

**FORTH HOUSING ASSOCIATION LIMITED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

Registered Housing Association Number: HAL. 110

Charity Registration Number: SCO03550

FCA Reference Number: 2268 RS

**FORTH HOUSING ASSOCIATION LIMITED**

**CONTENTS**

<b>THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS.....</b>	<b>1</b>
<b>REPORT FROM THE MANAGEMENT COMMITTEE.....</b>	<b>2</b>
<b>REPORT BY THE AUDITOR ON CORPORATE GOVERNANCE MATTERS .....</b>	<b>7</b>
<b>INDEPENDENT AUDITOR's REPORT .....</b>	<b>8</b>
<b>STATEMENT OF COMPREHENSIVE INCOME.....</b>	<b>11</b>
<b>STATEMENT OF FINANCIAL POSITION .....</b>	<b>12</b>
<b>STATEMENT OF CASH FLOWS.....</b>	<b>13</b>
<b>STATEMENT OF CHANGES IN CAPITAL AND RESERVES .....</b>	<b>14</b>
<b>NOTES TO THE FINANCIAL STATEMENTS .....</b>	<b>15</b>

**FORTH HOUSING ASSOCIATION LIMITED  
THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS  
FOR THE YEAR ENDED 31 MARCH 2018**

**MEMBERS OF THE MANAGEMENT COMMITTEE**

Gordon Mason	Chairperson
Patrick Heneghan	Vice Chairperson
David Cumming	Treasurer
Colleen Sharp	Secretary
Margaret Turner	
Neil Macleod	
Linda Mason	
John Fyfe	
Cllr Violet Weir	Resigned May 2017
John Paterson	
Robert Buchanan	
Gillies Thomson	Appointed September 2017
Cllr J Thomson	Stirling Council Observer from February 2018

**EXECUTIVE OFFICERS**

John Cameron	Director
Grahame Cairns	Tenant Services Manager
Anne Matthew	Development Co-ordinator

**REGISTERED OFFICE**

**(Up to 22 July 2018)**

4<sup>th</sup> Floor  
Wallace House  
17-21 Maxwell Place  
Stirling  
FK8 1JU

**REGISTERED OFFICE**

**(From 23 July 2018)**

Kildean Business & Enterprise Hub  
146 Drip Road  
Stirling  
FK8 1RW

**AUDITOR**

French Duncan LLP  
Chartered Accountants  
133 Finnieston Street  
Glasgow  
G3 8HB

**INTERNAL AUDITOR**

TIAA  
61 Dublin Street  
Edinburgh  
EH3 6NL

**BANKERS**

Clydesdale Bank PLC  
Suite 2  
Ochil House  
Springkerse Business Park  
Stirling

**SOLICITORS**

TC Young LLP  
7 West George Street  
Glasgow  
G2 1BA

**FINANCE AGENT**

FMD Financial Services Limited  
KCEDG Commercial Centre  
Unit 29, Ladyloan Place  
Glasgow  
G15 8LB

**FORTH HOUSING ASSOCIATION LIMITED  
REPORT FROM THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2018**

The Management Committee presents their report and the audited Financial Statements for the year ended 31 March 2018.

**Legal Status**

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 2268 RS. The Association is governed under its Rule Book. The Association is a Registered Scottish Charity with the charity number SC003550.

**Principal Activities**

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

**Governance**

The Association's Management Committee, which meets monthly, is elected by the membership at the AGM, held in September each year, and can consist of up to 15 individuals. Following each AGM the Committee review their membership and can elect, if appropriate, to co-opt additional individuals to provide additional experience and/or skills. In September 2017 the Committee concluded that the 11 elected individuals represented a wide range of skills and experience and that no co-options were necessary. The 2017/18 Committee involves members with a range of professional backgrounds and also includes 3 Association tenants, who can provide first hand customer insight.

In order to ensure that Committee members maintain appropriate levels of knowledge and skills a training and development strategy is in place, which requires each member to attend a minimum of two training/development courses each year. Attendance at training features as part of the annual appraisal and review carried out with each Committee member. All new Committee members are involved in an induction programme to ensure that they are fully aware of the governance and business arrangements of the Association. An informal mentoring programme also ensures that new Committee members receive support and guidance from their more experienced colleagues.








**Aims and Objectives**

An updated Business Plan was adopted with effect from 1 April 2017. This summarised the Association's aims and objectives as follows:

Aims:

Forth aims to develop and maintain quality affordable homes and services.

Objectives:

-  Developing and maintaining quality homes within the eastern Stirling area.
-  Allocating homes to meet a range of housing needs.
-  Encouraging tenants to meet their responsibilities.
-  Providing income maximisation and associated assistance.
-  Ensuring robust governance and value for money.
-  Delivering excellent customer services.
-  Engaging with our communities and encouraging tenant involvement.

**FORTH HOUSING ASSOCIATION LIMITED  
REPORT FROM THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2018**

**Values:**

We will undertake all of the above in a responsive, fair and transparent manner in accordance with our policies and legal obligations.

**Business priorities:**

The above translate into the following priorities:

- Focusing our activity within the eastern part of the Stirling Council area.
- Developing homes which meet or surpass current standards regarding quality, accessibility and sustainability.
- Allocating our homes so that we meet a range of housing needs in a manner which keeps void rent loss to a minimum.
- Enforcing tenancy conditions in a firm but fair manner, to deliver tenants' rights and encourage tenants to meet their responsibilities.
- Maintaining and investing in our homes to ensure that they meet or surpass current standards wherever possible.
- Providing income maximisation and associated assistance, to help people improve their wellbeing and future prospects
- Delivering customer services which meet expectations in a prompt and efficient manner.
- Engaging with our communities and encouraging participation in decision making at a variety of levels, from information sharing, to Committee involvement.
- Developing services which bring added value to our tenants and communities, including through joint working with other agencies.
- Providing value for money across our full range of activities.
- Ensuring transparent governance, which adheres to legislation and regulatory requirements.
- Sharing information in an open and appropriate manner.

These aims and objectives outline the strategic and operational ambitions of the Association and translate into a series of SMART objectives and targets which formed the basis for monitoring and reporting during the period.

**Risk assessment and strategy**

The Business Plan also summarised the Risk Assessment and Risk Strategy, which again influenced the work objectives for the year. This Risk Assessment and Risk Strategy was the subject of quarterly review by the Association's Management Team and Management Committee.

The Association's financial performance remains subject to close scrutiny by the Management Committee on a quarterly basis and before any major capital expenditure, through new housing development, is undertaken.

**Review of business**

Strategic co-operation with Stirling Council remains a priority for the Association. During the year work began to build 53 new homes with grant assistance. Plans were also progressed to ensure that further new homes will be delivered over the coming 5 year period.

The Association continues to have a low level of engagement with the Scottish Housing Regulator, which reflects the good performance against KPI's.

**FORTH HOUSING ASSOCIATION LIMITED  
REPORT FROM THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2018**

Collaboration with Rural Stirling and Ochil View Housing Associations continues via the StrathFor Housing Alliance. This is a non-constituted collaboration through which the three organisations are sharing information, benchmarking performance and collaborating on a variety of matters ranging from joint procurement to shared training.

External consultants continue to be utilised as required, providing specialist advice and assistance to the Management Committee and in preparation for the introduction of GDPR the Association decided to appoint Information Law Solutions to act as Data Protection Officer for Forth. The contract established will also cover any works associated with the likely extension of Freedom of Information legislation to housing associations.

**Future Developments**

The Association's Management Committee are committed to ongoing developments of new homes provided that grant funding remains available at an appropriate level. Long term financial projections indicate that the proposed development programme outlined above can be built utilising the £4million facility which was put in place with the Bank of Scotland. In addition projections indicate that the Association should be able to restrict future rent increases broadly in line with inflation.

Whilst the primary focus of the Association remains the provision of new build housing and quality services for our tenants, the Association will continue to seek opportunities to develop additional services which will benefit our existing and future tenants. It is envisaged that this activity will involve the further development of partnership approaches and/or the securing of additional grant funding. The organisation has the use of modern office facilities with a full suite of modern IT facilities. These are well suited to current work. Plans were progressed during the year to relocate the Association's offices to the Enterprise and Business Hub created at the former Kildean Hospital site. This move has not only created new facilities for other small charities and businesses but will reduce the Association's ongoing office revenue costs.

**Auditor**

A resolution to re-appoint the auditor, French Duncan LLP, Chartered Accountants, will be proposed at the Annual General Meeting

**Donations**

During the year the Association made charitable donations amounting to £50 (2017: £550).

By order of Management Committee

Signature



Colleen Sharp, Secretary  
27 August 2018

**FORTH HOUSING ASSOCIATION LIMITED  
REPORT FROM THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2018**

**Statement of Management Committee's responsibilities**

The Co-operative and Community Benefit Societies Act 2014 requires The Management Committee 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 year. In preparing those Financial Statements, the Management Committee is required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgments 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 Management Committee 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 - 2014. 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 Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's Auditor in connection with preparing their report) of which the Association's Auditor is unaware, and
- The Management Committee 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 Auditor is aware of that information.

**FORTH HOUSING ASSOCIATION LIMITED  
REPORT FROM THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2018**

**Statement on Internal Financial Control**

The Management Committee 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; and
- The safeguarding of assets against unauthorised use or disposition.

It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement 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 Management Committee 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 Management Committee;
- The Management Committee receive reports from management and from the external and internal auditor 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; and
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2018. 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.



**FORTH HOUSING ASSOCIATION LIMITED**

**REPORT BY THE AUDITOR ON CORPORATE GOVERNANCE MATTERS TO THE MANAGEMENT COMMITTEE OF FORTH HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2018**

In addition to our audit of the Financial Statements, we have reviewed your statement on page 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" 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 6 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" 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 Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that The Management Committee'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 "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

  
**French Duncan LLP**  
Chartered Accountants  
Statutory Auditor

GLASGOW

Date: 14/09/2018

**FORTH HOUSING ASSOCIATION LIMITED  
INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE OF FORTH HOUSING ASSOCIATION LIMITED  
FOR THE YEAR ENDED 31 MARCH 2018**

**OPINION**

We have audited the financial statements of Forth Housing Association Limited for the year ended 31 March 2018 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in reserves and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements December 2014.

**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 housing association in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our 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 committee members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the committee members have 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 other information comprises the information contained in the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

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

**FORTH HOUSING ASSOCIATION LIMITED  
INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE OF FORTH HOUSING ASSOCIATION LIMITED  
FOR THE YEAR ENDED 31 MARCH 2018**

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 report that fact.

We have nothing to report in this regard.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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:

- a satisfactory system of control over transactions has not been maintained; or,
- the Association has not kept proper accounting records; or,
- the financial statements 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.

**RESPONSIBILITIES OF COMMITTEE MEMBERS**

As explained more fully in the management committee's responsibilities statement set out on page 5, the committee members 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 trustees determine 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 management committee are responsible for assessing the housing 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 committee members either intend to liquidate the housing association or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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 the basis for our opinion. The risk of not

**FORTH HOUSING ASSOCIATION LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE OF FORTH HOUSING ASSOCIATION LIMITED  
FOR THE YEAR ENDED 31 MARCH 2018**

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 housing association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee members.
- Conclude on the appropriateness of the trustees' 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 charitable company'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 housing association to cease to continue as a going concern.

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.

**USE OF OUR REPORT**

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies 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.

**French Duncan LLP**

Chartered Accountants and Statutory Auditor  
133 Finnieston Street  
GLASGOW  
G3 8HB

Date:

14/09/2018

**FORTH HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £	2017 £
<b>REVENUE</b>	2	3,231,764	3,075,338
Operating costs	2	<u>(2,194,717)</u>	<u>(2,027,274)</u>
<b>OPERATING SURPLUS</b>	2	1,037,047	1,048,064
Loss on disposal of fixed assets		(33,006)	-
Interest receivable and other similar income		4,589	11,733
Interest payable and other similar charges	7	(168,948)	(183,324)
Other Finance Charges	9	<u>(1,679)</u>	<u>(33,700)</u>
		<u>(199,044)</u>	<u>(205,291)</u>
<b>SURPLUS FOR THE YEAR</b>		838,003	842,773
<b>OTHER COMPREHENSIVE INCOME</b>			
Actuarial gain recognised in the retirement benefit schemes	22	-	428,000
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>838,003</u></u>	<u><u>1,270,773</u></u>

The results for the year relate wholly to continuing activities.

The notes on page 15 to 32 form part of these financial statements.

**FORTH HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £	2017 £
<b>NON-CURRENT ASSETS</b>			
Housing properties - depreciated cost	10(a)	34,539,799	31,361,063
Other tangible fixed assets	10(b)	<u>380,312</u>	<u>16,761</u>
		34,920,111	31,377,824
<b>CURRENT ASSETS</b>			
Receivables	12	152,329	104,949
Cash at bank and in hand		<u>1,607,921</u>	<u>1,580,360</u>
		1,760,250	1,685,309
<b>PAYABLES:</b> amounts falling due within one year	13	<u>(1,635,427)</u>	<u>(1,279,741)</u>
<b>NET CURRENT ASSETS</b>		<u>124,823</u>	<u>405,568</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		35,044,934	31,783,392
<b>PAYABLES:</b> amounts falling due after more than one year			
housing property loans	14	(13,643,272)	(13,860,000)
retirement benefit scheme deficit	14	(263,000)	(349,322)
<b>DEFERRED INCOME</b>			
Social Housing Grants	16	<u>(8,563,537)</u>	<u>(5,836,947)</u>
		<u>12,575,125</u>	<u>11,737,123</u>
<b>EQUITY</b>			
Share capital	17	65	66
Revenue reserve		<u>12,575,060</u>	<u>11,737,057</u>
		<u>12,575,125</u>	<u>11,737,123</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 27 August 2018.

Chairperson

Treasurer

Secretary

The notes on page 15 to 32 form part of these financial statements.

**FORTH HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £	2017 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	15	1,804,970	1,451,020
<b>INVESTING ACTIVITIES</b>			
Acquisition and construction of housing properties	(3,924,127)	(3,810,536)	
Purchase of other fixed assets	(370,145)	(9,195)	
Social Housing Grant received	2,809,696	2,061,192	
Proceeds of disposals of housing properties	47,471	-	
<b>NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES</b>		(1,437,105)	(1,758,539)
<b>NET CASH INFLOW / (OUTFLOW) BEFORE FINANCING</b>		367,865	(307,519)
<b>FINANCING ACTIVITIES</b>			
Issue of ordinary share capital	2		5
Interest received	4,589	11,733	
Interest paid	(168,948)	(183,324)	
Loan Drawdown	500,000	-	
Loan principal repayments	(675,947)	(663,208)	
<b>NET CASH (OUTFLOW) FROM FINANCING</b>		(340,304)	(834,794)
<b>INCREASE(DECREASE) IN CASH</b>		27,561	(1,142,313)
<b>OPENING CASH AND CASH EQUIVALENTS</b>		1,580,360	2,722,673
<b>CLOSING CASH AND CASH EQUIVALENTS</b>		1,607,921	1,580,360

**FORTH HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF CHANGES IN CAPITAL AND RESERVES**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	<b>Share Capital £</b>	<b>Revenue Reserve £</b>	<b>Total £</b>
Balance as at 1 April 2017	66	11,737,057	11,737,123
Issue of Shares	2	-	2
Cancelled shares	(3)	-	(3)
Surplus for Year	-	838,003	838,003
Balance as at 31 March 2018	<u>65</u>	<u>12,575,060</u>	<u>12,575,125</u>

	<b>Share Capital £</b>	<b>Revenue Reserve £</b>	<b>Total £</b>
Balance as at 1 April 2016	66	10,466,284	10,466,350
Issue of Shares	5	-	5
Cancelled shares	(5)	-	(5)
Surplus for Year	-	842,773	842,773
Other comprehensive income	-	428,000	428,000
Balance as at 31 March 2017	<u>66</u>	<u>11,737,057</u>	<u>11,737,123</u>



## **1. PRINCIPAL ACCOUNTING POLICIES**

### **Legal status**

The Association is incorporated under the Co-operative and Community Benefits Societies Act 2014 and is registered by the Financial Conduct Authority. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

### **Basis of Accounting**

These financial statements have been 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 for Social Housing Providers 2014 and comply with the requirements of the Determination of Housing Requirements 2014 as issued by the Scottish Housing Regulator.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see below).

The following principal accounting policies have been applied:

### **Going Concern**

The association has considerable financial resources together with long term arrangements with its tenants who are protected by the Scottish Secure Tenancy agreement. As a consequence, the Management Committee believe that the association is well placed to manage its business risks successfully.

The Management Committee monitor the operations and performance of the association through reports provided at their monthly meetings and they have a reasonable expectation that the association has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

### **Revenue**

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised as expenditure 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 participated in the Scottish Housing Association Defined Benefits Pension Scheme and 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 Associations taken as a whole.

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

**1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

**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 10. 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.

<b>Component</b>	<b>Useful Economic Life</b>
Kitchens	17-20 years
Bathrooms	30 years
Boilers	12-15 years
Radiators	30 years
Windows	30 years
External doors	30 years
Rewiring	30 years
Structure	83-100 years

**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:-

Computer Equipment	25%	Straight Line
Furniture and Equipment	15%	Straight Line
New office Premises (from 2019 onwards)	2%	Straight Line

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

**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 year 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.

**1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for 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.

**Estimation Uncertainty**

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee 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, is disclosed below:

**Rent Arrears - Bad Debt Provision**

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, arrangements in place, and court action.

**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.

**Useful Lives of Other Fixed Assets**

The useful lives of other fixed Assets are based on the knowledge of senior management at the Association with reference to expected asset life cycles.

**Pension Liabilities**

This has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.

**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.

**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.

**1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

**Key Judgements made in the application of Accounting Policies**

**a) The Categorisation of Housing Properties**

In the judgement of the Management Committee 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 schemes in which it manages its housing property for asset management purposes.

**c) Pension Liability**

In March 2018 the Association received details from The Pension Trust of the provisional valuation of the pension scheme at September 2015 and The Pension Trust's estimate of the Association's future past service deficit contributions.

The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Management Committee feel this is the best available estimate of the past service liability.

**Financial Instruments – Basic**

The Association only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like rents, accounts receivable and payable, loans from banks and related parties.

These are recognised 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.

FORTH HOUSING ASSOCIATION LIMITED  
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
 NOTES TO THE FINANCIAL STATEMENTS

2. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

		2018		2017			
	Note	Revenue £	Operating costs £	Operating surplus / (deficit) £	Revenue £	Operating costs £	Operating surplus/ (deficit) £
Affordable letting activities	3	3,219,279	(2,151,742)	1,067,537	3,067,629	(1,984,893)	1,082,736
Other activities	4	12,485	(42,975)	(30,490)	7,709	(42,381)	(34,672)
<b>Total</b>		<b>3,231,764</b>	<b>(2,194,717)</b>	<b>1,037,047</b>	<b>3,075,338</b>	<b>(2,027,274)</b>	<b>1,048,064</b>

FORTH HOUSING ASSOCIATION LIMITED  
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
 NOTES TO THE FINANCIAL STATEMENTS

**3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS**

	General Needs Housing £	Shared Ownership Housing £	2018 Total £	2017 Total £
<b>Revenue from lettings</b>				
Rent receivable net of identifiable service charges	3,111,189	26,778	3,137,967	2,995,734
Service charges receivable	-	-	-	-
<b>Gross rents receivable</b>	<u>3,111,189</u>	<u>26,778</u>	<u>3,137,967</u>	<u>2,995,734</u>
Less rent losses from voids	(1,794)	-	(1,794)	(479)
<b>Net rents receivable</b>	<u>3,109,395</u>	<u>26,778</u>	<u>3,136,173</u>	<u>2,995,255</u>
Amortisation of Social Housing & Other Grants	83,106	-	83,106	72,374
<b>Total income from social letting</b>	<u><u>3,192,501</u></u>	<u><u>26,778</u></u>	<u><u>3,219,279</u></u>	<u><u>3,067,629</u></u>
<b>Expenditure on social letting activities</b>				
Management and maintenance administration costs	947,468	9,487	956,955	827,995
Service costs	95,300	-	95,300	97,124
Planned and cyclical maintenance, including major repairs	150,550	-	150,550	137,687
Reactive maintenance	273,245	-	273,245	268,854
Bad debts - rents and service charges	10,778	-	10,778	9,695
Depreciation of social housing	660,065	4,849	664,914	643,538
<b>Operating costs of social letting</b>	<u><u>2,137,406</u></u>	<u><u>14,336</u></u>	<u><u>2,151,742</u></u>	<u><u>1,984,893</u></u>
<b>Operating surplus on social letting activities</b>	<u><u>1,055,095</u></u>	<u><u>12,442</u></u>	<u><u>1,067,537</u></u>	<u><u>1,082,736</u></u>
<b>2017</b>	<u><u>1,070,595</u></u>	<u><u>12,141</u></u>	<u><u>1,082,736</u></u>	

FORTH HOUSING ASSOCIATION LIMITED  
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
 NOTES TO THE FINANCIAL STATEMENTS

4. PARTICULARS OF INCOME AND EXPENDITURE FROM OTHER ACTIVITIES

	Grants from Scottish Ministers £	Other income £	Total Turnover £	Operating Costs Bad Debts £	Operating costs Other £	Operating surplus or (deficit) £	2017 £
Wider Role Activities	-	-	-	-	(40,894)	(40,894)	(40,361)
Factoring	-	5,852	5,852	-	(2,081)	3,771	3,833
Other income/(expenditure)	-	6,633	6,633	-	-	6,633	1,856
<b>TOTAL FROM OTHER ACTIVITIES</b>	<b>-</b>	<b>12,485</b>	<b>12,485</b>	<b>-</b>	<b>(42,975)</b>	<b>(30,490)</b>	<b>(34,672)</b>
<b>TOTAL FROM OTHER ACTIVITIES FOR 2017</b>	<b>-</b>	<b>7,709</b>	<b>7,709</b>	<b>-</b>	<b>(42,381)</b>	<b>(34,672)</b>	

**FORTH HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**  
**NOTES TO THE FINANCIAL STATEMENTS**

**5. BOARD MEMBERS AND OFFICERS EMOLUMENTS**

The Officers are defined as the members of the Management Committee, the executive officers and employees of the Association reporting directly to the Chief Executive or the Management Committee.

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>

No emoluments have been paid to any member of the management committee.

Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	63,411	62,143
Emoluments payable to the director (excluding pension contributions)	63,411	62,143
Pension contributions paid on behalf of the director	4,930	4,840
	<hr/>	<hr/>
Total Emoluments paid to key management personnel	188,272	183,214
	<hr/>	<hr/>

	<b>Number</b>	<b>Number</b>
Total number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:		
£60,001 - £70,000	1	1
	<hr/>	<hr/>



**FORTH HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**  
**NOTES TO THE FINANCIAL STATEMENTS**

**6. EMPLOYEE INFORMATION**

	<b>2018</b>	<b>2017</b>
	<b><u>Number</u></b>	<b><u>Number</u></b>
The average number of full time equivalent persons employed during the year was	<u>14</u>	<u>14</u>
	<b>£</b>	<b>£</b>
Staff costs during the year:		
Wages and salaries	503,725	468,776
Social security costs	50,672	47,207
Other pension costs	37,014	32,866
Temporary, agency and seconded staff	<u>3,707</u>	<u>3,136</u>
	<u>595,118</u>	<u>551,985</u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<u>168,948</u>	<u>183,324</u>

**8. OPERATING SURPLUS FOR THE YEAR**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	671,508	659,118
Auditor's remuneration - audit services	11,305	7,250
Operating lease rentals - other	907	907
Amortisation of capital grants	<u>83,106</u>	<u>72,374</u>

**FORTH HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**  
**NOTES TO THE FINANCIAL STATEMENTS**

**9. OTHER FINANCE INCOME/CHARGES**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Unwinding of discounted liabilities	<u>1,679</u>	<u>33,700</u>

**10. NON-CURRENT ASSETS**

<b>a) Housing Properties</b>	<b>Housing Properties Held for Letting</b>	<b>Housing Properties in the Course of Construction</b>	<b>Completed Shared Ownership Properties</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>COST</b>				
At start of year	31,112,948	1,767,524	294,128	33,174,600
Additions	268,860	3,655,267	-	3,924,127
Disposals	(47,155)	-	(51,680)	(98,835)
Transfers to stock	1,027,311	(1,027,311)	-	-
At end of year	<u>32,361,964</u>	<u>4,395,480</u>	<u>242,448</u>	<u>36,999,892</u>
<b>DEPRECIATION</b>				
At start of year	1,796,007	-	17,530	1,813,537
Charged during year	660,065	-	4,849	664,914
Eliminated on disposal	(15,278)	-	(3,080)	(18,358)
At end of year	<u>2,440,794</u>	<u>-</u>	<u>19,299</u>	<u>2,460,093</u>
<b>NET BOOK VALUE</b>				
At end of year	<u>29,921,170</u>	<u>4,395,480</u>	<u>223,149</u>	<u>34,539,799</u>
At start of year	<u>29,316,941</u>	<u>1,767,524</u>	<u>276,598</u>	<u>31,361,063</u>

- 1 There were no impairment charges in the year.
- 2 There were no capitalised development administration charges in the year.
- 3 New components capitalised during the year amounted to £268,680.
- 4 The Association's lenders have standard securities over housing property with a carrying value of £25,698,421 (2017 - £27,384,422)

**FORTH HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**  
**NOTES TO THE FINANCIAL STATEMENTS**

<b>b) Other Tangible Assets</b>	<b>Office Premises</b>	<b>Computer Equipment</b>	<b>Furniture &amp; Equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>COST</b>				
At start of year	-	61,005	112,329	173,334
Additions	365,137	4,083	925	370,145
Disposals	-	(9,635)	-	(9,635)
At end of year	<u>365,137</u>	<u>55,453</u>	<u>113,254</u>	<u>533,844</u>
 <b>DEPRECIATION</b>				
At start of year	-	46,288	110,285	156,573
Charged during year	-	5,987	607	6,594
Disposals	-	(9,635)	-	(9,635)
At end of year	<u>-</u>	<u>42,640</u>	<u>110,892</u>	<u>153,532</u>
 <b>NET BOOK VALUE</b>				
At end of year	<u>365,137</u>	<u>12,813</u>	<u>2,362</u>	<u>380,312</u>
At start of year	<u>-</u>	<u>14,717</u>	<u>2,044</u>	<u>16,761</u>

At the year end the office premises were still undergoing renovation and therefore no depreciation charge was made during the period.

**11. COMMITMENTS UNDER OPERATING LEASES**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	907	-
Later than one year and not later than five years	-	1,814
Later than five years	<u>-</u>	<u>-</u>

**FORTH HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**  
**NOTES TO THE FINANCIAL STATEMENTS**

**12. ACCOUNTS RECEIVABLE**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Arrears of Rent & Service Charges	79,633	68,696
Less: Provision for Doubtful Debts	<u>(15,887)</u>	<u>(15,887)</u>
	63,746	52,809
Other receivables	88,583	52,140
Social Housing grant receivable	<u>-</u>	<u>-</u>
	<u><u>152,329</u></u>	<u><u>104,949</u></u>

**13. ACCOUNTS PAYABLE: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Housing Loans	610,611	569,830
Trade Payables	360,584	144,647
Rent in Advance	150,557	126,190
Other Taxation and Social Security	28,603	25,003
Other Payables	52,017	103,358
Liability for Past Service Contribution Arrangements	88,000	86,678
Accruals and Deferred Income	<u>345,055</u>	<u>224,035</u>
	<u><u>1,635,427</u></u>	<u><u>1,279,741</u></u>

**14. ACCOUNTS PAYABLE: AMOUNTS FALLING DUE AFTER ONE YEAR**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Liability for Past Service Contribution Arrangements	263,000	349,322
Housing loans	<u>13,643,272</u>	<u>13,860,000</u>
	<u><u>13,906,272</u></u>	<u><u>14,209,322</u></u>

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

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

Loans are secured by specific charges on the Association's properties. The association has one fixed loan at 3.21% with all other loans operating on a variable rate of interest. The variable interest loans are linked to either Base Rate or 3 month LIBOR and the margins range between 0.26% and 1.85%.

**FORTH HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**  
**NOTES TO THE FINANCIAL STATEMENTS**

The Bank loans are repayable as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Between one and two years	628,029	567,626
Between two and five years	1,865,967	1,707,497
In five years or more	11,149,276	11,584,877
	<u>13,643,272</u>	<u>13,860,000</u>

Liability for Past Service Contributions

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Amounts due within one year	88,000	86,678
Amounts due in one year or more but less than two years	91,000	89,279
Amounts due in two years or more but less than five years	172,000	260,043
	<u>351,000</u>	<u>436,000</u>
Less: Amount shown in Current Liabilities	88,000	86,678
	<u>263,000</u>	<u>349,322</u>

## **15. STATEMENT OF CASH FLOWS**

Reconciliation of operating surplus to balance as at 31 March 2018

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Operating Surplus	1,037,047	1,048,064
Depreciation	671,508	659,118
Change in Provisions for liabilities and charges	-	428,000
Amortisation of Capital Grants	(83,106)	(72,374)
Change in debtors	(47,380)	(12,695)
Change in creditors	228,583	(565,388)
Unwinding of Discount on Pension Liability	(1,679)	(33,700)
Cancelled Shares	(3)	(5)
	<u>1,804,970</u>	<u>1,451,020</u>
Balance as at 31 March 2018		

**FORTH HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**  
**NOTES TO THE FINANCIAL STATEMENTS**

**16. DEFERRED INCOME**

	<b>Housing Properties Held For Letting £</b>	<b>Housing Properties In Course of Construction £</b>	<b>Total £</b>
<b>Social Housing Grants</b>			
Balance as at 1 April 2017	4,419,042	1,578,313	5,997,355
Additions in year	-	2,809,696	2,809,696
Transferred	682,159	(682,159)	-
Balance as at 31 March 2018	<u>5,101,201</u>	<u>3,705,850</u>	<u>8,807,051</u>
<b>Amortised Grants</b>			
Balance as at 1 April 2017	160,408	-	160,408
Amortisation in year	83,106	-	83,106
Balance as at 31 March 2018	<u>243,514</u>	<u>-</u>	<u>243,514</u>
<b>Net book value</b>			
As at 31 March 2018	<u>4,857,687</u>	<u>3,705,850</u>	<u>8,563,537</u>
As at 31 March 2017	<u>4,258,634</u>	<u>1,578,313</u>	<u>5,836,947</u>

This is expected to be released to the Statement of Comprehensive Income as follows:

	<b>2018 £</b>	<b>2017 £</b>
Amounts released within one year	111,581	72,374
Amounts released in one year or more	<u>8,451,956</u>	<u>5,764,573</u>
	<u>8,563,537</u>	<u>5,836,947</u>

**FORTH HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**  
**NOTES TO THE FINANCIAL STATEMENTS**

**17. SHARE CAPITAL**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Shares of £1 each Issued and Fully Paid</b>		
At 1 April 2017	66	66
Issued in year	2	5
Cancelled in year	(3)	(5)
At 31 March 2018	<u>65</u>	<u>66</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends 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' meetings.

**18. HOUSING STOCK**

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

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
General Needs - Built by Association	788	780
General Needs – Purchased by Association	-	-
Shared Ownership	13	15
Supported Housing	-	-
	<u>801</u>	<u>795</u>

## **19. RELATED PARTY TRANSACTIONS**

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102. The related party relationships of the members of the Management Committee are summarised as:

- Members are tenants of the Association
- Members are factored owners
- Management Committee members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members were as follows:

- Rent Received from Tenants on the Committee – £8,167.
- Factoring income received from Owner Occupiers in the Committee - NIL.
- At the year-end total rent arrears owed by the tenant members of the Committee were – NIL
- At the year-end total rent arrears owed by Owner Occupiers of the Committee were – NIL.

## **20. DETAILS OF ASSOCIATION**

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

The Association's principal place of business:

- Up to 22 July 2018 has been 4<sup>TH</sup> Floor, Wallace House, 17-21 Maxwell Place, Stirling, FK8 1JU.
- From 23 July 2018 is Kildean Business & Enterprise Hub, 146 Drip Road, Stirling, FK8 1RW.

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

## **21. GOVERNING BODY MEMBER EMOLUMENTS**

Management Committee members received £1,117 in the year by way of reimbursement of expenses (2017 - £1,073). No remuneration is paid to Management Committee members in respect of their duties in the Association.



## **22. RETIREMENT BENEFIT OBLIGATIONS**

### **General**

Forth Housing Association Limited participated in the Scottish Housing Association Pension Scheme (the Scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the year under FRS102 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 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 £616m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m, equivalent to a past service funding level of 76%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2017. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £852m and indicated a decrease in the shortfall of assets compared to liabilities to approximately £129m, equivalent to a past service funding level of 87%.

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-apportioned amongst the remaining employers. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

All employers in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £351,000 (2017 – £436,000). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 1.51%.

The Association made payments totalling £86,679 (2017: £77,700) to the pension scheme during the year. When the scheme was revalued in September 2015 it resulted in a reduction in the deficit of £428,000. This gain was a one-off credit in the previous year and is shown as other comprehensive income in the 2017 comparative figures on page 11 of these financial statements.

<b>Pension deficit liability movement</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Opening value of the deficit liability	436,000	908,000
Amounts paid by the Association	(86,679)	(77,700)
Unwinding of the discount	1,679	33,700
Gain on revaluation	-	(428,000)
Closing value of deficit liability	<u>351,000</u>	<u>436,000</u>

**FORTH HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**  
**NOTES TO THE FINANCIAL STATEMENTS**

**23. CAPITAL COMMITMENTS**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Expenditure contracted but not provided for in accounts	<u>1,382,028</u>	<u>2,483,488</u>

**24. CONTINGENT LIABILITIES**

According to the most recent information available the pension withdrawal debt as at 30 September 2017 for Forth Housing Association Limited was £2,806,216.