



ANCHO LIMITED
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

Financial Conduct Authority 2559 R (S)
Scottish Housing Regulator Registration No. 306
Charity Reference SC036082
Registered property factor PF000346

ANCHO LIMITED

THE BOARD OF MANAGEMENT, EXECUTIVE OFFICERS AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2021

The Board of Management

Mary Black	Chair
Bill Finlay	Vice Chair (appointed 17 September 2020)
Zoe Brawn	
Steven Travers	
Kerry Arrol	
Colin Love	
Nigel Fortnum	
Michael Donnelly	
Angus Lamont	(appointed 11 March 2021)
Jacqueline Browne	(resigned 17 September 2020)
Leanne Stirling	(resigned 20 October 2020)
Etta Mounce	(resigned 19 November 2020)
Michael Allan	(resigned 17 February 2021)
Ruth Burley	(resigned 25 March 2021)

Executive Officers

Jason MacGillp	Chief Executive and Secretary
Derek Adam	Director of Finance and People Services
Morag Boyter	Director of Business Services
Meg Deasley	Director of Property Services
Sean Connor	Director of Customer Services

Registered Office

Sovereign House
Academy Road
Irvine
KA12 8RL

Solicitors

Harper MacLeod
The Ca'd'oro
Glasgow
G2 3PE

External Auditor

Azets Audit Services
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Bankers

Royal Bank of Scotland
Kirkstane House
139 St. Vincent Street
Glasgow
G2 5JF

ANCHO LIMITED

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ANCHO LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

The Board of Management presents its report and the Financial Statements for the year ended 31 March 2021.

Objectives and Strategy

The Association is a Registered Social Landlord and Scottish Charity. The core objectives as set out in our Rules are to provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care.

Our key strategic objectives are informed by our Vision which is shared with all parts of Cairn Housing Group:

Vision & Mission

Our vision is Great Homes, Great Services, Great People.

Our mission is to provide quality, safe affordable homes and services with partners in our local communities.

Our objectives are:

- High quality affordable homes and thriving neighbourhoods;
- Customer focussed services, delivered with efficiency and to achieve value for money; and
- Skilled and engaged staff and sound governance.

As part of our continued integration and business planning processes ANCHO and Cairn continue the process of further integration and shared objectives, with our Business Plan aligned to achieve the Group's objectives whilst delivering locally based services for our communities.

Legal Status

The Association is registered as a non-profit making Association under the Co-operative and Community Benefit Societies Act 2014 No.2559 R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC036082.

ANCHO became a subsidiary of Cairn Housing Association Limited on 1 November 2018.

Review of Business

Activities in year

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

From November 2018, ANCHO formed a constitutional partnership with Cairn Housing Association Limited (Cairn) thus securing positive improvements for ANCHO's tenants and our business. Cairn is also a registered social landlord and Scottish charity. Along with the commercial subsidiary, Cairn Living, this created the Cairn Housing Group. We are now halfway through a five year programme of investment by Cairn and ANCHO as part of the original Tenants Promises for the partnership. This will deliver the following over the five year period:

- a rent guarantee of increases based on the Consumer Price Index only for the first 5 years and implementation of a group rent policy thereafter;
- £8.7m of investment in homes and environmental works over the first 5 years;
- the ability to meet government energy efficiency standards;
- £100,000 to promote community development activity;
- current tenancy rights are protected;
- a continued ANCHO local identity;

ANCHO LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

- a local office based in Irvine;
- Local Management Board with delegated local decision-making powers; and
- ANCHO is still a registered housing association and charity and is part of the Cairn Housing Group. A review of governance and constitutional arrangements will take place over the next two years.

During the last year 2020/21, which was adversely affected by restrictions relating to the Covid-19 lockdown, the following investment programme was delivered, which is a key element of the Cairn-ANCHO partnership:

- 3 properties were rewired;
- 2 properties had external wall insulation;
- 5 properties received new kitchens;
- 18 properties received new render; and
- 27 properties received roof replacements; and

We continue to act as the property factor for 195 homeowners in the area.

During the year, performance on rent collection levels increased to 100% (as per Annual Return on Charter). The impact of UK Government welfare reform and universal credit roll out and the pressures of Covid has had a significant impact on service delivery and in some performance areas. Our performance on re-letting empty houses (33 days) has been negatively impacted by the restrictions on the Covid lockdown. Our repairs service performance was also affected by covid restrictions, but year-end performance held up fairly well, with an average 1.5 hours for emergency work and 3.6 days for non-urgent work. With an integrated approach by teams across the Cairn Housing Group, including IT systems support, customer service arrangements were able to be delivered remotely with largely home based staff for much of the year.

Our Small Steps Project funded by the Scottish Government's Investing in Communities Fund provides grant funding aimed to increase confidence and self-esteem by delivering holistic and bespoke assistance to customers such as one-to-one and group counselling sessions to reduce levels of loneliness, depression and isolation. The funding has enabled us to employ a part time councillor offering one to one counselling session. Following government guideline these session have been carried out by telephone, Microsoft teams or zoom over the past year. These sessions have proved to be very successful and feedback to date has been very positive, unfortunately the holistic session had to be put on hold during 20/21. Funding was carried forward allowing us to increase the sessions in the coming years. We can now offer a wider variety of sessions including meditation, Indian head massage, Swedish massage, Reiki and Hopi ear candling to residents throughout North Ayrshire.

We also continue to provide a core funded caretaking and handyman service to help improve the environment and assist vulnerable tenants.

There has been continued positive work on integration with Cairn Housing Group to embed the constitutional partnership with Cairn Housing Association Limited, including Business Services, HR, IT/Systems support, financial systems, governance and other corporate support and joint working. A senior team restructure introduced a combined Group-wide Executive Management Team with responsibilities for services across ANCHO and Cairn. There continues to be an Area Manager for ANCHO.

ANCHO LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

Financial Review

Turnover of £3.1 million (of which £2.9 million relates to the income from the letting of properties at affordable rents) was £96k lower than 2020.

The Association made a surplus in the year of £866,569 (2020: £748,502). £576,819 (2020: £2,156,338) was spent on component replacements for our affordable housing units which have been capitalised. The actuarial loss in respect of the Pension Scheme in the year was £113,000 (2020: gain of £440,000) resulting in total comprehensive income in the year of £753,569 (2020: £1,188,502).

The Association reduced its overall borrowing by £228,899 during 2020/21, with bank debt falling by £478,899 and borrowings from Cairn Housing Association increasing by £250,000.

Future Plans

ANCHO's focus will continue to be on delivering the objectives and targets agreed within the Cairn Group Business Plan and ensuring that it achieves value for money, continued focus on quality of local services and working with Cairn to ensure the delivery of the planned investment programme.

We will also continue to ensure that our wider role activities meets the objectives of our project funders in terms of customers and delivers the maximum benefit for customers accessing these much needed and often life changing services.

We will continue our partnership working with North Ayrshire council and other partner agencies, including detailed plans to bring forward a newbuild development scheme in Irvine.

We will also seek out more engagement with local customers and encourage greater involvement and engagement in services and local initiatives, and encourage involvement in local customer panels and the ANCHO board.

The ANCHO Board is continuing its joint work with the Cairn Board and will continue to explore closer working on governance arrangements including the potential for future constitutional merger through transfer of engagements.

Risks and uncertainties

The social, economic and health impact of the Covid-19 pandemic continues to be significant and the risks on employment, health, income and service delivery and on the local and national economy are being closely monitored. Strong governance will be essential at both ANCHO and Cairn Housing Group levels to ensure all of the business case assumptions and tenant promises that supported the constitutional partnership continue to be delivered over the next few years.

Prudent treasury management to manage cash flow to meet the delivery of the accelerated investment programme whilst preserving financial loan covenants and required financial performance ratios will also require careful monitoring.

In addition to Covid, we will also continue to manage key external risks such as: Inflation, pay and interest rates; Welfare reform; Fire safety changes; and Pension liabilities.

The risks are managed through our Group risk register and associated controls which are applicable to the whole Cairn Housing Group.

ANCHO LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

Key Performance Indicators

ANCHO continues to closely monitor key performance indicators, including those required under the Annual report on The Scottish Social Housing Charter. We also pay particular attention to key financial indicators on gearing and interest cover to ensure ongoing financial stability and to meet our lending covenants.

Governance

ANCHO Limited is a 100% subsidiary of Cairn Housing Association Limited.

ANCHO Limited has a Board of Management elected by the shareholding members of the Association at the AGM each year. The Board directs the strategy, sets policies, oversees the overall direction and monitors the business plan of the Association. The Board also ensures appropriate levels of assurance and strategic risk management, including external advice where appropriate, and compliance with regulatory standards. The members of the Board of Management are currently unpaid, other than expenses.

We review the Board Succession & Development Plan each year, following annual personal development meetings, to ensure the appropriate level and mix of skills and experience and keeping up to date with regulatory requirements and best practice standards. Resignations and retirements are noted on the Board of Management, Executive Officers and Advisors page of the financial statements. ANCHO is a member of the Scottish Federation of Housing Associations and ensures positive working relationships with our Regulators, (SHR and OSCR), local authorities and other partners.

ANCHO is committed to continuous improvement and the Board sets challenging business targets, which are regularly monitored and reviewed by the Board and the Senior Management Team.

Governance arrangements at ANCHO include a Group Audit & Performance Committee, a Group Remuneration Committee and a Group Customer Panel working with the Association to provide an additional level of scrutiny and to support improvement activities.

Statement of the Board of Management's Responsibilities

Housing Association legislation 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 Association and of the income and expenditure of the Association for that period. In preparing those financial statements the Board 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board of Management, advised by the Senior Management Team, is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. 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.

ANCHO LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

Statement of Internal Financial Control

The Board of Management is responsible for the Association's system of internal financial control.

The system of internal financial control are those procedures established by the senior management team, and reviewed by the Group Audit & Performance Committee, in order to provide reasonable assurance on the safeguarding of assets and the maintenance of proper accounting records and the reliability of financial information used within the Association or for publication. Such a system of controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The approach adopted by the Board of Management to provide effective financial control can be summarised as follows:

- (a) An appropriate control environment has been created by careful recruitment and training of staff and provision of comprehensive guidance on the standards and controls to be applied throughout the Association. A comprehensive programme of internal audit covering over time all the Association's main activities is on-going. Reports are made to the Group Audit & Performance Committee with appropriate action taken where necessary.
- (b) Management information systems have been developed to provide accurate and timeous data on all aspects of the business. Management accounts comparing actual results against budget are presented to the Board of Management quarterly.
- (c) Major business risks and their financial implications are assessed by reference to established criteria.
- (d) The financial implications of major business risks are controlled by means of delegated authorities, which reserve significant matters to the Board of Management for decision, segregation of duties in appropriate areas and physical controls over assets and access to records as detailed in the Association's Financial Regulations.
- (e) The Board of Management monitors the operation of the internal financial control system by considering regular reports from management and the external and internal auditors and ensures appropriate corrective action is taken to address any reported weaknesses.

While retaining overall responsibility for internal financial control, the Board of Management has delegated the day to day administration of the Association to the executive officers.

The Board of Management confirms it is satisfied with the effectiveness of the Association's system of internal financial control as it operated during the year under review.

ANCHO LIMITED

**REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2021**

Disclosure of information to the auditor

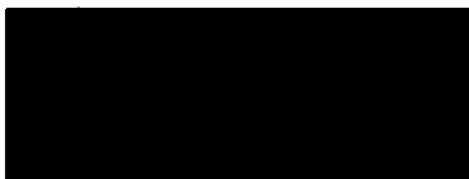
To the knowledge and belief of each of the persons who are members of the Board of Management at the time the report is approved:

- So far as the Board members are aware, there is no relevant information of which the Group's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Board member in order to make himself/herself aware of any relevant information, and to establish that the Group's auditor is aware of the information.

Auditor

The auditor, Azets Audit Services, have expressed their willingness to continue in office as auditor and will be proposed for reappointment at the Annual General Meeting.

The Report of the Board of Management (incorporating the Strategic Report) has been approved by the Board of Management and signed on its behalf by:



Jason MacGilp
Secretary

Dated:

2/9/2021

ANCHO LIMITED

REPORT BY THE AUDITOR TO THE BOARD OF MANAGEMENT OF ANCHO LIMITED ON INTERNAL FINANCIAL CONTROL FOR THE YEAR ENDED 31 MARCH 2021

In addition to our audit of the Financial Statements, we have reviewed your statement on page 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial control contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. 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 5 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial control and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through our 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 control contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial control.

Azets Audit Services

Azets Audit Services, Statutory Auditor
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Dated: *16 SEPTEMBER 2021*

ANCHO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANCHO LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Opinion

We have audited the financial statements of ANCHO Limited (the 'Association') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Capital and Reserves, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 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 prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator.

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 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

In auditing the financial statements, we have concluded that the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board of Management with respect to going concern are described in the relevant sections of this report.

ANCHO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANCHO LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 in relation to which 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; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Board of Management

As explained more fully in the Statement of the Board of Management's Responsibilities set out on page 4 the Board of Management is 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 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 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 intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

ANCHO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANCHO LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

The extent to which the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we 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. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Association through discussions with the Board of Management members and the senior management team, and from our knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Board of Management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

ANCHO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANCHO LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Auditor's responsibilities for the audit of the financial statements (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of the Board of Management and relevant sub-committees;
- enquiring of the senior management team and the Board of Management as to actual and potential litigation and claims;
- reviewing legal and professional fees paid in the year for indication of any actual and potential litigation and claims; and
- reviewing correspondence with HMRC, the Scottish Housing Regulator, OSCR and the Association's legal advisors.

We assessed the susceptibility of the Association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of the senior management team and the Board of Management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. 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.

ANCHO LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANCHO LIMITED ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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, as a body, 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.

Azets Audit Services

Azets Audit Services
Statutory Auditor
Chartered Accountants
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: *16 SEPTEMBER 2021*

Azets Audit Services is eligible for appointment as auditor of the Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

ANCHO LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	£	2021 £	£	2020 £
Turnover	4		3,092,022		3,188,191
Operating expenditure	4		(2,067,373)		(2,246,767)
Operating surplus	4, 10		1,024,649		941,424
Interest receivable and other income	8	67		687	
Interest payable and similar charges	9	(158,147)		(193,609)	
			(158,080)		(192,922)
Surplus for the year			866,569		748,502
Other Comprehensive Income					
Actuarial (loss)/gain in respect of the Pension Scheme	19		(113,000)		440,000
Total Comprehensive Income			753,569		1,188,502

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

ANCHO LIMITED

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2021**

	Share Capital £	Revenue Reserve £	Total £
Balance at 1 April 2020	60	14,091,725	14,091,785
Total comprehensive income	-	753,569	753,569
Shares issued during the year	-	-	-
Shares cancelled in the year	(2)	-	(2)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2021	58	14,845,294	14,845,352
	<hr/>	<hr/>	<hr/>

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2020**

	Share Capital £	Revenue Reserve £	Total £
Balance at 1 April 2019	52	12,903,223	12,903,275
Total comprehensive income	-	1,188,502	1,188,502
Shares issued during the year	8	-	8
Shares cancelled in the year	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	60	14,091,725	14,091,785
	<hr/>	<hr/>	<hr/>

The notes form part of these financial statements.

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**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

	Note	£	2021 £	£	2020 £
Tangible fixed assets					
Housing properties	12a		21,651,366		21,588,525
Other Fixed Assets	12a		72,850		78,181
Investment properties	12b		587,120		587,120
			<u>22,311,336</u>		<u>22,253,826</u>
Current Assets					
Debtors	14	256,708		359,953	
Cash and cash equivalents	15	439,086		190,073	
		<u>695,794</u>		<u>550,026</u>	
Creditors: amounts falling due within one year	16	(878,405)		(1,363,631)	
Net current liabilities			<u>(182,611)</u>		<u>(813,605)</u>
Total assets less current liabilities			<u>22,128,725</u>		<u>21,440,221</u>
Creditors: amounts falling due after more than one year	17		(6,763,373)		(7,001,436)
Pension liability	19		(520,000)		(347,000)
Net Assets			<u>14,845,352</u>		<u>14,091,785</u>
Capital and reserves					
Share capital	20		58		60
Revenue reserve	21		14,845,294		14,091,725
			<u>14,845,352</u>		<u>14,091,785</u>

2 SEPTEMBER 2021

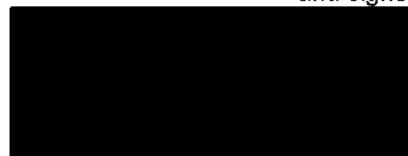
The financial statements were approved by the Board of Management on _____ and signed on their behalf by:



Mary Black
Chair



Bill Finlay
Vice-Chairperson



Jason MacGilp
Secretary

The notes form part of these financial statements.

ANCHO LIMITED

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Net cash inflow from operating activities	24	1,204,811	2,116,103
Cash flows from investing activities			
Purchase of property, plant and equipment		(576,819)	(2,162,334)
Interest receivable		67	687
		(576,752)	(2,161,647)
Cash flows from financing activities			
Interest paid		(150,147)	(174,609)
Loan drawdown		250,000	510,000
Repayment of borrowings		(478,899)	(471,901)
Share capital issued		-	8
		(379,046)	(136,502)
Net change in cash and cash equivalents		249,013	(182,046)
Cash and cash equivalents at 1 April	15	190,073	372,119
Cash and cash equivalents at 31 March	15	439,086	190,073

Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	Other non-cash changes £	At 31 March 2021 £
Cash and cash equivalents				
Cash	103,479	107,947	-	211,426
Overdrafts	-	-	-	-
Cash equivalents	86,594	141,066	-	227,660
	190,073	249,013	-	439,086
Borrowings				
Debt due within one year	(478,900)	-	(8,632)	(487,532)
Debt due after one year	(6,977,516)	228,899	8,632	(6,739,985)
	(7,456,416)	228,899	-	(7,227,517)
Total	(7,266,343)	477,912	-	(6,788,431)

The notes form part of these financial statements.

ANCHO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General Information

The financial statements have been prepared in accordance with 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) and comply with the requirements of the Determination of Housing Requirements 2019 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018. The principal accounting policies are set out below.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgment in applying the Association's accounting policies (note 3).

These financial statements represent the results of the Association only, are presented in £GBP and are rounded to the nearest whole pound.

The Association is a Co-operative and Community Benefit Society limited by shares and incorporated in Scotland. The Association is a registered social landlord (306) and a registered charity (SC036082). The registered address is Sovereign House, Academy Road, Irvine, KA12 8RL.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities.

2. Principal accounting policies

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards.

The effect of events relating to the year ended 31 March 2021, which occurred before the date of approval of the financial statements by the Board of Management have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2021 and of the results for the year ended on that date

Going concern

The Board of Management anticipates that a surplus will be generated in the years to 31 March 2022 and 31 March 2023. The Association has a healthy cash position and thus the Board of Management is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. This included the Board's assessment of the impact of COVID-19 on the Association's operations and going concern status. Thus the Board of Management continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover represents rental and service charge income, factoring service income and fees or revenue grants receivable from local authorities and from the Scottish Government.

2. Principal accounting policies (cont'd)

Apportionment of management expenses

Direct employee, administration and operating expenditure have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

The costs of cyclical and major repairs are charged to the Statement of Comprehensive Income in the year in which they are incurred.

Interest receivable

Interest income is recognised in the Statement of Comprehensive Income on an accruals basis.

Interest payable

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Fixed assets - Housing properties

Housing properties are stated at cost less accumulated depreciation. The cost of such properties includes the following:

1. Cost of acquiring land and buildings;
2. Cost of construction; and
3. Development expenditure including administration costs.

Works to existing properties will generally be capitalised under the following circumstances:

- (i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed asset in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated.

ANCHO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Principal accounting policies (cont'd)

Depreciation

1. Housing properties

Housing properties are reviewed for impairment if events or circumstances indicate that the carrying value is higher than the recoverable amount. Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. The following major components and useful lives have been identified by the Association:

Buildings	60 years	Roof	60 years	Doors and windows	25 years
Bathrooms	25 years	Radiators	30 years	Boilers	25 years
EWI	25 years	LD2	25 years	Rewires	30 years
Kitchens	20 years	Land	Not depreciated		

2. Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used:-

Furniture and fittings	20% reducing balance
Office equipment and IT	25% reducing balance
Community Link Project Offices	In line with housing properties above

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

3. Investment properties

The investment properties are garages owned and rented out by the Association and are held at market value and no depreciation is therefore charged.

2. Principal accounting policies (cont'd)

Debtors

Short term debtors are measured at transaction price, less any impairment.

Rental arrears

Rental arrears represent amounts due by tenants for rental of affordable housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in note 14.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest rate method.

Financial instruments

The Association only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans from banks.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Association has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

2. Principal accounting policies (cont'd)

Government capital grants

Government capital grants, at amounts approved by The Scottish Government or local authorities, are paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred Government capital grant and is released to income over the useful life of the assets it relates to on completion of the development phase. The accrual model requires the Association to recognise income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

Government revenue grants

Government revenue grants are recognised using the accrual model which means the Association recognises the grant in income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

Non-government grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Pension

The Association participates in the centralised Strathclyde Pension Fund defined benefit 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 to the Fund in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating employers taken as a whole.

The expected cost to the Association of pensions is charged to Total Comprehensive Income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole.

The difference between the fair value of the assets held in the Association's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Association's Statement of Financial Position as a pension scheme liability.

Loans

Mortgage loans are advanced by Private Lenders under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments that have been given approval by the Scottish Government.

Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

3. Judgements in applying policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The members of the Board of Management consider the following to be critical judgements in preparing the financial statements:

- The categorisation of housing properties as property, plant and equipment in line with the requirements of the SORP;
- The amount disclosed as 'operating surplus' is representative of activities that would normally be regarded as 'operating'; and
- The identification of a cash-generating unit for impairment purposes.

The Board of Management is satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

<u>Estimate</u>	<u>Basis of estimation</u>
Valuation of housing properties	Housing Properties are held at deemed cost which is based on an existing use valuation at the date of transition to FRS 102 of 1 April 2014.
Useful lives of property and other fixed assets	The useful lives of housing properties and other fixed assets are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.
The main components of housing properties and their useful lives	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.
The obligations under the Strathclyde Pension Scheme	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.
The valuation of investment properties	The investment properties are held at market value.

ANCHO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

4. Particulars of Turnover, operating expenditure and operating surplus

	Turnover	Operating expenditure	2021 Operating surplus	Turnover	Operating Expenditure	2020 Operating Surplus
	£	£	£	£	£	£
Affordable lettings (Note 5a)	2,934,969	1,988,737	946,232	2,902,013	2,031,428	870,585
Other activities (Note 5b)	157,053	78,636	78,417	286,178	215,339	70,839
	<u>3,092,022</u>	<u>2,067,373</u>	<u>1,024,649</u>	<u>3,188,191</u>	<u>2,246,767</u>	<u>941,424</u>

ANCHO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

5a. Particulars of turnover, operating expenditure and operating surplus from affordable letting activities					
	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2021 Total £	2020 Total £
Revenue from lettings					
Rent receivable net of service charges	2,954,851	-	-	2,954,851	2,905,908
Service charges	-	-	-	-	-
Gross income from rent and service charges	2,954,851			2,954,851	2,905,908
Less: Rent losses from voids	(20,414)	-	-	(20,414)	(4,427)
Net rent receivable	2,934,437			2,934,437	2,901,481
Release of deferred government capital grants	532	-	-	532	532
Other revenue grants	-	-	-	-	-
Total turnover from affordable letting activities	2,934,969			2,934,969	2,902,013
Expenditure on affordable letting activities					
Management and maintenance administration costs	944,717	-	-	944,717	874,794
Service charges	-	-	-	-	-
Planned cyclical maintenance including major repairs	45,092	-	-	45,092	60,926
Reactive maintenance costs	462,971	-	-	462,971	457,641
Bad debts – rents and service charges	21,979	-	-	21,979	49,889
Depreciation of affordable housing *	513,978	-	-	513,978	588,178
Operating expenditure on affordable letting activities	1,988,737			1,988,737	2,031,428
Operating surplus on letting activities 2021	946,232			946,232	
Operating surplus on letting activities 2020	870,585				870,585

*includes £25,091(2020: £110,065) in respect of the loss on disposed components

ANCHO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

5b. Particulars of revenue, operating expenditure & surpluses/deficits from other activities

	Grants from Scottish Ministers & Big Lottery Fund	Other Revenue Grants	Other Income	Total Turnover	Operating costs	Other Operating costs	Operating Surplus/ (Deficit) 2021	Operating Surplus/ (Deficit) 2020
	£	£	£	£	£	£	£	£
Wider Role Activities	29,807	-	-	29,807	-	19,300	10,507	2,685
Factoring	-	-	13,163	13,163	-	797	12,366	1,126
Support Activities – Stage 3	45,659	-	-	45,659	-	58,539	(12,880)	(535)
medical adaptations	-	-	51,767	51,767	-	-	51,767	57,942
Commercial rent	-	-	16,657	16,657	-	-	16,657	9,621
Other Activities	-	-	-	-	-	-	-	-
Total from Other Activities 2021	75,466	-	81,587	157,053	-	78,636	78,417	-
Total from Other Activities 2020	191,725	-	94,453	286,178	-	215,339	-	70,839

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

6. Directors' Emoluments

The directors are defined as the members of the Board of Management, Chief Executive or any other person reporting directly to the Chief Executive. The Chief Executive is remunerated by Cairn Housing Association Limited. No directors or members of the Board of Management received emoluments (excluding pension contributions) greater than £60,000 (2020: none). No emoluments were paid to any member of the Board of Management during the year (2020: £nil).

The Association considers key management personnel to be the Head of Service.

	2021 £	2020 £
Emoluments (salary and allowances) paid to key management personnel	50,351	55,252
	2021 £	2020 £
Total Emoluments	-	-
£60,000 - £70,000	-	-
£70,001 - £80,000	1	-

In addition to this £25,895 (2020: £nil) of redundancy costs were paid to this member of staff.

Total pension contributions to the key management were £7,284 (2020: £8,560). Employer's NI contributions for the key management personnel were £5,938 (2020: £6,434).

7. Employee Information

	2021 £	2020 £
Staff costs		
Wages and salaries	337,192	537,847
Social security costs	34,785	53,028
Employers Pension Contributions	44,694	70,051
Movement in Pension Service Costs (note 19)	52,000	56,000
Death In Service/III Health Cover	16,574	16,020
Holiday Pay Accrual	2,718	1,719
Redundancy Costs	25,895	-
Recharge from Cairn Housing Association	96,116	-
Agency Costs	30,090	39,544
	640,063	774,209

The average weekly number of persons employed by the Association during the year were as follows:

	2021 No	2020 No	2021 FTE	2020 FTE
Housing staff	6	7	6	7
Maintenance staff	3	3	3	3
Wider Action staff	-	4	-	4
Caretaking staff	2	3	2	3
Total	11	17	11	17

ANCHO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

8. Interest receivable and other income

	2021	2020
	£	£
Bank interest	<u>67</u>	<u>687</u>

9. Interest payable and similar charges

	2021	2020
	£	£
On bank loans	101,132	147,347
On loan from parent	49,015	27,262
Strathclyde Pension Scheme – finance costs (note 19)	8,000	19,000
	<u>158,147</u>	<u>193,609</u>

10. Operating surplus for the year

	2021	2020
	£	£
Operating surplus is stated after charging:		
Depreciation – charged in respect of property, plant and equipment including loss on disposal of components	519,309	593,948
Loss on disposal of property, plant and equipment	-	-
Operating Lease Rental - office	19,794	20,398
Operating Lease Rental - vans	-	3,770
Auditor's Remuneration – external audit (excluding VAT)	9,840	9,500
Auditor's Remuneration – non audit services	-	-

11. Taxation

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities. No tax was due in respect of its other activities in the year (2020: £nil).

ANCHO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

12a. Tangible fixed assets

	Housing Properties Held For Letting £	Community Link Project Offices £	Office Equipment & IT £	Furniture & Fittings £	Total £
<u>Cost</u>					
At 1 April 2020	24,637,058	80,264	35,760	71,627	24,824,709
Additions during the year - New units	-	-	-	-	-
Additions during the year - Components	576,819	-	-	-	576,819
Disposals during the year- Components	(30,161)	-	-	(231)	(30,392)
At 31 March 2021	<u>25,183,716</u>	<u>80,264</u>	<u>35,760</u>	<u>71,396</u>	<u>25,371,136</u>
<u>Depreciation</u>					
At 1 April 2020	3,048,533	20,957	26,980	61,533	3,158,003
Provided during the year	488,887	1,711	2,194	1,195	493,987
Disposals during the year - Components	(5,070)	-	-	-	(5,070)
At 31 March 2021	<u>3,532,350</u>	<u>22,668</u>	<u>29,174</u>	<u>62,728</u>	<u>3,646,920</u>
<u>Net Book Value</u>					
As at 31 March 2021	<u>21,651,366</u>	<u>57,596</u>	<u>6,586</u>	<u>8,668</u>	<u>21,724,216</u>
As at 31 March 2020	<u>21,588,525</u>	<u>59,307</u>	<u>8,780</u>	<u>10,094</u>	<u>21,666,706</u>

All land and housing properties are freehold.

The Association's Lenders have standard securities over 492 of the affordable housing units with a carrying value of £16,839,110 (2020: £16,706,868)

The Association clarifies its cash generating units in terms of the property schemes that it uses for asset management purposes.

Included in housing properties held for letting is land with a carrying value of £3,005,657 (2020: £3,005,657).

ANCHO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

12b. Investment properties	2021	2020
	£	£
At 1 April	587,120	587,120
At 31 March	587,120	587,120
Investment properties are garages leased to 3rd parties. The turnover and operating expenditure in relation to these properties is disclosed in Note 5b. There are 179 (2020: 179) investment properties. The minimum lease payments receivable in respect of leases in relation to investment properties are due within one year. This amounted to £51,767 (2020: £64,719). The garages were revalued during the year ended 31 March 2019 by Jones Lang LaSalle and this valuation is still deemed appropriate at the current year end.		
13. Unit Numbers	2021	2020
	no	no
Affordable Housing properties – general needs	672	672
Investment properties - Garage units	179	179
Community Link Project offices	2	2
	853	853
14. Debtors	2021	2020
	£	£
Amounts falling due within one year:		
Rental arrears	127,921	183,147
Less: bad debt provision	(97,995)	(90,956)
	29,926	92,191
Factoring arrears	26,035	26,701
Prepayments and accrued income	121,362	166,602
Other debtors	79,385	74,459
	256,708	359,953
15. Cash and cash equivalents	2021	2020
	£	£
Cash at bank and in hand	211,426	103,479
Balances held in deposit accounts	227,660	86,594
	439,086	190,073
16. Creditors due within one year	2021	2020
	£	£
Bank loans	487,532	478,900
Trade creditors	51,367	249,998
Amounts due to parent	32,452	42,798
Rents in advance and homeowner floats	147,740	68,743
Deferred Government capital grants	532	532
Accruals and deferred income	158,782	522,660
	878,405	1,363,631

ANCHO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

17. Creditors due after more than one year

	2021 £	2020 £
Bank loans	5,279,985	5,767,516
Loan from parent	1,460,000	1,210,000
Deferred Government capital grants	23,388	23,920
	<u>6,763,373</u>	<u>7,001,436</u>
Bank loans		
Amounts falling due in:		
One year or more but less than two years	496,393	487,532
Two years or more but less than five years	1,607,447	1,537,101
Five years or more	3,176,145	3,742,883
	<u>5,279,985</u>	<u>5,767,516</u>

The Nationwide Building Society holds a standard security on 492 of the Association's 672 housing properties. The loan is a variable rate interest loan and is repayable in 2036. Interest is payable at LIBOR + 1.47% per annum.

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

The loan from Cairn Housing Association Limited is a fixed interest rate loan and is repayable on the 25th anniversary of the date of the first advance which was 27 September 2018. The interest rate is 3.5% per annum.

18. Deferred Government capital grants

	2021 £	2020 £
<u>Housing grants</u>		
At 1 April	24,452	24,984
Grants received in year	-	-
Released to income in year	(532)	(532)
	<u>23,920</u>	<u>24,452</u>
At 31 March		
Split:		
Due within one year	532	532
Due between one and two years	532	532
Due between two and five years	1,596	1,596
Due in five years or more	21,260	21,792
	<u>23,920</u>	<u>24,452</u>
At 31 March		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

19. Retirement Benefit Obligations

The Association contributes to Strathclyde Pension Fund administered by Glasgow Council, a defined benefit scheme, which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The assets of the scheme are held in a separate trustee-administered fund. The pension costs are assessed with the advice of independent qualified actuaries, using the projected unit method. The date of the valuation was 31 March 2021.

The assumptions and other data that have the most significant effect on the determination of the contribution levels of the scheme are as follows:-

	2021	2020
Inflation / Pension Increase Rate	2.80%	1.80%
Salary scale increases per annum	3.50%	2.90%
Discount rate	2.05%	2.30%

The estimated split of assets in the scheme and expected rate of return were:-

	2021	2020
Equities	66%	62%
Bonds	23%	25%
Property	9%	12%
Cash	2%	1%

Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	19.8 years	22.6 years
Future pensioners	21.2 years	24.7 Years

	2021 £	2020 £
Estimated employer asset share	4,962,000	4,201,000
Present value of scheme liabilities	(5,482,000)	(4,548,000)
Present value of unfunded liabilities	-	-
Total value of liabilities	(5,482,000)	(4,548,000)
Net Pension (Liability)	(520,000)	(347,000)
Analysis of amount charged to operating surplus	2021 £	2020 £
Service costs	(98,000)	(129,000)
Employers' contributions	46,000	73,000
Total operating charge	(52,000)	(56,000)

ANCHO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

19. Retirement Benefit Obligations (continued)

	2021 £	2020 £
Analysis of amount credited to other finance income		
Interest Income on Plan Assets	97,000	109,000
Interest on pension scheme liabilities	(105,000)	(128,000)
Total Net interest	(8,000)	(19,000)
Total defined benefit cost in Total Comprehensive Income	(60,000)	(75,000)
Analysis of recognised Comprehensive Income	2021 £	2020 £
Actual return less expected return on pension scheme assets	958,000	(294,000)
Experience gains and losses arising on the scheme liabilities	113,000	18,000
Changes in financial assumptions underlying the present	(1,330,000)	529,000
Changes in demographic assumptions	146,000	187,000
Actuarial (loss)/gain in pension plan recognised in Other Comprehensive Income	(113,000)	440,000
Movement in pension deficit during the year	2021 £	2020 £
Deficit at the beginning of the year	(347,000)	(712,000)
Current service cost	(98,000)	(163,000)
Employers contributions	46,000	73,000
Past service costs	-	34,000
Net returns on assets	(8,000)	(19,000)
Actuarial (loss)/gain	(113,000)	440,000
Deficit at the end of the year	(520,000)	(347,000)

20. Share Capital

	2021 £	2020 £
Shares of £1 fully paid and issued at beginning of year	60	52
Shares issued during year	-	8
Shares cancelled during the year	2	-
Shares issued at end of year	58	60

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

ANCHO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

21. Revenue reserves

Revenue reserves represents the cumulative surpluses and deficits.

	2021 £	2020 £
22. Capital commitments		
Contracted but not provided	1,600,250	-
Approved but not contracted for	-	398,316
	<u>1,600,250</u>	<u>398,316</u>

The above commitments will be financed by:

	2021 £	2020 £
Loan from parent	<u>1,600,250</u>	<u>398,316</u>

	2021 Office £	2021 Equipment £	2020 Office £	2020 Equipment £
23. Operating lease commitments				
Total commitment due within:				
Within one year	19,630	1,366	19,630	2,732
Between one and five years	-	-	-	-
	<u>19,630</u>	<u>1,366</u>	<u>19,630</u>	<u>2,732</u>

24. Statement of Cash Flows

	2021 £	2020 £
Reconciliation of net cash inflow from operating activities as at 31 March 2021		
Operating Surplus	1,024,649	941,424
Depreciation (including loss on disposal of components)	519,309	593,948
Release of deferred government grants	(532)	(532)
Decrease in debtors	103,245	7,111
(Decrease)/increase in creditors	(493,858)	518,152
Shares cancelled during the year	(2)	-
SPF – staff costs	52,000	56,000
	<u>1,204,811</u>	<u>2,116,103</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

25. Related Party Transactions

Committee Members

No member of the Association received any fee or remuneration during the year (2020: *£nil*). Members of the Board of Management were reimbursed for out of pocket travel and accommodation expenses amounting to *£nil* (2020: *£4,617*).

Some members of the Board of Management are tenants of the Association. The tenancies of these Board Members are on normal terms and the members cannot use their position to their advantage.

The total rent payable in the year relating to tenant Board members is *£3,512* (2020: *£7,961*). The total rent arrears relating to tenant Board members included within debtors at the year end is *£nil* (2020: *£221*). These were technical arrears paid in April 2021.

Key Management Personnel

The total remuneration (including pension contributions and benefits in kind) paid to Key Management who are deemed to be the Executive Officers as noted was *£89,468* (2020: *£70,246*).

Management Charges

During the year, Cairn Housing Association Limited charged ANCHO management charges of *£50,000* (2020: *£50,000*).

Payroll Recharges

During the year, Cairn Housing Association Limited recharged payroll costs to ANCHO of *£96,116* (2020: *£nil*).

Loan and other balances

During the year ANCHO received loans of *£250,000* from Cairn Housing Association Limited. At the year end the total loan outstanding was *£1,460,000* (2020: *£1,210,000*). Interest is charged on the loan at 3.5% per annum and totalled *£49,015* (2020: *£27,262*). Repayment is due on the 25th anniversary of the date of the first advance which was 27 September 2018.

At the year end, there is also *£32,452* (2020: *£42,798*) remaining payable to Cairn Housing Association Limited in respect of recharges of expenditure incurred on behalf of the Association.

26. Contingent liability

The Association owns a riverbank in Irvine which may require remedial work in the future. The Association has estimated the potential financial effect of the remedial work to be approximately *£400,000*. However, the Association is uncertain as to whether any remedial work will actually be required.

27. Legislative provisions

The Association is incorporated in Scotland under the Co-operative and Community Benefit Societies Act 2014.

