)	(62,495)
Change in creditors	445,175	(81,277)
Unwinding of Discount on Pension Liability	171,000	(1,814)
Transfer of interest to financial activities	120,298	169,396
Share Capital Written Off	(9)	(8)
Net cash inflow from operating activities	<u>2,945,157</u>	<u>2,203,614</u>

Reconciliation of net cash flow to movement in net debt

	2019 £		2018 £	
Increase in cash	850,907		33,326	
Cashflow from change in net debt	<u>897,822</u>		<u>625,389</u>	
Movement in net debt during the year		1,748,729		658,715
Net debt at 1st April 2018		<u>(2,665,833)</u>		<u>(3,324,548)</u>
Net debt at 31 March 2019		<u>(917,104)</u>		<u>(2,665,833)</u>

Analysis of changes in net debt

	At 01 April 2018	Cashflows	Other Changes	At 31 March 2019
Cash at bank and in hand	4,190,160	850,907		5,041,067
Bank overdrafts	-			-
	<u>4,190,160</u>	<u>850,907</u>		<u>5,041,067</u>
Liquid resources	-			-
Debt: Due within one year	(424,756)	(6,713)		(431,469)
Due after more than one year	(6,431,237)	904,535		(5,526,702)
Net Debt	<u>(2,665,833)</u>	<u>1,748,729</u>		<u>(917,104)</u>

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
Social Housing Grants				
As at 1 April 2018	28,129,556	281,242	30,729	28,441,527
Eliminated on disposal of components and property	(36,160)	-	-	(36,160)
Amortisation in year	(1,467,296)		(1,184)	(1,468,480)
As at 31 March 2019	<u>26,626,100</u>	<u>281,242</u>	<u>29,545</u>	<u>26,936,887</u>
Net book value				
As at 31 March 2019	<u>26,626,100</u>	<u>281,242</u>	<u>29,545</u>	<u>26,936,887</u>
As at 31 March 2018	<u>28,129,556</u>	<u>281,242</u>	<u>30,729</u>	<u>28,441,527</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2019 £	2018 £
Amounts due within one year	1,468,480	1,084,437
Amounts due in one year or more	25,468,407	27,357,090
	<u>26,936,887</u>	<u>28,441,527</u>

20. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2019 £	2018 £
As at 1 April 2018	41	45
Issued in year	3	4
Cancelled in year	(9)	(8)
As at 31 March 2019	<u>35</u>	<u>41</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members'

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-

	2019 No.	2018 No.
General Needs - Built by Association	301	301
General Needs - Purchased by Association	903	903
Shared Ownership	2	2
	<u>1,206</u>	<u>1,206</u>

22. RELATED PARTY TRANSACTIONS

Members of the Board of Management are related parties of the Association as defined by Financial Reporting Standard 102.

Any transactions between the Association and any entity with which a Board of Management member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Board of Management members (and their close family) were as follows:

	2019 £	2018 £
Rent received from tenants on the Board of Management and their close family members	<u>35,755</u>	<u>26,581</u>

At the year end total rent arrears owed by the tenant members on the Board of Management (and their close family) were £1,636 (2018 - £137).

Members of the Board of Management who are tenants	7	5
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PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 64 Espedair Street, Paisley, PA2 6RW.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Paisley.

24. BOARD OF MANAGEMENT MEMBER EMOLUMENTS

Board of Management members received £1,629 (2018 - £1,289) in the year by way of reimbursement of expenses. No remuneration is paid to Board of Management members in respect of their duties to the Association.

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. INVESTMENTS

Investments in Subsidiaries	2019 £	2018 £
Cost		
As at 1 April and 31 March	2	2
NBV		
As at 31 March	<u>2</u>	<u>2</u>
As at 1 April	<u>2</u>	<u>2</u>

In the opinion of the Board of Management the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

The Association has a 100% owned subsidiary named Paisley South Property Services Limited. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

During the year, Paisley Housing Association Limited provided management, maintenance, factoring services to Paisley South Property Services Limited for which a charge of £37,424 (2018 - £34,348) was made of which £37,424 (2017 - £34,348) was outstanding at the year end. A donation of £4,298 (2018 - £8,287) was also received from Paisley South Property Services Limited during the year.

The aggregate amount of capital and reserves and the results of Paisley South Property Services Limited for the year ended 31 March 2019 were as follows:

	2019 £	2018 £
Capital & Reserves	<u>7,437</u>	<u>7,437</u>
Deficit for the year	<u>-</u>	<u>(46)</u>

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Paisley Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme). The assets of which are held in a separate trustee administered fund. The defined benefit scheme is currently active but is closed to new employees. The defined contribution scheme was made available for new entrants from 14th May 2014.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal then the liability of the withdrawing employer is re-appointed amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

The last valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS

Change in Accounting Estimate

The pension fund is administered by the TPT Retirement Solutions. Previously only the past service deficit was included as a liability in the financial statements as the Association's share of the pension assets and liabilities could not be determined. This year the TPT Retirement Solutions have developed a method of calculating each member's share of the assets and liabilities of the scheme. The figures are

In March 2019 the FRC issued an amendment to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The new version of FRS 102 while not in force provides best guidance on how to treat the transition from defined contribution to defined benefit accounting. This method has been adopted by the Housing Association as the most appropriate treatment. As a result the change has been accounted for as change in accounting estimate.

Due to the change in accounting estimate the past service deficit liability has been removed as the liability is included in the pension liability now calculated by the actuary and shown under Pension and Other Provisions for Liabilities and Charges in the Balance Sheet. The change has been reflected in Other Comprehensive Income as follows:

	£
Opening pension liability per actuary	1,043,000
Opening past service deficit	584,574
	<hr/>
Movement to other comprehensive income	458,426

As a result the unwinding of the past service deficit is no longer shown within finance charges. Instead the expenses, interest and other comprehensive income as detailed within this note are incorporated within the financial statements.

The following figures are prepared by the Actuaries in accordance with their understanding of FRS 102 and Guidance Note 36: Accounting for Retirement Benefits under FRS 102 issued by the Institute and Faculty of Actuaries.

Principal Actuarial Assumptions

Assumptions as at	2019 %p.a.	2018 %p.a.	2017 %p.a.
Salary increases	3.3%	3.2%	0.0%
Pension increases	3.3%	3.2%	0.0%
Discount rate	2.3%	2.6%	0.0%

The defined benefit obligation is estimated to comprise of the following:

	2019 £000
Employee members	23
Deferred pensioners	10
Pensioners	9
	<hr/>
	42

Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	21.7	23.4
Future Pensioners	23.1	24.7

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS

Fair value of scheme assets by category

	2019	2018
	£000	£000
Equities	2,271	2,104
Bonds	2,983	2,690
Property	420	294
Cash	6	9
	<u>5,680</u>	<u>5,097</u>

Net Pension Liability

	2019
	£000
Fair value of employer's assets	5,680
Present value of scheme liabilities	(6,890)
	<u>(1,210)</u>

Reconciliation of fair value of employer assets

	2019
	£000
Opening fair value of employer assets	5,097
Expected Return on Assets	488
Contributions by Members	11
Contributions by the Employer	146
Actuarial Gains / (Losses)	-
Estimated Benefits Paid	(62)
	<u>5,680</u>

Closing fair value

Reconciliation of defined benefit obligations

	2019
	£000
Opening defined benefit obligation	6,140
Current Service Cost	288
Interest Cost	162
Contributions by members	11
Actuarial Gains	351
Estimated Benefits Paid	(62)
	<u>6,890</u>

Closing defined benefit obligation

PAISLEY HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Income and Expenditure Account

	2019 £000
Charged to operating costs:	
Service cost	288,771
Charged to Other Finance Costs / (Income)	
Expected Return on employer assets	(133,000)
Interest on pension scheme liabilities	162,000
	29,000
	162,000
Net Charge to the Income and Expenditure Account	317,771

Actuarial Gain / (Loss) recognised in the Statement of Recognised Gains and Losses

	2019 £000
Actuarial gain/(loss) recognised in year	4
Cumulative actuarial gains	4