

Abronhill Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2020

Registered Social Landlord No. HCB275

FCA Reference No. 2443R(S)

Scottish Charity No. SC033116

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Contents

	Page
Members of the Committee of Management, Executives and Advisers	1
Report of the Committee of Management	2 - 9
Report by the Auditors on corporate governance matters	10
Report of the Auditors	11
Statement of comprehensive income	13
Statement of financial position	14
Statement of cash flows	15
Statement of changes in equity	16
Notes to the financial statements	17 - 36

ABRONHILL HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2020

Committee of Management

Paul Broadwith	Chairperson
Raymond Russell	Vice Chairperson
Iain Smith	Secretary
Linda Black	Treasurer
Iain Johnston	Resigned 23 January 2020
Kevin McMail	
Elizabeth Irvine	
Craig Burns	
Sarah Boyle	Resigned 20 February 2020
Mary McGuire	From 23 January 2020

EXECUTIVE OFFICERS

John Mulholland	Providing Senior Management Services (Garrion People's Housing Co-op) to May 2019
Cathy Brien	Providing Senior Management Services (Forgewood Housing Co-op) to May 2019
Stephen Macintyre	Providing Senior Management Services (Hillhead Housing Association) from May 2019

REGISTERED OFFICE

Unit 10
Abronhill Shopping Centre
Cumbernauld
G67 3AZ

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

Quinn Internal Audit
& Business Support Services
55 Lady Place
West Lothian
EH54 6TB

FINANCE AGENTS

FMD Financial Services Ltd
Unit 29 Ladyloan Place
Drumchapel
G15 8LB

BANKERS

Royal Bank of Scotland
1 Roadside Village
Cumbernauld
G67 2SS

SOLICITOR

TC Young
7 West George Street
Glasgow
G2 1BA

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2020

The Management Committee presents its report and the Financial Statements for the year ended 31 March 2020.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2443R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC033116.

Principal Activities

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

Review of Business and Future Developments

In March 2020 an unprecedented lock down was enforced across the country which resulted in closure of most businesses and shops. Within a week of the lockdown we had our staff team set up with the capability to work from home. New governance arrangements were introduced as we managed the partial wind down of the business in line with government regulations. Our Repairs Service was restricted to Emergencies only. We had to suspend all letting activities and ensure all of the empty properties were secured.

We continued to collect rents as our staff refocused their activities on supporting our community and helping many vulnerable residents and their families cope with the pandemic.

The impact of the lockdown will take some time to assess and the financial impact will not feature until next year's accounts, although we can see that our arrears have increased whilst the rent loss from unlet homes will never be recovered. On the other hand, as we had to limit our reactive repairs service and planned major repairs, our expenditure in the first 3 months of the pandemic has been significantly reduced.

As we move out of lockdown we are prioritising the re-introduction of the Repairs Service and by the end of July we were able to re-start some letting activities. Whilst we plan to re-open our office at the beginning of August, due to government restrictions we will not be able to accommodate all of our staff so some working from home will continue for the foreseeable future. Home visits, repairs response times, and the time taken to re-let properties will all be affected by the restrictions under which we will be operating under for some time to come.

The Association made a surplus in the year of £234,249, after pension adjustments, in the year to 31 March 2020. Its financial operations remain stable and we continue to be supported by a Loan Facility from the Coop bank.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

The Association's main source of income is from rents. Rent charges in the year amounted to £954,722. The Association's Rent Setting Policy is based on the size, type and facilities of the accommodation and the historic costs of the properties. The rent structure is easy to administer and covers the wide variations within the Association's properties. We consult with tenants each year about our proposals for the following year's rent taking account of investment priorities, affordability and scope for efficiencies within our own management costs. A percentage value is applied annually to ensure that the rents cover the required costs. Rents were increased by 3.4%% for 19/20.

With just over £91,000 spent on new components, our biggest investment remains in the day to day maintenance of the housing stock which totalled £199,635. An additional sum of £64,508 was invested in planned maintenance works.

The net cost of housing assets at 31 March 2020 is £3,986,617.

The net cost of other fixed assets is £11,807.

Cash balances at 31 March 2020 amount to just over £703,281 an increase from £617,701 at the end of March 2019

Outstanding loans amount to £1.034m at 31 March 2020. Abronhill continues to be in a reasonable financial position. Loan facilities continue to be available to it. Abronhill has built on its reserves and have provided sufficient funds over the next year to attempt to meet our commitments under the Scottish Housing Quality Standard and the ESSH.

Corporate Governance

Abronhill Housing Association has a Management Committee who are elected by the members of the Association. (See above for details). It is the responsibility of the Committee to undertake the strategy, setting of policy and overall direction of the Association. They also monitor the operational activities of the Association. The members of the Management Committee are unpaid.

Following a positive handover from its previous Senior Team, Hillhead Housing Association was appointed in May 2019 to provide Director Services, initially for a period of two years. The Director, Stephen Macintyre, is responsible for achieving the strategy set, and undertaking the operational activities in line with the policies set by the Management Committee.

Our governing body is our Management Committee, which is responsible to the wider membership. Committee Members serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve high standard of professionalism in our work. We take governance very seriously, and in the last year we continued to build on work from previous years which strengthened our governance arrangements.

In October 2019 we submitted our first annual assurance statement to the Scottish Housing Regulator. Initial feedback was very positive. We continue to submit the other statutory and regulatory returns as due and our low level of engagement with the Regulator continues.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Training and Recruiting Committee Members.

Any vacancies on the Management Committee are filled from members of the community who are interested in the Association's aims and objectives for the area and come from a range of backgrounds. Induction training is provided for all new committee members.

Committee members complete a Training Needs Analysis annually and from this an individual training plan is put in place for them. Committee members are required to attend training events and conferences to build on their experience and develop new skills.

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

Corporate Issues

Tenant involvement and participation is a major part of Abronhill Housing Association's Aims and Objectives, and we continue to review how Abronhill Housing Association involves tenants in its activities.

In 2019 we carried out a face to face tenants survey with 151 tenant household's participating. We are heartened to report that the Association continues to enjoy very high levels of sustained tenant satisfaction across all of our services. Our performance as a landlord is remains very strong with over 9 out of 10 tenants agreeing that they are satisfied with our overall level of service.

In 2019 the Association was brought within the scope of the Freedom for Information legislation and has meant the introduction of new policies and procedures for ensuring our compliance within this framework.

Performance Management and Service Delivery

Performance management and service delivery are high priorities for the Association.

The staff team have worked hard to achieve the outcomes in the Scottish Social Housing Charter and have assessed performance in all areas of service delivery throughout the year and performance has improved in most of these areas.

Policies and procedures are regularly reviewed and agreed by the Management Committee. Performance in arrears management is also closely monitored as the UK Government's Welfare Reforms are rolled out. There has been a slight increase in the level of rent arrears as a higher proportion of our tenants are now in receipt of Universal Credit. Levels of rent collection fell back to 98.72% from 99.79% in the previous year.

In April 2020 we re-appointed our Repairs Contractor as part of a joint procurement exercise with Hillhead Housing Association and we continue to offer our tenants an excellent service which continues to receive very high levels of tenant satisfaction. Our repair response times are amongst the best in Scotland. We responded to Emergency Calls within an average time 1.88 hours and to Non-Emergency Calls within an average time of 3.57 days.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes.

The Association undertook an analysis of its stock in July 2017 to determine the work required to comply with the Scottish Housing Quality Standards and the EESSH. The results are incorporated into the Associations Planned maintenance programme to ensure that the required standards are met wherever economically possible within the set timescales.

We are also part way through an investment of £50,000 in order to ensure we comply with new Fire Safety Regulations by the end of February 2021.

Best use of resources

We regularly conduct risk assessments, and take any action necessary to reduce or limit risk. We have a rolling programme of stock condition surveys, to ensure that our long-term financial planning reflects our future investment requirements.

Development Issues

Abronhill is not traditionally a developing Association. However, a site has been identified in the local strategic housing investment plan for 36 units in 2020/21 for Abronhill. Another site with a potential for a further 25 units in the future has also been identified. The site which will be developed by Clyde Valley Housing Association is expected to go on site in the Autumn of this year.

Housing Issues

A major issue for housing associations continues to be the impact of the UK Government's changes to the welfare system. Abronhill HA have been working continuously throughout the year to engage with tenants whom the benefit changes affect in order to signpost them in the direction of financial advice and support. The Association has worked in partnership for a number of years now with Citizens Advice and five other RSL's in North Lanarkshire to provide all of our tenants and residents with excellent up to date advice and information on a range of issues like Benefit Sanctions, Hardship payments, Budgeting Loans, Scottish Welfare Fund and much more. The Association continues to make a contribution towards the running costs of this service.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Investment Appraisal

Capital expenditure is regulated by budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Committee. Reviews are carried out during the development period, to monitor expenditure and performance.

Internal Financial Control

The Management Committee is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. In June 2019 it appointed Quinn Internal Audit as its Internal Auditor.

Risk Management

The Association has an active risk management process, with policies, risk matrix map and a business continuity plan. All major risks are considered so mitigating action can be planned.

Key risks include: Internal risks - loss of key staff or committee personnel, fraud, health & safety failures; and these are mitigated by robust policies, procedures, and a range of audits. External risks include: - welfare reform impacts, changes in regulatory requirements, data loss/cyber-security issues and these are mitigated by close attention to external information and advice, active membership of representative bodies and obtaining best practice advice on IT security and data protection matters.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2020

Committee of Management and Executive Officers

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

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

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

Statement of Committee of Management's Responsibilities

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

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

The Committee of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. It is 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.

Going Concern

Based on its budgetary and forecasting processes the Committee of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2020

Statement on Internal Financial Control

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

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

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

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

The Committee of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2020. 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 £0 (2019 - £0).

Disclosure of Information to the Auditor

The members of the Committee of Management at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to auditors.

Auditors

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

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2020

By order of the Committee of Management

IAIN SMITH

Secretary

24/8/2020

ABRONHILL HOUSING ASSOCIATION LIMITED

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

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

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the 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 8 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Alexander Sloan

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
31/8/2020



Alexander Sloan
Accountants and Business Advisers

ABRONHILL HOUSING ASSOCIATION LIMITED

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

Opinion

We have audited the financial statements of Abronhill Housing Association Limited (the 'Association') for the year ended 31 March 2020 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2020 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 Benefit 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 Committee of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Committee of Management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

ABRONHILL HOUSING ASSOCIATION LIMITED

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

Matters on which we are required to report by exception

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

- 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 Committee of Management

As explained more fully in the Statement of Committee of Management's Responsibilities as set out on page 7, the Committee of Management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Committee of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorresponsibilities>. This description forms part of our audit report.

Use of our Report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alexander Sloan

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
31/8/2020



ABRONHILL HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020	2019
		£	£
Revenue	2	994,438	983,166
Operating costs	2	<u>835,299</u>	<u>789,049</u>
OPERATING SURPLUS		159,139	194,117
Interest receivable and other income		2,752	1,921
Interest payable and similar charges	7	(36,642)	(71,740)
Other Finance income/(charges)	10	<u>(3,000)</u>	<u>(3,000)</u>
		<u>(36,890)</u>	<u>(72,819)</u>
Surplus on ordinary activities before taxation	8	<u>122,249</u>	<u>121,298</u>
SURPLUS FOR THE YEAR		122,249	121,298
Other comprehensive income			
Adjustment relating to opening pension liability	18	-	1,000
Actuarial gains/(losses) on defined benefit pension plan	18	<u>112,000</u>	<u>(35,000)</u>
TOTAL COMPREHENSIVE INCOME		<u>234,249</u>	<u>87,298</u>

The results relate wholly to continuing activities.

The notes on pages 17 to 36 form an integral part of these financial statements.

ABRONHILL HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
NON-CURRENT ASSETS					
Housing properties - depreciated cost	11		3,986,617		4,096,006
Other tangible assets	11		11,807		12,473
			<u>3,998,424</u>		<u>4,108,479</u>
CURRENT ASSETS					
Receivables	13	66,431		57,034	
Cash and cash equivalents	14	703,281		617,101	
		<u>769,712</u>		<u>674,135</u>	
CREDITORS: Amounts falling due within one year	15	<u>(229,185)</u>		<u>(185,923)</u>	
NET CURRENT ASSETS			<u>540,527</u>		<u>488,212</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,538,951		4,596,691
CREDITORS: Amounts falling due after more than one year	16		(933,716)		(1,039,503)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish housing association pension scheme	18	-		(147,000)	
					(147,000)
DEFERRED INCOME					
Social housing grants	19	(1,158,972)		(1,198,170)	
			<u>(1,158,972)</u>	<u>(1,198,170)</u>	
NET ASSETS			<u>2,446,263</u>		<u>2,212,018</u>
EQUITY					
Share capital	20		56		60
Revenue reserves			2,446,207		2,358,958
Pension reserves			-		(147,000)
			<u>2,446,263</u>		<u>2,212,018</u>

The financial statements were approved by the Committee of Management and authorised for issue and signed on their behalf on 24/8/2020

Committee Member

Committee Member

Secretary

The notes on pages 17 to 36 form an integral part of these financial statements.

ABRONHILL HOUSING ASSOCIATION LIMITED**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020		2019	
		£	£	£	£
Surplus for the Year			122,249		121,298
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets	11	207,264		162,558	
Amortisation of capital grants	19	(39,198)		(54,155)	
Non-cash adjustments to pension provisions		(35,000)		(34,000)	
Share capital written off	20	(5)		(3)	
			133,061		74,400
Interest receivable			(2,752)		(1,921)
Interest payable	7		36,642		71,740
Operating cash flows before movements in working capital			289,200		265,517
Change in debtors		(9,397)		(23,809)	
Change in creditors		7,047		(12,342)	
			(2,350)		(36,151)
Net cash inflow from operating activities			286,850		229,366
Investing Activities					
Acquisition and construction of properties		(91,036)		(128,495)	
Purchase of other fixed assets		(6,173)		-	
Changes on short term deposits with banks		-		252,750	
Net cash (outflow) / inflow from investing activities			(97,209)		124,255
Financing Activities					
Interest received on cash and cash equivalents		2,752		1,921	
Interest paid on loans		(36,642)		(71,740)	
Loan principal repayments		(69,572)		(144,486)	
Share capital issued	20	1		6	
Net cash outflow from financing activities			(103,461)		(214,299)
Increase in cash	21		86,180		139,322
Opening cash & cash equivalents			617,101		477,779
Closing cash & cash equivalents			703,281		617,101
Cash and cash equivalents as at 31 March					
Cash	21		703,281		617,101
			703,281		617,101

The notes on pages 17 to 36 form an integral part of these financial statements.

ABRONHILL HOUSING ASSOCIATION LIMITED**STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2020**

	Share Capital £	Scottish Housing Association Pension reserve £	Revenue Reserve £	Total £
Balance as at 1 April 2018	57	-	2,124,660	2,124,717
Issue of Shares	6	-	-	6
Cancellation of Shares	(3)	-	-	(3)
Other comprehensive income	-	(35,000)	-	(35,000)
Other movements	-	(112,000)	113,000	1,000
Surplus for the year	-	-	121,298	121,298
Balance as at 31 March 2019	60	(147,000)	2,358,958	2,212,018
Balance as at 1 April 2019	60	(147,000)	2,358,958	2,212,018
Issue of Shares	1	-	-	1
Cancellation of Shares	(5)	-	-	(5)
Other comprehensive income	-	112,000	-	112,000
Other movements	-	35,000	(35,000)	-
Surplus for the year	-	-	122,249	122,249
Balance as at 31 March 2020	56	-	2,446,207	2,446,263

The notes on pages 17 to 36 form an integral part of these financial statements.

ABRONHILL HOUSING ASSOCIATION LIMITED

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

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

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 2018. 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 2019. They comply with the Determination of Accounting Requirements 2019. A summary of the principal accounting policies is set out below

Revenue

Revenue comprises rental and service charge income receivable in the period, sales of properties built for sale, other services provided, revenue grants receivable and government grants released to income in the period.

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. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

Retirement Benefits

The Association previously participated in the Scottish Housing Association Pension Scheme (SHAPS) a multi-employer defined benefit scheme where retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. The Association moved to the SHAPS defined contribution scheme on leaving the defined benefit scheme. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

Going Concern

On the basis that the Committee of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Housing Properties

Housing properties are held for the provision of social housing. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Association depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

<i>Component</i>	<i>Useful Economic Life</i>
Structure	Over 50 Years
Roof	Over 50 Years
Bathrooms	Over 20 Years
Kitchens	Over 20 Years
Windows	Over 30 Years
Doors	Over 40 Years
Heating Systems	Over 40 Years
Boiler	Over 25 Years
Rewiring	Over 35 Years
Heat Detectors	Over 10 Years

Depreciation and Impairment of Other Tangible Assets

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

<i>Asset Category</i>	<i>Depreciation Rate</i>
Office Premises	15%
Furniture & Fittings	25%
Computer & Office Equipment	25%

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

Social Housing Grants and Other Capital Grants

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.

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.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Taxation

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

Leases

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

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property, a material reduction in future maintenance costs, or a significant extension of the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to ongoing development activities are capitalised.

Borrowing Costs

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme. All other borrowing costs are expensed to the statement of comprehensive income using the effective interest rate method.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

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.

Cash and Liquid Resources

Cash comprises cash at bank and in hand, deposits repayable on demand less overdrafts. Liquid resources are current asset investments that can't be disposed of without penalty and are readily convertible into amounts of cash at their carrying value.

Impairment

The Association assesses at the end of each accounting period whether there are indications that a non-current asset may be impaired or that an impairment loss previously recognised has fully or partially reversed.

Where the carrying value of non-current assets is less than their recoverable amounts the shortfall is recognised as an impairment loss in the Statement of Comprehensive Income. The recoverable amount is the higher of the fair value less costs to sell and value-in-use of the asset based on its service potential.

Impairment losses previously recognised are reversed if the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the the Association to exercise judgement in applying the it'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.

Key Judgements

a) Categorisation of Housing Properties

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

b) Identification of cash generating units

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

d) Pension Liability

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

Estimation Uncertainty

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.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

	Notes	Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	994,438	827,669	166,769	983,166	777,596	205,570
Other Activities	4	-	7,630	(7,630)	-	11,453	(11,453)
Total		994,438	835,299	159,139	983,166	789,049	194,117

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

	General Needs Housing £	2020 Total £	2019 Total £
Revenue from Lettings			
Rent receivable net of service charges	952,729	952,729	920,770
Service charges receivable	1,993	1,993	1,880
Gross income from rent and service charges	954,722	954,722	922,650
Less: Rent losses from voids	12,791	12,791	7,516
Income from rents and service charges	941,931	941,931	915,134
Grants released from deferred income	39,198	39,198	54,155
Revenue grants from Scottish Ministers	13,309	13,309	13,877
Total turnover from affordable letting activities	994,438	994,438	983,166
Expenditure on affordable letting activities			
Management and maintenance administration costs	348,625	348,625	345,177
Service costs	1,993	1,993	1,880
Planned and cyclical maintenance, including major repairs	64,508	64,508	55,124
Reactive maintenance costs	199,635	199,635	209,281
Bad Debts - rents and service charges	12,483	12,483	10,975
Depreciation of affordable let properties	200,425	200,425	155,159
Operating costs of affordable letting activities	827,669	827,669	777,596
Operating surplus on affordable letting activities	166,769	166,769	205,570
2019		205,570	

Included in planned and cyclical maintenance is £48,198 (2019: £37,893) of major repairs costs.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating surplus / (deficit) 2020	Operating surplus / (deficit) 2019
	£	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	-	-	-	7,630	(7,630)	(11,453)
Total From Other Activities	-	-	-	-	-	-	7,630	(7,630)	(11,453)
2019	-	-	-	-	-	-	11,453	(11,453)	

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

	2020	2019
	£	£
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Committee of Management, managers and employees of the Association.		
No Officer of the Association received emoluments greater than £60,000.		
No pension contributions were made to Officers receiving emoluments greater than £60,000.		
Consideration paid for services of key management personnel paid to third parties	<u>35,582</u>	<u>42,598</u>

6. EMPLOYEE INFORMATION

	2020	2019
	No.	No.
Average monthly number of full time equivalent persons employed during the year	<u>4</u>	<u>4</u>
Average total number of employees employed during the year	<u>5</u>	<u>5</u>
Staff costs were:	£	£
Wages and salaries	144,667	136,280
National insurance costs	7,252	9,847
Pension costs	13,071	11,822
	<u>164,990</u>	<u>157,949</u>

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2020	2019
	£	£
On bank loans and overdrafts	<u>36,642</u>	<u>71,740</u>

8. SURPLUS FOR THE YEAR

	2020	2019
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	207,264	162,558
Auditors' remuneration - audit services	8,208	7,980
Operating lease rentals - other	<u>1,488</u>	<u>1,488</u>

9. CORPORATION TAX

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

10. OTHER FINANCE INCOME / (CHARGES)

	2020	2019
	£	£
Net interest on pension obligations	<u>(3,000)</u>	<u>(3,000)</u>

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
At 1 April 2019	6,193,519	6,193,519
Additions	91,036	91,036
Disposals	(7,875)	(7,875)
Transfers	-	-
At 31 March 2020	<u>6,276,680</u>	<u>6,276,680</u>
DEPRECIATION		
At 1 April 2019	2,097,513	2,097,513
Charge for Year	200,425	200,425
Transfers	-	-
Disposals	(7,875)	(7,875)
At 31 March 2020	<u>2,290,063</u>	<u>2,290,063</u>
NET BOOK VALUE		
At 31 March 2020	<u>3,986,617</u>	<u>3,986,617</u>
At 31 March 2019	<u>4,096,006</u>	<u>4,096,006</u>

	2020		2019	
	<i>Component replacement</i>	<i>Improvement</i>	<i>Component replacement</i>	<i>Improvement</i>
Expenditure on Existing Properties	-	-	£	£
Amounts capitalised	91,035	-	128,495	-
Amounts charged to the statement of comprehensive income		<u>264,143</u>		<u>264,405</u>

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carry value of £1,413,567 (2019 - £1,471,255)

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Total £
COST			
At 1 April 2019	96,004	56,313	152,317
Additions	-	6,173	6,173
At 31 March 2020	<u>96,004</u>	<u>62,486</u>	<u>158,490</u>
DEPRECIATION			
At 1 April 2019	84,620	55,224	139,844
Charge for year	4,268	2,571	6,839
At 31 March 2020	<u>88,888</u>	<u>57,795</u>	<u>146,683</u>
NET BOOK VALUE			
At 31 March 2020	<u>7,116</u>	<u>4,691</u>	<u>11,807</u>
At 31 March 2019	<u>11,384</u>	<u>1,089</u>	<u>12,473</u>

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

13. RECEIVABLES

	2020	2019
	£	£
Gross arrears of rent and service charges	57,694	40,830
Less: Provision for doubtful debts	<u>(39,960)</u>	<u>(27,292)</u>
<i>Net arrears of rent and service charges</i>	17,734	13,538
Other receivables	<u>48,697</u>	<u>43,496</u>
	<u>66,431</u>	<u>57,034</u>

14. CASH AND CASH EQUIVALENTS

	2020	2019
	£	£
Cash at bank and in hand	45,217	44,405
Balances held in deposit accounts	<u>658,064</u>	<u>572,696</u>
	<u>703,281</u>	<u>617,101</u>

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans	130,215	94,000
Trade payables	58,523	46,352
Rent received in advance	23,304	23,945
Other taxation and social security	-	3,052
Accruals and deferred income	17,143	18,574
	<u>229,185</u>	<u>185,923</u>

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

	2020	2019
	£	£
Bank loans	933,716	1,039,503
	<u>933,716</u>	<u>1,039,503</u>

17. DEBT ANALYSIS - BORROWINGS

	2020	2019
	£	£
Bank Loans		
Amounts due within one year	101,000	94,000
Amounts due in one year or more but less than two years	104,000	96,000
Amounts due in two years or more but less than five years	291,038	300,000
Amounts due in more than five years	538,678	643,506
	<u>1,034,716</u>	<u>1,133,506</u>

The Association has a number of bank loans the principal terms of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity Variable or (Year) Fixed
Co-operative	175	Libor + 0.65%	2029 Variable

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Abronhill Housing Association Limited participated in the Scottish Housing Association Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Association previously moved to a defined contribution scheme but has a net liability for the past service deficit in the defined benefit scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pensions schemes in the UK.

The last valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). A recovery plan is in place to eliminate the past service deficit which runs to 28 February 2022.

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

In 2019 the Pensions Trust, the administrator of the Scheme developed a method of determining the share of assets and liabilities for individual employers. This method was adopted by the Association in 2019 and resulted in an adjustment to the opening pension liability recognised in the statement of financial position of £1000.

Present values of defined benefit obligation, fair value of assets and defined benefit asset / (liability)

	2020	2019
	£	£
Fair value of plan assets	1,151,000	1,143,000
Present value of defined benefit obligation	1,111,000	1,290,000
Surplus / (deficit) in plan	40,000	(147,000)
Unrecognised surplus	(40,000)	-
Defined benefit asset / (liability) recognised	-	(147,000)

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2020	2019
	£	£
Defined benefit obligation at the start of period	1,290,000	1,227,000
Expenses	1,000	1,000
Interest expense	30,000	31,000
Contributions by plan participants	-	-
Actuarial losses (gains) due to scheme experience	(1,000)	(31,000)
Actuarial losses (gains) due to changes in demographic assumptions	(7,000)	3,000
Actuarial losses (gains) due to changes in financial assumptions	(166,000)	94,000
Benefits paid and expenses	(36,000)	(35,000)
Defined benefit obligation at the end of period	<u>1,111,000</u>	<u>1,290,000</u>

Reconciliation of opening and closing balances of the fair value of plan assets

	2020	2019
	£	£
Fair value of plan assets at start of period	1,143,000	1,081,000
Interest income	27,000	28,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(22,000)	31,000
Contributions by the employer	39,000	38,000
Benefits paid and expenses	(36,000)	(35,000)
Fair value of plan assets at the end of period	<u>1,151,000</u>	<u>1,143,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £059,000

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

	2020	2019
	£	£
Current service cost	-	-
Expenses	1,000	1,000
Net interest expense	3,000	3,000
	<u>4,000</u>	<u>4,000</u>
Defined benefit costs recognised in statement of comprehensive income	<u>4,000</u>	<u>4,000</u>

Defined benefit costs recognised in the other comprehensive income

	2020	2019
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	(22,000)	31,000
Experience gains and losses arising on plan liabilities - gain /(loss)	1,000	31,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	7,000	(3,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	166,000	(94,000)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	<u>152,000</u>	<u>(35,000)</u>
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	(40,000)	-
Total amount recognised in other comprehensive income - gain (loss)	<u>112,000</u>	<u>(35,000)</u>

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets

	2020	2019	2018
	£	£	£
Absolute Return	71,000	97,000	128,000
Alternative Risk Premia	92,000	64,000	41,000
Corporate Bond Fund	84,000	80,000	75,000
Credit Relative Value	28,000	20,000	-
Distressed Opportunities	21,000	19,000	5,000
Emerging Markets Debt	41,000	37,000	37,000
Fund of Hedge Funds	-	3,000	31,000
Global Equity	158,000	184,000	194,000
Infrastructure	68,000	48,000	20,000
Insurance-Linked Securities	31,000	30,000	30,000
Liability Driven Investment	303,000	406,000	380,000
Long Lease Property	28,000	14,000	-
Net Current Assets	9,000	1,000	2,000
Over 15 Year Gilts	15,000	29,000	35,000
Private Debt	23,000	15,000	10,000
Property	21,000	23,000	43,000
Risk Sharing	36,000	33,000	10,000
Secured Income	64,000	40,000	40,000
Opportunistic Illiquid Credit	28,000	-	-
Liquid Credit	30,000	-	-
Total assets	<u>1,151,000</u>	<u>1,143,000</u>	<u>1,081,000</u>

None of the fair values of the assets shown above include any direct investment in the Association's own financial instruments or any property occupied by, or other assets used by the Association.

Key Assumptions

	2020	2019	2018
Discount Rate	2.4%	2.4%	2.6%
Inflation (RPI)	2.6%	3.3%	3.1%
Inflation (CPI)	1.6%	2.3%	2.1%
Salary Growth	2.6%	3.3%	3.1%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 years (years)
Male retiring in 2020	21.5
Female retiring in 2020	23.2
Male retiring in 2040	22.8
Female retiring in 2040	<u>24.5</u>

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. DEFERRED INCOME

	Social Housing Grants £	Total £
Capital grants received		
At 1 April 2019	1,800,199	1,800,199
Eliminated on disposal	(1,612)	(1,612)
At 31 March 2020	<u>1,798,587</u>	<u>1,798,587</u>
Amortisation		
At 1 April 2019	602,029	602,029
Amortisation in year	39,198	39,198
Eliminated on disposal	(1,612)	(1,612)
At 31 March 2020	<u>639,615</u>	<u>639,615</u>
Net book value		
At 31 March 2020	<u>1,158,972</u>	<u>1,158,972</u>
At 31 March 2019	<u>1,198,170</u>	<u>1,198,170</u>

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

	2020 £	2019 £
Amounts due within one year	39,198	54,155
Amounts due in more than one year	1,119,773	1,144,015
	<u>1,158,971</u>	<u>1,198,170</u>

20. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2020 £	2019 £
At 1 April	60	57
Issued in year	1	6
Cancelled in year	(5)	(3)
At 31 March	<u>56</u>	<u>60</u>

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

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. CASH FLOWS

Reconciliation of net cash flow to movement in net debt

	£	2020 £	£	2019 £
Increase in cash	86,180		139,322	
Cashflow from change in net debt	69,572		-	
	<u> </u>	155,752	<u> </u>	139,322
Movement in net debt during the year				
Net debt at 1 April		(516,402)		-
Net debt at 31 March		<u>(360,650)</u>		<u>139,322</u>

Analysis of changes in net debt	At 01 April 2019	Cashflows	Other Changes	At 31 March 2020
	£	£	£	£
Cash and cash equivalents	617,101	86,180	-	703,281
	<u>617,101</u>	<u>86,180</u>	<u>-</u>	<u>703,281</u>
Debt: Due within one year	(94,000)	69,572	(105,787)	(130,215)
Due after more than one year	(1,039,503)	-	105,787	(933,716)
Net debt	<u>(516,402)</u>	<u>155,752</u>	<u>-</u>	<u>(360,650)</u>

22. COMMITMENTS UNDER OPERATING LEASES

Other		
Expiring in the next year		744
Expiring later than one year and not later than five years		1,488
		<u>-</u>
		<u>744</u>

23 EVENTS AFTER THE REPORTING PERIOD

At the time of approving the Financial Statements the United Kingdom is impacted by the Coronavirus pandemic. While the Association's strong financial position means that it is well placed to manage the impact on operations, it continues to monitor the position and update its plans accordingly. Like most organisations, however, the virus is likely to have some impact in the forthcoming year.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

24. 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 Unit 10, Abronhill Shopping Centre, Cumbernauld, G67 3AZ.

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

25. COMMITTEE OF MANAGEMENT MEMBER EMOLUMENTS

Committee of Management members received £245 (2019 - £204) in the year by way of reimbursement of expenses. No remuneration is paid to Committee of Management members in respect of their duties to the Association.

26. HOUSING STOCK

	2020 No.	2019 No.
The number of units of accommodation in management at the year end was:-		
General needs - Built by Association	11	11
General needs - Purchased by Association	211	211
	<u>222</u>	<u>222</u>

27. RELATED PARTY TRANSACTIONS

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

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

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

	2020 £	2019 £
Rent received from tenants on the Committee of Management and their close family members	25,836	12,647
	<u>25,836</u>	<u>12,647</u>

At the year end total rent arrears owed by the tenant members on the Committee of Management (and their close family) were £0 (2019 - £0).

Members of the Committee of Management who are tenants	3	3
--	---	---