



ANGUS HOUSING ASSOCIATION LIMITED

REPORT AND ACCOUNTS

31st March 2021

ANGUS HOUSING ASSOCIATION LIMITED



REPORT AND FINANCIAL STATEMENTS For the period ended 31st March 2021

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ANGUS HOUSING ASSOCIATION LIMITED



Registered No. 1665R(S)
Scottish Charity No. SC020981
The Scottish Housing Regulator No. HAL65

MEMBERS OF COMMITTEE OF MANAGEMENT

Ms H Farquhar	(Chairman)
Mr J Black	(Treasurer)
Mrs S Welsh	(Secretary)
Mr D Hart	
Mr I McDonald	
Mr S Storrie	
Mrs I McGarrol	
Chris Grant	
Mrs J Gaul	
Mr I Laird	
Mrs E Curtis	
Mr R Fraser	(resigned 11/05/2020)
Mr T Malone	(resigned 07/07/2020)
Mr W Gibson	(resigned 23/09/2020)
Mr B Morris	(resigned 23/09/2020)

KEY MANAGEMENT PERSONNEL

Gail Robertson	Director
Linlay Anderson	Housing Services Manager
Arlene Grant	Finance and Corporate Services Manager
Ronald McArthur	Asset Manager

SECRETARY AND REGISTERED OFFICE

Mrs S Welsh, 93 High Street, Arbroath, DD11 1DP

SOLICITOR

Thorntons Law LLP, Whitehall House, 33 Yeaman Shore, Dundee, DD1 4BJ

BANKERS

The Royal Bank of Scotland plc, Brothock Bridge, Arbroath, DD11 1NP

Clydesdale Bank PLC, 114 High Street, Montrose, DD10 8JE

Santander UK PLC, 298 Deansgate, Manchester, M3 4HH

EXTERNAL AUDITORS

Findlays, 11 Dudhope Terrace, Dundee, DD3 6TS

INTERNAL AUDITORS

Quinn Internal Audit and Business Advisors, 55 Lady Place, Livingston EH54 6TB



CHAIRMAN'S STATEMENT

This was not the year that we expected. Our year was focused on delivering our services within the ever-changing COVID rules and ensuring the safety of our tenants and staff. I am happy to report that the Association performed well during this very difficult time, continuing to implement and refine the Business Continuity plan put in place at the start of the pandemic.

One area that was significantly impacted by lockdown was our development programme, but even so, we delivered 22 new homes. 14 of these were in partnership with Guild Homes at Turfbeg Forfar and a further 8 with Taylor Wimpey at Victoria Grange in Monifieth. We have recovered some ground since lockdown eased with an increase in our expected completions in 2021/22. We are working with the local authorities and our developers to ensure that we continue to deliver our ambitious new build programme, with high quality homes being delivered in the communities that need them.

Although the pandemic did affect our ability to deliver our improvement plans, we have continued to meet our obligations to ensure tenant safety and in particular the Scottish Government's Fire Safety agenda. We have also been able to progress our joint procurement project for kitchen and bathroom replacements with 4 other housing associations, and we hope the benefits of this programme will be delivered from 2021 onwards. We completed a competitive tender for our reactive repairs service which is now operational and again this should deliver value for money for our tenants.

The pandemic has allowed the Association to move forward at speed with some of the aspects of our Strategic Plan, including our Digital strategy with the implementation of our tenant portal and the inclusion of "Near Me" as an additional way of our customers contacting us. We have increased resources to our Financial Inclusion Team, recognising the pandemics impact of poor financial health on the overall wellbeing of our tenants. During 20/21 we added a dedicated Tenant Participation resource. This has been invaluable in engaging with our tenants and working with the Financial Inclusion Team and the staff as a whole to bring some relief at Christmas and with our tenant's group on the Foodbank.

Despite significant challenges we have continued to perform well in areas such as allocations and arrears management and customer services.

I would like to thank the Finance staff for their work on the Annual Accounts and note that they reflect a year where budgets were not spent as expected and in which the staffing of the department was in flux. The Association remains in a strong financial position with a surplus of £2,056,003. Independent research was carried out during 2021 to evaluate our affordability and the Committee were pleased that the Association's rents remain affordable and in line with our peers locally.

Our Committee of Management welcomed 5 new committee members at last year's AGM and I wish to take the opportunity to thank all the committee for their commitment, patience and valuable contributions which have enabled the governance of the Association to continue in a different but comprehensive way. The Committee approved the new 5-year Strategic Plan with a focus on building on our strengths and approaches to delivering some of the significant challenges we will face. Work has been completed this year to allow us to start the processes required to mitigate the risks associated with these challenges.

I would also like to express the Committee's gratitude to the staff who have ably adapted to working in a very different way. Despite the restrictions placed on all staff, the Association has been able to continue to provide day to day services to our tenants. The relationship between the Committee and staff continues to be strong despite limited opportunities to meet in person, and we have certainly improved our IT abilities.



We look forward to further easing of COVID restrictions that will allow us to re-open our Dundee and Arbroath offices to our tenants, conduct more face-to-face business with our partners and bring our staff back into the workplace. We have learnt some useful lessons from the pandemic and we will integrate these into our service delivery and business practices moving forward.



Hazel Farquhar

Chairman



REPORT OF THE COMMITTEE OF MANAGEMENT

Report by the Committee of Management to the Thirty Second Annual General Meeting of the amalgamated Angus Housing Association Limited to be held online via Microsoft Teams on Wednesday 18th August 2021 at 9.30am.

The Committee submit to the meeting their Thirty Second Annual Report and Statement of Accounts duly audited for the year ended 31st March 2021.

OBJECTIVES AND STRUCTURE

The Association's broad objective is to contribute to providing high quality, affordable housing for all those individuals, families and communities in Angus and Dundee who are in need of the fundamental human right of a decent, secure home to call their own.

The Association aims to achieve this objective by providing good quality homes for rent and shared ownership at an affordable cost to our tenants, ensuring the criteria we use to control access to our houses is based solely on the housing needs of applicants and providing an efficient, responsive and personal housing management and maintenance service of the highest possible quality.

The Association's Committee comprises nine registered members and has two sub-committees, which deal with service delivery and finance & audit. The committees are made up of specialist consultants from relevant differing professions with a variety of skills. The Committee of Management meets six times per annum, whilst the sub-committees meet at least four times per annum. Members of the Committee of Management receive no remuneration for their services except for reasonable out of pocket expenses.

The Committee of Management receives reports from the sub-committees, receives information on current developments in progress and also on possible future sites, considers budgets and management accounts, all policy matters and other relevant business. The day to day management of the Association is delegated to the Director and Management Team.

REVIEW OF THE YEAR

The Committee of Management is pleased to report a surplus for the year of £2,056,003. (2020: £2,085,188). Twenty three properties were added during 2020-21 – 8 in Monifieth and 14 at Turfbeg in Forfar. In addition one property was purchased on the open market. A total of £7,028,024 has been spent on Development, Major and Planned Repairs, of which £892,680 has been charged to the Statement of Comprehensive Income.

The Statement of Financial Position shows a net asset position of £17,092,875. (2020: £16,498,982).

ELECTION OF COMMITTEE OF MANAGEMENT

In terms of the Rules of the Association, one third of the Committee must resign. 4 members of the Committee of Management; Mr J Black, Mrs J Gaul, Mrs E Curtis and Mrs S Welsh retire from office at this time and offer themselves for re-election. Additionally Mr C Grant retires from office at this time and does not offer himself for re-election.



REPORT OF THE COMMITTEE OF MANAGEMENT (continued)

STATEMENT OF COMMITTEE MEMBERS' RESPONSIBILITIES

Co-operative and Community Benefit Society and Registered Housing Association Law requires the Committee Members to prepare Accounts for each financial period 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 Accounts, the Committee Members are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the Accounts on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Committee Members are 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 Accounts comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, the Accounting Determination 2012, and the Statement of Recommended Practice: Accounting by Registered Social Landlords 2010 issued by the Accounting Standards Board. 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.

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 the 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 on-going documentation of key system and rules in relation to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the 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 the key business risks, financial objectives and 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 Audit Committee received reports from management and from 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.



RELATED PARTY TRANSACTIONS

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

RE-ELECTION OF AUDITORS

A resolution to re-appoint Findlays as auditors will be submitted at the Annual General Meeting.

By Order of the Committee



Secretary to the Committee of Management

11 August 2021



Independent Auditor's Report to the Members of Angus Housing Association Limited

Opinion

We have audited the financial statements of Angus Housing Association Limited (the 'association') for the year ended 31 March 2021 which Statement of Comprehensive Income, Statement of Financial Position, the Statement of Cash Flows, Statement of Changes in Reserves and notes to the financial statements, 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 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Scottish Housing Regulator's 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

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

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

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



Independent Auditor's Report to the Members of Angus Housing Association Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Committee are responsible for the other information contained within the annual report. 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the association has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the Statement of Comprehensive Income and Statement of Financial Position any other statements to which our report relates are not in agreement with the association's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Committee

As explained more fully in the Committee's responsibilities statement (set out on pages 15 and 16), the Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



Independent Auditor's Report to the Members of Angus 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
 - we identified the laws and regulations applicable to the association through discussions with management and through our own specialist knowledge of the social housing sector
 - we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Co-operative, including the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, SHR regulatory requirements, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
 - we assessed the extent of compliance with the laws and regulation identified above through making enquiries and inspecting legal correspondence; and
 - identified laws and regulations were communicated to the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.
- We assessed the susceptibility of the Association's financial statements to material misstatement, including obtaining an understanding of how fraud may occur, by:
- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
 - Considering internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.
 - Making enquiries of the Association's internal auditor to assess if they had identified any actual or suspected fraud.



Independent Auditor's Report to the Members of Angus Housing Association Limited (continued)

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

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

- Performed analytical procedures to identify and unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1V were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions

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


- Agreeing financial statements disclosures to underlying supporting documentation
- Reading the minutes of meetings of those charged with governance
- Enquiring of management as to actual and potential litigation and claims
- reviewing correspondence with HMRC, relevant regulators including the SHR, Health and Safety Executive, and the Association's legal advisors

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.


Sandy Squires, CA (Senior Statutory Auditor)
For and on behalf of Findlays
Chartered Accountants and Statutory Auditor
11 Dudhope Terrace
Dundee
DD3 6TS
18 August 2021



Report of the Auditors To Angus Housing Association Limited on Corporate Governance Matters

In addition to our audit of the financial statements, we have reviewed your statement on pages 6 and 7 concerning the Association's compliance with the information required by the Regulatory Standards for systemically important RSLs in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator.

Basis of opinion

We carried out our review having regard to the requirements 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 reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 6 and 7 has provided the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued 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 for systemically important RSLs in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



**Sandy Squires, CA (Senior Statutory Auditor)
For and on behalf of Findlays
Chartered Accountants and Statutory Auditor
11 Dudhope Terrace
Dundee
DD3 6TS**

18 August 2021

ANGUS HOUSING ASSOCIATION LIMITED



STATEMENT OF COMPREHENSIVE INCOME For the reporting period 31st March 2021

	Notes	2021 £	2020 £
TURNOVER	2	10,325,212	10,003,253
Operating costs	2	(6,854,563)	(6,608,555)
OPERATING SURPLUS		3,470,649	3,394,698
Profit / (loss) on Sale of Fixed Assets	5	45,756	Nil
Interest receivable and other income		10,857	19,227
Interest payable and similar charges	6	(1,471,259)	(1,273,737)
Pension interest	20	Nil	(55,000)
SURPLUS FOR YEAR		2,056,003	2,085,188
Write Off of Repairs Provisions		Nil	142,289
Actuarial gain / (loss) in respect of pension schemes		(1,462,108)	2,046,000
Total comprehensive income for the year		593,895	4,273,477

The notes on pages 17 to 37 form part of these financial statements.

ANGUS HOUSING ASSOCIATION LIMITED



STATEMENT OF FINANCIAL POSITION At 31st March 2021

	Notes	2021 £	2020 £
PLANT, PROPERTY & EQUIPMENT			
Housing properties	9a	117,780,671	114,354,005
Fixed Asset Investment	9b	216,868	216,868
Other Fixed Assets	9c	743,693	741,169
		<u>118,741,232</u>	<u>115,312,042</u>
CURRENT ASSETS			
Debtors	10	1,312,697	811,284
Cash & Deposits		15,186,588	15,023,032
Property Held for Sale	11	Nil	Nil
Stock of Maintenance Supplies	12	7,693	9,953
		<u>16,506,978</u>	<u>15,844,269</u>
CREDITORS: amounts falling due within one year	13	<u>(4,597,863)</u>	<u>(3,655,338)</u>
NET CURRENT ASSETS		<u>11,909,115</u>	<u>12,188,931</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>130,650,347</u>	<u>127,500,973</u>
CREDITORS: amounts falling due after more than one year	14	(112,444,473)	(111,001,990)
Pension Provision	20	(1,113,000)	Nil
TOTAL ASSETS LESS LIABILITIES		<u>17,092,875</u>	<u>16,498,982</u>
CAPITAL AND RESERVES			
Share Capital	15	45	47
Revenue reserve	16	17,092,830	16,498,935
		<u>17,092,875</u>	<u>16,498,982</u>

The financial statements on pages 13 to 37 were approved by the Committee of Management on 11th August 2021 and were signed on its behalf by:

[Redacted Signature]

Chairman of Committee of Management

[Redacted Signature]

Secretary to Committee of Management

[Redacted Signature]

Member of Committee of Management

The notes on pages 17 to 37 form part of these financial statements.



STATEMENT OF CHANGES IN RESERVES

	Share Capital £	Revenue Reserve £	Total £
As at 31 March 2020	47	16,498,935	16,498,982
Surplus / (deficit) for the year	-	2,056,003	2,056,003
Write off of Repairs Provisions	-	-	-
Re-measurement gain / (loss) on defined benefit	-	(1,462,108)	(1,462,108)
Total Comprehensive Income	-	17,092,830	17,092,877
Share Capital Cancelled	(8)	-	(8)
Share Capital Addition	6	-	6
As at 31 March 2021	45	17,092,830	17,092,875

The notes on pages 17 to 37 form part of these financial statements.



STATEMENT OF CASH FLOWS

For the reporting date 31st March 2021

	Notes	2021 £	2020 £
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	17	5,404,294	5,405,849
CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(6,211,068)	(7,397,669)
Purchase of investments		-	-
Proceeds from sale of tangible fixed asset		70,000	-
Grants received		3,577,096	2,992,943
Grants repaid		-	-
Interest receivable		10,857	19,228
NET CASH FLOW FROM INVESTING ACTIVITIES		(2,553,115)	(4,385,498)
CASHFLOW FROM FINANCING ACTIVITIES			
Issue of share capital		6	
Shares cancelled in financial year		(8)	(3)
Interest payable		(1,471,259)	(1,328,737)
New secured loans		Nil	14,446,000
Repayment of borrowings		(1,216,362)	(1,377,137)
NET CASH FLOW FROM FINANCING ACTIVITIES		(2,687,623)	11,740,123
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		163,556	12,760,474
CASH AND CASH EQUIVALENTS AS AT 1 ST April 2020		15,023,032	2,262,558
CASH AND CASH EQUIVALENTS AS AT 31 ST March 2021		15,186,588	15,023,032

The notes on pages 17 to 37 form part of these financial statements.



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

1. ACCOUNTING POLICIES

Accounting basis

These accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standards 102 (FRS102) and the Statement of Recommended Practice for Social Housing Providers 2018 (SORP 2018) and the Scottish Housing Regulator Determination of Accounting Requirements 2014.

The financial statements have been prepared on a going concern basis.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years unless otherwise stated.

The financial statements are presented in sterling which is the functional currency of the Association.

Turnover

Turnover represents the rental and service charge income receivable in the year net of losses from voids, revenue and other grants.

The disposal from the first tranche of shared ownership properties are included in turnover at the point of legal completion. The second and subsequent tranches are accounted for in other income in the period which the disposal occurs.

Sale of housing properties

The surplus or deficit is accounted for in the period the disposal occurs and represents the difference between the net sale proceeds and the net carrying value. The surplus/deficit amount arising from the sale of housing properties is disclosed separately in the Statement of Comprehensive Income.

Shared Ownership sales

In accordance with the SORP 2018, shared ownership properties are reflected within Fixed Assets. Proceeds from first tranche disposals are allocated to Turnover. Costs relating to expected first tranche sales are reflected in current assets and released to the Statement of Comprehensive Income on sale.

The surplus or deficit on the disposal of second subsequent tranches of shared ownership properties are accounted for in the Statement of Comprehensive income within the Gain/ Loss on sale of Tangible Fixed Assets.



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

ACCOUNTING POLICIES (continued)

Interest Income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

Fixed assets – housing land and buildings

Housing properties are stated at cost. The development costs of housing properties include the following:

- i. Cost of acquiring land and buildings;
- ii. Development expenditure;
- iii. Capital acquisition and development administration costs
- iv. Capital clerk of works costs

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

The proceeds arising from first tranche “sales” of Housing Association Grant funded shared ownership properties are recorded through the Income & Expenditure Account, with any subsequent sales treated as a disposal of fixed assets.

In accordance with the SORP, where a housing property comprises two or more major components with substantially different useful economic lives, each component has been accounted for separately and depreciated over its useful life. The following components have been identified:

<u>Component</u>	<u>Useful Economic Life</u>
Land	Not Applicable
Main Structure	90 Years
Roof	50 Years
Windows & Doors	50 Years
Guttering / Woodwork	25 Years
External Fencing	25 Years
Heating System - Gas	15 Years
Heating System - Electric	15 Years
Heating System - Radiators	25 Years
Kitchen	15 Years
Bathroom	15 Years
Electrical Installation	10 Years
Controlled Entry Systems	12 Years
Air Source Heat Pumps	20 years

The Association will capitalise the replacement of these components in line with its Lifecycle Replacement Programme. One off main component replacements will not be capitalised unless the replacement is within a timeframe which means that the component will not be replaced again at the next scheduled cycle.

**NOTES TO THE ACCOUNTS****For the reporting date 31st March 2021****ACCOUNTING POLICIES (continued)****Fixed assets – impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. The level at which an impairment is assessed is at the scheme of properties (e.g. the cash generating unit (CGU)).

The following key judgement has been made in defining the CGU's for housing properties (including shared ownership properties): where schemes have been developed together and are managed together, they are deemed to be a single CGU.

The key indicators considered in reviewing impairment are: changes in demand, changes in use, economic performance worse than expected, significant decline in market value, reduction in market value were intend to sell, plans to regenerate, demolish or replace existing components, on completion of new developments were costs are higher than anticipated, and other changes in technology, market, economy and legislation.

If such indication exists, the recoverable amount is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in expenditure through the Statement of Comprehensive Income.

Fixed assets – other fixed assets

Depreciation is provided for at rates calculated to write off the cost of each asset evenly over its expected useful life as shown above except for the following:

Housing Properties (shared ownership)	over 50 years
Office Building	over 50 years
Computer and Office Equipment	over 4 years
Office and Furnished Flat Furnishings	over 4 years

Development Interest

Interest on borrowings specifically financing a development is capitalised to the extent that it accrues in respect of the period during which development activities are in progress. All other interest is written off to the Statement of Comprehensive Income in the period in which it accrues.

Capitalisation of overheads

Costs which directly relate to bringing assets into working conditions are included within the cost of the asset and any subsequent component replacements. These primarily relate to salary costs.

Homestake

Grants are received from ministers of the Scottish Government for the purchase of properties under the Homestake scheme. The element of the property not owned by the Homestake owner will be accounted for as a Fixed Asset Investment. The cost is offset by a grant of the same amount which is held as Deferred Income within Other Creditors.



NOTES TO THE ACCOUNTS **For the reporting date 31st March 2021**

ACCOUNTING POLICIES (continued)

Subsidiary

The subsidiary Musselcrag Limited is a dormant company as at 31st March 2021 and accordingly the Association has not prepared consolidated financial statements.

Debtors and Creditors

Debtors and creditors within a year and stated with no interest receivable or payable and are recorded at transaction price.

Stock

Stock is measured at the lower of costs and net realisable value.

Grants

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where a grant is received from government and other bodies as a contribution towards a capital cost, it is recognised as income using the performance model in accordance with the SORP 2018. Prior to satisfying the performance conditions such grants are held as deferred income on the Statement of Financial Position.

Loans and Borrowing

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a financing transaction it is measured at present value.

Investment Policy

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Income and Retained Earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

HAG Policy

HAG is received from central government and local authorities and is utilised to subsidise the costs of housing property.

HAG is recognised as income in the Statement of Comprehensive Income under the performance model. In the case of new build this will be when the properties are completed. HAG due or received is held as deferred income in the Statement of Comprehensive Income within Turnover. Grant received in respect of revenue expenditure is recognised as income in the same period to which it relates.

HAG is repayable under certain circumstances, primarily following the sale of a property but will normally be restricted to the net proceeds of sale.



NOTES TO THE ACCOUNTS **For the reporting date 31st March 2021**

ACCOUNTING POLICIES (continued)

Lead Tenancy Provision

Lead Tenancy agreements require that a proportion of the rental income is retained by the Association to provide for future major repairs. Any sums remaining at the expiry of the Lead Tenancy Arrangement will be repaid to the owner of the property.

Significant Estimates

The preparation of financial statements requires the use of certain accounting judgements and estimates. It also requires the Committee of Management exercise judgement in applying the Association's accounting policies. The areas requiring the use of significant estimates are disclosed below.

(i) Rent Arrears – Bad Debt Provision

The Association assumes the recoverability of rent arrears through a detailed process that considers tenant payment history and recovery arrangements in place.

(ii) Useful Life of Properties, Plant and Equipment

The Association estimates the useful life of properties, plant and equipment, as well as components thereof, and estimates an annual charge to be depreciated.

(iii) Defined Benefit Pension Liability

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

Cash And Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty of not more than 24 hours.

Operating Leases

Rental applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Income and Expenditure Account on a straight line basis over the term of the lease.

Pensions

The Association participates in the Scottish Housing Association's Pension Scheme (SHAPS) providing benefits based on Career Average Revalued Earnings. The Association's share of the Scheme Assets and Liabilities is shown in the Statement of Financial Position in accordance with their requirements of FRS17.

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	Operating Costs	2021 Operating Surplus/(Deficit)	2020 Operating Surplus/(Deficit)
	£	£	£	£
Income & Expenditure from Lettings	10,077,283	6,633,715	3,443,568	3,340,866
Development for sale to RSL	Nil	Nil	Nil	(314)
Other Activities	247,929	220,848	27,081	54,146
TOTAL	10,325,212	6,854,563	3,470,649	3,394,698
Total for 2020	10,003,253	6,608,555		

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

	General Needs Housing	Sheltered Housing	Shared Ownership	2021 Total	2020 Total
	£	£	£	£	£
Rent Receivable net of Service Charges	9,201,296	0	10,650	9,211,946	8,758,632
Service Charges Receivable	69,397	0	258	69,656	168,454
Gross Rent Receivable	9,270,693	0	10,908	9,281,601	8,927,086
LESS: Rent Losses from Voids	(55,761)	0	0	(55,761)	(44,570)
Net Income from Rents & Service Charges	9,214,933	0	10,908	9,225,841	8,882,516
Amortised Government Grants	851,442	0	0	851,442	822,046
Revenue Grants	0	0	0	0	Nil
Total Turnover from Social Letting	10,066,375	0	10,908	10,077,283	9,704,562
Management Services	2,313,529	0	0	2,313,529	2,068,642
Planned and Cyclical Maintenance	22,806	0	0	22,806	236,841
Reactive Maintenance	892,680	0	0	892,680	666,283
Rent Losses from Bad Debts	797,608	0	0	797,608	914,326
Depreciation of Social Housing	49,729	0	0	49,729	39,911
	2,557,363	0	0	2,557,363	2,437,692
Total Operating Costs	6,633,715	0	0	6,633,715	6,363,695
Operating Surplus / (Deficit)	3,432,659	0	10,908	3,443,568	3,340,867
Operating Surplus / (Deficit) for 2020	3,156,254	189,680	(5,067)		

Note: All Major Repair costs not capitalised are included in Planned and Cyclical Maintenance. There was no impairment of social housing.



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

3 PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS (continued)

The number of units of housing under development and in management at 31st March 2021 was:

	Units under Development		Units in Management	
Housing accommodation for letting	2021	2020	2021	2020
New build – Shared Ownership	Nil	Nil	5	5
New build – Rented	96	44	1,532	1,503
Rehabilitation – Rented	Nil	Nil	503	503
Rehabilitation – Sheltered	Nil	Nil	Nil	Nil
	96	44	2,040	2,011

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

	Grants from Scottish Ministers	Other Income	Total Turnover	Operating Costs - Bad Debts	Other Operating Costs	2021 Operating Surplus/ (Deficit)	2020 Operating Surplus/ (Deficit)
	£	£	£	£	£	£	£
Non RTB Property Sales	0	0	0	0	0	0	0
Development for sale to Registered Social Landlords	0	0	0	0	0	0	0
Grant Funded Disabled Adaptations	85,391	0	85,391	0	85,391	0	8,653
Agency / Management services for Registered Social Landlords	0	0	0	0	0	0	0
Factoring	0	60,929	60,929	14,395	45,524	1,010	43,649
Other Activities	0	101,609	101,609	0	75,538	26,071	1,844
TOTAL	85,391	162,538	247,929	14,395	206,453	27,081	54,146
Total 2020	112,412	186,280	298,692	11,686	232,860	54,146	53,006

Note: There were no other revenue grants received for the above activities.

The following operating costs are not applicable for the year ended 31st March 2021:

- Care & Repair of Property
- Care Activities
- Other Agency / Management Services
- Homestake.



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

5 GAIN / (LOSS) ON SALE OF FIXED ASSET

	Shared Ownership Properties	Other Properties	2021 Total	2020
	£	£	£	£
Proceeds	0	70,000	70,000	Nil
Cost of Disposal	0	24,244	24,244	Nil
Gain / (Loss)	0	45,756	45,756	Nil

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£	£
Bank loans and overdrafts	1,471,259	1,273,737
Interest on defined benefit pension liability	Nil	55,000
	1,471,259	1,328,737

7 SURPLUS FOR THE YEAR

This is stated after charging:	2021	2020
	£	£
Auditors' remuneration (including VAT) - external audit	12,400	14,460
- other services	Nil	Nil
- internal audit	7,110	6,636
Donations to Local Charities	Nil	Nil
Operating Leases	37,454	31,173
(Gain) / loss on disposal of fixed asset	45,756	Nil
Depreciation of housing properties	2,557,363	2,437,692

8 STAFF COSTS

At the year-end there were 44 full time equivalent employees (2020: 39). Staff costs during the year amounted to :

	2021	2020
	£	£
Wages and Salaries	1,455,951	1,549,623
National insurance	160,428	195,339
Pensions	207,211	139,608
	1,823,590	1,884,570

	No.	No.
The average number of persons directly employed by the Association during the year was	45	48

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

8 STAFF COSTS (continued)

KEY MANAGEMENT PERSONNEL

As per the Scottish Housing Regulator's Determination of Accounting Requirements 2014, disclosure of key management personnel's emoluments exceeding £60,000 per annum is required.

	2021 £	2020 £
The total emoluments payable to key management personnel and former key management personnel amount to:-		
Emoluments excluding employers pension	273,301	Nil
Employers pension contributions	28,255	Nil
	<u>301,556</u>	<u>Nil</u>

The emoluments (including pension contributions but excluding redundancy payments) of the Officers were in the following ranges:

	No.	No.
£60,000 - £70,000	-	-
£70,001 - £80,000	-	3
£80,001 - £90,000	3	-
£90,001 - £100,000	-	-
£100,001 - £110,000	1	0
	<u>4</u>	<u>3</u>

No emoluments were paid to any member of the Committee.

The number of key personnel employed by the Association in 2020 and 2021 was both 4. In 2020 only 3 key personnel are shown as the Association's previous Director, Mr Bruce Forbes, retired 6th September 2019 and the current Director, Mrs Gail Robertson, was appointed 2nd September 2019.



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

9 TANGIBLE FIXED ASSETS

a) Housing Properties	Wholly Owned Completed £	Wholly Owned in Course of Construction £	Shared Ownership Completed £	Total £
Cost:				
At 1 st April 2020	140,504,877	3,384,182	134,231	144,023,290
Additions during year	899,407	5,275,937	Nil	6,175,344
Transfer to current assets	Nil	Nil	Nil	Nil
Transfer	885,905	(885,905)	Nil	Nil
Disposals in year	(251,729)	(110,516)	Nil	(362,245)
At 31 March 2021	142,038,460	7,663,698	134,231	149,836,389
Depreciation:				
At 1 st April 2020	29,669,285	Nil	Nil	29,669,285
Transfer to current assets	Nil	Nil	Nil	Nil
Disposals in year	(170,930)	Nil	Nil	(170,930)
Charge for year	2,557,363	Nil	Nil	2,557,363
At 31 st March 2021	32,055,718	Nil	Nil	32,055,718
Net book value:				
At 31 st March 2021	109,982,742	7,663,698	134,231	117,780,671
At 31 st March 2020	110,891,142	3,328,632	134,231	114,354,005

Total works carried out on housing properties for the year ended 31st March 2021 was £1,271,831 (2020 - £2,415,482). Of this total £379,151 (2020 - £1,746,834) was capitalised above and £892,680 (2020 - £668,395) was expensed in the income and expenditure statement in line with recommended practice.

During the year the Association had capitalised salary costs of £244,868 (2020 - £357,888)

b) Fixed Asset Investments	Homestake £	Subsidiary £	Total £
Cost:			
As 1 st April 2020	216,867	1	216,868
Additions during the year	-	-	-
As at 31 st March 2021	216,867	1	216,868
Net book value At 31 st March 2020	216,867	1	216,868

The wholly owned subsidiary Musselcrag Limited was dormant throughout the financial year.



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

9 TANGIBLE FIXED ASSETS (continued)

c) Other	Office & Lounges	Computer Equipment	Office Equipment	Total
Cost:	£	£	£	£
At 1st April 2020	1,092,918	469,013	148,077	1,710,009
Additions during year	0	35,724	0	35,724
Disposals during year	0	(402,700)	(35,183)	(437,883)
At 31st March 2021	1,092,918	102,037	112,894	1,307,849
Depreciation:				
At 1st April 2020	397,116	424,263	147,461	968,840
Disposals during year	0	(402,700)	(35,183)	(437,883)
Provided during year	21,858	11,188	154	33,200
At 31st March 2021	418,974	32,750	112,432	564,157
Net book value:				
At 31st March 2021	673,944	69,286	463	743,693
At 31st March 2020	695,802	44,750	617	741,169

10 DEBTORS

	2021	2020
Amounts falling due within one year:	£	£
HAG Receivable	679,404	250,720
Rental Debtors	296,946	293,465
Recharge Account Debtors	36,385	33,693
Other Debtors	157,024	87,508
Prepayment and accrued income	142,938	145,898
	1,312,697	811,284

The Rental and Recharge Debtors figures shown above are net of the current Provision for Bad Debts of £202,914 (2020: £172,076). The provision ensures that 50% of the outstanding Ex-Tenant Rent and 100% of the Ex-Tenant Recharge Balances were provided for. Rental Debtors accounts for £46,402 of the provision with the remaining £156,512 deducted from the Recharge Account Debtors.

11 PROPERTY HELD FOR SALE

	Net Book Value
	£
As at 1 st April 2020	Nil
Additions in year	Nil
Sold during the year	Nil
At 31 st March 2021	Nil



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

12 STOCK OF MAINTENANCE SUPPLIES

	2021 £	2020 £
Stock of Various Items of Ironmongery	7,693	9,953

The stock has been valued at the lower of cost and net realisable value

13 CREDITORS : amounts falling due within one year

	2021 £	2020 £
Loans (note 14)	1,537,648	1,510,584
Trade creditors	1,917,425	1,070,010
Deferred Income	891,188	851,442
HAG Repayable	Nil	Nil
Lead Tenancies Major Repairs Provisions	13,101	13,147
Furnishings Specialist Equipment	Nil	Nil
Pension Provision	Nil	Nil
Rent in advance	238,501	210,155
Other creditors	Nil	Nil
	<u>4,597,863</u>	<u>3,655,338</u>

14 CREDITORS : amounts falling due after more than one year

	2021 £	2020 £
Loans	44,581,940	45,825,366
Deferred income	765,216	765,216
Housing association grants	67,097,317	64,411,408
	<u>112,444,473</u>	<u>111,001,990</u>

Housing property loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments due as follows:

	2021 £	2020 £
Within one year	1,537,648	1,510,584
Between one and two years	1,574,436	1,537,648
Between two year and five years	4,452,789	4,542,755
After five years	38,554,715	39,744,963
	<u>46,119,588</u>	<u>47,335,950</u>
Included in creditors: amounts falling due within one year	(1,537,648)	(1,510,584)
	<u>44,581,940</u>	<u>45,825,366</u>



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

14 CREDITORS : amounts falling due after more than one year (cont'd)

Analysis of changes in loan financing during the year:

	2021	2020
	£	£
At 1 st April 2020	47,464,506	34,395,643
New loans taken out	Nil	14,446,000
Amounts repaid	(1,216,362)	(1,377,137)
At 31 st March 2021	46,248,144	47,464,506

Derivatives

The Association is not permitted to enter into speculative transactions with financial instruments. The Association follows the guidance set out by the Scottish Housing Regulator. Any financial instrument entered into by the Association is covered by underlying loans. As part of its Treasury Management Policy the Association uses financial derivatives to achieve interest rate certainty. At 31st March 2021 the Association has one interest rate SWAP as follows:-

Institution	Notional Amount	Rate	Start	End
Royal Bank of Scotland plc	£7.6 million	5.70%	04/11/02	04/11/32

15 SHARE CAPITAL

	2021	2020
	£	£
Shares of £1 each		
At 1 st April 2020	47	50
Issued	6	2
Cancelled	(8)	(5)
At 31 st March 2021	45	47

16 REVENUE RESERVE

The income and expenditure reserve represents cumulative surplus and deficits net of other adjustments



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

17 CASH FLOW FROM OPERATING ACTIVITIES

	2021 £	2020 £
Surplus for year	3,470,649	3,394,698
Depreciation and impairment of tangible fixed assets	2,588,335	2,301,068
Amortisation of housing association grant	(851,442)	(822,046)
Disposal of fixed assets – (gain) / loss	(45,756)	Nil
Disposals of tangible fixed assets	213,990	202,267
Decrease in property held for sale	Nil	Nil
(Increase) / decrease in stock	2,260	(466)
(Increase) / decrease in trade and other debtors	(501,413)	1,178,448
Increase / (decrease) in trade and other creditors	876,779	(521,994)
Gain / (Loss) in respect of pension scheme	(1,462,108)	2,046,000
Increase / (Decrease) in provisions	1,113,000	(2,372,123)
Share capital written off	Nil	(3)
Government Grants utilised in year	Nil	Nil
Net cash flow from operating activities	5,404,294	5,405,849

18 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2020 £	Cashflows £	At 31 March 2021 £
Cash at Bank and in Hand	14,554,988	161,163	14,716,151
Short Term Deposits	468,043	2,394	470,437
	15,023,031	163,557	15,186,588
Debt Due within one year	(1,510,584)	(27,064)	(1,537,648)
Debt Due after one year	(45,825,366)	1,243,426	(44,581,940)
Total	(32,312,919)	1,379,919	(30,933,000)

19 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2021 £	2020 £
Increase/ (Decrease) in cash in the year	161,163	12,753,002
Increase/ (Decrease) in short term deposits in the year	2,393	7,471
	163,556	12,760,473
Cash Inflow from increase in net debt	1,216,362	(12,940,307)
	1,379,919	(179,834)
Net Debt at 1 st April 2020	(32,312,919)	(32,133,085)
Net Debt at 31 st March 2021	(30,933,000)	(32,312,919)



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

20 RETIREMENT BENEFITS

The Association participates in the Scottish Housing Associations' 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 Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30th 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 pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. A Recovery Plan has been put in place to eliminate the deficit, which runs to 28th February 2022 for the majority of employers, although certain employers have different arrangements.

The Scheme is classified as a "last-man standing" arrangement." Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28th February 2019 it has not been possible for the Association to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme, therefore the Association has accounted for the Scheme as a defined contribution Scheme

For financial years ending on or after 31st March 2019 it is possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

For accounting purposes two actuarial valuations for the Scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used to calculate the Association's net deficit or surplus at the accounting period start and end dates.



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

20 RETIREMENT BENEFITS (continued)

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

	2021 £(000's)	2020 £(000's)
Fair value of plan assets	11,596	10,164
Present value of defined benefit obligation	12,709	10,075
Surplus / (Deficit) in plan	(1,113)	89
Unrecognised surplus	-	89
Defined benefit asset / (liability) to be recognised	(1,113)	-

Reconciliation of the impact of the Asset Ceiling

	2021 £(000's)
Impact of asset ceiling at start of period	89
Effect of the asset ceiling included in net interest cost	6
Actuarial losses (Gains) on asset ceiling	(95)
Impact of asset ceiling at end of period	-

Reconciliation of opening and closing balances of the defined benefit obligation

	2021 £(000's)
Defined benefit obligation at start of period	10,075
Current service cost	76
Expenses	10
Interest Expense	236
Contributions by plan participants	57
Actuarial losses (gains) due to experience	87
Actuarial losses (gains) due to changes in demographic assumptions	-
Actuarial losses (gains) due to changes in financial assumptions	2,347
Benefits paid and expenses	(179)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined Benefit obligation at end of period	12,709



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

20 RETIREMENT BENEFITS (continued)

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

	2021 £(000's)
Fair value of plan assets at start of period	10,164
Interest income	242
Experience on plan assets(excluding amounts included in interest income- gain / (loss)	907
Contributions by Employer	405
Contributions by plan participants	57
Benefits paid and expenses	(179)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rates change	-
Fair value of plan assets at end of period	11,596

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £1,149,000.

Defined benefit costs recognised in statement of comprehensive income (SoCI)

	2021 £(000's)
Current service cost	76
Expenses	10
Net interest expense	-
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	86



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

20 RETIREMENT BENEFITS (continued)

Defined Benefit Costs recognised in other comprehensive income

	2021 £(000's)
Experience on plan assets(excluding amounts included in net interest cost – gain (loss)	907
Experience gains and losses arising on the plan liabilities – gain (loss)	(87)
Effects of changes in the demographic assumptions underlying the present value Of the defined benefit obligation – gain (loss)	-
Effects of changes in the financial assumptions underlying the present value Of the defined benefit obligation – gain (loss)	(2,347)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable gains (loss)	(1,527)
Effect of changes in the amount of surplus that is not recoverable (excluding amounts Included in net interest cost) – gain (loss)	95
Total amount recognised in other comprehensive income – gain (loss)	(1,432)



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

20 RETIREMENT BENEFITS (continued)

Assets

	2021 £(000's)	2020 £(000's)
Global Equity	1,794	1,398
Absolute Return	572	624
Distressed Opportunities	396	185
Credit Relative Value	334	245
Alternative Risk Premia	465	815
Fund of Hedge Funds	-	-
Emerging Markets Debt	467	361
Risk Sharing	415	322
Insurance- Linked Securities	242	273
Property	208	189
Infrastructure	648	599
Private Debt	273	201
Opportunistic Illiquid Credit	297	248
High Yield	304	-
Opportunistic Credit	317	-
Cash	4	-
Corporate Bond Fund	875	743
Liquid Credit	200	266
Long lease Property	269	248
Secured Income	637	564
Over 15 year Gilts	5	129
Index Linked All Stock Gilts	-	-
Liability Driven Investment	2,788	2,677
Net Current Assets	86	77
Total Assets	11,596	10,164

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



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

20 RETIREMENT BENEFITS (continued)

KEY ASSUMPTIONS

	2021 % per annum	2020 % per annum
Discount Rate	2.20%	2.35%
Inflation (RPI)	3.25%	2.56%
Inflation (CPI)	2.87%	1.56%
Salary Growth	3.87%	2.56%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2021	21.5
Female retiring in 2021	23.4
Male retiring in 2041	22.8
Female retiring in 2041	25.0

21 RELATED PARTY TRANSACTIONS

Four members of the Committee are also tenants of the Association. The tenancies are on the same terms as for other tenants and no advantage can be gained from the position.

During the financial year, Committee members were charged rent totalling £17,966 (2020 - £17,536). As at 31 March 2021 £72.39 (2020 - £Nil) was due to the Association.

Where members of the Committee are also councillors or employees of related local authorities, there are no transactions to disclose that were not made at arm's length or not made under the normal commercial terms.

No Board members received remuneration however members of the management board were reimbursed for out of pocket expenses amounting to £1,300 (2020 - £1,523).



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

22 CAPITAL COMMITMENTS

	2021 £	2020 £
Contracted less certified	10,925,672	2,092,200
Authorised but not contracted	Nil	Nil

The Committee of Management expects the majority of the expenditure they have authorised to be fully financed by Housing Association Grant from The Scottish Government or by mortgages from private sector lenders.

23 OTHER COMMITMENTS

The Association's total commitments under non-cancellable operating leases are as follows:

	2021 £	2020 £
Other operating leases		
Within one year	48,536	34,193
Between one and five years	84,065	42,766
	132,601	76,959

24 SUBSIDIARIES INFORMATION

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows:

Name of Company	Country of Registration or Incorporation	Date of Incorporation	Proportion of Voting Rights	Nature of Business
Subsidiary Undertakings Musselcrag Limited	Scotland	19/08/2010	Wholly Controlled	Dormant since incorporation

25 CONTINGENT LIABILITY

The Association participates in a multi-employer pension scheme. Should the Association leave the scheme, the amount of employer debt has been estimated at £8,616,449 as at September 2020. At this time, there is no plan for leaving the scheme. The Association has taken the decision to close the Defined Benefit structure to all staff, replacing it with the Defined Contribution option, which remains within the SHAPS scheme.