



Alexander Sloan
Accountants and Business Advisers

Abertay Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2019

Registered Housing Association No. HAL297

FCA Reference No. 2517R(S)

Scottish Charity No. SCO30152

ABERTAY HOUSING ASSOCIATION LIMITED

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ABERTAY HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2019

MANAGEMENT COMMITTEE

Kathleen Mands	Chairperson	
Ron Neave	Vice Chairperson	
Dorothy Taylor	Secretary	
Andrew Black	Appointed 24 April 2019	
Kenneth Brannan		
Denis Brown		
Vicki Cutler	Appointed 18 September 2018	
Gordon Edwards	Appointed 26 September 2018	Co-opted
Gavin High	Appointed 18 September 2018	
Paul Hocking	Appointed 18 September 2018	
Andy Low	Appointed 24 April 2019	
Rhona McLeod	Appointed 26 September 2018	Co-opted
Colin McNally	Appointed 24 April 2019	
David Milne	Resigned 30 May 2018	
George Penman	Resigned 29 May 2018	
Helen Reeves		
Barbara Warden	Resigned 12 December 2018	
Rebecca Wilson	Appointed 26 September 2018	Co-opted

EXECUTIVE OFFICERS

Barry Moore	Chief Executive from 8 July 2019
Lawrie West	Interim Chief Executive from 1 April 2019 to 11 July 2019
Ian Thomson	Chief Executive to 5 April 2019
Marjorie Sloan	Corporate Services Director

REGISTERED OFFICE

147 Fintry Drive
Dundee
DD4 9HE

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

Quinn Internal Audit
55 Lady Place
Livingston
EH54 6TB

BANKERS

Royal Bank of Scotland Plc
3 High Street
Dundee
DD1 9LY

SOLICITORS

Thorntons WS
33 Yeaman Shore
Dundee
DD1 4BJ

ABERTAY HOUSING ASSOCIATION LIMITED

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

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

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2517R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC030152.

Principal Activities

Abertay Housing Association Limited is a not for profit organisation incorporated in Scotland, governed by a voluntary Management Committee. The principal activity of the Association is the provision of affordable rented accommodation in an efficient, caring and friendly environment for people in housing need.

Strategy and Objectives

Abertay Housing Association's overall aim is to enhance the quality of life in our communities.

The Association's structure should be whatever best serves the long term interests of our tenants and communities. We believe that, for the foreseeable future, these interests are best served by the Association being run by a strong, independent, locally focussed Management Committee, which includes tenants and other members of our communities within its membership. During the year, following the decision of the former Chief Executive to retire, an Options Appraisal was carried out which confirmed this position.

It is an overriding objective that the Association remains financially viable into the long term future. This will be achieved through effective financial and treasury management. Our long term (30 year) financial forecasts give confidence that that the Association can afford to maintain and improve its housing stock to meet all known future quality standards, while remaining financially viable.

Risk is an integral part of everything the Association does. We will seek to identify the risks we face and take a prudent approach to managing them.

A focus on providing the best possible value for money is a key consideration for the Association. We participate in Scotland's Housing Network's Value for Money benchmarking group. We will be able to use this information to inform our decision making, and report on how value for money is being achieved.

Our key objectives in setting rent levels are as follows:

1. To keep rents affordable for tenants, without risking the Association's long term financial viability or ability to maintain our housing stock to a good standard.
2. To maintain stability and predictability from year to year, (i.e. to favour small steady rises each year, rather than having low rises one year with excessively high rises the following year).
3. To maintain our rents at levels which are reasonably in line with other social landlords in the local area.

ABERTAY HOUSING ASSOCIATION LIMITED

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

We aim to maintain and improve our properties to a standard which ensures they continue to make desirable homes, so long as it is cost effective over the long term to do so. With all properties now meeting the Scottish Housing Quality Standard (SHQS), we are now looking ahead to future standards including the proposed Energy Efficiency Standard for Social Housing (EESH). EESH will be mandatory from 2020, with the strong likelihood that targets will be increased at intervals thereafter. Achieving this objective as cost effectively as possible depends on excellent asset management planning, informed by detailed and up to date knowledge of our stock.

Abertay Housing Association Limited aims to deliver excellent, customer focussed, value for money services in all our core areas. This includes:

- letting homes which are in good condition, to those in greatest need, as effectively as possible;
- supporting tenants to maintain their tenancies. We will do this through proactive, sensitive, and effective action to help avoid tenants falling into rent arrears, and dealing effectively with neighbourhood problems;
- providing a high quality, cost effective, repairs service;
- maintaining our neighbourhoods to a good standard; and
- providing a good quality factoring service to owners in communities.

We aim to provide high quality and effective services in these areas, and for this to be recognised by our regulators and other key decision makers in the sector.

The Association desires to acquire new homes, to improve both the quality and age profile of our stock, and increase our rental income. Ideally, we would wish to have a development programme of 30 – 50 new homes per year, which could be managed with our existing staff team.

Review of business and future developments

The Association continued to provide affordable rented accommodation and to maintain and improve our properties to a high standard during 2018/19.

The Management Committee, in consultation with tenants, applied a rent increase of 4.0% taking effect from 1 April 2018 (2017 – 1.0%). We strive to ensure that our rents remain competitive and affordable for our tenants.

The Association owned 1,795 properties at the end of the year. Of these, 275 were used to provide retirement housing. During the year four properties were sold under the Association's disposal strategy. The Association has two new developments which commenced during 2017/18. One is of 56 properties at Finavon Street, a site in Abertay's ownership which previously held Orlit houses. Of these, 41 were completed in 2018/19 with the remaining 15 due to be completed in 2019/20. The second is of 16 properties in Forfar, our first development in the Angus Council area. These properties all were completed during 2018/19. The Association is currently progressing further developments in two former Primary School sites in Dundee.

The Association's priorities are to provide the best standard of homes for affordable let, and the best standard of service we can. We undertook a programme of improvements and planned maintenance during the year with a total spend of £1.8m. Throughout our stock, externally, we carried out re-roofing, chimney repair or removal, replacement of windows and doors, footpath repairs, works to balconies and our maintenance paint work programme. Internally, we replaced bathrooms, and kitchens. We will continue to spend heavily on improving our stock over the coming years.

ABERTAY HOUSING ASSOCIATION LIMITED

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

Details of movements of the Association's fixed assets during the year are set out in note 11.

During the year, the Association entered into one loan agreement £2.02m. This money is to help fund the programme of reroofing and roughcasting properties, largely in the Fintry area, which were built in the 1950s and to help finance future new build of 98 houses. At 31 March 2019, this had been fully drawn down. £9m of borrowing from previous agreements remained to be drawn down at the year end. This, together with regular payments on the existing loans increased the total bank borrowings from £18.67m to £21.56m at the year end. The Association's bank balances increased over the year, from £1.8m to £2.1m.

The Senior Management Team and Management Committee review risks on a regular basis using a scoring mechanism which considers both the likelihood of the risk and its impact if it were to occur. No risks are currently classified as intolerable. At the year end one risk was classified as substantial, and six as serious. These were:

- Welfare Reform changes (substantial);
- Cash flow difficulties with borrowing facilities not being in place when needed;
- Serious health and safety breach;
- Banking covenant breach;
- SHR use of its interventionary powers in Abertay's business;
- Bank increasing margins on previously agreed loans; and
- Adequate procedures and resources not in place to maximise rent collection.

The serious risks are considered to be unlikely. The substantial risk is considered almost certain as it relates to welfare reform, which was implemented for all new applications in Dundee in November 2017. These issues are kept under review and various controls and management actions are in place to mitigate the risk.

Key performance indicators

In accordance with the Scottish Social Housing Charter, the Association submits an Annual Return on the Charter to the Scottish Housing Regulator. This consists of a number of performance indicators. Some of these are included in a separate annual report to our members. The key indicators, including some which are non Charter indicators, are reported to the Management Committee on a quarterly basis.

Housing Quality and Maintenance

- 99.2% of our stock met the Scottish Housing Quality Standard (SHQS) in 2018/19, (all other properties are classed as "abeyances" under the SHQS guidelines, where tenants or sharing owners have not allowed work to be carried out);
- The average length of time we took to complete emergency repairs in 2018/19 was 1.98 hours;
- The average length of time we took to complete non-emergency repairs in 2018/19 was 6.1 days;
- 88.5% of repairs carried out in the last year were completed right first time;
- 92.8% of our repairs appointments were kept; and
- 99.0% of our tenants who had repairs carried out in the last 12 months were satisfied with the service.

ABERTAY HOUSING ASSOCIATION LIMITED

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

Satisfaction

Abertay's satisfaction figures come from a survey of all tenants carried out in summer 2016. We carry out satisfaction surveys every three years.

- 87.2% of tenants are satisfied with the overall service provided by Abertay;
- 89.6% of tenants feel that Abertay was good at keeping them informed about services and outcomes; and
- 78.6% of tenants were satisfied with the opportunities given to them to participate in our decision making process.

Getting Good Value from Rents and Service Charges

- 0.4% of rent was lost in 2018/19 through properties being empty;
- The average length of time we took last year to relet properties was 16.0 days; and
- 99.4% of the rent due was collected from tenants in 2018/19.

Neighbourhood and Community

- 24.7 cases of anti-social behaviour were reported per 100 homes in 2018/19; and
- 88.3% of anti-social behaviour cases were resolved within locally agreed targets in 2018/19.

Governance

Our governing body is our Management Committee which is responsible to the wider membership. The Management Committee serve in a voluntary capacity and we recognise this puts more onus on the Senior Management Team to ensure that they achieve high standards of professionalism in their work.

The Management Committee is elected from among the members at the AGM. There are up to 15 places on the Committee which are split as follows:

- At least 2 tenants
- At least 2 service users (owner occupiers)
- Up to 11 drawn from all three categories (tenants, service users and others with appropriate skills or expertise).

It is possible for people to be invited to join the Committee provided co-options do not exceed one third of the number of elected members.

The Committee meets most months and sub-committees can be set up to deal with particular aspects of the Association's affairs.

The Committee is responsible for the Association's strategies and policies which cover areas such as housing management, maintenance, finance, employment and governance.

Committee members act in a voluntary capacity and do not receive payment for their work beyond reasonable out-of-pocket expenses. They do not benefit from their position and cannot receive favourable treatment in any way – neither can their close relatives.

Abertay currently has an engagement plan with the Scottish Housing Regulator, issued following concerns they have raised in relation to Abertay's financial health, governance and development. Abertay commissioned an external report on Governance, Financial Management and Procurement during the year and Committee and staff are currently implementing the resulting recommendations. Abertay is working closely with the Scottish Housing Regulator to provide the information required in the engagement plan and to assure them that issues raised are being addressed.

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2019

During the year Abertay's Chief Executive announced his plan to retire. Ian Thomson retired on 5 April 2019. Abertay carried out an options appraisal, considering various options for future directions, including the possibility of a merger or constitutional partnership. Committee agreed that the best option was for Abertay to remain as an independent organisation. Barry Moore has been appointed as Chief Executive and started with Abertay on 8 July 2019.

Abertay has appointed internal auditors who carried out six reviews during 2018/19. These are an important resource in demonstrating compliance with legislation and regulatory standards. They made 24 recommendations which, where agreed have been or will be implemented over the coming months

Going concern

The Management Committee has reviewed the results for this year and the budgets going forward. The Committee has a good expectation that the Association has adequate resources to continue operational existence for the foreseeable future. The going concern basis of accounting has been adopted in preparing the financial statements.

Related Party Transactions

The tenants who sit on the Management Committee have entered into tenancies on the Association's normal terms and conditions and they cannot use their position to their advantage.

Management Committee and Executive Officers

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

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

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

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit 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 period. 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.

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2019

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 2014 and the Determination of Accounting Requirements 2015. 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 is aware:

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

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;
- 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 mis-statement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the 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;

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2019

- 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 receives reports from management and also from the external and internal auditors to provide reasonable assurance that control procedures are both in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

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

Donations

During the year the Association made charitable donations amounting to £311 (2018 - £764).

Auditors

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

By order of the Management Committee

DOROTHY TAYLOR

Secretary
28 August 2019

ABERTAY HOUSING ASSOCIATION LIMITED

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

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 7 and 8 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on pages 7 and 8 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Regulation of Social Housing in Scotland', and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the 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 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

ALEXANDER SLOAN

Accountants and Business Advisers
Statutory Auditors
GLASGOW
28 August 2019



Alexander Sloan
Accountants and Business Advisers

ABERTAY HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABERTAY HOUSING ASSOCIATION LIMITED

Opinion

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

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

ABERTAY HOUSING ASSOCIATION LIMITED

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities as set out on pages 6 and 7, the Management Committee 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 Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee 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 Management Committee either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

ABERTAY HOUSING ASSOCIATION LIMITED

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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



Alexander Sloan
Accountants and Business Advisers

ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
REVENUE	2		8,473,665		8,007,166
Operating Costs	2		(6,674,887)		(8,277,106)
OPERATING SURPLUS / (DEFICIT)			1,798,778		(269,940)
Gain On Sale Of Housing Stock	7	179,249		41,124	
Interest Receivable and Other Income		1,980		888	
Interest Payable and Similar Charges	8	(1,164,175)		(1,090,255)	
			(982,946)		(1,048,243)
SURPLUS / (DEFICIT) FOR THE YEAR	9		815,832		(1,318,183)
Other comprehensive income					
Actuarial Gains/ (Losses) on defined benefit Pension Plan			147,291		1,935,172
TOTAL COMPREHENSIVE INCOME			963,123		616,989

All amounts relate to continuing operations.

The notes on pages 17 to 31 form part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	11 (a)		49,362,817		46,344,664
Other Non-current Assets	11 (b)		169,259		199,480
			<u>49,532,076</u>		<u>46,544,144</u>
CURRENT ASSETS					
Receivables	13	537,398		571,037	
Cash at bank and in hand		2,082,534		1,774,174	
		<u>2,619,932</u>		<u>2,345,211</u>	
CREDITORS: Amounts falling due within one year	14	<u>(1,976,358)</u>		<u>(2,567,141)</u>	
NET CURRENT ASSETS / (LIABILITIES)			<u>643,574</u>		<u>(221,930)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			50,175,650		46,322,214
CREDITORS: Amounts falling due after more than one year	15		<u>(20,853,954)</u>		<u>(18,191,129)</u>
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Tayside pension fund	23	<u>(743,472)</u>		<u>(631,747)</u>	
			<u>(743,472)</u>		<u>(631,747)</u>
DEFERRED INCOME					
Social Housing Grants	17	<u>(15,240,847)</u>		<u>(15,120,004)</u>	
Other Grants	17	<u>(35,102)</u>		<u>(40,169)</u>	
			<u>(15,275,949)</u>		<u>(15,160,173)</u>
NET ASSETS			<u>13,302,275</u>		<u>12,339,165</u>
EQUITY					
Share Capital	18		161		174
Revenue Reserves			14,045,586		12,970,738
Pension Reserves			<u>(743,472)</u>		<u>(631,747)</u>
			<u>13,302,275</u>		<u>12,339,165</u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 28 August 2019.

Chairperson

Vice Chairperson

Secretary

The notes on pages 17 to 31 form part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£	£
Net cash inflow from operating activities	16	3,109,188	1,472,577
Investing Activities			
Acquisition and Construction of Properties	(5,150,415)	(9,825,791)	
Purchase of Other Fixed Assets	(5,184)	(45,984)	
Social Housing Grant Received	552,891	5,443,078	
Social Housing Grant Repaid	(43,021)	-	
Other Grants Received	-	19,567	
Proceeds on Disposal of Properties	261,690	41,124	
Net cash outflow from investing activities		(4,384,039)	(4,368,006)
Financing Activities			
Loan Advances Received	3,310,000	4,800,000	
Interest Received on Cash and Cash Equivalents	1,980	888	
Interest Paid on Loans	(1,164,175)	(794,575)	
Loan Principal Repayments	(564,599)	(345,147)	
Share Capital Issued	5	2	
Net cash inflow from financing activities		1,583,211	3,661,168
Increase in cash		308,360	765,739
Opening Cash & Cash Equivalents		1,774,174	1,008,435
Closing Cash & Cash Equivalents		2,082,534	1,774,174
Cash and Cash equivalents as at 31 March			
Cash		2,082,534	1,774,174
		2,082,534	1,774,174

The notes on pages 17 to 31 form part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

	Share Capital	Pension Reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 1 April 2017	190	(2,271,239)	13,993,241	11,722,192
Issue of Shares	2	-	-	2
Cancellation of Shares	(18)	-	-	(18)
Other comprehensive income	-	1,639,492	295,680	1,935,172
Deficit for the year	-	-	(1,318,183)	(1,318,183)
Balance as at 31 March 2018	<u>174</u>	<u>(631,747)</u>	<u>12,970,738</u>	<u>12,339,165</u>
Balance as at 1 April 2018	174	(631,747)	12,970,738	12,339,165
Issue of Shares	5	-	-	5
Cancellation of Shares	(18)	-	-	(18)
Other comprehensive income	-	(111,725)	259,016	147,291
Surplus for the year	-	-	815,832	815,832
Balance as at 31 March 2019	<u>161</u>	<u>(743,472)</u>	<u>14,045,586</u>	<u>13,302,275</u>

The notes on pages 17 to 31 form part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Accounting

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

Revenue

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

Government Grants are released to income over the expected useful life of the asset to which they relate.

Retirement Benefits

The Association participates in the Tayside Pension Scheme which provides benefits on final pensionable salary, up to 31 March 2015, thereafter, these are based on a career average. The assets of the scheme are held and invested separately from those of the Association.

The Association accounts for the pension scheme in accordance with FRS 102. Contributions to the scheme are charged to the Statement of Comprehensive Income so as to spread the costs of pensions over the employees' working lives with the Association.

The difference between the actual and expected returns on assets during the year, including changes in actuarial assumptions, is recognised in the Statement of Other Comprehensive Income.

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 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Land	Not depreciated
Structure	Over 50 years
Roofs	Over 40 years
Windows and Doors	Over 20 years
Bathrooms	Over 15 - 20 years
Kitchens	Over 15 years
Central Heating	Over 15 - 20 years

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

Depreciation and Impairment of Other Non-Current Assets

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

Asset Category	Depreciation Rate
Office Premises	4%
Housing Stock Improvements	5%
Machinery & Equipment	6.67%
Furniture and Fittings	10 - 20%
Computer Hardware & Software	25%

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

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 they relate.

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

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

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

Sales Of Housing Properties

Disposals of housing property are treated as non-current asset disposals and any gain or loss on disposal accounted for in the Statement of Comprehensive Income.

Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

ABERTAY HOUSING ASSOCIATION LIMITED

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

1. PRINCIPAL ACCOUNTING POLICIES

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

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

c) Financial instrument break clauses

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

Financial Instruments - Basic

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

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

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting 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, are disclosed below.

a) 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.

b) Life Cycle of Components

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

c) Useful life of properties, plant and equipment

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

d) Defined pension liability

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

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

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

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

		2019			2018		
	Notes	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	8,003,613	6,331,112	1,672,501	7,475,582	7,858,174	(382,592)
Other Activities	4	470,052	343,775	126,277	531,584	418,932	112,652
Total		8,473,665	6,674,887	1,798,778	8,007,166	8,277,106	(269,940)

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	2019 Total £	2018 Total £
Revenue from Lettings			
Rent receivable net of service charges	7,349,893	7,349,893	6,960,890
Service charges receivable	284,991	284,991	296,239
Gross income from rent and service charges	7,634,884	7,634,884	7,257,129
Less: Rent losses from voids	45,250	45,250	74,164
Net Rents Receivable	7,589,634	7,589,634	7,182,965
Grants released from deferred income	337,610	337,610	250,822
Other revenue grants	76,369	76,369	41,795
Total turnover from affordable letting activities	8,003,613	8,003,613	7,475,582
Expenditure on affordable letting activities			
Management and maintenance administration costs	2,074,211	2,074,211	2,028,962
Service Costs	159,710	159,710	180,603
Planned and cyclical maintenance, including major repairs	452,209	452,209	1,782,163
Reactive maintenance costs	1,497,272	1,497,272	1,617,806
Bad Debts - rents and service charges	83,289	83,289	60,785
Depreciation of affordable let properties	2,064,421	2,064,421	2,167,855
Operating costs of affordable letting activities	6,331,112	6,331,112	7,858,174
Operating surplus / (deficit) on affordable letting activities	1,672,501	1,672,501	(382,592)
2018		(382,592)	

ABERTAY HOUSING ASSOCIATION LIMITED

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

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

	Grants From Scottish Ministers	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2019	Operating Surplus / (Deficit) 2018
	£	£	£	£	£	£	£
Care and Repair	74,544	38,044	112,588	-	67,728	44,860	47,183
Support activities	-	137,412	137,412	-	55,990	81,422	94,835
Factoring	-	220,052	220,052	(6,068)	226,125	(5)	(29,366)
Total From Other Activities	74,544	395,508	470,052	(6,068)	349,843	126,277	112,652
2018	60,983	470,601	531,584	25,553	393,379	112,652	

ABERTAY HOUSING ASSOCIATION LIMITED

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

5. OFFICERS' EMOLUMENTS

	2019	2018
	£	£
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.		
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>163,355</u>	<u>225,679</u>
Compensation payable to Officers for loss of Office	<u>-</u>	<u>36,907</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>22,989</u>	<u>26,696</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>91,380</u>	<u>87,837</u>
Total Emoluments paid to key management personnel	<u>186,344</u>	<u>252,375</u>

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

	Number	Number
£60,001 to £70,000	1	1
£70,001 to £80,000	-	1
£80,001 to £90,000	<u>1</u>	<u>-</u>

6. EMPLOYEE INFORMATION

	2019	2018
	No.	No.
The average monthly number of full time equivalent persons employed during the year was:	<u>40</u>	<u>38</u>
The average total number of Employees employed during the year was:	<u>48</u>	<u>46</u>
Staff Costs were:	£	£
Wages and Salaries	1,220,770	1,185,340
Social Security Costs	110,096	107,146
Other Pension Costs	191,323	181,651
Temporary, Agency and Seconded Staff	120	4,845
	<u>1,522,309</u>	<u>1,478,982</u>

ABERTAY HOUSING ASSOCIATION LIMITED

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

7. GAIN ON SALE OF HOUSING STOCK

	2019	2018
	£	£
Sales Proceeds	261,690	41,124
Cost of Sales	<u>82,441</u>	<u>-</u>
Gain On Sale Of Housing Stock	<u>179,249</u>	<u>41,124</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2019	2018
	£	£
On Bank Loans & Overdrafts	905,159	794,575
Defined Benefit Pension Adjustment	<u>259,016</u>	<u>295,680</u>
	<u>1,164,175</u>	<u>1,090,255</u>

9. SURPLUS / (DEFICIT) FOR THE YEAR

	2019	2018
	£	£
Surplus / (Deficit) For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	2,050,125	1,906,291
Auditors' Remuneration - Audit Services	8,100	7,800
Gain on sale of fixed assets	<u>(179,249)</u>	<u>(41,124)</u>

10. TAX ON SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES

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

ABERTAY HOUSING ASSOCIATION LIMITED

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

11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
COST			
As at 1 April 2018	56,369,212	6,690,428	63,059,640
Additions	1,279,189	3,871,226	5,150,415
Disposals	(219,153)	-	(219,153)
Schemes Completed	8,299,976	(8,299,976)	-
As at 31 March 2019	<u>65,729,224</u>	<u>2,261,678</u>	<u>67,990,902</u>
DEPRECIATION			
As at 1 April 2018	16,714,976	-	16,714,976
Charge for Year	2,014,720	-	2,014,720
Transfers	-	-	-
Disposals	(101,611)	-	(101,611)
As at 31 March 2019	<u>18,628,085</u>	<u>-</u>	<u>18,628,085</u>
NET BOOK VALUE			
As at 31 March 2019	<u>47,101,139</u>	<u>2,261,678</u>	<u>49,362,817</u>
As at 31 March 2018	<u>39,654,236</u>	<u>6,690,428</u>	<u>46,344,664</u>

Additions to housing properties include capitalised development administration costs of £nil (2018 - £nil) and capitalised major repair costs to existing properties of £1,279,189 (2018 - £3,869,997).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £3,228,670 (2018 - £7,296,695). The amount capitalised is £1,279,189 (2018 - £3,869,997) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £993,835 (2018 - £2,813,094) and improvement of £285,354 (2018 - £1,056,903).

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

The Association's Lenders have standard securities over Housing Property with a carrying value of £43,177,026 (2018 - £35,206,914).

ABERTAY HOUSING ASSOCIATION LIMITED

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

11. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Machinery & Equipment £	Computer Equipment £	Total £
COST					
As at 1 April 2018	380,133	80,587	41,076	183,125	684,921
Additions	-	-	-	5,184	5,184
Eliminated on Disposals	-	-	-	(12,816)	(12,816)
As at 31 March 2019	<u>380,133</u>	<u>80,587</u>	<u>41,076</u>	<u>175,493</u>	<u>677,289</u>
AGGREGATE DEPRECIATION					
As at 1 April 2018	247,838	70,728	5,778	161,097	485,441
Charge for year	15,205	3,107	4,471	12,622	35,405
Eliminated on Disposals	-	-	-	(12,816)	(12,816)
As at 31 March 2019	<u>263,043</u>	<u>73,835</u>	<u>10,249</u>	<u>160,903</u>	<u>508,030</u>
NET BOOK VALUE					
As at 31 March 2019	<u>117,090</u>	<u>6,752</u>	<u>30,827</u>	<u>14,590</u>	<u>169,259</u>
As at 31 March 2018	<u>132,295</u>	<u>9,859</u>	<u>35,298</u>	<u>22,028</u>	<u>199,480</u>

12. CAPITAL COMMITMENTS

	2019 £	2018 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>3,104,422</u>	<u>3,362,808</u>

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

13. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Arrears of Rent & Service Charges	222,388	166,760
Less: Provision for Doubtful Debts	<u>(104,931)</u>	<u>(76,314)</u>
	117,457	90,446
Social Housing Grant Receivable	-	71,084
Other Receivables	<u>419,941</u>	<u>409,507</u>
	<u>537,398</u>	<u>571,037</u>

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Housing Loans	470,360	387,784
Trade Payables	379,455	506,754
Rent Received in Advance	252,941	250,227
Other Taxation and Social Security	29,556	28,463
Other Payables	227,470	236,008
Accruals and Deferred Income	616,576	1,157,905
	<u>1,976,358</u>	<u>2,567,141</u>

At the balance sheet date there were pension contributions outstanding of £22,506 (2018 - £22,443).

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

	2019 £	2018 £
Housing Loans	20,853,954	18,191,129
	<u>20,853,954</u>	<u>18,191,129</u>
Housing Loans		
Amounts due within one year	470,360	387,784
Amounts due in one year or more but less than two years	492,353	413,033
Amounts due in two years or more but less than five years	1,632,998	1,371,144
Amounts due in more than five years	18,728,604	16,406,952
	<u>21,324,314</u>	<u>18,578,913</u>
Less: Amount shown in Current Liabilities	470,360	387,784
	<u>20,853,954</u>	<u>18,191,129</u>

The loans are secured by standard securities over the Association's properties. The amounts secured are £21,324,314 (2018 - £18,578,913), and are repayable at rates of interest between 1.9% and 6.25% in instalments over the next 30 years.

ABERTAY HOUSING ASSOCIATION LIMITED

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

16. STATEMENT OF CASH FLOWS

<i>Reconciliation of surplus for the year to net cash inflow from operating activities</i>	2019 £	2018 £
Surplus for the year	815,832	(1,318,183)
Depreciation	2,099,826	2,252,426
Gain on disposal	(179,249)	(41,124)
Amortisation of Capital Grants	(337,610)	(250,822)
Change in debtors	(37,445)	(54,125)
Change in creditors	(673,359)	(167,554)
Unwinding of Discount on Pension Liability	259,016	(37,390)
Transfer of interest to financial activities	1,162,195	1,089,367
Share Capital Written Off	(18)	(18)
Net cash inflow from operating activities	<u>3,109,188</u>	<u>1,472,577</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2019 £	2018 £
Increase in cash	308,360	765,739
Cashflow from change in net debt	<u>(2,745,401)</u>	<u>(4,417,463)</u>
Movement in net debt during the year	(2,437,041)	(3,651,724)
Net debt at 1st April 2018	(16,804,739)	(13,153,015)
Net debt at 31 March 2019	<u>(19,241,780)</u>	<u>(16,804,739)</u>

<i>Analysis of changes in net debt</i>	At 01 April 2018	Cashflows	Other Changes	At 31 March 2019
Cash at bank and in hand	1,774,174	308,360		2,082,534
	1,774,174	308,360	-	2,082,534
Liquid resources	-	-		-
Debt: Due within one year	(387,784)	422,127	(504,703)	(470,360)
Due after more than one year	(18,191,129)	(3,167,528)	504,703	(20,853,954)
Net Debt	<u>(16,804,739)</u>	<u>(2,437,041)</u>	<u>-</u>	<u>(19,241,780)</u>

ABERTAY HOUSING ASSOCIATION LIMITED

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

17. DEFERRED INCOME

	Housing Properties Held for Letting	Housing Properties In course of Construction	Total
	£	£	£
Social Housing Grants			
As at 1 April 2018	12,298,414	5,514,163	17,812,577
Additions in the year	-	481,807	481,807
Eliminated on disposal of components and property Transferred	(37,021)	-	(37,021)
	4,380,020	(4,380,020)	-
As at 31 March 2019	16,641,413	1,615,950	18,257,363
Amortisation			
As at 1 April 2018	2,692,573	-	2,692,573
Eliminated on disposal	(8,885)	-	(8,885)
Amortisation in year	332,828	-	332,828
As at 31 March 2019	3,016,516	-	3,016,516
Net book value			
As at 31 March 2019	13,624,897	1,615,950	15,240,847
As at 31 March 2018	9,605,841	5,514,163	15,120,004
Other Grants			
As at 1 April 2018	97,080	19,567	116,647
Eliminated on disposal of components and property	(1,427)	-	(1,427)
As at 31 March 2019	95,653	19,567	115,220
Amortisation			
As at 1 April 2018	76,478	-	76,478
Eliminated on disposal	(1,142)	-	(1,142)
Amortisation in year	4,782	-	4,782
As at 31 March 2019	80,118	-	80,118
Net book value			
As at 31 March 2019	15,535	19,567	35,102
As at 31 March 2018	20,602	19,567	40,169
Total grants net book value as at 31 March 2019	13,640,432	1,635,517	15,275,949
Total grants net book value as at 31 March 2018	9,626,443	5,533,730	15,160,173

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

	2019	2018
	£	£
Amounts due within one year	337,610	250,822
Amounts due in one year or more	14,938,339	14,909,351
	15,275,949	15,160,173

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2019	2018
	£	£
As at 1 April 2018	174	190
Issued in year	5	2
Cancelled in year	(18)	(18)
As at 31 March 2019	161	174

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

ABERTAY HOUSING ASSOCIATION LIMITED

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

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2019 No.	2018 No.
General Needs Housing	1,514	1,460
Community Projects Book	6	6
Retirement Housing	275	276
	<u>1,795</u>	<u>1,742</u>

20. RELATED PARTY TRANSACTIONS

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

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Management Committee 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 (and their close family) were as follows:

	2019 £	2018 £
Rent received from tenants on the Management Committee and their close family members	<u>9,357</u>	<u>12,726</u>
Factoring charges received from factored owners on the Management Committee and their close family members	<u>341</u>	<u>430</u>
Members of the Management Committee who are tenants	2	3
Members of the Management Committee who are owner occupiers	<u>4</u>	<u>4</u>

21. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 147 Fintry Drive, Dundee, DD4 9HE.

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

22. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £1,231 (2018 - £247) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS

The pension cost figures used in these accounts comply with the Financial Reporting Standard 102 (FRS 102).

The Association is an admitted body to the Tayside Pension Fund, a fund administered by Dundee City Council. The fund is a funded defined benefit pension scheme providing benefits based on the final pensionable salary to 31 March 2015, thereafter benefits are based on career average basis. Contributions to the fund are determined by the scheme's actuary using the projected unit method and are charged to the Statement of Comprehensive Income as they are incurred. The pension costs for the period were £191,562 (2018: £179,842).

The table below compares the present value of the scheme's liabilities, based on the Actuary's assumptions with the estimated employer assets.

Net pension liability as at:	2019 £	2018 £
Estimated employer assets (A)	9,379,431	8,868,936
Present value of scheme liabilities	10,122,903	9,500,683
Total value of liabilities (B)	10,122,903	9,500,683
Net pension liabilities (A-B)	(743,472)	(631,747)

The movement in the defined benefit obligation over the year is as follows:

	2019 £	2018 £
Opening defined benefit obligation	9,500,683	10,356,610
Current service cost	432,985	414,064
Interest costs	239,839	276,770
Change in financial assumptions	462,975	(448,000)
Change in demographic assumptions	(321,928)	(561,677)
Experience (gain) on defined benefit obligation	-	(323,959)
Estimated benefits paid net of transfers In	(264,365)	(281,822)
Contributions by scheme participants	72,714	68,697
Closing defined benefit obligation	10,122,903	9,500,683

The movement in the fair value of fund assets in the year is as follows:

	2019 £	2018 £
Opening fair value of funds	8,868,936	8,085,371
Interest on assets	226,157	217,859
Return on assets less interest	288,338	494,237
Other actuarial gains/(losses)	-	107,299
Administration expenses	(3,911)	(2,547)
Contributions by employer including unfunded	191,562	179,842
Contributions by fund participants	72,714	68,697
Estimated benefits paid plus unfunded net of transfers in	(264,365)	(281,822)
Closing fair value of fund assets	9,379,431	8,868,936

ABERTAY HOUSING ASSOCIATION LIMITED

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

23. RETIREMENT BENEFIT OBLIGATIONS

The amounts recognised in the Statement of Comprehensive Income are as follows:

Analysis of amount recognised in the Statement of Comprehensive Income	2019 £	2018 £
Service cost	432,985	414,064
Net interest on the defined liability (asset)	13,682	58,911
Administration expenses	3,911	2,547
Total loss (profit)	450,578	475,522

The aggregate assets of the defined pension scheme are comprised as follows:

	Value at 31 March 2019 £ £000	Value at 31 March 2019 £ £000
Equities	6,479	6,171
Gilts	134	433
Bonds	1,407	1,009
Property	1,171	1,008
Cash	166	248
Alternatives	22	-
Total	9,379	8,869

The total return on the fund assets for the year to 31 March 2019 was £514,495 (2018: (£712,096)).

The principal actuarial assumptions used in valuing the defined benefit pension scheme were as follows:

	2019 %	2018 %
RPI increases	3.4%	3.3%
CPI increases	2.4%	2.3%
Salary increases	3.4%	3.3%
Pension increases	2.4%	2.3%
Discount Rate	2.4%	2.6%

The net asset/(defined liability) recognised in other comprehensive income:

	2019 £ £000	2018 £ £000
Return on fund asset in excess of interest	288,338	494,237
Other actuarial gains on assets	-	107,299
Change in demographic assumptions	321,928	561,677
Experience gain on defined benefit obligation	-	323,959
Changes in financial assumptions	(462,975)	448,000
Re-measurement of the net assets	147,291	1,935,172

Mortality Rates

Life expectancy is based on the S2PA tables with a multiplier of 130%. These base tables are then projected using the CMI 2018 Model, allowing for a long-term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	19.6	21.6
Future Pensioners	21.3	23.4

