

Bield Housing & Care

Report and Financial Statements

FOR THE YEAR ENDED 31 MARCH 2020



Contents

	Page
Board of Management, Directors and Advisers	3
Operating and Financial Review	4-19
Statement of the Board’s responsibilities	20
Board Statement on Internal Financial Controls	21
Independent Auditor’s Report	22-23
Independent Auditor’s Report on Internal Financial Controls	24
Statement of Comprehensive Income	25
Statement of Financial Position	26
Statement of Changes in Reserves	27
Statement of Cashflows	28
Notes to the Financial Statements	29-54

Board of Management, Directors and Advisers

Board of Management:

Lesley Holdsworth, PhD, MPhil,
FCSP, FCI, FWCT, SRP, DPT (Chair)
(appointed 19 March 2020)

Susan Napier, BSocSc, FRICS
(resigned Chair 27 February
2020)

Robert Fernie, ACMA, CGMA
(Vice Chair)

Margaret Moore, (Vice Chair)
(appointed Vice Chair 27
February 2020)

Moira Sibbald
(resigned 17 September 2020)

David Scobie, FRICS

Pat Dawson

Ingirid Deuling, Dip COT, COTSS-
Housing, HCPC (Retired), BEM

Graeme Russell
(Co-opted 22 April 2020)

William Smalley*

Isabel McGarvie, B'Acc, CA, ATII

Gerry O'Sullivan, BA
(resigned 17 September 2020)

Janette Stone, MCIPD
(resigned 3 April 2020)

Eric Lewis **
(Co-opted 2 July 2020)

Company Secretary:

Clare Beesley

Directors:

Chief Executive

Dr. Lynne Douglas Prof.D.MPhil
BSC (appointed 1 November 2019)

Brian J Logan, BCom (Hons),
CPFA (resigned 5 July 2019)

Business Development

Val Hunter, BSc, MRICS
(appointed 8 April 2019)

Finance & Resources

Paula Rice, BCom, BAccSc(Hons),
CA(SA) (appointed 1 April 2020)

Scott M Smith, FCMA, CGMA
(resigned 31 January 2020)

Customer Services

Diana Maclean MSc MPA FCIH
(appointed 1 June 2020)

Charlie Dickson, RMN, CSWM,
CHM (resigned 31 March 2020)

Registered office:

79 Hopetoun Street
Edinburgh
EH7 4QF

Solicitors:

T C Young
Melrose House
69a George Street
Edinburgh
EH2 2JG

External Auditors:

RSM UK Audit LLP
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QS

Internal Auditors:

Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Bankers:

The Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh
EH2 2YB

* Tenant of Bield

** Sharing Owner of Bield

Operating and Financial Review

The Board of Management presents its Operating and Financial Review and the audited financial statements for the year ended 31 March 2020. The Operating and Financial Review has been prepared in accordance with the ASB's Reporting Statement issued in January 2006 and is in line with the Housing SORP 2018 requirement to include a strategic report as part of this review.

Overview of Business

Bield Housing & Care (Bield) is a charitable Registered Social Landlord (RSL) set up in 1971. Bield's primary objective is to improve the quality of life of older people by offering a diverse range of housing, care and other services. Bield has nearly 5,400 properties in management located across Scotland.

The main areas of business are:

- Supported housing for older people
- Housing for general needs
- Housing support services
- Home and day care services
- Management services to owner occupiers in private retirement housing
- Bield Response 24, a community alarm service.

Governance & Management

Bield is governed by a voluntary Board of Management. A full list of Board members is shown on page 3. The composition of the Board currently includes one Bield tenant and a co-opted owner. The Board is well equipped to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct that are vital to the success of the business. The Board's skill mix is reviewed on a regular basis and, where gaps are identified, Board members seek to identify individuals from within Bield's existing membership and the wider environment to strengthen the range of expertise within the Board's membership. Bield carries out annual individual reviews of Board members, facilitated through a conversation with the Chair of the Board. These conversations assist in identifying learning and development needs, reviewing the contribution of individual members and aiding succession planning. New Board members are elected at Bield's Annual General Meeting and are led through an induction training programme for new Board members. Training and development of Board members is, and will continue to be, a regular feature of Board meetings.

The Board controls Bield's strategic direction and reviews its operating and financial position. It is

provided with timely and relevant information in order to discharge its duties. Bield's governance arrangements are kept under review with the intention of achieving a more streamlined, efficient structure.

Bield is managed by the Senior Management Team (SMT) of Directors. Details of the membership of the SMT are provided on page 3. Bield has been through a period of organisational change which included a review of the composition and responsibilities of Bield's SMT. Following its completion, the review resulted in a requirement for a team comprising a Chief Executive and three Directors with responsibility for Customer Experience, Business Development and Finance & Resources respectively. Bield's former Chief Executive left the organisation on 5th July 2019 to take up a similar role with another organisation. The new Chief Executive was appointed from 1st November 2019, the Director of Business Development from 8th April 2019, the Director of Finance & Resources from 1st April 2020 and the Director of Customer Experience from 1st June 2020. During the period of change where directors were not present in all roles, the responsibilities for their directorates were managed by those in post with the consent of the Board.



Regulation

Bield is primarily regulated by the Scottish Housing Regulator (Registration HEP71). As part of the Regulator's risk-based approach to inspection, Bield's engagement plan dated March 2019 indicated that the Scottish Housing Regulator views Bield as being 'systemically important' during 2019-20. This level of engagement has remained unaltered from the previous year and is a result of Bield's size in relation to turnover and significance within the area of operation. From October 2019, the governing bodies of all registered social landlords were required to provide the Regulator with an Annual Assurance Statement. Bield provided this statement confirming full compliance with the Regulatory Standards.

Strategy and Objectives

Bield's objectives and strategy are set out in its Business Strategy. A comprehensive and fundamental review of the Business Strategy covering a five-year period to 2022-23 was undertaken during 2017-18 and approved by the Board of Management in May 2018 with a second annual refresh being approved in March 2020 at conclusion of the organisational restructure. The review in May 2018 included a thorough review of Bield's Vision, Mission and Values. Further work is ongoing to make sure that the business is fit for purpose in its 50th year in 2021.

Our Vision

A Scotland where people of all ages are respected, can make their own choices, and are able to live independent and fulfilling lives.

Our Mission

To improve the quality of life of older people by offering a diverse range of housing, care and other services.

Our Values

***Caring, Honesty,
Equality, Dignity, Inclusion,
Ambition, Kindness.***

Bield is committed to continuously improving its services for older people, involving an on-going programme of review and improvement. Our aim is to 'Put our Customers First' by making them the heart of everything we do, along with a belief that we can help them make their own choices and be free to live as independently as possible. Bield's strategy contains three main outcomes where we will always aim to put the customer first in our decision making. The business planning process includes a series of consultation meetings with staff, staff representatives (office and development-based), senior management and Board members and has set a challenging programme of modernisation and continuous improvement to ensure that Bield is able to meet the many challenges ahead.

The Business Strategy recognises that Bield faces a fast-changing and dynamic external environment. Changes in government at a local and national level over recent years have meant that policy direction has been subject to change. Key external policy drivers identified as impacting on Bield have been identified as follows:

- national strategy for housing older people;
- future of the social rented housing sector;
- investment strategy and performance and efficiency; and
- reshaping care for older people.

In addition, the prevailing financial climate has had an impact on Bield with funding cuts and a need for ever-greater efficiency. This will continue to be a key challenge for Bield over the next few years. Long-term plans have been kept under constant review as a result.

The 2018-23 Business Strategy has three strategic outcomes:

Strategic Outcomes

Our customers can live independently in their own home as their needs change

Our customers feel we offer value for money

The quality of our homes and services meet expectations



Enablers

People

- We will have a diverse, skilled and competent work force
- Our people feel valued and supported at all levels in the organisation

Resources

- We will become more efficient
- We will manage and develop assets that help us to achieve our outcomes
- We will build key partnerships in order to protect and enhance our services

Processes and services

- We will focus on developing a complimentary range of services that provide customers with choice and flexibility as their needs change
- We will understand our customers and respond to their needs

From these strategic outcomes, detailed annual delivery plans containing operational objectives and initiatives are set. These are underpinned by targets, timescales and defined staff responsibilities to ensure that the objectives are met and that all parts of the organisation take ownership of the Business Strategy. Any financial commitments arising from the Business Strategy are reflected in Bield's Annual Budget and long-term financial projections.



Target Market & Products

Bield is focused on providing housing and support services to older people. Projections show Scotland's population ageing significantly over the next 25 years.

With an aging population we can expect that there will be a greater demand for the type of accommodation and services that Bield specialises in delivering. However, we should be mindful that the way in which services have been delivered in the past may not necessarily meet the expectations, aspirations and needs of older people in the future. As well as living longer, there is evidence that people are staying healthier longer, which allows moving into specialist accommodation or the need for care to be postponed to a later age.

Accommodation specifically designed for older people has ranged from specially designed housing, through sheltered and very sheltered housing to care at home. Bield has completed the withdrawal from the residential care market in the 2018-19 year and consolidated its delivery of the home and housing with care services being provided in conjunction with local authority partners. Within these financial statements, all references made to discontinued activities relate to these Registered Care Homes.

This strategic decision was made to ensure that we are able to provide a much needed service to our core customer group and we expect that the number of older people who may be in need of services in the next 25 years is set to grow substantially.

Bield is a significant provider of housing support for older people. Many households benefit from this type of service from Bield, most of whom are Bield tenants. However, in recent years the service has been extended to customers who are not Bield tenants through floating support services.

The funding of housing support services is met by local authorities through Housing Support Grant, first introduced in 2003. Budget reductions by the Scottish Government and local authorities have meant that, in common with many housing support providers, Bield faces substantial financial and operational challenges in its future delivery of housing support. Bield has made a commitment to continually review its operational efficiencies in order to keep costs within the funding available. In addition, a change in our housing model has driven the move towards Retirement Housing and Retirement Housing with Meals models where there is no reliance on housing support funding.

COVID-19 The Strategic Approach

With the arrival of the pandemic in March 2020 there has been a direct impact on Bield's operations and finances in 2019/20 but with a more significant impact anticipated in 2020/21. As a result the strategic priorities for the Association have changed. There has been a re-prioritisation of key business processes and changes in the way that we operate. Throughout, the safety of our customers and staff has been and is the Board's primary concern.

To facilitate the long term safety of staff and customers key strategic principles have been established and are now in place to guide us, as follows:

- Minimise exposure and build organisational resilience;
- Follow the latest government and regulatory guidelines;
- Ensure the health and safety of our staff and customers;
- Keep our staff and customers wellbeing at the heart of our decisions;
- Provide a proportionate, agile and flexible approach;
- Operate and co-ordinate services to deliver the best quality under the circumstances, and
- Communicate clearly and effectively with staff and customers.

The journey to a 'new normal' will be long and complex and is based on the Scottish Government four phased plan to allow us to emerge from Covid-19. We continue to deliver the most appropriate and best quality service for our customers while ensuring that our staff are also kept safe and secure. To do this we have needed to increase our use of technology, mobilise our staff into different operational structures and safeguard our finances. These are the key components in getting the Association through these difficult and unprecedented times and they will continue to underpin our operations at Bield for a considerable time.

To help focus on working through the pandemic the business operations were categorised into three classes of priority:

- Business critical
- Business essential
- Business desirable

Energy was focused on ensuring all the business critical tasks were completed and these included Care Services, Enhanced Services, BR24, ICT, Finance and the Management team. We have successfully maintained these operations throughout the pandemic and have also reintroduced most business essential tasks and are working towards addressing the backlogs in some of these services. These include Board and Committee Meetings, year end audit, voids and allocations, planned maintenance and development activities. Business operations deemed business desirable will be resumed once business critical and essential operations are achieved and a 'new normal' is established.

Throughout the pandemic a Critical Response Team has been in place and has worked across the business to stabilise the business critical areas to ensure there is capacity and contingency plans are in place. With an uncertain path to the 'new normal' each phase is being carefully planned and actions monitored. Long term strategies are being implemented to manage business operations, respond to changes in government guidance and ensure the safety and wellbeing of our staff and customers.

The Board have been kept informed of and have supported decisions made by the Management Team in response to the pressures resulting from the pandemic. As a business, Bield has continued to be sensitive to the needs of our staff and customers, supporting them, along with our partners in the best way we can.

Key Risks Impacting on Future Performance

Like all businesses, Bield faces a wide variety of business-related risks. Bield's approach to risk management is to ensure that an awareness of risk is embedded at all levels within the organisation and that an effective system is in place for monitoring and recording identified risks. The overarching Risk Management Framework outlines the responsibilities of Board members and staff.

Functional risk maps are developed to match as far as possible the responsibilities at Board, Committees and Senior Management level. The risk maps are reviewed by management and the Board with risks assessed using a rating method as to the level of risk to the organisation. New risks identified are duly considered

and added to risk maps where appropriate. Risks are regularly reviewed by the Senior Management Team, at Leadership Team meetings and through the Board and Committees, helping to reinforce the process of embedding a risk management culture across the organisation. Appropriate control procedures and monitoring arrangements have been included within the relevant Risk Maps to ensure that risks are managed appropriately.

Bield continues to operate within a very dynamic and fast-changing external environment creating many challenges. The following risks have been identified as the risks most likely to affect Bield's future performance:

Key Risk	Background and Mitigation of Risk
Reduction in public expenditure	The reductions in public expenditure continue and are now starting to have a real impact on the ability of organisations like Bield to continue to deliver the same level of services as in the past. The business strategy seeks to ensure that Bield places less reliance on public sector funding and remains financially stable in the longer term.
Increased Pension deficits	Successive pension valuations in recent times have resulted in a requirement for increased contributions due to on-going deficits. There is a risk that this trend could continue and whilst it is difficult when participating in a multi-employer pension scheme to mitigate against this, Bield's financial projections include provision for this trend of increased employer contributions continuing.
Generation of expected sales income	Sales of shared ownership properties are essential to maintain the financial viability of the organisation and as such there is potentially a severe risk to the organisation if these sales fail to materialise. Whilst the number of concluded sales has not been as high as anticipated, this has not had a significant impact on Bield's financial viability. A review of the Shared Ownership Model is being planned.
Loss of income through void properties	Bield had previously experienced an increased number of voids and 'difficult-to-let' properties with a consequent loss of rental income. Bield's Asset Management Strategy will seek to ensure that properties remain fit for purpose, thereby reducing the level of future voids. In recent years, there has been a reduction in the levels of income lost through voids but it nevertheless remains a key risk.
Coronavirus	The coronavirus pandemic is impacting on Bield's operations and performance and has created numerous challenges, particularly as Bield's tenants and customers fall largely into higher risk categories. The impacts of the pandemic are continuing to evolve. Board members are being regularly updated as issues arise and are resolved. The most likely impacts relate to loss of income, ICT service limitations, availability of PPE and failure to meet regulatory expectations. Mitigations are in place to monitor and control these risks as well as possible within the current climate.

All risks will continue to be assessed, managed and controlled in accordance with the approved risk management strategy. Bield will continue to accept risks inherent in the achievement of its Mission and Strategic Outcomes, as set out within the Business

Strategy, provided these are properly assessed. Any risk which materially jeopardises Bield's ability to achieve its Mission or Strategic Outcomes or conduct its business will not be accepted.

Operating and Financial Review



Operational Performance

A number of projects were successfully completed during 2019-20. Notable projects were:

- Completed the formation of Bield's new Leadership Team with 3 Directors and 13 Heads of Service appointed
- Recruitment of replacement Chief Executive
- Revised organisational structure for development staff completed
- Completing Phase 2 of the restructure to reduce overhead costs, BR24 moving to a new location in the Glasgow Office to form part of the hub along with repair line staff and other identified posts in the restructure to improve Customer Contact with Bield and reduce overhead costs
- Priority modules; KSI (Servicing and Inspection), KAM and KAR (Asbestos Register) are now live in the Keystone Asset Management System and the remainder of the modules are expected to complete during 2020
- Assurance Statement approved by the Board of Management in October 2019 and sent to the Scottish Housing Regulator the same month advising Bield's full compliance
- Bield Shared Ownership – 5 units were sold at 75% in The Walled Gardens, with the remaining 25% ownership with Bield
- Continuing public relations and networking with other Housing organisations, becoming members of Chartered Institute of Housing and taking part in SFHA initiatives such as the Dementia Framework
- Analogue to Digital project – more than 100 tenants at three of our developments were switched over to a digital connection to the BR24 telecare service
- £10m spent on maintaining and improving the quality of Bield's housing stock.

Resources

Housing Stock

Bield manages nearly 5,400 properties, of which almost 4,600 are owned or in shared ownership by Bield, making it one of the largest RSLs in Scotland.

The aim of Bield is to have a common level of rents for all similar properties. The rent policy should be logical, consistent and easily applied. Bield's rent policy takes into account three objectives, affordability for the client group, financial viability for Bield and, marketability compared with its peer group. In order to further enhance these objectives, a full review of Bield's rent policy was undertaken and approved by the Board during the course of the year for implementation from 1 April 2019 over a 3 year period and this is progressing as planned.

At 31 March, Bield had the following stock in management:

	2020	2019
Amenity	365	365
Retirement (including Sheltered)	2,750	2,750
Retirement Housing with Meals, Plus (including Very Sheltered)	1,189	1,190
General Needs	127	121
Resident Staff	2	1
Shared Ownership / Equity	160	187
Owner Services	788	824
Total	5,381	5,438

The Board recognises the need to maintain and improve existing housing stock. Bield is expecting to spend around £55m on maintaining its properties and improving the energy efficiency standards over the next five years. A Strategic Asset Survey is in progress which will review Bield's existing housing stock for redevelopment and re-provisioning. This level of expenditure will have a significant impact on the reserves balances that Bield currently holds and the cash requirements of the organisation.

In addition to investing in existing stock, the Board will, in accordance with the Development Strategy, seek to invest in financially viable development opportunities as they arise to further strengthen Bield's asset base.

Employees

Bield is a people organisation – Bield relies on a highly-committed workforce in order to deliver a high quality service to our customers. During 2019-20, the average number of full-time equivalent staff employed by Bield was 456 (2018-19: 539). The main reason for the variance from last year is the withdrawal from Registered Care home activities.

Bield benchmarks staff turnover levels, sickness absence, ethnic mix, gender and age profile against available statistics on a regular basis. In addition, Bield has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting Bield, its tenants and other service users. This is achieved through consultations with employee representatives at the Employee Forum, distribution of the Business Strategy to staff and a range of communications including regular staff meetings, newsletters and the use of its intranet, Grapevine.

The Investors in People standard was first awarded in 1997 and has been successfully maintained since, with the most recent review in 2018-19 awarding silver status to the organisation. This accreditation remains in place until 2021 when we will again seek re-accreditation.

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities as are applications from other persons irrespective of gender, sexual orientation, marital status, age, religious belief, race or ethnic origin.

Equality & Diversity

The Board is committed to achieving equality through diversity and its policies and strategies recognise that all people have a right to their own distinctive and diverse identity. The Board recognises that it has the power to reduce the disadvantages that people experience by making services more responsive to all communities and individual needs. Bield's Equality & Diversity Strategy commits Bield to providing equality of opportunity for all. An Equality Action Plan has been compiled and is included in the Business Strategy. Bield takes a positive approach to promoting its services to the Black and Minority Ethnic (BME) communities.

Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety. Bield has prepared detailed health and safety policies and provides staff training and education on health and safety matters. Bield has a Health & Safety Management Group. This group, which includes Directors, meets to oversee activities and procedures related to health and safety. Employee consultation on health and safety matters is conducted through the Employee Forum. The Board of Management receives six-monthly reports on health and safety issues.

The Modern Slavery Act 2015

The Modern Slavery Act 2015 requires certain organisations to provide information regarding their efforts to eliminate slavery and human trafficking in their supply chains. We carry out checks on our suppliers through pre-qualification questionnaires and/or tender documents. In doing so, we exclude any unsuitable companies. Once we engage a supplier, we make sure they have policies which are similar to ours and match our overall values. The following statement sets out the position of Bield in compliance with the Act.

We strive to make sure that when we purchase goods and services we comply with all relevant laws and conduct ourselves in an open, honest and ethical manner. We have included a Modern Slavery clause in our framework agreement for maintenance contractors. The clause describes the obligations upon any contractor employed by Bield under the framework in terms of addressing the Act.

We recognise the need to raise awareness across the workforce and will take reasonable steps to develop relevant training and a Modern Slavery Act Guidance document. Bield, therefore, believes that to the best of its knowledge, its suppliers do not engage in illegal slavery or human trafficking.

Environmental, Social and Community Issues

Bield takes its environmental responsibilities seriously and strives, wherever possible and within financial constraints, to minimise the impact of its activities on the environment. Plans are being implemented to improve energy efficiency within developments and to control temperature levels within developments more effectively. Bield recognises that there are physical limits to the resources of the Earth (both in terms of generating materials and absorbing waste), and that any business that exceeds these limits is, by definition, unsustainable in the long term.

In addition to making effective use of natural resources and enhancing the environment, Bield also believes that to achieve short and long term sustainability we need to promote social cohesion and inclusion and strengthen economic prosperity in the communities in which we work. Bield actively engages in social and community activity at a local level. In particular, efforts are made by development managers to ensure developments and projects form an integral part of community life. As part of this commitment, Bield has an active programme of recruiting volunteers to assist residents with social activities, provide befriending support and tutor older people in the use of computers.

Information & Communications Technology (ICT)

ICT is a powerful and ever-increasing business tool to enable communication, data processing, reporting and improved organisational efficiency. Investment in technology and systems continued in the year to March on new ICT equipment and software. Our core housing, asset and financial management systems continue to be funded and projects are ongoing. Additional investment in BR24 alarm receiving technology and the formalising of the contract with the main supplier were carried out. Work continues on technology to support the move from analogue to digital alarms. At the end of the period the Covid-19 pandemic increased our spending on technology to facilitate home and mobile working for staff.

In accordance with Bield's ICT Strategy, further extensive ICT Projects are planned for future years including wi-fi in schemes, upgrading the telecoms system and digitalising analogue technology. There

also remains an increasing need to enhance ICT security in order to ensure that data remains secure and stored appropriately. All of these significant projects form a key part of Bield's continuous improvement programme.

Continuous Improvement

Bield is committed to the principle of continuous improvement and the Business Strategy 2018-23 seeks to ensure services are reviewed and improved as required. The Performance Management Framework will identify areas of the business for improvement.

Financial Review

Accounting Policies

The principal accounting policies of Bield are set out in Note 1 on pages 29-33 of notes to the Financial Statements.

Financial Highlights

Turnover for the year was £42.9m which is a £1.1m increase from the prior year's ongoing operations. The removal of the income from Care activities was offset by higher income from ongoing operations through increases in rents and service charges.

Operating costs for the year were £38.1m, a decrease of £1.6m from the prior year. The main difference being where loss making activities have either ceased or been reconfigured, resulting in an operating surplus of £3.6m in 2019-20 compared to £2.6m in 2018-19. Reductions in operating costs will continue to be required in future years in order to maintain financial viability in the longer term.

The total comprehensive income/(expenditure) for the year is significantly improved compared to the previous year at £11.4m(surplus), 2018-19. (£4.1m) (deficit) primarily due to the financial improvement from the rent and service charges mentioned above. It also includes the non-cash revaluation of the pension liability of £8.2m for the defined benefit pension scheme which was largely driven by

changes in the actuarial assumptions underlying the valuation and the specific improvement in valuation for Bield.

Capital expenditure on properties amounted to £3.9m with no expenditure on the new build development programme. Grant funding for new developments and site acquisitions continues to be difficult to secure. However, where financially viable development opportunities arise, Bield will seek to exploit those to meet its overall strategic objective of continuing to provide high quality housing for older people. After a depreciation charge of £6.2m, the net book value of Bield's housing properties decreased from £121.0m to £117.7m.

Pensions

Bield is a member of the SHPS multi-employer defined benefit pension scheme and from 1 April 2019, the Association was able to recognise its share of the scheme assets and liabilities in line with FRS 102 with a liability of £15,052k at the end of 2018/19. The new defined benefit liability as at 31 March 2020 is £5,689k and has therefore resulted in a reduction in the net liability at 31 March of £9.4m.

Further detail in relation to the pension liability is recorded in Note 24 to the financial statements.



Investment Performance

Bield's investment portfolio, managed by Baillie Gifford & Co, is classed as a Current Asset rather than a Fixed Asset in the Statement of Financial Position. Although the investment portfolio is primarily held for the long term, it is anticipated that Bield may realise some of these investments in the short term in order to invest in both the current and new housing stock. Bield's portfolio had previously been subjected to turbulence in the global financial markets. The portfolio continued to stabilise across the year but changes at the end of the year relating to Covid -19 have had some impact. The valuation of the portfolio at the end of March had decreased by £0.15m from its 2019-20 level. Bield's Board monitors the performance of the investment portfolio with an emphasis on the longer term performance trend over a three to five year period.

Donations to Charitable Organisations

No charitable donations were made in the current year (2019: £1,000 – Lintel Trust).

Capital Structure and Treasury Management

Total reserves at the end of the year were £69.2m (2019: £57.8m) of which £69.1m (2019: £57.7m) related to the general Revenue Reserve. Long term borrowings at the period end have fallen to £2.0m (2019: £2.2m) due to the repayment of one of the variable rate loans and loan repayments made during the year. The gearing ratio of 2.9% (loans as a percentage of reserves) remains relatively low compared with other RSLs and well within Bield's ceiling of 30%. Bield has substantial unutilised security on its Statement of Financial Position. A new borrowing facility was entered into in 2019-20 this being a £1m loan from the Scottish Government. Cash balances increased during 2019-20 due to operational efficiencies and the underspend on planned and capital asset management costs during the year. The cash balance of £9.4m (2019: £5.0m) at the end of the financial year complies with the minimum (1 months turnover) specified in the Treasury Management Policy.

Bield's Treasury Management Policy is due for review in the 2020-21 year following a model policy developed by SFHA. It seeks to ensure that sufficient liquidity is available to meet foreseeable needs, surplus cash is invested prudently and financial risk is minimised. Treasury management activity is the responsibility of the Director of Finance & Resources, operating under the policy direction of the Board. In the current economic conditions, close scrutiny is rightly placed on this area of work.

The policy of Bield in the investing of surplus funds is to achieve a satisfactory return while minimising risk. In relation to borrowing, the policy is to ensure the stability of Bield's long-term financial position by borrowing on the most economically advantageous terms with a preference for fixed rate once the money raised has been committed to long term projects.

In previous years Bield had borrowings at both fixed and variable rates of interest. During the 2019-20 year the variable rate loans were repaid, at 31 March 2020, the percentage of fixed rate borrowing was 100% (2019: 52%) and the percentage of variable rate borrowing was 0% (2019: 48%), within the parameters set by the Board.

Payment of Creditors

Bield's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines.

Cash Flow

The net cash increase in 2019-20 was £4.4m compared to an increase of £4.7m in the previous year.

Bield ended the year with a positive reconciled cash balance of £9.4m (2019: £5.0m) which is more favourable than was budgeted as a result of the impact of Covid-19, timing of the reconfiguration of services and capital expenditure payments taking place.



Fixed Assets

The cost of Bield's housing properties after depreciation is £118m (2019: £121m). These have been funded principally through a combination of Housing Association Grant and other grants, private finance and internal resources. The market value of Bield's housing properties is substantially higher than the net book value and is sufficient to meet all asset value related loan covenants.

Reserves

Bield holds two principal reserves: a restricted reserve and a revenue reserve.

The restricted reserve mainly represents the restricted element of the Bield Housing Trust's assets transferred during 2009-10 along with the balance of monies received from a number of valued contributors, including specifically The Scottish Government People and Communities Fund, The Bank of Scotland Foundation and the R S Macdonald Charitable Trust.

The revenue reserve represents the accumulated annual surpluses of Bield. This reserve has been primarily invested in property assets let to tenants. This reserve has increased significantly since 2010 as a result of fundamental changes in accounting standards rather than an improvement in financial performance. Whilst it is understandable that readers of the financial statements interpret the level of reserves held as capacity to spend money, the requirement to satisfy loan covenants restricts the amount of reserves that can be released. The reserve is invested in property and is not held as cash.

25% of Bield's total reserves are represented by cash or liquid investments. These sums were historically built up to fund future anticipated investment in Bield's ageing housing stock and as a buffer against unforeseen emergencies.

Key Performance Indicators

The Board recognises the importance of monitoring performance against a range of internal targets as a means of measuring continuous improvement. A number of key performance indicators are included within the Business Strategy and are the subject of regular monitoring reports to the Board of Management and the Performance & Audit Committee.

The following summarises some of the key performance indicators for Bield:

	2019/20	2018/19	Internal Target
Operational:			
Reactive repairs carried out and completed right first time	93%	92%	90% or better
Social Housing Rent loss (Voids) due to empty properties during the year	2.73%	2.30%	Under 2.25%
Social Housing Rent arrears as a % of rent due	1.85%	1.9%	Under 1.75%
Staff sickness absence	6%	5.3%	3.5% or less
Financial:			
Quick ratio	313%	151%	Over 100%
Surplus as a proportion of turnover	7.6%	6.1%	Over 3%
Interest cover	4,640%	3,724%	110%

The Board considers Bield's overall performance to be satisfactory. The staff sickness absence indicator has worsened since prior year and failed to meet the internal target. A higher level of absence due to serious illness and psychological conditions have been experienced during the year. Additional training and resources have been committed to address these issues and there is a reduction in the overall levels post

year end. Voids performance has also worsened and missed internal target levels for the year. The losses are due to a high number of long-term voids at properties in difficult to let areas and those which have been removed from the letting pool in order to modernise and reconfigure. The Board continues to monitor other indicators including rent arrears and bad debts.

Going Concern

Bield's business activities, together with the factors likely to affect its future development, performance and position are set out within this Operating and Financial Review. The Operating and Financial Review also includes a review of the financial position of Bield, its cash flows, liquidity position and borrowing facilities.

Bield's financial projections demonstrate that Bield has the ability to meet its commitments in the short, medium and long-term. Therefore, the Board of Management believes that Bield is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Board will monitor the risk environment and consider all options to ensure that the 2018-23 Business Strategy is successfully delivered.

The impact of Covid19 on the business operations is being closely monitored to ensure that the risks are well managed and will not have a negative impact on the going concern assessment. The Board is updated on the impact of the pandemic on the business operations and potential long term impacts. Bield has sufficient cash resources with cash balances of £9.4m as well as investments of £5.0m that are available if required. There has been no impact on compliance requirements which are being met within the Covid19 regulations. As part of our normal business processes and in response to the Covid-19 crisis, additional in year reforecasts have been produced and our annual 30 year forecasts and stress testing scenarios have been amended to take into account the impact of the crisis.

The Board has a reasonable expectation that Bield has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements.

Internal Control

The Board is responsible for Bield's system of internal control and its effectiveness and therefore demands a strong control environment. However, the system is designed to manage rather than eliminate risk and therefore can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board through the Performance & Audit Committee has reviewed the effectiveness of Bield's internal financial controls and risk management for the year ended 31 March 2020. No significant weakness in the internal controls has occurred resulting in material losses, contingencies or uncertainties which require disclosure in the financial statements. The Board's full Statement on Internal Financial Controls is set out on page 21.

Awareness of Audit Information

The Board members who were in office on 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. Each of the Board Members has confirmed that they have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditors

In line with guidance issued by the Scottish Housing Regulator on the appointment of external auditors, the Board of Management undertook a procurement process for the provision of external audit services and at their meeting on 4th July 2019 appointed RSM to undertake the external audits from financial year 2019/20 for a period of 7 years.

By order of the Board of Management

Lesley Holdsworth
Chair of the Board of Management
21st October 2020

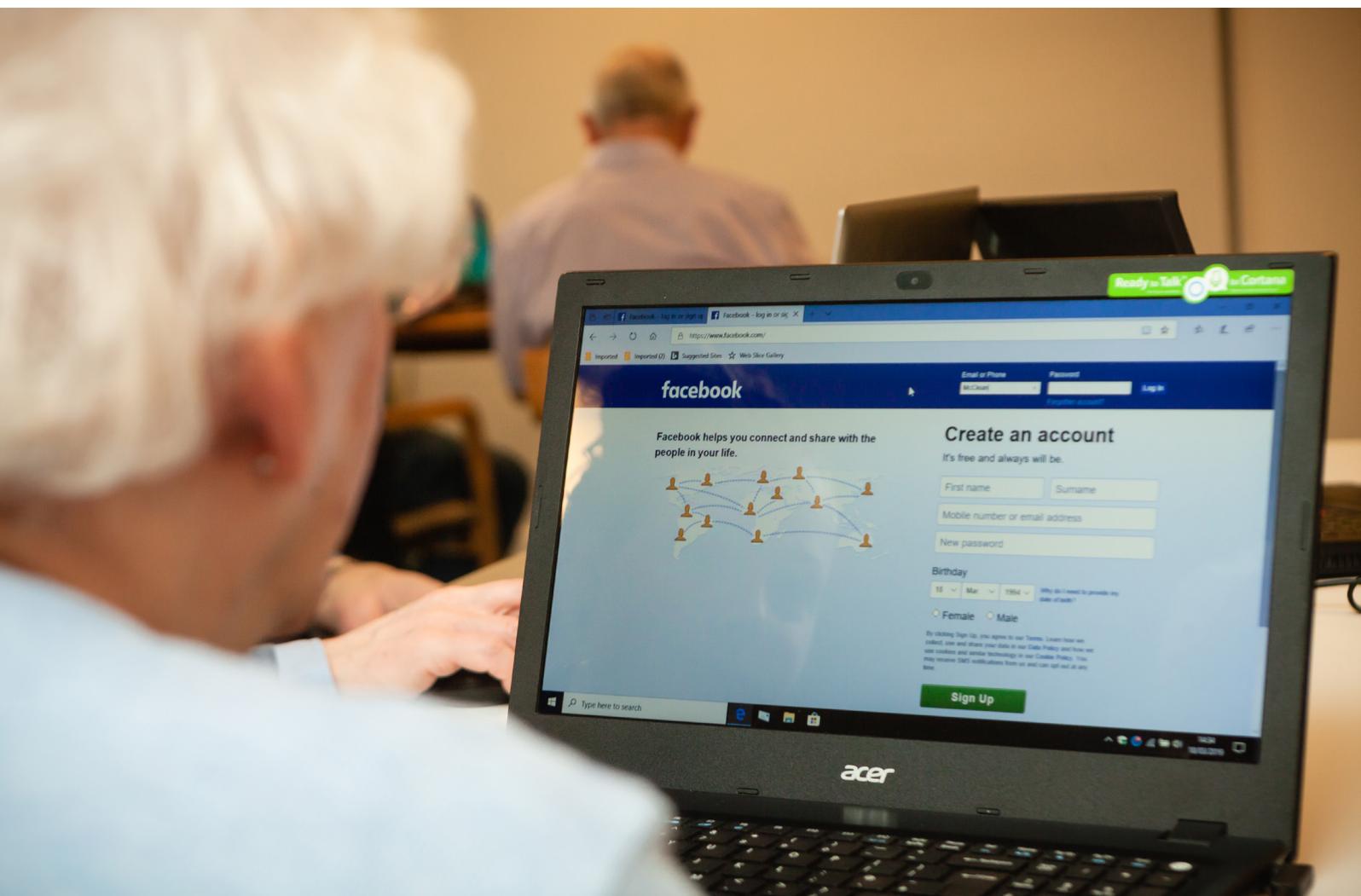
Statement of the Board’s Responsibilities

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 Bield and of the surplus or deficit for that period. In preparing these financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that Bield will continue in business.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of Bield and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, The Housing (Scotland) Act 2010 and the Accounting for Registered Social Landlords Statement of Recommended Practice 2018. It has general responsibility for taking reasonable steps to safeguard the assets of Bield and to prevent and detect fraud and other irregularities.



Board Statement on Internal Financial Controls

- The Board acknowledges its ultimate responsibility for ensuring that Bield has in place a system of controls that is appropriate to the various business environments in which it operates.
- The systems of internal financial control, which are under regular review, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute assurance, against material misstatement or loss.
- The key procedures which have been established and which are designed to provide effective internal financial control include:
 - Comprehensive budgeting systems with an annual budget approved by the Board of Management.
 - Regular consideration by the Board of Management of actual results compared with budgets, together with a forecast for the year. Significant variances from budgets are investigated, explained as appropriate and action taken as agreed.
 - An internal audit programme which is designed to cover the main business activities of Bield. The scope and content of this programme are reviewed by the Performance & Audit Committee. The independent professional internal auditor, who works closely with the external auditor, has direct access to the Performance & Audit Committee which receives the reports and agrees appropriate action plans.
 - Written scheme of delegation including details of delegated authority.
 - An assessment of the risk areas faced by Bield, with details of the control mechanisms in place to counteract that risk. The Performance & Audit Committee reports annually to the Board of Management on the effectiveness of the Risk Management procedures.
- The Performance & Audit Committee assists the Board in meeting its responsibility for ensuring that Bield's financial systems provide accurate and up to date information on its financial position and that the Annual Accounts represent a true and fair reflection of this position. The Committee also assists the Board by review of the accounting policies and internal financial controls. The internal and external auditors attend meetings of the Performance & Audit Committee at least once a year. The internal auditor has direct access to the Chair of the Performance & Audit Committee.
- The Board has reviewed the effectiveness of the system of internal financial controls. No weaknesses have been found which resulted in material losses, contingencies or uncertainties which require disclosure in the Financial Statements. Where weaknesses in internal financial controls are identified, appropriate remedial action is taken.
- These arrangements are considered appropriate to the scale and range of Bield's activities and comply with the requirements contained in the Scottish Housing Regulator's Guidance.

By order of the Board of Management

Lesley Holdsworth

Chair of the Board of Management

21st October 2020

Independent Auditor's Report

to the Members of Bield Housing & Care

Opinion

We have audited the financial statements of Bield Housing and Care (the Association) for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cashflows 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 FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2020 and of its 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 Bield Housing & Care in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board of Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 the Board's Responsibilities set out on page 20, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. 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 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
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QS
21st October 2020

Independent Auditor's Report

to the Members of Bield Housing & Care on Internal Financial Controls

In addition to our audit of the Financial Statements, we have reviewed your statement on page 21 concerning Bield Housing & Care'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 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 Bield Housing & Care and examination of relevant documents. The Bulletin does not require us to review the effectiveness of Bield Housing & Care'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 page 21 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 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
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QS

21st October 2020

Statement of Comprehensive Income

for the year ended 31 March 2020

	Notes	2020	2019		Total £'000
		Total £'000	Continuing Operations £'000	Discontinued Operations £'000	
Turnover	2	42,850	41,777	583	42,360
Operating expenditure	2	(38,126)	(38,466)	(1,268)	(39,734)
Gain/ (Loss) on disposal of fixed assets	9	(1,102)	128	(130)	(2)
Operating surplus/ (deficit)		3,622	3,439	(815)	2,624
Investment income and interest receivable	6	122	119	-	119
Interest and financing costs	7	(399)	(387)	-	(387)
Movement in fair value of current asset investments	14	(148)	267	-	267
Surplus/ (deficit) for the financial year		3,197	3,438	(815)	2,623
Other comprehensive income					
Initial recognition of multi-employer defined benefit pension scheme	24	-	(3,830)	-	(3,830)
Actuarial gains/ (losses) in respect of pension schemes	24	8,227	(2,937)	-	(2,937)
Total comprehensive income for the year		11,424	(3,329)	(815)	(4,144)

The results for the year relate to continuing activities along with the withdrawal from Registered Care Home activities which have been included as discontinued operations above in the previous financial years. Discontinued activities for the current year are disclosed in Note 3 as Closed Registered Care.

The accompanying notes on pages 29 to 54 form part of these financial statements.

Statement of Financial Position

as at 31 March 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible assets	11.A	101	189
Housing properties	11.B	117,726	121,017
Other fixed assets	11.C	6,098	6,094
		<u>123,925</u>	<u>127,300</u>
CURRENT ASSETS			
Properties held for sale	12	4,623	5,958
Trade and other debtors	13	1,147	1,364
Current asset investments	14	5,244	5,390
Cash and cash equivalents		9,435	5,014
		<u>20,449</u>	<u>17,726</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	15	<u>(7,307)</u>	<u>(7,777)</u>
NET CURRENT ASSETS		<u>13,142</u>	<u>9,949</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>137,067</u>	<u>137,249</u>
Creditors: amounts falling due after more than one year	16	(62,122)	(64,350)
Provision for pension liability	19	(70)	(85)
Pension - defined benefit liability	24	(5,689)	(15,052)
TOTAL NET ASSETS		<u>69,186</u>	<u>57,762</u>
RESERVES			
Revenue reserve		69,131	57,662
Restricted reserve		55	100
TOTAL RESERVES		<u>69,186</u>	<u>57,762</u>

The financial statements were approved by the Board of Management and authorised for issue on 21st October 2020 and are signed on its behalf by:

LESLEY HOLDSWORTH ROBERT FERNIE
Members of the Board of Management

CLARE BEESLEY
Company Secretary

The accompanying notes on pages 29 to 54 form part of these financial statements

Statement of Changes in Reserves

for the Year Ended 31 March 2020

	Restricted Reserve £'000	Revenue Reserve £'000	Total Reserves £'000
Balance at 1 April 2018	153	61,753	61,906
Surplus for year	-	2,623	2,623
Initial recognition of multi-employer DB pension scheme	-	(3,830)	(3,830)
Actuarial losses in respect of pension schemes	-	(2,937)	(2,937)
Transfer from/ (to) Income & Expenditure Account	7	(7)	-
Transfers (to)/ from Income & Expenditure Account	(60)	60	-
Balance at 31 March 2019	100	57,662	57,762

	Restricted Reserve £'000	Revenue Reserve £'000	Total Reserves £'000
Balance at 1 April 2019	100	57,662	57,762
Surplus for year	-	3,197	3,197
Actuarial gains in respect of pension schemes	-	8,227	8,227
Transfer (to)/ from Revenue Reserve	(45)	45	-
Balance at 31 March 2020	55	69,131	69,186

Statement of Cashflows

for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Net cash generated from operating activities	21	8,896	5,934
Cash Flow from Investing Activities:			
Purchase of tangible and intangible fixed assets		(4,426)	(3,497)
Purchase of current asset investments		-	(1)
Net proceeds from sale of tangible fixed assets		99	2,346
Proceeds from sale of current asset investments		-	-
Interest received		122	119
Net Cash (used) in Investing Activities		(4,205)	(1,033)
Cash Flow from Financing Activities:			
Interest paid		(69)	(70)
Repayments of borrowings		(1,201)	(125)
Drawdown of New Loans		1,000	-
Net Cash (used) in Financing Activities		(270)	(195)
Net Increase in Cash and Cash Equivalents		4,421	4,706
Cash and Cash Equivalents at Beginning of Year		5,014	308
Cash and Cash Equivalents at End of Year		9,435	5,014

The cash and cash equivalents are made up of bank accounts held at the year end.

Reconciliation of net cash flow to movement in net debt

	2020 £'000	2019 £'000
Increase in cash	4,421	4,706
New borrowings	(1,000)	-
Repayments of borrowings	1,201	125
Net cash inflow from operating activities	4,622	4,831
Net cash/ (debt) at 1 April	2,791	(2,040)
Net cash/ (debt) at 31 March	7,413	2,791
Cash at bank	9,435	5,014
Loan finance	(2,022)	(2,223)
Net cash at 31 March	7,413	2,791

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

Bield is registered in Scotland under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Scottish Housing Regulator (Registration No. HEP 71) under the Housing (Scotland) Act 2010. Bield has charitable status with HM Revenue & Customs (Charity Number SC006878) and is eligible for exemptions from corporation tax on charitable activities.

The address of Bield's registered office and principal place of business is provided on page 3 of these financial statements.

The principal activity of Bield is providing a diverse range of housing, care and other services to older people. The nature of these operations is explained more fully in the Overview of Business in the Operating and Financial Review (pages 4 – 19).

Bield is a Public Benefit Entity in accordance with the definition set out in FRS 102.

ACCOUNTING BASIS

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention, modified to include certain financial instruments at fair value. The financial statements are prepared in sterling (£) and rounded to the nearest £'000 unless where otherwise stated.

After making enquiries, the Board has reasonable expectation that Bield has adequate resources to continue operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

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 may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the economic useful life estimates of the components of housing properties.

Management reviews its estimate of the useful lives of depreciable components at each reporting date based on industry standards and actual usage experienced. For impairment purposes of housing stock, a cash generating unit is deemed to be an individual housing unit.

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 19). The net defined benefit pension liability at 31 March 2020 was £5,689k, (2018/19: £15,052k.)

A key estimate is in relation to recoverability of rent arrears. Management considers the likelihood of recovery on a regular basis and has robust processes in place to pursue outstanding amounts. Provision is made for former tenant arrears and where the arrears are over one year old.

Gain/losses on sale of fixed assets are treated as part of operating activities and are therefore included in reaching operating surplus.

For the purposes of determining the shared ownership operating costs for letting activities, costs are allocated on a unit basis as it is not always possible to determine the shared ownership portion of the overall social housing costs.

TURNOVER

Turnover represents rental and service charge income receivable (net of voids), fees from BR24, care and meals services, income from shared ownership first tranche sales, revenue grants and donations. Income is recognised over the period where services are delivered. Tenant service charges are levied on a basis intended to cover appropriate service costs each year. Income collected where Bield is acting as an agent is not included in turnover.

SALE OF HOUSING PROPERTIES

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale.

FIXED ASSETS – INTANGIBLE ASSETS

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life of three years, on a straight line basis and recognised in operating costs within the Statement of Comprehensive Income.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

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 cost less accumulated depreciation and impairment losses.

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

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

Works to existing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income.

The major components are deemed to be Land, Structure, Kitchen, Bathroom, Windows & Doors, Heating, Lift, Fire Alarm, Warden Call and Communal Lighting. Each component has a substantially different economic life and is depreciated over this individual life. Depreciation rates are shown below.

HOUSING ASSOCIATION GRANT

Housing Association Grant (HAG) is payable by the Scottish Government, City of Edinburgh Council and Glasgow City Council. 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. Where costs are not funded by HAG, the residual finance is sought from other sources or is funded internally.

HAG received for housing properties is recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) on a pro-rata basis under the accruals model.

On disposal of an asset for which HAG 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 the liability is included in the Statement of Financial Position.

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

DEPRECIATION

(i) Intangible assets:

Amortisation is charged on a straight line basis over its estimated useful life as follows:

ICT Software	3 years
--------------	---------

(ii) Housing properties:

Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows:

Structure	50 years
Kitchen	18 - 20 years
Shower & Bathroom	15 - 30 years
Windows & Doors	25 years
Heating	10 - 20 years
Lift	25 years
Fire Alarm	15 years
Warden Call	10 years
Communal Lighting	15 years
Land is not depreciated	

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, Bield 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 operating costs 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 as income. 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.

(iii) Other fixed assets:

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is charged on a straight line basis as follows:

Office Premises	50 years
Office Fixtures & Fittings	10 years
Furniture & ICT Equipment	3 years
Motor Vehicles	5 years
Community Alarm Units	5 years

The office premises are held under a cost model with no revaluation. Expenditure less than £1,000 is not capitalised. Any costs related to the employment of staff specifically to manage ICT capital projects are capitalised.

STOCK

Stock of housing properties is stated at the lower of cost and net realisable value and is recognised under current assets.

SHARED OWNERSHIP

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. Proceeds from first tranche disposals of shared ownership properties are accounted for in the Statement of Comprehensive Income of the period in which the disposal occurs and are recognised as Turnover. The cost of disposal of first tranche disposals is included within Operating Costs. The cost of sales is calculated on a square footage basis of each property. The first tranche element of any unsold properties is shown as a current asset within stock.

RESTRICTED RESERVES

A restricted reserve is held where funds are subject to conditions specified by a third party. Bield holds one restricted reserve in relation to donations received and where the use of those funds is limited to a specific purpose. Further restricted reserves will be created as required. Further explanation of the reserves held is given on page 17.

RETIREMENT BENEFITS

Bield participates in two industry wide, multi-employer defined benefit pension schemes, the Social Housing Pension Scheme (SHPS) and the Growth Plan, and a defined contribution scheme. For the defined contribution scheme 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.

For the defined benefit schemes 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as a remeasurement of net defined benefit liability.

The cost of the defined benefit plan, recognised in the Statement of comprehensive income (SoCI) as employee costs, except where included in the cost of an asset, comprises:

- i. the increase in pension benefit liability arising from employee service during the period; and
- ii. the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the SoCI as 'Interest and financing costs'.

For the Growth Plan, current service contributions are recognised in income and expenditure in the period to which they relate as there is insufficient information available to use defined benefit accounting. A liability is recognised for contributions arising from an agreement with the multi-employer plan that determines how the RSL will fund a deficit. This is included within provisions for pensions liability in the financial statements.

FINANCIAL INSTRUMENTS

Bield 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 Bield becomes a party to the contractual provisions of the instrument, and are offset only when Bield 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.

Financial assets

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 income and expenditure as 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 the Statement of Comprehensive Income.

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. Borrowings with no rate of interest are regarded as concessionary loans and are measured at the amount payable or receivable.

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.

VALUE ADDED TAX

Bield is VAT registered, however a large proportion of income, namely rents, is exempt for VAT purposes therefore giving rise to a Partial Exemption calculation. Consequently little VAT paid is recoverable and expenditure is therefore shown inclusive of VAT. Any VAT recovered is offset against operating costs.

INVESTMENTS

Investment income is recognised when due and receivable. Investments are stated at fair value which is the quoted bid price of trade investments quoted on a recognised stock exchange. All gains or losses on valuation are reflected through the Statement of Comprehensive Income.

OPERATING LEASE RENTALS

Operating lease rentals are charged on a straight-line basis over the term of the lease.

DEPOSITS AND LIQUID RESOURCES

Cash comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

PROVISIONS

Provisions are recognised when Bield 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.

GOING CONCERN POLICY

Bield has sufficient cash resources with cash balances of £9.4m as well as investments of £5m that are available if required. There has been no impact on compliance with loan covenants and all compliance requirements are being met within the COVID-19 regulations. As part of our normal business processes and in response to the COVID-19 crisis, additional in-year re-forecasts have been produced and our annual 30 year forecasts and stress testing scenarios have been amended to take into account the impact of the crisis.

2. Particulars Of Turnover, Operating Costs And Operating Surplus Or Deficit

	Notes	2020		2019
		Turnover £'000	Operating Costs £'000	Operating Surplus £'000
Affordable letting activities	3	35,521	(30,038)	5,483
Other activities	4	7,329	(8,088)	(759)
		42,850	(38,126)	4,724
(Loss) on sale of Fixed assets	9	(1,102)	-	(1,102)
Total 2019/20		41,748	(38,126)	3,622
Total for previous reporting period 2018/19		42,360	(39,734)	2,624

3. Particulars Of Turnover, Operating Costs And Operating Surplus Or Deficit From Affordable Letting Activities

	2020				2019	
	General Needs Social Housing £'000	Supported Social Housing Accommodation £'000	Closed Registered Care £'000	Shared Ownership Housing £'000	Total £'000	Total £'000
Rent receivable net of service charges	676	23,319	-	426	24,421	18,189
Service charges	51	8,906	-	118	9,075	14,285
Gross income from rents and service charges	727	32,225	-	544	33,496	32,474
Less voids	(9)	(1,062)	-	(142)	(1,213)	(1,145)
Net income from rents and service charges	718	31,163	-	402	32,283	31,329
Grants released from deferred income	-	2,825	54	75	2,953	3,094
Revenue grants from Scottish Ministers	-	284	-	-	284	7
Total turnover from affordable letting activities	718	34,272	54	477	35,521	34,430
Management and maintenance administration costs	(138)	(5,348)	(226)	(175)	(5,887)	(6,515)
Service costs	(255)	(10,142)	(103)	(322)	(10,822)	(12,492)
Planned and cyclical maintenance including major repairs costs	(67)	(2,676)	-	(84)	(2,827)	(3,139)
Reactive maintenance costs	(100)	(4,031)	-	(127)	(4,258)	(2,843)
Bad debts - rents and service charges	(1)	(49)	-	(2)	(52)	(20)
Depreciation of affordable let properties	(146)	(5,879)	(46)	(121)	(6,192)	(6,186)
Impairment of affordable let properties	-	-	-	-	-	(153)
Operating Costs for affordable letting activities	(707)	(28,125)	(375)	(831)	(30,038)	(31,348)
Operating surplus/ (deficit) for affordable letting activities	11	6,147	(321)	(354)	5,483	3,082
Operating surplus (deficit) for affordable letting activities for previous reporting period	89	3,935	(685)	(257)	3,082	

During 2017, the Board took a strategic decision to withdraw from the provision of Registered Care Homes. This withdrawal was fully completed during the 2018-19 financial year. All discontinued activities included within 2020 relate to the holding costs of closed assets formerly assigned to the Care Home estate while waiting redevelopment.

4. Particulars Of Turnover, Operating Costs And Operating Surplus Or Deficit From Other Activities

	2020								2019
	Grants From Scottish Ministers £'000	Other revenue grants £'000	Supporting people income £'000	Other income £'000	Total turnover £'000	Operating costs bad debts £'000	Other Operating costs £'000	Operating surplus or deficit £'000	Operating deficit for prior period £'000
Support activities	-	-	-	-	-	-	-	-	(42)
Care activities (excluding Care Homes)	-	2,553	-	252	2,805	(3)	(2,645)	157	355
Contracted out services undertaken for other orgs	-	-	-	1,480	1,480	-	(1,379)	101	10
Community alarm, letting of communal facilities	-	-	-	1,421	1,421	-	(1,480)	(59)	161
Business development activities	-	-	-	72	72	-	-	72	(444)
Business strategy/transformation	-	-	-	-	-	-	(1,014)	(1,014)	(824)
First tranche shared ownership sales	-	-	-	1,551	1,551	-	(1,567)	(16)	309
Pension scheme change of assumptions	-	-	-	-	-	-	-	-	19
Total from other activities	-	2,553	-	4,776	7,329	(3)	(8,085)	(759)	(456)
Total from other activities for the previous reporting period	-	3,131	361	4,438	7,930	5	(8,391)	(456)	

The Accounting Determination includes additional information lines to that shown in notes 3 and 4 above.

The Board does not feel that any additional information is required with regard to these notes.

5. Units Under Development And In Management

	Units In Management	
	2020 Units	2019 Units
General Needs Housing	127	121
Supported Housing:		
Sheltered/Very Sheltered/Amenity/Retirement Care	4,304	4,306
	-	-
	4,431	4,427
Shared ownership	160	187
Private housing under management:		
Wholly owned	743	787
Agency & Resident Staff	47	37
	790	824
Total units under development and in management	5,381	5,438

6. Interest Receivable And Similar Income

	2020 £'000	2019 £'000
Interest on bank deposits	28	14
Income from listed investments	94	105
	122	119

7. Interest Payable And Similar Charges

	2020 £'000	2019 £'000
Interest arising on:		
Bank loans and overdrafts	69	70
Unwinding of discount factor	1	2
Net interest expense on defined benefit pension	329	315
	399	387

8. Operating Surplus Or Deficit

	2020 £'000	2019 £'000
Operating surplus is stated after charging/(crediting):		
Depreciation of housing properties	6,192	6,187
Amortisation of intangible fixed assets	58	89
Depreciation of other tangible fixed assets	343	387
Impairment of housing properties	-	153
Operating lease rentals	61	105

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	2020 £'000	2019 £'000
Audit services - statutory audit of the Association	23	24
Other services	-	-
	23	24

9. Surplus Or Deficit On Disposal Of Fixed Assets

	2020 £'000	2019 £'000
Other Assets: loss on sale	(4)	-
Housing Properties: sale proceeds	99	2,346
Less Deferred HAG/HAG Repaid	-	(1,725)
Less: Net Book Value	(1,050)	(583)
Disposal of Housing Properties Components	(20)	(40)
Housing Properties: (loss) on disposal	(971)	(2)
Disposal of Intangible assets	(127)	-
	(1,102)	(2)

The components disposal arose due to the earlier than scheduled replacement of some items.

10. Employees

The average monthly number of full time equivalent persons employed by the Association (including Directors) during the year was:

	2020 No.	2019 No.
Office and management/Administration	135	168
Scheme based staff	333	371
	468	539

Staff costs for the above persons:

	2020 £'000	2019 £'000
Wages and salaries	12,647	13,967
Social security costs	856	1,014
Pension costs	543	2,007
Agency staff	484	504
Redundancy payments	198	732
	14,728	18,224

Changes in the method of accounting for pension past deficit payments in the previous year has lead to a reduction in the payments attributed against salary costs.

The Directors (Key Management Personnel) are defined as the members of the Board of Management, the Chief Executive and any other member of the Senior Management Team. No emoluments were paid to any member of the Board of Management during the year.

The number of Directors who received emoluments (excluding employers' pension contributions) in excess of £60,000 during the reporting period fell within the following bands:

	2020 No.	2019 No.
£60,001 - £70,000	-	-
£70,001 - £80,000	2	1
£80,001 - £90,000	-	2
£90,001 - £100,000	1	-
£100,001 - £110,000	-	1
	3	4

Aggregate emoluments for the above Directors (excluding pension contributions and including benefits in kind)

Aggregate pension contributions in relation to the above Directors

Aggregate benefits in kind in relation to the above Directors

The emoluments for the Chief Executive (excluding pension contributions)

The pension contributions for the Chief Executive

Total emoluments for the Chief Executive

	2020 £'000	2019 £'000
	244	358
	12	20
	7	15
	118	109
	5	6
	123	115

11.A Intangible Fixed Assets

	Software £'000
Cost:	
1 April 2019	318
Additions	97
Disposals	(127)
31 March 2020	<u><u>288</u></u>
Amortisation and impairment	
1 April 2019	(129)
Amortisation charged in year	(58)
Released on disposal	-
31 March 2020	<u><u>(187)</u></u>
Net book value	
31 March 2020	<u><u>101</u></u>
31 March 2019	<u><u>189</u></u>

Three individuals held the office of Chief Executive in the year and the disclosure in relation to this represents the aggregate emoluments payable to these 3 individuals.

Total expenses reimbursed to Directors and to Board of Management members in so far not chargeable to Income Tax were £12,531 (2019: £6,676).

All benefit in kinds relate to motor vehicles.

No loans were made to Board members, officers or employees during the year.

11.B. Tangible Fixed Assets – Housing Properties

	Social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Shared ownership housing properties under construction £'000	Total housing properties £'000
Cost:					
1 April 2019	229,118	123	6,135	-	235,376
Additions	-	105	-	-	105
Works to existing properties	3,868	-	-	-	3,868
Disposals	(3,312)	-	(512)	-	(3,824)
Transfers to properties for letting	-	-	-	-	-
Schemes completed	-	-	-	-	-
31 March 2020	229,674	228	5,623	-	235,525
Depreciation and impairment					
1 April 2019	(112,930)	-	(1,429)	-	(114,359)
Depreciation charged in year	(6,072)	-	(121)	-	(6,193)
Impairment charged in year	-	-	-	-	-
Released on disposal	2,378	-	375	-	2,753
31 March 2020	(116,624)	-	(1,175)	-	(117,799)
Net book value					
31 March 2020	113,050	228	4,448	-	117,726
31 March 2019	116,188	123	4,706	-	121,017

Expenditure On Works To Existing Properties

	2020 £'000	2019 £'000
Improvement work capitalised	-	36
Replacement component spend capitalised	3,868	3,022
Amounts charged to statement of comprehensive income	2,827	3,139
Total major repairs spend	6,695	6,197

Bield considers each development to be a separate cash generating unit when assessing for impairment, in accordance with SORP 2018. Land with a value of £8.2m is included in the cost note above.

11.C. Tangible Fixed Assets – Other

	Freehold property £'000	Computers and office equipment £'000	Furniture fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
1 April 2019	7,638	4,464	303	108	12,513
Additions	1	355	-	-	356
Disposals	-	-	(9)	(48)	(57)
31 March 2020	7,639	4,819	294	60	12,812
Depreciation and impairment					
1 April 2019	(1,803)	(4,248)	(260)	(108)	(6,419)
Depreciation charged in year	(136)	(197)	(10)	-	(343)
Released on disposal	-	-	-	48	48
31 March 2020	(1,939)	(4,445)	(270)	(60)	(6,714)
Net book value					
31 March 2020	5,700	374	24	-	6,098
31 March 2019	5,835	216	43	-	6,094

12. Properties For Sale

	2020 £'000	2019 £'000
Shared ownership properties	-	-
Completed properties	4,623	5,958
Work in progress	-	-
Completed properties	4,623	5,958

13. Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Rent and service charges receivable	799	853
Less: provision for bad and doubtful debts	(278)	(305)
	521	548
Other debtors	196	300
Prepayments and accrued income	422	516
Other taxation and social security costs	8	-
	1,147	1,364

14. Current Asset Investments

	2020 £'000	2019 £'000
Valuation at 1 April 2019	5,390	5,122
Additions in year	117	1
Disposals in year	(115)	-
Unrealised (loss)/ gain	(148)	267
Valuation at 31 March 2020	5,244	5,390

15. Creditors: Amounts Falling Due Within One Year

	2020 £'000	2019 £'000
Debt (note 18)	342	1,200
Rent and service charges received in advance	321	299
Other grants received in advance	14	11
Deferred capital grants (note 17)	2,954	3,022
Trade creditors	1,981	1,652
Other taxation and social security costs	-	398
Other creditors	72	470
Accruals and deferred income	1,623	725
	7,307	7,777

16. Creditors: Amounts Falling Due After More Than One Year

	2020 £'000	2019 £'000
Loans (note 18)	1,680	1,023
Deferred capital grant (note 17)	60,442	63,327
	62,122	64,350

17. Deferred Capital Grant

	2020 £'000	2019 £'000
As at 1 April 2019	66,349	70,122
Capital grant abated	-	(679)
Capital grant released	(2,953)	(3,094)
As at 31 March 2020	63,396	66,349
Amounts to be released within one year	2,954	3,022
Amounts to be released in more than one year	60,442	63,327
	63,396	66,349

18. Debt Analysis - Borrowings

	2020 £'000	2019 £'000
Being Loans falling due:		
Within one year	342	1,200
After more than one year	1,680	1,023
	2,022	2,223
Based on the lender's earliest repayment date, borrowings are repayable as follows:		
Due within one year	342	1,200
Due in one year or more but less than two years	352	142
Due between two and five years	1,128	493
Due in more than five years	200	388
	2,022	2,223
Bank loans:		
Fixed Rate	2,022	1,155
Variable Rate	-	1,068
	2,022	2,223
Interest rates for year:		
Fixed	3.29%	4.14%
Variable	1.69%	1.69%
Overall	3.16%	3.02%

Total security of £8.64m is held by lenders, made up of 258 housing units.

The entity has entered into one concessionary loan arrangement in the year with The Scottish Government for £1m. Interest is not payable on this loan, and is repayable in five equal instalments ending March 2025. £200k is payable within one year and £800k is payable after one year.

19. Provisions For Pension Liability - Growth Plan

	£'000
1 April 2019	85
Unwinding of the discount factor	1
Deficit contribution paid	(14)
Remeasurements - impact of any change in assumptions	(2)
Remeasurements - amendments to the contribution schedule	-
31 March 2020	70

The provision represents the net present value of the commitment to the multi-employer pension schemes in respect of past deficits. See Note 25 Retirement Benefits for further information.

20. Share Capital

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

	2020 Number	2019 Number
Number of members		
1 April 2019	83	82
Joined during the year	5	4
Left during year	(4)	(3)
31 March 2020	84	83

21. Reconciliation Of Surplus To Net Cash Generated From / (Used In) Operations

	2020 £'000	2019 £'000
Surplus for the year	3,197	2,623
Adjustments for non-cash items:		
Depreciation and amortisation of tangible and intangible fixed assets	6,594	6,663
Impairment losses on tangible fixed assets	-	153
Amounts released from deferred capital grant	(2,954)	(3,094)
Defined benefit pension schemes	(1,465)	(1,166)
Decrease in provisions	(15)	-
Loss on disposal of other fixed assets	130	-
(Loss on disposal of tangible fixed assets	972	2
Fair value movement of current asset investments	148	(267)
Interest receivable	(122)	(119)
Interest payable	399	387
Operating cash flows before movements in working capital	6,884	5,182
Movement in properties held for sale	1,335	1,337
Decrease in trade and other debtors	215	162
Increase/ (Decrease) in trade and other creditors	462	(747)
Cash generated from operations	8,896	5,934

22 . Capital Commitments And Other Contractual Obligations

	2020 £'000	2019 £'000
Capital expenditure approved but not contracted for in the financial statements	2,028	5,838
Capital expenditure contracted for but not provided in the financial statements	-	147

23. Commitments Under Operating Leases

The total future minimum payments under non-cancellable operating leases are as follows:

	2020 £'000	2019 £'000
Amounts due:		
Within one year	29	46
Between one and five years	24	53
	53	99

24. Retirement Benefits – SHPS Scheme

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 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 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

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.

Under the defined benefit pension accounting approach, the SHPS net deficit was £15,052k as at 31 March 2019 and at 31 March 2020 is now £5,689k.

FAIR VALUE OF PLAN ASSETS, PRESENT VALUE OF DEFINED BENEFIT OBLIGATION, AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2020 £000s	31 March 2019 £000s
Fair value of plan assets	48,039	46,455
Present value of defined benefit obligation	53,728	61,507
Surplus (deficit) in plan	(5,689)	(15,052)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(5,689)	(15,052)

24. Retirement Benefits – SHPS Scheme (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	31 March 2020 £000s	31 March 2019 £000s
Defined benefit obligation at start of period	61,507	58,879
Current service cost	261	406
Expenses	54	52
Interest expense	1,388	1,469
Member contributions	225	237
Actuarial losses (gains) due to scheme experience	54	(172)
Actuarial losses (gains) due to changes in demographic assumptions	(562)	183
Actuarial (gains) losses due to changes in financial assumptions	(6,574)	3,579
Benefits paid and expenses	(2,625)	(3,126)
Defined benefit obligation at end of period	53,728	61,507

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	31 March 2020 £000s	31 March 2019 £000s
Fair value of plan assets at start of period	46,455	45,945
Interest income	1,059	1,154
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	1,145	653
Employer contributions	1,780	1,592
Member contributions	225	237
Benefits paid and expenses	(2,625)	(3,126)
Fair value of plan assets at end of period	48,039	46,455

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2019 to 31 March 2020 was £2,204,000.

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)

	31 March 2020 £000s	31 March 2019 £000s
Current service cost	261	406
Expenses	54	52
Net interest expense	329	315
Defined benefit costs recognised in Statement of Comprehensive Income (SoCl)	644	773

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	31 March 2020 £000s	31 March 2019 £000s
Experience on plan assets (excluding amounts included in net interest cost) - gain	1,145	653
Experience gains and losses arising on the plan liabilities – (loss) gain	(54)	172
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	562	(183)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	6,574	(3,579)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	8,227	(2,937)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-	-
Total amount recognised in Other Comprehensive Income - gain (loss)	8,227	(2,937)

24. Retirement Benefits – SHPS Scheme (continued)

ASSETS

	31 March 2020 £1,000	31 March 2019 £1,000
Global Equity	7,026	7,817
Absolute Return	2,505	4,020
Distressed Opportunities	925	844
Credit Relative Value	1,318	850
Alternative Risk Premia	3,359	2,679
Fund of Hedge Funds	28	209
Emerging Markets Debt	1,455	1,603
Risk Sharing	1,622	1,403
Insurance-Linked Securities	1,475	1,332
Property	1,058	1,046
Infrastructure	3,575	2,436
Private Debt	968	623
Opportunistic Illiquid Credit	1,163	-
Corporate Bond Fund	2,739	2,168
Liquid Credit	20	-
Long Lease Property	831	683
Secured Income	1,823	1,663
Over 15 Year Gilts	-	-
Index Linked All Stock Gilts	-	-
Liability Driven Investment	15,943	16,990
Net Current Assets	206	89
Total assets	48,039	46,455

KEY ASSUMPTIONS

	31 March 2020 % per annum	31 March 2019 % per annum
Discount Rate	2.39%	2.29%
Inflation (RPI)	2.65%	3.30%
Inflation (CPI)	1.65%	2.30%
Salary Growth	2.65%	3.30%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	Life expectancy at age 65 (Years)
Male retiring in 2020	21.5
Female retiring in 2020	23.3
Male retiring in 2040	22.9
Female retiring in 2040	24.5

25. Retirement Benefits – Growth Plan

SCHEME: TPT Retirement Solutions – The Growth Plan

The company participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

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

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.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

DEFICIT CONTRIBUTIONS

From 1 April 2019 to 31 January 2025:	£11,243,000 per annum	(payable monthly and increasing by 3% each on 1st April)
---------------------------------------	-----------------------	--

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

DEFICIT CONTRIBUTIONS

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum	(payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum	(payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Notes to the Financial Statements

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

PRESENT VALUES OF PROVISION

	31 March 2020 £	31 March 2019 £	31 March 2018 £
Present value of provision	70,183	85,138	116,954

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2020 £	Period Ending 31 March 2019 £
Provision at start of period	85,138	116,954
Unwinding of the discount factor (interest expense)	1,077	1,872
Deficit contribution paid	(14,129)	(15,071)
Remeasurements - impact of any change in assumptions	(1,903)	778
Remeasurements - amendments to the contribution schedule	-	(19,395)
Provision at end of period	70,183	85,138

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2020 £	Period Ending 31 March 2019 £
Interest expense	1,077	1,872
Remeasurements – impact of any change in assumptions	(1,903)	778
Remeasurements – amendments to the contribution schedule	-	(19,395)
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

ASSUMPTIONS

	31 March 2020 % per annum	31 March 2019 % per annum	31 March 2018 % per annum
Rate of discount	2.53%	1.39%	1.71%

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

26. Contingent Liabilities

At 31 March 2020, the Board of Management was not aware of any contingent liabilities (2019: £nil) with the exception of those referred to in the pension notes 24 and 25 and none has emerged since.

The Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30 September 2019. As of this date the estimated employer debt for The Association was £49,633,914. It has also been notified of the estimated employer debt on withdrawal from the Growth Plan as at 30 September 2019 was £162,934 based on the financial position of the Plan.

27. Related Party Transactions

- (i) One current member of the Board of Management, held a tenancy with Bield during the year. All tenancies are Scottish secure tenancies and were granted under Bield's allocations policy, with rent under normal terms. During the year £6,459 (2019: £7,090) of rent and service charge was receivable from this tenant member. At the year end there was £nil (2019: £nil) of arrears due from this tenant member. No guarantees have been given or received. No expense has been recognised in the year (2019: £nil) in respect of bad debts from related parties.
- (ii) Bield holds £1,141,236 (2019: £1,197,799) in trust for developments relating to owner occupiers.





Bield Housing & Care

Registered Office
79 Hopetoun Street
Edinburgh EH7 4QF
Tel: 0131 273 4000
Fax: 0131 557 6327

Craighall Business Park
7 Eagle Street
Glasgow G4 9XA
Tel: 0141 270 7200
Fax: 0141 331 2686

1 Bonnethill Gardens
1 Caldrum Terrace
Dundee DD3 7HB
Tel: 01382 228911
Fax: 01382 224088

Email: info@bield.co.uk
Website: www.bield.co.uk
Scottish Charity SC006878
Property Factor Registration
PF000146

