

ARDENGLLEN HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Registered Housing Association No. HCB 219

Financial Conduct Authority No. 2339R(S)

Charity No. SC032542

RSM UK AUDIT LLP
Chartered Accountants

ARDENGLLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

CONTENTS

	Page
Board of Management, Executives and Advisors	2
Report of Board of Management	3 - 13
Statement of Board of Management's Responsibilities	14
Board of Management's Statement on Internal Financial Controls	15 - 16
External Auditor's Report on Corporate Governance Matters	17
Independent Auditor's Report	18 - 21
Statement of Comprehensive Income	22
Statement of Financial Position	23
Statement of Changes in Reserves	24
Statement of Cashflows	25
Notes to the Financial Statements	26 - 46

Registration Particulars:

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered Number 2339R(S)
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number HCB219
Charity No.	Charities and Trustee Investment (Scotland) Act 2005 Scottish Charity Number SC032542

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISORS

The members of the Board of Management of the Association who served during the year to 31 March 2021 and up to the date of signing of these financial statements were as follows:

Maureen Cope MBE	(Chairperson)
Liz McKenzie	(Vice Chairperson, appointed Chairperson from 15 Sept 2020)
Isa Brier	(Treasurer)
Elaine MacPhail	
Ann Marie Docherty	
Sharon Richford	
Karen McDonagh	
Frank Young	
Mary Claire Eardley	
Mark Ingram	(Appointed Vice Chair from 15 Sept 2020)
Alex Warren	
Lucy Carr	(retired 3 December 2020)
Richard Mahon	
John Duncan	Co-opted 26 January 2021

Company Secretary

Audrey Simpson

Senior Management Team

Audrey Simpson	Chief Executive Officer
Diane Hendry	Director of Operations
David Byfield	Director of Finance, Digital and Corporate
Pamela Forrest	Operations Manager

Auditors

RSM UK Audit LLP
Chartered Accountants
3rd Floor, Centenary House
69 Wellington Street
GLASGOW, G2 6HG

Internal Auditors

Wylie & Bisset
168 Bath Street
Glasgow, G2 4TP

Bankers

Bank of Scotland
82 Main Street
Rutherglen
Glasgow, G73 2HZ

Solicitors

TC Young
7 West George Street
Glasgow, G2 1B

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management present their report and audited financial statements for the year ended 31 March 2021.

Legal Status

Ardenglen Housing Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 2339R (S). The Association is governed under its Rule Book. Ardenglen Housing Association is a Registered Scottish Charity, registration no. SC032542.

Overview

Ardenglen Housing Association is a social landlord and registered charity operating in the Castlemilk area of South Glasgow. Our offices and housing stock are positioned at the foot of Cathkin Braes Country Park and Cathkin Braes Mountain Bike Trails, being the highest point in Glasgow. Ardenglen Housing Association was formed in February 1990 with the aim of providing high quality social housing and large scale regeneration. The Association fully owns a subsidiary company Ardenglen Developments Limited; whose principal activity is the rental of office premises to the Association.

Ardenglen Housing Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society, the Office of the Scottish Charity Regulator (OSCR) as a Scottish Charity and the Scottish Housing Regulator (SHR) as a Register Social Landlord.

The principal business of Ardenglen Housing Association is the provision and management of affordable housing for rent. As of 31 March 2021 the Association owned 982 properties for social rent and 6 shared ownership properties. The Association also owns some commercial units, mainly 6 shop units on Tormusk Road.

Ardenglen's activities are primarily regulated by the Scottish Housing Regulator who publishes a Regulation Plan which sets out the level of engagement they will have for all social landlords on an annual basis.

In November 2020 the Association submitted its second Annual Assurance Statement to the Scottish Housing Regulator (SHR). The Assurance Statement advised the SHR that the Association was working towards strengthening a position of non-compliance in relation to asbestos management. The Association developed a comprehensive improvement plan to address improvement areas identified in order to achieve full compliance with Regulatory Standards and has made significant progress towards completion of the plan.

The Association carried out a collaborative exercise with the Board and Staff Team to develop a Strategic Map covering 2019-21. The Strategic Map is now firmly embedded within the business and defines our organisational purpose values and Vision.

In celebrating it's 30th Anniversary year the Association was proud to be awarded the Scottish Home Awards Housing Association of the Year. The Association focused its submission for the award not just on its unwavering commitment to regenerating Castlemilk but on its approach to people – tenants, colleagues, its Board and volunteers. The Association recognises this as a tremendous achievement not just for Ardenglen but for Castlemilk too.

ARDENGLEN HOUSING ASSOCIATION LTD

For the year ended 31 March 2021

Our Purpose

“We are a leading not for profit landlord providing high quality homes and services for our customers in South Glasgow”

Our Vision

“Transforming communities by providing aspirational homes and services, to enhance the quality of life of our customers”

Our Values

- Customer and Community Focused
- Accountable
- Making a Difference
- Innovative

Everything we do as an organisation flows from our Strategic Objectives:

- Services: Deliver first class customer service
- Communities: Provide quality homes, communities and sustainable tenancies
- Financial & Leadership: Achieve robust financial management and governance excellence
- People: Empower, develop and engage our staff
- Partnerships: Build strong collaborative relationships locally and nationally

Strategy for Achieving Objectives

To be a great organisation we recognise that we need to get two things right. Firstly we need to keep our finances strong. If we don't, we can't achieve our vision and strategic objectives. Secondly and directly related to the first, we need to deliver the things our customers want and expect from their landlord and in a way that achieves value for money.

There is no doubt our operating environment will remain challenging with a number of external changes that are out with our control. However, with strong and effective governance, leadership and financial and treasury management, we can continue to thrive through challenging times. As an organisation we keep ourselves up to date with local, national, political and economic movement as well as future projections.

The key areas that are out with our control that impact on our business include changes to legislation, regulation, inflation, pension deficit and political factors such as Brexit. The Association has faced unprecedented challenges in delivering services during the covid-19 pandemic. Despite lockdown being enforced from 24th March 2020, the Association was able to quickly utilise technology to mobilise all staff to work from home and still provide a service to all tenants and factored owners, albeit in a reduced capacity due to no external visits being allowed and introduction of an emergency repairs service.

The priority for the Association during the pandemic outbreak has been to do everything possible to keep colleagues and customers safe. During the pandemic colleagues have been focused on acting compassionately with a commitment to helping customers to access advice and services to alleviate any form of hardship.

ARDENGLEN HOUSING ASSOCIATION LTD

For the year ended 31 March 2021

Moving forward, our strategic plan is about successfully navigating the future and leading a root a branch review of our services, policies, procedures and operating environment on the back of the pandemic. Customer input will be pivotal in shaping our post pandemic services and as such we will embark on a comprehensive programme of customer engagement. We will strive to achieve governance excellence and strong leadership, clarity of vision and a culture committed to exceptional customer service all of which is underpinned by firm financial foundations.

With the pandemic accelerating uptake of technology for everyday communications we will engage effectively with our customers to improve traditional communication channels and identify new ways for customers to connect with us to ensure continuous development of our digital platforms to enhance access services.

Business Model

The Association has seen considerable change over the past three years with a focus on business renewal, clarity of purpose, building staff resilience and developing our leadership team. We launched a new approach to embed innovation within the organisation and a cultural shift to encourage and listen to new ideas. Empowering our colleagues is key to enhanced productivity, high performance and customer service excellence.

Year on year we see increased pressure on our income and this drives our value for money culture. We need to achieve more with the resources we have available. The effective control of all operating costs and overheads is critical and over the last few years we have become leaner and more effective. We need to continue to drive value for money harder so that a more cost conscious culture is embedded whilst maintaining quality of services.

Financial strength and strong treasury management is critical to delivering our vision and objectives. Our focus is on making the right decisions for the long term and our plans for the future are built on delivering planned efficiencies and taking measured risks in order to achieve our objectives.

As a landlord, a developer and a provider of social and economic regeneration, we recognise that our customer expectations are changing and that we have to continuously improve our services. We must also recognise and be mindful of the changing demographics, particularly around an aging population. It is important that we know who our customers are, now and in the future, and ensure our services are accessible to all, identifying solutions to eradicate any barriers, or potential barriers.

The external environment has changed dramatically with public austerity measures meaning Ardenglen and our partners need to do more with less, demonstrate the value for money of our services and focus on performance.

A strong social ethos has been the backbone of our success; however this must be linked to a commitment to commercial efficiency, without which we would not have the resources to deliver those objectives.

REPORT OF THE BOARD OF MANAGEMENT (Continued)

Review of the business

The Association has undertaken independent reviews as part of a commitment to the Annual Assurance Process covering key business areas such as governance, asset management, investment procurement and compliance. With a holistic overview of key business areas the Association is developing a refreshed strategic approach to ensure service efficiency, value for money and affordable rents.

Ardenglen was pleased therefore that our 2019 Customer Satisfaction Survey reported that *“taking into account the accommodation and services Ardenglen provides”*, 94% of customers thought this represented good Value for Money.

Overall satisfaction levels with Ardenglen’s services sat at 96% in 2016 with minor movement to 94.5% in 2019. Satisfaction with the Repairs Service has remained very high at 92% and 99% of tenants said Ardenglen was good at keeping them informed about services and outcomes.

Future Developments

Ardenglen’s future prospects are directly linked to achieving success in the five strategic objectives we have set ourselves over the next five years:

Strategic Objective 1 - Services: Deliver first class customer services

Our customers need to be at the centre of everything we do and we want to provide reliable and valued services for them. We regularly ask our customers what is important to them and will respond to their priorities in the development of our services. The Scottish Housing Charter sets out the standards and results we should achieve and we will work to continuously improve the outcomes for customers.

We are aware that customers put a high value on being kept informed and involved in decisions that affect them and we need to ensure we offer appropriate opportunities for participation. We are delighted that in our recent tenant satisfaction survey, 99% of tenants said Ardenglen was good at keeping them informed about services and decisions. Our customers have been through a tough few years with austerity cuts and we know this will continue over the coming years, particularly with the anticipated impact from the pandemic. Welfare Reform continues to place a significant risk to our tenants and other residents. We continue to review our Welfare Reform Strategy setting out what we will do to mitigate the risk and support our tenants.

Going forward we will be developing a customer engagement strategy, developing our approach to how we engage with our customers, harness business intelligence to drive service improvements, and link this into our delivery plans.

We pride ourselves on being a listening and learning organisation. We value complaints and have a robust system and culture to ensure we learn when things do not go right. This feedback from customers is invaluable and gives us great insight for shaping services. We pride ourselves on minimising recurring complaints, truly demonstrating our commitment to continuous learning and improving.

REPORT OF THE BOARD OF MANAGEMENT (Continued)

We offer a welfare rights services two days a week, in partnership with Money Matters. This service is highly valued by customers and has been extremely successful over the past year to assist with supporting customers during the pandemic.

Strategic Objective 2 – Communities: provide quality homes, communities and sustainable tenancies

We recognise that repairs are often the service most valued by customers and we will keep working with our partners to continuously improve the service we deliver and ensure our homes are well maintained. Mears were our main contractor until July 2020, replaced by interim contractors to whom have worked with us to deliver our day to day repairs service and overseeing the works required when properties become empty, preparing them for allocating to a new tenant.

We know fuel poverty is a real concern for our customers. We have continued to improve the energy efficiency of our homes resulting in 100% compliance with the Energy Efficiency Standard for Social Housing (ESSH) which will become mandatory in 2020. We will continue to offer services to ensure our customers can access advice around fuel and tariffs.

The Scottish Housing Quality Standard (SHQS) was introduced in February 2004. It is the main way The Scottish Government measure housing quality in Scotland and means that social landlords must make sure their tenants homes:

- Are energy efficient, safe and secure
- Not seriously damaged
- Have kitchens and bathrooms that are in good condition

The Scottish Housing Regulator monitors SHQS progress from statistical returns and the Association has achieved and maintained 100% SHQS compliance.

Strategic Objective 3 – Financial & Leadership: Achieve robust financial management and governance excellence

We continue to operate in a volatile and uncertain environment. While this creates risk, our response is all about managing our threats and opportunities and creating an environment of ‘No Surprises.’

Strong and effective governance is fundamental to our success. We commissioned an independent governance review to demonstrate compliance against the Regulatory Standards of Governance and Financial Management. Our Board of Management have embedded a Governance Leadership Charter which makes a commitment to continue to develop and improve our governance, making us stronger for the future.

In 2019 a new Regulatory Framework introduced the need to submit Annual Assurance Statements to the Scottish Housing Regulator. Our Board engaged in a robust process to measure compliance against the regulatory framework and submitted our second Annual Assurance Statement to the regulator advising of a need for improvement in relation to the Association’s approach to asbestos management.

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

REPORT OF THE BOARD OF MANAGEMENT (Continued)

A number of key business areas were subject to independent audit as part of our commitment to the annual assurance process. This resulted in development of a strategic improvement plan, approved by the Association's Board, to ensure compliance with regulatory standards. The Association continues to demonstrate robust financial management and form financial foundations.

Housing Associations in Scotland came under the Freedom of Information Act from November 2019. We developed new policies, procedures and systems to ensure our compliance in this area and operate in a transparent manner responding to information requests on their individual merits.

Strategic Objective 4 – People: Empower, develop and engage our staff

Every employee has a crucial role to play in delivering our objectives. We aim to continue to develop a culture of challenge and support to help our people succeed and develop and build their careers. We successfully achieved Investors in People Silver Accreditation which is a reflection of the ongoing culture change programme within the Association. We have an ongoing process of improvement to ensure we continue to develop colleagues, instill a positive culture, systems, processes and behaviours to maximise our success, drive improvements in performance and explore innovative ways of working.

We have been working with staff to develop a new appraisal framework for launch in 2021/22. The appraisal process will ensure that colleagues remain motivated, have opportunity for self-development, incorporate the Association's vision, values into their work and understand the value of their contribution in relation to the Association's Strategic Objectives.

Strategic Objective 5 – Partnerships: Build strong collaborative relationships locally and nationally

National austerity measures have put our customers under unprecedented economic and social pressure. We are now the "anchor" organisation for our community and our regeneration work is aimed at building partnerships to address vital "non-housing" issues such as health, work, learning and engagement.

The restrictions brought on by the pandemic has disrupted our ability to deliver community initiatives from the Maureen Cope Community Hall to build community capacity, tackle social isolation, and health and financial inequality. Our Community initiatives and running of the community hall are supported by our hard working community committee whom are a team of volunteers dedicated to providing opportunities for local people.

We continued to be an active partner in Castlemilk Together, a community food action group made up of housing associations, community organisations' and churches formed to tackle food insecurity in the Castlemilk area. Castlemilk is a 'food desert' and the community has identified this as a key priority for the local area.

We were successful in securing a range of grants to support our social regeneration activity. In response to Castlemilk being a food desert, we scoped a project to bring a Food Pantry to Castlemilk. A membership scheme offering access to affordable fresh food. We were successful in securing funding to support the Pantry, including Investing in Communities Funding from the Scottish Government and capital investment funding from Glasgow City Council. Although Ardenglen are

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

REPORT OF THE BOARD OF MANAGEMENT (Continued)

leading on the project, we developed a funding consortium and partnership model, working with a number of partners, including neighbouring housing associations.

Ardenglen secured a total of £59,965 from the Scottish Governments “Recovery & Resilience Fund in January 2021. This funding has assisted Ardenglen and our partners to put resources in place to support our residents most affected by the impact of Covid-19.

Funding supported the following:

- Budget to provide access to Financial Hardship; supermarket vouchers and furniture/painting packages on offer
- Access to FREE Debt/Benefit/Budgeting advice across two days per week with Castlemilk Law Centre
- Access to Free Digital Inclusion Worker to support our tenants to get on line
- Purchase digital devices and MIFI to increase engagement within our key services and to support our tenants virtually
- Budget to support Community Committee to deliver programs and activities that address and influence positively on the communities wellbeing, including budget to implement relevant PPE into the Maureen Cope Community Hall in order to re-open safely.
- Establishment of a pilot programme of a “Shoppa Hoppa” service, offering free transport links for our tenants to local supermarkets and/or local shopping centers across two days per week.

Ardenglen were included within a partnership bid (led by Cloch HA) and were successful in being awarded a total of £13,500 from the Social Housing Fuel Support Fund.

This support has enabled the association to support those tenants living with fuel debt, in particular those with dry meters (monthly direct debit). The fund also compliments our ongoing partnership with Fuel Bank Foundation; via their match, funding from previous submission of COVID-19 funding which allows us to source free energy top up’s for tenants with pre-paid meters.

It is envisaged that by embedding this initiative within the longer term strategic support for our tenants, that it will ensure that households most vulnerable to fuel poverty, will receive direct support and advice necessary to implement longer term behavioral change.

This will be undertaken through:

- Providing small-scale immediate support to minimise crises situations for the most vulnerable
- For those with extenuating circumstances (identified on a case-by-case basis), providing additional funding will ensure a level of comfort is met and reduce any immediate crises
- Providing longer-term support to develop the knowledge, skills and confidence of tenants and their households to take more control of their energy use and bills
- Providing support and advice to deal with fuel debt through re-payment agreements with suppliers and identification of eligible grants

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

REPORT OF THE BOARD OF MANAGEMENT (Continued)

Principal Risks and Uncertainties

There is no escaping the changing economic, political and social environment in which we now operate and the risks and demands which have resulted.

It is a regulatory requirement for the Board to base its decision on good quality information and advice and identify and mitigate risks to the organisation’s purpose.

By managing our threats effectively we will be in a stronger position to deliver our business objectives. By managing our opportunities well we will be in a better position to provide improved services and achieve better value for money.

The Association has developed an organisational structure, a range of policies, procedures and comprehensive insurances, which together make up the Risk Management Strategy which aims to be transparent, co-ordinated, publicly credible and effective.

Regular review of the Risk Register ensures that we achieve our stated business and strategic planning aims and objectives. The resultant risk map is reviewed in detail by the Audit and Risk Sub Committee on a quarterly basis to consider actions to mitigate existing and emerging risks. The work of this Committee is reported to the Board of Management. The Associations “Top Five” Risks have been identified as:

Risk Description	Risk Mitigation Actions
Regulatory Compliance: Failure to comply with the Regulation of Social Housing in Scotland Framework	(A) Independent governance self-assessment complete. (B) Governance Action Plan (C) Training for Board and Staff on Regulatory framework. (D) Continuous review of performance (E) External audit (F) Suite of governance policies and procedures in place i.e. whistleblowing (G) Policies, procedures and reports linked to regulatory standards (H) Submission of regulatory returns including a monthly return on the impact of COVID-19 (I) Tenant Satisfaction Survey (J) Robust Complaints procedures (K) Training programme on regulatory/governance topics (L) Board appraisal process (M) Regular monitoring of impact of pandemic on performance
Welfare Reform: Shift to direct payment of benefit to tenants’ results in loss of income through non-payment of rent	A) Welfare Reform Strategy and Action Plan implemented B) Sensitivities on increased rent arrears part of covid management response C) Enhanced monitoring of income as part of covid response D) Welfare Rights services E) Dedicated staff resource for arrears management F) Engaging with DWP, SFHA, GWSF and local RSL’s. G) Specialist software introduced to manage rent arrears effectively and promote early intervention

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

<p>Health & Safety: Failure to comply with Health and Safety Regulations</p>	<ul style="list-style-type: none"> A) Health and Safety roles clearly defined B) Staff and Board training C) Adopt EVH H&S Landlord manual D) H&S Audit and Action Plan E) Twice yearly reporting to the Board F) Fire Risk Assessments G) Implement enhanced H&S position in relation to COVID-19 H) H&S Working Group I) Gas servicing policy and procedure implemented
<p>Impact of Brexit: Costs increase for repairs and improvements resulting in reduction of programme or changes in specifications</p>	<ul style="list-style-type: none"> A) Close monitoring of contract and tender costs B) Early review of programmes if costs increase C) Maintaining good communications with tenants if programmes likely to change
<p>Board capacity and prioritisation: The scope and size of change place strain on the Board's capacity and ability to prioritise work reasonably results in delays and deferrals in implementing the changes with falling morale among the whole Board and staff team</p>	<ul style="list-style-type: none"> A) Annual Board appraisal process B) Training and development plan for Board C) Board recruitment policy D) New Board members recruited

Key Performance Indicators

The Association's relevant Key Performance Indicators (KPI's) are based on data submitted in the Annual Return on the Charter (ARC) an annual return made by all Registered Social Landlords to the Scottish Housing Regulator.

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

REPORT OF THE BOARD OF MANAGEMENT (Continued)

Key Performance Indicators (continued)

Table 1: Summary of Performance Outputs Reported in the ARC

Indicators	2020/21	2019/20	Scottish Average 2019/20
Gross Rent Arrears (Indicator 27)	4.63%	5.32%	N/A
Reactive Repairs “right first time” (Indicator 10)	95.71%	95.35%	92.4%
Satisfaction with Repairs Service (Indicator 12)	92.71%	91.94%	91.3%
Average time to complete Emergency Repair (Indicator 8)	2.73 hours	2.2 hours	3.6 hours
Average time to complete non- Emergency Repair (Indicator 9)	5.33 days	4.72 days	6.4 days
Number of times in the reporting year you did not meet your statutory duty to complete a gas safety check (Indicator 11)	8	1	N/A
Anti-Social Behaviour cases resolved in target (Indicator 15)	97.3%	93.33%	94.1%
Average Time to re-let a property (Indicator 30)	21.89 days	8.6 days	31.8 days
Void Rent Loss (Indicator 18)	0.36%	0.20%	1.2%
SHQS Compliance	100%	100%	94.4%

The Board of Management is pleased to report that Ardenglen continues to perform extremely well against the relevant Scottish Average Benchmarks.

Further detailed KPI information as well as a useful KPI comparison tool can be found at www.scottishhousingregulator.gov.uk.

Financial Review

The Association made a surplus for the year of £701,783 (2020: surplus £183,572). During the year, £795,389 was invested in the housing stock and £24,336 on component renewals.

Turnover of £4.37 million (2020: £4.11m) was generated in the year (of which £4.10 million relates to the income from the letting of properties at affordable rents). Rent increases during 2020/21 were 2.0%.

At 31 March 2021 £19.94 million was held in reserves.

The SHAPS pension scheme is now accounted for on a defined benefit basis. At 31 March 2021 the fair value of our share of the plan assets was a deficit of £557k (at 31 March 2020 an unrecognised surplus of £59k). This has therefore resulted in an increase in the liability at 31 March 2021 of £557k.

ARDENGLLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

REPORT OF THE BOARD OF MANAGEMENT (Continued)

Going Concern

The Board of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. The Association has significant cash reserves and a low gearing ratio (which looks at the level of assets to the level of debt) which further provides assurance that liabilities will be met in the long term.

The Senior Management Team have in place a strategic monitoring package to review corporate performance in terms of finance, operations, business services and asset management to assess how the organisation is performing and more importantly initiate corrective action if required. This level of business insight will facilitate sensitivity analysis and re-profiling of financial forecasts where necessary to ensure the continued financial viability of the Association in the wake of the covid-19 pandemic.

In addition to having insight of the Association's approach to covid-19 mitigation the Board of Management has reviewed the results for this year and also reviewed the projections for the next five years. On that basis the Board of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Disclosure of Information to the Auditor

The members of the Board 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 the auditors.

Auditor

A resolution for the reappointment of RSM UK Audit LLP as auditor is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board of Management.

Name: 

Date: 14 September 2021

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

Statement of Board's responsibilities under the Co-operative and Community Benefit Societies Act 2014 for a registered provider of social housing/registered social landlord

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the RSL and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

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

The Board is responsible for instituting adequate systems of internal control and for:

- safeguarding assets
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, The Housing and Regeneration Act 2008 and the Determination of Accounting Requirements – February 2019.

The Board of Management is responsible for the maintenance and integrity of the financial information included on the Ardenglen Housing Association website.

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

THE BOARD OF MANAGEMENT'S STATEMENT OF INTERNAL FINANCIAL CONTROL

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

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

It is the Board 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 or failure to meet objectives. 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 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 Board 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, authorized and submitted promptly to the relevant regulatory bodies;
- All significant new initiatives, major commitments and investment projects are subject to formal authorization procedures, through the Board of Management;
- The Board of Management receive reports from Senior 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; and
- Formal procedures have been established for instituting appropriate action to correct any weakness identified through external or internal audit reports.

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

THE BOARD OF MANAGEMENT'S STATEMENT OF INTERNAL FINANCIAL CONTROL
(continued)

The effectiveness of the Association's system of internal financial control has been reviewed by the Board of Management for the year ended 31 March 2021. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in these financial statements or in the auditor's report on the financial statements.

By Order of the Board of Management

Name:



Date:

14 September 2021

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

REPORT BY THE AUDITORS TO THE MEMBERS OF ARDENGLEN HOUSING ASSOCIATION LTD
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Pages 15 and 16 concerning the Association’s compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication “Our Regulatory Framework” and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Board of Management and Officers of the Association and examination of relevant documents. 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 15 and 16 has provided the disclosures required by the relevant Regulatory Standards within the publication “Our Regulatory Framework” and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.



RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date: 14 September 2021

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDENGLEN HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Ardenglen Housing Association Limited (the 'Association') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 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;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 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 Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board of Management is responsible for the other

ARDENGLEN HOUSING ASSOCIATION LTD

For the year ended 31 March 2021

information contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board of Management

As explained more fully in the Statement of Board of Management's Responsibilities set out on page 13 the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management 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 Board of Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intends to liquidate the Association or to cease operations, or have 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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond

ARDENGLEN HOUSING ASSOCIATION LTD

For the year ended 31 March 2021

appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Association operates in and how the Association is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019 and the Housing (Scotland) Act 2010. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included, reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are the Housing (Scotland) Acts 2006 and 2014, the Co-operative and Community Benefit Societies Act 2014, the Scottish Housing Regulator's Regulatory Framework (published 2019), Public Services Reform (Scotland) Act 2010 and the Office of the Scottish Charity Regulator (OSCR). We performed audit procedures to inquire of management and those charged with governance whether the Association is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

Use of our report

This report is made solely to the Association's members as a body, in accordance with 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.



RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date: 14 September 2021

ARDENGLLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2021 £	2020 £
Turnover	2	4,366,887	4,114,024
Operating expenditure	2	<u>(3,496,026)</u>	<u>(3,757,112)</u>
Operating Surplus	2	870,861	356,912
Loss on disposal of property, plant and equipment	9	(1,253)	(1,567)
Interest receivable	6	1,760	14,041
Interest and financing costs	7	<u>(169,585)</u>	<u>(185,814)</u>
Surplus Before Tax		701,783	183,572
Taxation		-	-
Surplus for the Year		<u>701,783</u>	<u>183,572</u>
Actuarial gain/(loss) in respect of pension scheme	23	<u>(706,000)</u>	<u>932,000</u>
Total Comprehensive Income for the Year	8	<u>(4,217)</u>	<u>1,115,572</u>

The accompanying notes form part of these financial statements.

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

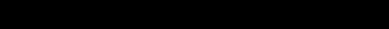
STATEMENT OF FINANCIAL POSITION

	Notes	£	2021 £	2020 £
Fixed Assets				
Housing properties	11.A		24,093,960	24,806,234
Other fixed assets	11.B		433,778	472,734
Investment in subsidiary	12		1	1
			<u>24,527,739</u>	<u>25,278,969</u>
Current Assets				
Trade and other debtors	13	307,208		362,918
Cash and cash equivalents		<u>4,298,204</u>		<u>3,318,190</u>
		4,605,412		3,681,108
Current Liabilities				
Creditors: amounts falling due within one year	14	<u>(1,223,736)</u>		<u>(1,157,463)</u>
Net Current Assets			<u>3,381,676</u>	<u>2,523,646</u>
Total Assets Less Current Liabilities			27,909,415	27,802,615
Creditors: amounts falling due after more than one year	15		(7,389,310)	(7,848,778)
Provisions for liabilities				
Pension defined benefit liability	23		(557,000)	-
Other provisions	19		<u>(26,331)</u>	<u>(12,847)</u>
			<u>(7,972,641)</u>	<u>(7,861,624)</u>
Total Net Assets			<u>19,936,774</u>	<u>19,940,991</u>
Reserves				
Share capital	20		112	112
Income and expenditure reserve			<u>19,936,662</u>	<u>19,940,879</u>
			<u>19,936,774</u>	<u>19,940,991</u>

The financial statements on pages 22 to 46 were approved by the Board of Management and authorised for issue on 14 September 2021 and signed on its behalf by:

Secretary: 

Member: 

Member: 

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

STATEMENT OF CHANGES IN RESERVES

	Income and expenditure reserve	Share Capital	Total
	£	£	£
Balance as at 31 March 2019	18,825,307	104	18,825,411
Issue of Shares	-	8	8
Cancellation of Shares	-	-	-
Other Comprehensive income	-	-	-
Surplus for the year	1,115,572	-	1,115,572
Balance at 31 March 2020	<u>19,940,879</u>	<u>112</u>	<u>19,940,991</u>

	Income and expenditure reserve	Share Capital	Total
	£	£	£
Balance as at 31 March 2020	19,940,879	112	19,940,991
Issue of Shares	-	-	-
Cancellation of Shares	-	-	-
Other Comprehensive income	(706,000)	-	(706,000)
Surplus for the year	701,783	-	701,783
Balance at 31 March 2021	<u>19,936,662</u>	<u>112</u>	<u>19,936,774</u>

ARDENGLLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

STATEMENT OF CASHFLOWS

	Notes	2021 £	2020 £
Net cash generated from operating activities	21	1,627,354	779,917
Cash Flow from Investing Activities			
Purchase of tangible fixed assets		(64,430)	(2,638,128)
Proceeds from sale of tangible fixed assets		-	-
Grants received			883,109
Interest received		1,760	14,041
Net Cash (Used in) Investing Activities		<u>(62,670)</u>	<u>(1,790,977)</u>
Cash Flow from Financing Activities			
Interest paid		(169,586)	(163,814)
New secured loans		-	-
Repayments of borrowings		(415,084)	(396,530)
Increase in share capital		-	8
Net Cash From/(Used) in Financing Activities		<u>(584,670)</u>	<u>(560,337)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		<u>980,014</u>	<u>(1,571,397)</u>
Cash and Cash Equivalents at Beginning of Year		3,318,190	4,889,587
Cash and Cash Equivalents at End of Year		<u>4,298,204</u>	<u>3,318,190</u>

	At 1 April 2020 £	Cash flows £	Other non- cash changes £	At 31 March 2021 £
Cash and cash equivalents				
Cash	3,318,190	980,014	-	4,298,204
Overdrafts	-	-	-	-
Cash equivalents	-	-	-	-
	<u>3,318,190</u>	<u>980,014</u>	<u>-</u>	<u>4,298,204</u>
Borrowings				
Debt due within one year	388,717	(415,084)	418,912	392,545
Debt due after one year	5,492,432	-	(418,912)	5,073,520
	<u>5,881,149</u>	<u>(415,084)</u>	<u>-</u>	<u>5,466,065</u>
Total	<u>(2,562,959)</u>	<u>1,395,098</u>	<u>-</u>	<u>(1,167,861)</u>

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

Legal Status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. The address of the Company's registered office and principal place of business is 355 Tormusk Road, Castlemilk, Glasgow, G45 0HF.

The Association's principal activities are as described within the Report of the Board of Management. The nature of the Association's operations are as described within the Report of the Board of Management.

Ardenglen Housing Association Ltd meets the definition of a Public Benefit Entity.

Basis of Accounting

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and comply with the Determination of Accounting Requirements 2019, and under the historical cost convention.

The financial statements are prepared in Sterling (£).

Basis of Consolidation

Ardenglen Housing Association Limited and its non-registered subsidiary (Ardenglen Developments Limited) comprise a group. The Association has obtained exemption from the Financial Conduct Authority from producing Consolidated Financial Statements as provided by Section 99 (3a) of the Co-operative and Community Benefit Societies Act 2014. The accounts represent the results of Ardenglen Housing Association Limited and not of the group. Ardenglen Developments Limited is a subsidiary trading company and did not generate a significant level of financial results from a group perspective.

Critical Accounting Estimates and Areas of Judgement

Preparation of the financial statements requires management to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included below:

Useful lives of property; Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the asset management projections and reactive repairs expenditure. SHAPS pension scheme valuation; underlying actuarial assumptions made by TPT.

Bad debt provision; based on historic trends.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Going Concern

The Board of Management has reviewed the results for this year and also reviewed the projections for the next five years. On that basis the Board of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The Association has healthy cash reserves, is achieving covenant compliance to date and forecasted, and has the capacity to access further borrowing for future projects/developments. The Association is taking steps to improve recovery of rent arrears which have increased due to the effects of covid-19.

Turnover and Revenue Recognition

Turnover comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sale of properties built for sale, other services provided at the invoice value (excluding VAT) and revenue grants receivable in the period.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the transaction.

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

Government Grants

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset under the accruals model.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant a liability is included in the Statement of Financial Position to recognise this obligation.

Other Grants

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Other Income

Interest income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Investment income

Investment income is recognised on an accruals basis.

Tangible Fixed Assets – Housing Properties

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent and shared ownership.

Completed housing and shared ownership properties are stated at valuation less accumulated depreciation on the components other than structure.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs; or
- A significant extension to the life of the property.

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover.

The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Where the first tranche has been sold prior to the acquisition of the properties, these are included in fixed assets only.

Depreciation of Housing Properties

Freehold land or assets under construction are not depreciated.

The Association separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis over the following years:

Structure	60 years
Land	Nil
Assets under construction	Nil
Windows	50 years
Kitchens	20 years
Bathrooms	30 years
Boilers	15 years

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Impairment of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the RSL estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the statement of comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Other Tangible Fixed Assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Freehold buildings	over 30 years
Fixtures, fittings and equipment	4 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale.

All other borrowing costs are expensed as incurred.

Taxation

Ardenglen Housing Association Limited has charitable status and is registered with the Office of Scottish Charities Regulator and is therefore exempt from paying Corporation Tax on charitable activities.

VAT

The Association is VAT registered, however a large proportion of income, namely rents, is exempt for VAT purposes therefore giving rise to a Partial Exemption calculation. Expenditure is shown inclusive of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense. Employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Association is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement Benefits

Defined benefit plans

The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

In the year ended 31 March 2021, the current service cost and costs from settlements and curtailments are charged against operating surplus. Interest is calculated on the net defined benefit liability. Refer to Note 23 for more details.

Defined contribution plans

The SHAPS offers a defined contribution option which some employees take advantage of. For defined contribution schemes the amount charged to income and expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Financial Instruments

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument, and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

Financial liabilities

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Derecognition of financial assets and liabilities (Continued)

Provisions

Provisions are recognised when the Association has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

ARDENGLLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Particulars of Turnover, Operating Costs and Operating Surplus or Deficit

	Note	Turnover £	Operating Costs £	Operating Surplus/ (Deficit) £	Operating Surplus/ (Deficit) 2020 £
Social lettings	3	4,176,239	(3,260,037)	916,202	385,552
Other activities	4	190,648	(235,989)	(45,341)	(28,640)
Total		<u>4,366,887</u>	<u>(3,496,026)</u>	<u>870,861</u>	<u>356,912</u>
2020		<u>4,114,024</u>	<u>(3,757,112)</u>	<u>356,912</u>	

ARDENGLLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Particulars of Turnover, Operating Costs and Operating Surplus from Affordable Letting Activities

	General Needs Housing £	Shared Ownership £	2021 Total £	2020 Total £
Rent receivable net of identifiable service charges	4,118,480	11,746	4,130,226	3,954,064
Service charges	-	-	-	-
Gross income from rents and service charges	4,118,480	11,746	4,130,226	3,954,064
Less: Rent loss from voids	(17,972)	-	(17,972)	(10,720)
Net income from rents and service charges	4,100,508	11,746	4,112,254	3,943,344
Grants released from deferred Income	40,555	-	40,555	12,317
Grants from Scottish Ministers	23,430	-	23,430	16,803
Total turnover from affordable letting activities	<u>4,164,493</u>	<u>11,746</u>	<u>4,176,239</u>	<u>3,972,464</u>
Management and maintenance administration costs	1,726,826	3,530	1,730,356	1,576,919
Service costs	-	-	-	-
Planned and cyclical maintenance including major repairs costs	296,501	-	296,501	811,443
Reactive maintenance costs	466,626	-	466,626	446,522
Bad debts – rents and service charges	(1,065)	-	(1,065)	38,290
Depreciation of affordable let properties	763,497	4,122	767,619	687,428
Operating Costs for affordable letting activities	<u>3,252,385</u>	<u>7,652</u>	<u>3,260,037</u>	<u>3,586,910</u>
Operating Surplus for affordable letting Activities	<u>912,108</u>	<u>4,094</u>	<u>916,202</u>	<u>385,554</u>
2020	<u>381,186</u>	<u>4,368</u>	<u>385,554</u>	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £-nil (2020 - £nil).

The Association did not provide supported housing during the year.

ARDENGLLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Particulars of Turnover, Operating Costs and Operating Surplus 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 or (deficit)	Operating surplus or (deficit) for previous period of account
	£	£	£	£	£	£	£	£	£
Wider role activities undertaken to support the community, other than the provision, construction and management of housing	-	117,886	-	-	117,886	-	212,201	(94,315)	(78,195)
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	1,494	1,494	-	2,116	(622)	(428)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Contracted out activities undertaken for registered social landlords	-	-	-	-	-	-	-	-	-
Contracted out activities undertaken for other organisations	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	-	-	-	-	-	-
Uncapitalised development administration costs	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	71,268	71,268	-	21,672	49,596	49,981
Total from other activities	-	117,886	-	72,762	190,648	-	235,989	(45,341)	(28,641)
2020	-	62,305	-	79,255	141,560	-	170,201		

Included within other activities are other rental income of £64,280 (2020 - £62,431) and the release of housing benefit received of £nil (2020 - £nil). Included within other revenue grants is Big Lottery Funding of £18,176 (£38,251 received in year less deferred income of £20,075) (2020: £49,228 (£61,291 received in year less deferred income of £12,063)).

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Accommodation in Management	Notes	2021	2020
The number of units in Management at 31 March was as follows:			
		No	No
New build		429	429
Rehabilitation – leased		1	1
Rehabilitation		254	254
Shared ownership		6	6
Mortgage to rent		13	13
SST		291	291
Total Units in Management		<u>994</u>	<u>994</u>
6. Interest Receivable and Similar Charges		2021	2020
		£	£
Interest on bank deposits		<u>1,760</u>	<u>14,041</u>
7. Interest Payable and Similar Charges		2021	2020
		£	£
Interest arising on:			
Bank loans and overdrafts		169,585	200,276
Defined benefit pension charge		-	22,000
		<u>169,585</u>	<u>222,276</u>
Less: Interest capitalized		-	(36,461)
		<u>169,585</u>	<u>185,814</u>
8. Operating Surplus or Deficit		2021	2020
		£	£
Operating surplus is stated after charging/(crediting):			
Depreciation of housing properties		767,619	713,736
Depreciation of other tangible fixed assets			
	11B		
- Owned		46,788	51,136
Deficit on disposal of tangible fixed assets	9	<u>1,253</u>	<u>1,567</u>
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:			
		2021	2020
		£	£
Audit services - statutory audit of the Association		<u>12,480</u>	<u>12,000</u>

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Surplus or Deficit on Sale of Fixed Assets – Housing Properties

	2021	2020
	£	£
Disposal proceeds	-	-
Carrying value of fixed assets	(1,253)	(1,567)
	<u>(1,253)</u>	<u>(1,567)</u>
Capital grant repaid	-	-
Deficit	<u>(1,253)</u>	<u>(1,567)</u>

10. Employees

	2021	2020
	No.	No.
The average monthly number of full time equivalent persons (including key management personnel) employed by the Association during the year was:		
Office and management/Administration	21.7	19
Housing support and care	-	-
Development	-	-
	<u>21.7</u>	<u>19</u>

	2021	2020
	£	£
Staff costs for the above persons:		
Wages and salaries	739,476	652,643
Social security costs	67,073	51,943
Other pension costs and current service cost (note 23)	30,832	66,228
Defined contribution pension cost	95,245	60,076
Agency Staff	21,000	21,000
	<u>953,626</u>	<u>851,891</u>

Key management personnel are composed of the Board of Management and the Senior Management Team.

There were the following key management personnel who received emoluments (excluding pension contributions) in excess of £60,000 within the following ranges:

	2021	2020
	No.	No.
£60,000 - £69,999	1	1
£70,000 - £79,999	<u>1</u>	<u>1</u>

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Employees (continued)

	2021	2020
	£	£
Aggregate gross emoluments for key management personnel	<u>287,085</u>	<u>227,272</u>
Aggregate emoluments for key management personnel (excluding pension contributions)	<u>239,996</u>	<u>189,888</u>
The emoluments of the Chief Executive (excluding pension contributions)	<u>73,170</u>	<u>72,058</u>
Aggregate pension contributions in relation to key management personnel	<u>47,089</u>	<u>37,384</u>

No payment or fees or other remuneration was made to the Board members during the year. The Association operates a salary sacrifice scheme to all members of the pension scheme.

11.A Tangible Fixed Assets – Housing Properties

	Social Housing Properties Held for Letting	Housing Properties For Letting Under Construction	Completed Shared Ownership Housing Properties	Total Housing Properties
Cost	£	£	£	£
1 April 2020	29,867,818	44,429	131,352	30,043,599
Additions	32,262	-	-	32,262
Properties acquired	-	-	-	-
Works to existing properties	24,336	-	-	24,336
Disposals	(6,275)	-	-	(6,275)
Transfer	-	-	-	-
31 March 2021	<u>29,918,141</u>	<u>44,429</u>	<u>131,352</u>	<u>30,093,922</u>
Depreciation and impairment				
1 April 2020	5,213,312	-	24,053	5,237,365
Depreciation charged in year	763,497	-	4,122	767,619
Released on disposal	(5,022)	-	-	(5,022)
Transfer	-	-	-	-
31 March 2021	<u>5,971,787</u>	<u>-</u>	<u>28,175</u>	<u>5,999,962</u>
Net book value				
31 March 2021	<u>23,946,354</u>	<u>44,429</u>	<u>103,177</u>	<u>24,093,960</u>
31 March 2020	<u>24,654,506</u>	<u>44,429</u>	<u>107,299</u>	<u>24,806,234</u>

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11.A Tangible Fixed Assets – Housing Properties (continued)

	2021 £	2020 £
Value of land included in cost	<u>3,342,017</u>	<u>3,342,017</u>

The amount of capitalised interest during the year was £0 (2020 £36,461).

Expenditure on Works to Existing Properties

	2021 £	2020 £
Improvement work capitalised	32,262	151,368
Replacement component spend capitalised	24,336	101,068
Amounts charged to income and expenditure	<u>195,263</u>	<u>583,425</u>
Total major repairs spend	<u>251,861</u>	<u>835,861</u>

11.B Tangible Fixed Assets Other

	Freehold property £	Computers and Office Equipment £	Furniture, fixtures and fittings £	Total £
Cost				
1 April 2020	948,572	294,349	105,703	1,348,625
Additions	-	7,832	-	7,832
31 March 2021	<u>948,572</u>	<u>302,182</u>	<u>105,703</u>	<u>1,356,457</u>
Depreciation and impairment				
1 April 2020	499,391	275,418	101,081	875,890
Depreciation charged in year	31,648	12,535	2,606	46,789
31 March 2021	<u>531,039</u>	<u>287,953</u>	<u>103,687</u>	<u>922,679</u>
Net book value				
31 March 2021	<u>417,533</u>	<u>14,229</u>	<u>2,016</u>	<u>433,778</u>
31 March 2020	<u>449,181</u>	<u>18,932</u>	<u>4,622</u>	<u>472,734</u>

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Subsidiary Undertakings

The Association's subsidiary undertakings are:

<i>Name of undertaking</i>	<i>Class of shareholding</i>	<i>Proportion of nominal value held directly</i>	<i>Nature of Business</i>
Ardenglen Developments Limited	Ordinary	100%	Renting of office space to the Association.

13. Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Rent and service charges receivable	207,575	182,076
Less: provision for bad and doubtful debts	<u>(76,586)</u>	<u>(100,046)</u>
	130,989	82,029
HAG receivable	-	2,992
Other debtors	8,744	5,037
Prepayments and accrued income	<u>167,475</u>	<u>272,858</u>
	<u><u>307,208</u></u>	<u><u>362,918</u></u>

14. Creditors: Amounts Falling due Within One Year

	2021 £	2020 £
Debt (note 17)	392,545	388,717
Rent and service charges received in advance	81,735	148,244
Deferred capital grants (note 16)	40,555	40,555
Trade creditors	274,363	250,336
Other creditors	194,600	246,122
Accruals and deferred income	227,083	70,633
Amounts due to Group undertakings	<u>12,855</u>	<u>12,856</u>
	<u><u>1,223,736</u></u>	<u><u>1,157,463</u></u>

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Creditors: Amounts Falling due After More than One Year

	2021	2020
	£	£
Debt (note 17)	5,073,520	5,492,432
Other Creditors	-	-
Deferred capital grant (note 16)	2,315,790	2,356,345
	<u>7,389,310</u>	<u>7,848,778</u>

	2021	2020
	£	£
Included in creditors are:		
Amounts repayable by instalments within five years	<u>3,775,378</u>	<u>3,816,676</u>
Amounts repayable by instalments falling due after more than five years	<u>3,613,932</u>	<u>4,032,102</u>

16. Deferred Capital Grant

	2021	2020
	£	£
As at 1 April	2,396,900	1,592,810
Grant received in the year	-	816,407
Capital grant released	(40,555)	(12,317)
As at 31 March	<u>2,356,345</u>	<u>2,396,900</u>

Amounts to be released within one year	40,555	40,555
Amounts to be released in more than one year	<u>2,315,790</u>	<u>2,356,345</u>
	<u>2,356,345</u>	<u>2,396,900</u>

17. Debt Analysis – Borrowings

	2021	2020
	£	£
Creditors: amounts falling due within one year:		
Bank loans	<u>392,545</u>	<u>388,717</u>
Creditors: amounts falling due after more than one year:		
Bank loans	<u>5,073,520</u>	<u>5,492,432</u>
Total	<u>5,466,065</u>	<u>5,881,149</u>

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are either fixed rates or variable rates linked to LIBOR that are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

Bank Borrowings are secured by specific charges on the Association's properties and are repayable at rates of interest ranging from 0.55% to 5.62% (2020 – 1.14% to 5.62%). The Association makes monthly and quarterly repayments of the bank borrowings.

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Debt Analysis – Borrowings – (continued)

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	2021	2020
	£	£
Due within one year	392,545	388,717
Due in one year or more but less than two years	398,066	392,594
Due between two and five years	1,061,522	1,067,736
Due more than five years	3,613,932	4,032,102
	<u>5,466,065</u>	<u>5,881,149</u>

18. Financial Instruments

	2021	2020
	£	£
<i>Financial assets:</i>		
Debt instruments measured at amortised cost	<u>4,605,412</u>	<u>3,681,108</u>
<i>Financial liabilities:</i>		
Measured at amortised cost	<u>9,196,377</u>	<u>9,019,087</u>

19. Other Provisions

	Holiday pay
	£
1 April 2020	12,847
Utilised in the year	(12,847)
Additional provision in year	26,331
31 March 2021	<u>26,331</u>

Holiday Pay

This represents holiday accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the statutory cost payable for the period of absence.

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Share Capital & Reserves

The Association is limited by guarantee and consequently has no share capital. Each of the Association's members agrees to contribute £1 in the event of the Association winding up.

	2021	2020
	Number	Number
Number of members		
1 April 2019	112	104
Joined during the year	-	8
Left during year	-	-
31 March 2020	<u>112</u>	<u>112</u>

21. Reconciliation of Surplus to Net Cash Generated From / (Used in) Operations

	2021	2020
	£	£
Surplus for the year	701,783	183,572
Adjustments for non-cash items:	-	
Depreciation of tangible fixed assets	814,407	764,870
Amortisation of deferred grant	(40,555)	(12,317)
Shares cancelled	-	-
Defined benefit pension schemes	(148,997)	(122,356)
Fair value (gains)/losses on financial instruments	13,484	-
Increase/(decrease) in other provisions	-	-
loss on disposal of tangible fixed assets	1,253	1,567
Interest receivable	(1,760)	(14,041)
Interest payable	169,585	185,814
Taxation	-	-
Operating cash flows before movements in working capital	<u>1,509,200</u>	<u>987,109</u>
Decrease in trade and other debtors	55,710	(109,382)
Increase in trade and other creditors	62,444	(97,808)
Cash generated from / (used in) operations	<u>1,627,354</u>	<u>779,917</u>

Cash and Cash Equivalents

	2021	2020
	£	£
Cash and cash equivalents represent:-		
Cash at bank	2,468,766	1,488,752
Short-term deposits	1,829,438	1,829,438
Overdraft	-	-
	<u>4,298,204</u>	<u>3,318,190</u>

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Capital Commitments and Other Contractual Obligations

	2021	2020
	£	£
Capital expenditure contracted for but not provided in the financial statements	-	-
Expenditure authorised by the board, but not contracted	-	-

23. Retirement Benefits

The company 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 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 pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which will run to either 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the company 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 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme. For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive.

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Retirement Benefits - Continued

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

	31 March 2021 (£000s)	31 March 2020 (£000s)
Fair value of plan assets	5,456	4,966
Present value of defined benefit obligation	6,013	4,907
Surplus (deficit) in plan	(557)	59
Unrecognised surplus	-	59
Defined benefit asset (liability) to be recognized	(557)	-
Deferred tax	*	*
Net defined benefit asset (liability) to be recognized	*	*

Reconciliation of the Impact of the Asset Ceiling

	Period ended 31 March 2021 (£000s)
Impact of asset ceiling at start of period	59
Effect of the asset ceiling included in net interest cost	3
Actuarial losses (gains) on asset ceiling	(62)
Impact of asset ceiling at end of period	-

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Retirement Benefits – (Continued)

Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	Period from 31 March 2020 to 31 March 2021 (£000s)
Defined benefit obligation at start of period	4,907
Current service cost	33
Expenses	5
Interest expense	114
Contributions by plan participants	1
Actuarial losses (gains) due to scheme experience	(6)
Actuarial losses (gains) due to changes in demographic assumptions	-
Actuarial losses (gains) due to changes in financial assumptions	1,138
Benefits paid and expenses	(179)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	6,013

Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	Period from 31 March 2020 to 31 March 2021 (£000s)
Fair value of plan assets at start of period	4,966
Interest income	117
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	364
Contributions by the employer	187
Contributions by plan participants	1
Benefits paid and expenses	(179)
Exchange rate changes	-
Fair value of plan assets at end of period	5,456

ARDENGLEN HOUSING ASSOCIATION LTD
For the year ended 31 March 2021
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Retirement Benefits – (Continued)

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £481,000.

Defined Benefit Costs Recognised in Statement of Comprehensive Income (SOCl)

	Period from 31 March 2020 to 31 March 2021 (£000s)
Current service cost	33
Expenses	5
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 (SoCl)	38

Defined Benefit Costs Recognised in Other Comprehensive Income

	Period ended 31 March 2021 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	364
Experience gains and losses arising on the plan liabilities - gain (loss)	6
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)	(1,138)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(768)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	62
Total amount recognised in other comprehensive income - gain (loss)	(706)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Related Party Transactions

Various Board of Management members are also tenants of the Association. Their tenancies are on normal commercial terms. During the year £22,261 (2020: £30,999) of rent was receivable from these tenant members. At the year-end there were £884 (2020: £667) of rent arrears due from these tenant members.

During the year £19,596 (2020: £19,596) of rent was paid to the Association's subsidiary Ardenglen Developments Ltd. During the year £600 (2020: £600) management fee was receivable from the Association's subsidiary Ardenglen Developments Ltd.

Amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year (2020: £nil) in respect of bad debts from related parties.