



Annual Report  
Year ended 31 March 2019

**Scottish Charity number SC006035**

**Registered Society number 1767R(S)**

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**Board of Management**

Graham Waddell  
Ben Dale  
Alison Freshwater  
Janet Hamblin  
Julie Jackson  
Richard Jennings  
John McGuigan  
Stephen Oswald  
David Robertson  
Pamela Scott  
Andrew Winstanley

**Chair**

(appointed 1 April 2018)

(resigned 1 May 2018)

**Executives**

Richard Jennings  
Chris Thomson  
Sarah Ogden

Managing Director  
Director of Property Services  
Director of Customer Experience

Chris Martin

Company Secretary

**Registered Office**

1 Hay Avenue  
Craigmillar  
Edinburgh  
EH16 4RW

**Solicitors**

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

**Registered Auditors**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

**Bankers**

Barclays Bank  
38 Fishergate  
Preston  
PR1 2AD

**Registration of the Association**

Castle Rock Edinvar Housing Association is a Registered Social Landlord (HEP106) and is registered under the Cooperative and Community Benefit Societies Act 2014 (Registered Number 1767R(S)). It also has charitable status (Scottish Charity No. SC006035).

Castle Rock Edinvar is a member of the Places for People Group. The Places for People Group is registered under the Housing and Regeneration Act 2008 (number L4236) and under the Companies Act (number 3777037).

The Board is pleased to present its report and Financial Statements for the year ended 31 March 2019.

### Places for People Group

Places for People Group ("the Group") is a placemaker like no other. We believe that places work when they work for everyone. Our Group of companies has the expertise and capability to create and manage entire places - from development and construction to multi-tenure management, right across the UK.

At the core of our broad placemaking offer is a long-term commitment to the sustainability of places. We provide homes and services at every stage of people's lives, from student accommodation and homes for first time buyers right through to retirement villages. We aim to provide options for as many people as possible including different age groups, financial circumstances and life stages.

### Vision, mission and values

Places for People Group's vision is *"Creating places that work for everyone."* We review this vision each year. It reflects our core belief that places work when they work for everyone. We want all the places we create and manage to be places that work, now and in the future.

The Group wide mission statement is *"More homes. Sustainable places. Valued services."* This vision and mission encapsulates the Group's long-term commitments to its creating and managing places that work for everyone. The mission statement for the Affordable Housing businesses is *"To create and maintain sustainable neighbourhoods delivering services efficiently and effectively to maximise the surplus per property"*

### Principal activities of Castle Rock Edinvar

Castle Rock Edinvar is a Scottish Registered Social Landlord (RSL) and Scottish Charity with its registered office in Edinburgh. It is a leading Scottish RSL both in scale and significance and considered by the Scottish Housing Regulator as being of systemic importance. Castle Rock Edinvar is one of five Registered Social Landlords in the Places for People Group.

The aim of Castle Rock Edinvar and its subsidiary, Places for People Scotland, is to be a successful Scottish place management business harnessing the combined strengths of the Group and the local Scottish companies.

Together Castle Rock Edinvar and Places for People Scotland at 31 March 2019 owned and managed 8,683 (2018: 8,417) rented and shared ownership homes across Scotland and had a combined turnover of £56.0 million (2018: £57.7 million). Castle Rock Edinvar owned and managed 7,023 properties at 31 March 2019 (2018: 6,757). The turnover of Castle Rock Edinvar was £36.0 million (2018: £33.7 million) during the year. Castle Rock Edinvar is also a significant employer with 187 FTE staff (2018: 185).

Castle Rock Edinvar's vision aligns with the Group and is to "create places that work for everyone". The mission is: "to be Scotland's leading Placemaking partner." Castle Rock Edinvar's priority is to grow and expand the offer in Scotland to reflect the capability and capacity of the Places for People Group. This will include building more homes, extending in to new geographies, seeking further opportunities for Placemaking and using our reputation and influence to create opportunities for the Group.

Our mission is underpinned by five strategic pillars that drive our actions and results:

• **Placemaking** – creating places that work for everyone

• **Innovating** – creatively finding the right solutions

• **Partnering** – working together for shared success

• **Investing** – sustaining places and people

• **Wellbeing** – enabling people to live their lives equitably

### Principal markets and associated risks

Castle Rock Edinvar is one of the largest housing association in Scotland and currently operates across nine local authority areas. It owns or manages over 7,020 homes and last year built 209 new homes for Social Rent, Mid Market Rent, Shared Equity and Outright Sale. It has a future pipeline of 1,534 homes over the next 3 years. The potential contribution to new housing supply is one of the most significant in the Scottish RSL sector.

Castle Rock Edinvar allocates homes to people based on need with rents set to be 'affordable' to those on low incomes and new homes continue to be subsidised by capital grant. Customers are getting older and the majority are not in employment and dependent on state benefits. Castle Rock Edinvar has a strong balance sheet and operating profits. The strength and reputation of Castle Rock Edinvar is used to lever additional opportunities for the Group in Scotland. The non charitable and commercial operations within Scotland, including developing for outright sale and shared equity and market and mid-market rent are carried out within the trading subsidiary, Places for People Scotland.

**Principal markets and associated risks (Cont.)**

The Board has identified the following current and future potential strategic risks:

<i>Identified Risk</i>	<i>Controls and mitigation</i>
Reduction in demand for housing for sale.	Sales appraisals undertaken for Board approvals & weekly updates on sales performance. Market monitoring within Places Development. Initial appraisal and approval for all scenarios.
Weakness in strategic planning and management.	Robust Business Planning process in place with annual board and staff performance reviews. Active engagement in Group led working groups & leadership conference. Up to date operating environment plans at Group & local level and succession planning in place.
Regulatory requirements not being met.	Regulatory policy and framework in place to ensure obligations are met. Completion of ARC & Annual Assurance statements and regular meetings with regulator.
Potential injury or loss of life due to lack of assessment and control.	Ensure staff have appropriate training and are familiar with health & safety policy and procedures. Equipment and safety checks.
Failure to manage contractor relationships.	Carry out full assessment of contractor in line with company policy & monitor through health & safety operation group.
Developmental delay overspend or quality issue.	Effective project management and accurate, regular tracking and reporting for board and company purposes. Review and lessons learned model in place.
New development opportunities not secured.	Building and continuation of strong relationships with Development, Local Authorities & housebuilders/land owners.
Failure to operate a successful "safe" environment.	Ongoing fire risk and goods in common areas assessment to be done. Ongoing development of communication strategy.
Gaps in staff training and development.	Learning and development framework in place for all staff. Regular 1-2-1s and appraisals to monitor performance. Succession planning and talent spotting initiatives in place.
Contractor or supplier goes into liquidation.	Contractor financial viability checked at tender stage & avoidance of dependency on single supplier. Access to Procurement Hub allows for any alternatives to be found quickly.
Giving inaccurate advice to customers.	Regular policy review & staff training on sector guidance. Legal advice on retainer.
Rise in interest rates leading to a slowdown in the development programme.	Support & strategy provided by Group Treasury vehicle. Financial reports to Audit & Risk Committee and Board.
Insufficient access to capital available to deliver Year 3 development targets.	Treasury support from Group & budget assumptions in place to deliver targets.
Operating margin being impacted if investment requirements to meet compliance standards are not controlled.	Budget assumptions have been made to reflect position.
Failure to collect rental income due to impact of Universal Credit and Welfare Reform.	Rent Affordability tests carried out annually. Specialist financial inclusion & income collection teams in place and trained on UC. Financial risk assessments carried out at sign up & trusted partner status with DWP.

Risk management is at the heart of the approach to planning and running the business. The Board and Senior Management have developed, and regularly review, a Risk Map in accordance with Group procedures. It identifies, quantifies and prioritises risks to ensure that each risk is appropriately owned and managed and ensures that effective controls and mitigation strategies are in place to reduce risks to a level that accords with the Board's appetite for risk.

**Delivering successful outcomes in 2018/19**

As one of Scotland's leading housing associations we recognise the importance of growth, investment and efficiency to improve both the organisation, outcomes for customers and support the wider housing and place-making sector. In 2018/19, in collaboration with others, Castle Rock Edinvar achieved:

- We have invested £5.4m in our existing properties to ensure that they are suitable homes for our tenants. Energy efficiency initiatives are paramount in directing the areas of expenditure. During the year we have let 591 homes. Our housing teams have engaged with 374 tenants assessed as high risk, including homeless referrals, in order to help them sustain their tenancies. Our award winning Financial Inclusion Team (FIT) has helped 981 tenant sustain their tenancies and access additional benefits and grants. We continue to support tenants through the Tenancy Sustainment Fund and have spent £34k to help with costs associated with the start of tenancies. We have provided 243 tenants with adaptations to their properties to allow them to remain in their homes and improve their use of their homes.
- New ways of working - During the year we committed to a new central town office that is available for all group business to operate. Beyond that we moved to a greater level of agile working where our staff now have connected devices allowing them to operate in almost any location not only within our office network but also on the customer door step. This will be developed further into 2019/20 as we prepare our customers for a digital ready service.

#### Delivering successful outcomes in 2018/19 (Contd)

- Development outcomes - We developed and took handover of 69 new affordable properties across 7 sites in Scotland, including expansion into new areas such as Aberdeen. In addition 134 midmarket properties over 6 sites. We also have an additional 335 Social Rent and 254 Leased units scheduled for handover in 2019/20 across 12 separate developments.
- 1,000 Homes for Edinburgh - The number of units that are to be developed based on the additional funding generated by the initiative has increased from the initial estimate of 1,000 units to a 2,109 units which have been brought forward through the development pipeline.
- Employability Initiatives - During 2018/19 we engaged in the Spartans Alternative School (a charity). Our participation in this project aligned with any corporate social responsibility and allowed us to contribute to a key neighbourhood. The initiative saw work placements where pupils who were excluded from lessons were given the opportunity to train and experience work placement opportunities. It is an alternative education provision for S3/4s and work experience is a vital part for the S4s who are set to leave school in June 2019. This potentially could lead to these young people commencing a career allowing them to make informed decisions about where they might want to work or what to study in the future. The project ran for around 3 months where we supported two students within our direct trades workforce.
- Fire Safety - Post Grenfell much has been achieved to raise awareness of the fire risk within block of flats and shared space. We have set new guiding standards aimed at protecting not just our people but our properties, investing over £800,000 in the year. We have assisted in Scottish Government consultations and shared our experience as early adopters within the housing sector at conferences. Further investment is planned as our commitment to install fire suppression systems will begin in 2019/20.
- Lower Carbon thinking - We have been progressing our commitment to reducing our carbon footprint within our housing stock, installing leading edge battery storage technology and reducing waste through insulation measures and educating customers. In the 2018 we obtained funding for the installation of plug in points in and around some of our housing developments. This will be the start of reducing our emissions within our neighbourhoods.

Castle Rock Edinvar continues to develop and implement our strategy to be positioned as a leading housing association in Scotland.

#### Income and expenditure for the year

Castle Rock Edinvar's turnover for the year ended 31 March 2019 was £36m (2018: £33.7m) (Note 2)

The total revenue and capitalised expenditure, including property services overheads, on repairs and improvements during the year amounted to £13.1m (2018: £12.9m). This represents expenditure on maintaining and improving our assets as part of the planned asset management programme.

Castle Rock Edinvar continues to benefit from low interest rates. The interest payable for the year ended 31 March 2019 remained relatively static at £0.94m in the current year. This represented an average interest rate of 1.74% (2018:1.6%) per annum.

During the year to 31 March 2019 Castle Rock Edinvar sold no properties (2018: 4 properties) and 7 shared ownership properties amounting to £718k .

The surplus for the year was £16.7m (2018: £14.7m). The reserves carried forward at 31 March 2019 were £129.9m, including £238k other comprehensive income as a result of the change in accounting for the Scottish Housing Association Pension Scheme, which is explained in note 22 of the Financial Statements. (2018: £113.0m). These are predominantly invested in housing properties. More details of other income and expenditure are included in notes 2 to 10 to these accounts.

#### Balance sheet at 31 March 2019

The depreciated cost of Castle Rock Edinvar's housing assets at 31 March 2019 was £445.0m (2018: £392.5m). These have been funded from Housing Association Grant (HAG) and other capital grants of £241m (54%), loans of £70m (16%) and the Association's own resources of £134m (30%).

#### Donations

No gift aid was received from Places for People Scotland Limited during the year ended 31 March 2019 (2018: £nil). During the year Castle Rock Edinvar made £13,322 (2018: £12,840) of donations to community groups within neighbourhoods where the organisation is a key stakeholder.

#### Operational performance for the year

Operational performance is monitored robustly by senior staff and the Board throughout the year against a number of key performance indicators which measure business efficiency and customer satisfaction.

The Scottish Housing Regulator only requires a satisfaction survey at least every three years and with the change in the organisation we have delayed our follow up to the 2018 one. The results in 2018 showed a high level of satisfaction for the service overall (93%) and 95% were satisfied with the quality of their home. 89% of tenants felt their rent represented good value for money.

Despite a challenging operating environment, results at the financial year-end show an improving performance in most areas. Tenancy turnover has improved marginally during the year from 7% in March 2018 to 6% in March 2019. Over the year 591 (2018: 469) lets have taken place with the average time to prepare properties to re-let increasing from 22 days at the end of March 2018 to 24 days by March 2019. Void loss has decreased from 0.80% to 0.75%.

### Operational performance for the year

The volume of repairs decreased slightly over the prior year to 19,082 (2018: 19,669). The emergency repairs average timescales increased to 4 hours (2018: 3 hours). Non-emergency has also increased to 12 days (2018: 9 days). Gas servicing achieved the 100% target to have current landlord gas safety certificates at 31 March 2019. All measures are well within targets for the year.

Increasing rent arrears were forecast for 2018/19 but these have been effectively managed and are below the year end target value. There has been an increase in arrears from 3.3% to 3.7% which is better than the target of 4.1%. Discretionary housing payments as well as intensive management of Universal Credit cases have helped to manage the impact in this area. The number of evictions for rental arrears has increased in the current year to 17 (2018: 15).

The formal deadline for completion of the Scottish Housing Quality Standard (SHQS) requirements has passed but we continue to monitor our properties to ensure that they meet this standard. As at 31 March 2019, of our 6,401 (2018: 6,195) self-contained properties, we have achieved the Scottish Housing Quality Standard (SHQS) with 412 exemptions (2018: 260) and 124 abeyances (2018: 95) and 35 failures (2018: 6). We are continuously assessing our SHQS requirements to ensure we meet regulatory standards. We continue to implement the new Energy Efficiency in Scottish Social Housing (ESSH) requirements during the year with 88% (2018: 85%) of our stock meeting this standard.

### Future developments and initiatives

Castle Rock Edinvar completed 69 affordable rented properties during the year to 31 March 2019 (2018: 103). Castle Rock Edinvar will complete a further 335 affordable rented properties by the end of March 2019. Capital expenditure contracted but not provided in the accounts amounted to £34.5m (2018: £41.9m) (Note 21). Development performance is monitored using a number of indicators covering profitability of schemes, cost control, development pipeline and the management of working capital. Castle Rock Edinvar has ownership of or is in control of land to ensure continued growth through the development of new stock, subject to the availability of grant funding and new borrowings which will form part of the Places for People Group's overall capital investment strategy.

In 2018/19 Castle Rock Edinvar and Places for People Scotland jointly contributed to developing "1,000 homes for Edinburgh" supported by a HAG recycling initiative. At the end of March 2019 1,207 units are secured with a further 902 units potentially in the development pipeline.

### Treasury management

Castle Rock Edinvar's internal borrowings increased during the year from £54.8m at March 2018 to £65.6m at March 2019. The ratio of net loans to housing assets increased marginally to 15.7% (2018: 14%) which is within the strategy target maximum of 50%.

The Board regularly reviews treasury management. The Group's policy is to retain minimal cash whilst ensuring that sufficient loan facilities are available and immediately accessible to finance a minimum of one year's cash flow. Cash projections cover a 3 year period to continuously monitor future borrowing requirements.

During the year the percentage of loans arranged at fixed interest rate was 12% (2018: 8.1%). The ratio of fixed and variable rates are reviewed regularly to ensure that Castle Rock Edinvar borrows at the best rates.

### Other funding

We have received no new funding from the Big Lottery Funding for the current year. The Outside Matters project in our Fortune Place development ended during the year and the unutilised grant was repaid in full. (Note 24).

### Employment

During the year ended 31 March 2019 the average number of people employed, expressed as full time equivalents, was 188 (2018: 185). At 31 March 2019 the actual number of people employed was 214 (2018: 168). Employee information is stated in Note 6 to these financial statements.

There have been 5 promotions during the year. Through the staff recognition scheme, 'Star Awards', 26 individual staff and 42 staff as part of a team were nominated for awards in the year.

The Board considers that employee involvement is essential to its continuing success and uses a variety of methods to inform, consult and involve its employees. The Group's Talent Management & Succession Planning process was introduced for team leader roles and above this year and will be extended to all roles in 2019/20. Our staff rewards program was reviewed and a relaunched Our Place Rewards benefits portal introduced providing a range of benefits. Staff have access to a comprehensive learning and development programme. The overall Places for People Group holds the Investors in People Gold accreditation. For the twelve months to 31 March 2019, absenteeism has increased up to 4.53% (2018: 3.93%). Staff turnover has decreased slightly to 12.59% (2018: 13.86%). The Staff Forum continues to play an active role and has organised a number of social and fundraising events for charity during the year.

Following a wellbeing focussed staff conference we invested resources in enhancing working environment, introduced various health initiatives and introduced a wellbeing strategy.

### Equality and diversity

The Board is committed to achieving equality through diversity and its policies and strategies recognise that all people have the 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. The Board also recognises its responsibility to meet these diverse needs by having a diverse workforce, which generally reflects local populations and has the skills and understanding to achieve the service objectives.

### **Pension funds**

The Association contributed to one Defined Benefit and two Defined Contribution schemes during the year. The Scottish Housing Associations' Pension Scheme - defined benefit section ("the Scheme") is closed to new accrual. All new employees joining the Association now have the option of joining the Scottish Housing Associations' Pension Scheme - defined contribution section ("the DC Scheme"), to which the Association contributes. Auto enrolment staff will also join this DC Scheme. The Places for People Group Stakeholder defined contribution scheme ("the Group Scheme") from 1 April 2014 is only available to new entrants with sessional contracts. The Board will continue to review the Pension Strategy in 2018/19. More details of the Association's Pension Obligations are included in Note 22.

### **Health and safety**

The Board takes very seriously its responsibilities on all matters relating to health and safety. There is a standing working group chaired by the Managing Director that meets to ensure all aspects of Health, Wellbeing and Safety are covered. Health, Wellbeing and Safety performance is audited by both Group Health and Safety staff and Internal Business Assurance. There is also a local health and safety operational working group to improve organisational culture and attitudes to working practices. We introduced a wellbeing strategy to complement our Health Safety Plan.

The Grenfell tragedy has focused attention on the design and maintenance of our taller properties. We do not have any buildings similar to Grenfell Tower nor the material used, however we have conducted fire risk assessments on all 6 storey plus buildings to review any further fire safety proposals that would ensure that our properties exceed fire safety regulations. We have started a number of new initiatives aimed at improving and promoting fire safety which will continue to be rolled out across our stock in future years.

During the H&S Assurance process all governing H&S Group Standards have been reviewed. Throughout 2019/20 we will be ensuring CRE remains compliant with these standards and addressing identified gaps. To further embed our H&S culture and to promote continual improvement, all staff with key H&S responsibilities will have H&S objectives set as part of the appraisal process. During 2018/19 there were 5 (2018: 2) reportable RIDDOR accidents.

### **The Environment and Corporate Social Responsibility**

The Board recognises the need to develop its business in a sustainable manner. The business is developed to meet the needs of the present without compromising the ability of future generations to meet their own needs. We recognise that there are physical limits to the resources of the Earth (both in terms of generating materials and absorbing waste), and that any business activity 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, we also believe 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. Places for People has been accredited with ISO 14001.

### **The Board**

Responsibility for Castle Rock Edinvar's activities rest with the Board as detailed in the Governance Handbook. The Places for People Group, including Castle Rock Edinvar, has adopted a code of conduct based on the UK Corporate Governance Code.

Details of the Board members can be found listed on page 3 of these financial statements. The normal term of office is an initial three years. Extensions may be granted to Board members terms if approved by the Places for People Group Nominations and Governance Committee. The Board has a range of skills and experience which meet the UK Corporate Governance code requirements. The Board has a stated policy on diversity, including gender, and has measurable objectives to achieving these goals. The required disclosures are included in the consolidated financial statements which are available from the registered office address. In addition all directors have access to the Company Secretary for advice.

One appointment was made during the current year. For previous appointment, the Board has adopted guidelines for the appointment of directors which are in place and which have been observed throughout the year. Where new directors are required an external search consultancy will be used to ensure that new Board appointments made meet the needs of the business. All potential conflicts of interest including those of executive directors are recorded and minuted at each meeting and held in a register.

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 Association. Induction is provided for new members joining the Board and regular updates are provided to refresh their skills and knowledge. Board members have a duty to exercise reasonable care, skill and diligence; a duty to promote the success of the Association; a duty to act within their powers; a duty to exercise independent judgment; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement. The Chair conducts an annual review of the performance of the Board, its committees and its individual directors.

Appropriate levels of training are provided throughout the year. Changes to the strategic policies and regulatory requirements are presented to the Board and they are invited to attend the staff conference.

The Managing Director provided a Governance Effectiveness review and assessment of adherence to the Board's adopted code of conduct for 2018/19 for the Places for People Group Nominations and Governance Committee.

The Nominations & Governance Committee assesses the skills and experience needed on the Castle Rock Edinvar Board and if so requested by them, on the Boards of its subsidiary. It takes an overview on Board member selection and succession planning and makes recommendations to the Castle Rock Edinvar Board in relation to suitable candidates for appointment. The Committee reviews the governance structure and advises the Castle Rock Edinvar Board on key governance issues.



The Board has agreed that there should be a reporting framework which would include six formal Board meetings and at least one development meeting each year. The Board Members' attendance at Board and Committee meetings, in relation to the number of meetings held, during the year ended 31 March 2018 is set out below

Board Members		Board Meetings	Audit & Risk Committee	Nominations & Governance	AGM
Graham Waddell	Chair - CRE	6/6	3/3	2/2	1/1
Ben Dale		3/6	3/3	-	1/1
Alison Freshwater		5/6	-	2/2	0/1
Janet Hamblin	(appointed 1 April 2018)	4/6	3/3	-	1/1
Julie Jackson		4/6	3/3	-	0/1
Richard Jennings		6/6	-	-	1/1
John McGuigan		2/6	0/3	-	0/1
Stephen Oswald		6/6	-	2/2	1/1
David Robertson	(resigned 01/05/2018)	-	-	-	-
Pamela Scott	Senior Independent Director	4/6	-	1/2	1/1
Andrew Winstanley		5/6	-	-	0/1

#### Internal Control and Risk Management

The Board has delegated responsibility for reviewing internal control and assurance systems to the Audit & Risk Committee. The Committee conducts a review of the effectiveness of the Association's risk management and internal control systems through regular reports and by an annual review prior to consideration of the financial statements. The Committee reports to the Board on its level of satisfaction with the system of controls annually. The Board secures assurance as to the effectiveness of the system of internal control and risk management by those means.

The Group business assurance function supports the Board and Management through the provision of an objective and business-focused review service. An operational plan developed in conjunction with Management and the Audit and Risk Committee focuses upon key business risks. A plan is developed using the 'three lines of defence' model, to take account of existing quality assurance and compliance functions that provide a 'second line of defence' against control failures across the business.

The Audit & Risk Committee has reviewed the effectiveness of the system of internal control for the year ended 31 March 2019 and up to the date of signing these financial statements. It has not identified any weaknesses which resulted in material losses or contingencies or other uncertainties which require disclosure in the financial statements.

The Board and Senior Management have developed a Risk Map in accordance with Group procedures to evaluate each of these risks and to outline mitigation strategies.

#### Group Accounts

Castle Rock Edinvar Housing Association is exempt from the requirement to prepare and deliver group accounts as it is itself a wholly owned subsidiary of Places for People Group Limited. As such these financial statements present information about Castle Rock Edinvar Housing Association as an individual undertaking and not about it as a group.

#### Corporate Governance

The Association has complied with the UK Corporate Governance Code (2016 version) except for those provisions relating to the re-election of directors, remuneration committees and shareholder relations. The reasons for this are:

- Code provisions B.7 and E1, and aspects of C.3 that contemplate dialogue with external shareholders or decisions being referred to shareholders on matters of director appointments, auditor appointments and director remuneration and the use of the AGM to communicate with investors. The reason for this is that Group does not have external shareholders in the sense contemplated by the Code and therefore it addresses the need for scrutiny and evaluation through the board or an appropriate committee of the board and it engages with investors directly and through an annual investors forum.
- Code provision D2 where the Group does not have a Remuneration Committee. However, the Group has a Remuneration Committee, a Nominations & Governance Committee and a Treasury Committee. The remit of those committees extends to the Association and its business. The committees draw members from and report to the Group Board and the Group Finance Director is a member of the board of the Association, ensuring that information from the committees can reach the Association's board

The Group Annual report contains a Governance report that details the governance arrangements of the Group, and how the Code is applied at a Group level. We are also satisfied that in doing this we comply with the Scottish Regulators Financial Governance requirements.

The directors consider the report and accounts, taken as a whole, to be fair, balanced and understandable.

#### Going concern and viability statement

The going concern assessment considers whether it is appropriate to prepare the financial statements on a going concern basis. Consideration of the Association's going concern and viability, as a wholly owned subsidiary of the Group is within the remit of the Group Board.

The Directors have considered the balance sheet position of the Association at 31 March 2019 which has net assets of £130m (31 March 2018: £113m) alongside the Association's liquidity position of £58.4m of undrawn facilities in addition to holding 9.3m of cash and short term assets.

The Group's forecasts, taking into account reasonably possible changes in its operating performance, show that the Group has sufficient financial resources available. The Directors have reasonable expectations that both the Association and the Group are in a strong position to manage business risks and therefore continue in operational existence for the foreseeable future, which accounting standards define as one year or more from the date of this report. The Directors have not identified any material uncertainties that threatens the Company's or the Group's ability to mitigate business risks and continue operations for this period. The Group's forecasts, taking into account reasonably possible changes in its operating performance, show that the Group has sufficient financial resources available. The Directors have reasonable expectations that both the Association and the Group are in a strong position to manage business risks and therefore continue in operational existence for the foreseeable future, which accounting standards define as one year or more from the date of this report. The Directors have not identified any material uncertainties that threatens the Company's or the Group's ability to mitigate business risks and continue operations for this period.

On the basis described above, the Directors consider it appropriate to adopt the going concern basis in preparing the consolidated financial statements.

The UK Corporate Governance Code requires the Directors to make a statement with regard to the viability of the Group. This requires consideration of solvency and liquidity over a longer period than the going concern assessment. The Group's strategic plan covers a 10-year period, over which the Directors have made assumptions regarding the Group's revenues, operating costs and cash requirements.

The projections for the first three years of the plan are based on current opportunities and include an expectation of the rental incomes for the Group. There is inherently less certainty in the projections from year four to ten. Consistent with prior years, the Directors have therefore determined that three years is an appropriate period for this viability statement.

In assessing the Group's prospects and resilience, the management produced projections which considered the Group's current business position and risk appetite. The Group has continued to undertake rigorous single and multi-variant stress testing exercises on its projections which has included considering the impact of challenging economic conditions included a downturn in the housing market. The results confirmed that the Group would continue to be able to settle projected liabilities as they fall due over a three-year period.

This year, the Directors have also considered specifically the impact of the UK voting to leave the European Union. The Directors have considered several different severe, yet plausible, scenarios including potentially challenging outcomes such as increased difficulty in accessing finance and increased interest rates. The Directors also considered additional impacts, such as restrictions in supply chains and were satisfied that measures were in place to mitigate significant risks to the Group's operations. The stress testing again demonstrated the ability of the Group to continue to operate effectively.

Having assessed the prospects of the Group, including the Group's current funding, forecast requirements, existing committed borrowing facilities and the principal risks as outlined on the Directors' Report, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to March 2022.

In making this statement the Directors have made the following key assumptions:

- If one or more risks occur with particularly adverse effects on the Group, all potential actions, such as constraining development spending, would be taken on a timely basis. The Group considers it has the early warning mechanisms needed to instigate such timely action if this proves necessary.
- Implausible scenarios involving several severe risks occurring simultaneously or an individual risk occurring that cannot be appropriately mitigated do not occur.

#### Compliance with the Regulator of Social Housing's Governance and Financial Viability Standard

The Association has assessed the position and confirms that it has complied with Scottish Housing Financial Regulatory Standards 2019.

#### Statement of Board to the Auditors

At the time of approval of this report:

- So far as the Board is aware, there is no relevant audit information of which the Association's Auditor is unaware, and
- The Board has taken all steps that they ought to have taken as a Board in order to make themselves aware of any relevant audit information and to establish that the Association's Auditor is aware of that information.

#### Statement of Internal Financial Control

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

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

It is the Board's responsibility to establish and maintain the systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's systems include ensuring that:

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

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

#### Statement of Board's responsibilities in respect of the Board's report and the financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the Association and of the income and expenditure for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements, and
- assess the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2019 and the Accounting Direction for Private Registered Providers of Social Housing 2015. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Chris Martin      Company Secretary

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**Castle Rock Edinvar Housing Association  
Report of the Independent Auditor  
For the year ending 31 March 2019**

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**Independent auditor's report to the members of Castle Rock Edinvar Housing Association only**

**Opinion**

We have audited the financial statements of Castle Rock Edinvar Housing Association ("the association") for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Reserves and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of the Association's affairs as at 31 March 2019 and of the income and expenditure of the Association for the year then ended; and
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2019.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

**Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Association or to cease its operations, and as they have concluded that the Association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Association's business model, including the impact of Brexit, and analysed how those risks might affect the Association's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Association will continue in operation.

**Other information**

The association's Board is responsible for the other information, which comprises Board's Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the Statement on Internal Financial Control on page 10 does not provide the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes Issued by the Scottish Housing Regulator in respect of internal financial controls; or
- in our opinion, the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit.

We have nothing to report in these respects.

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**Castle Rock Edinvar Housing Association  
Report of the Independent Auditor  
For the year ending 31 March 2019**

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***Matters on which we are required to report by exception***

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

We have nothing to report in these respects.

***Directors' responsibilities***

As more fully explained in their statement set out on page [x] the Association's directors are responsible for the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

***Auditor's responsibilities***

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

***The purpose of our audit work and to whom we owe our responsibilities***

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 69 of the Housing (Scotland) Act 2010. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it 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 as a body, for our audit work, for this report, or for the opinions we have formed.



**Harry Mears (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

15 Canada Square

Canary Wharf

London

E14 5GL

17 September 2019

Castle Rock Edinvar Housing Association  
Statement of Comprehensive Income  
For the year ending 31 March 2019



	Notes	2019 £'000	2018 £'000
Turnover	2	35,961	33,740
Operating costs	2	(18,559)	(19,845)
Surplus on sale of fixed assets	5	190	1,387
Operating surplus	2	<u>17,592</u>	<u>15,282</u>
Gain on revaluation of investment properties	13	23	5
Interest receivable and similar income	7	5	338
Interest payable and similar charges	8	(945)	(908)
Surplus on ordinary activities		<u>16,675</u>	<u>14,717</u>
Initial recognition of multi-employer defined benefit scheme	22	(375)	-
Actuarial gain recognised in the pension scheme	22	613	-
Total comprehensive income for the year		<u><u>16,913</u></u>	<u><u>14,717</u></u>

All activities are continuing.

The notes on pages 17 to 32 form an integral part of these financial statements.

Castle Rock Edinvar Housing Association  
Statement of Financial Position  
For the year ending 31 March 2019



	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Housing properties - depreciated cost	11	<u>445,049</u>	<u>392,524</u>
<b>Other fixed assets</b>	12	<u>2,806</u>	<u>2,883</u>
<b>Fixed asset investments</b>			
Fixed asset investment	13	2,341	2,318
Homebuy fixed asset investment	14	115	179
Other fixed asset investment	15	<u>10</u>	<u>10</u>
		<u>2,466</u>	<u>2,507</u>
<b>Total fixed assets</b>		<u>450,321</u>	<u>397,914</u>
<b>Current assets</b>			
Stock	16	4,517	3,780
Debtors: amounts due within one year	17	4,305	5,042
Cash at bank and in hand		<u>480</u>	<u>1,786</u>
		<u>9,302</u>	<u>10,608</u>
<b>Creditors - amounts due within one year</b>	18	<u>(17,983)</u>	<u>(16,084)</u>
<b>Net current liabilities</b>		<u>(8,681)</u>	<u>(5,476)</u>
<b>Non- Current Liabilities</b>			
Creditors - amounts falling due after more than one year	19	(309,460)	(279,398)
Pension Provision	22	<u>(2,227)</u>	<u>-</u>
		<u>(311,687)</u>	<u>(279,398)</u>
<b>Net Assets</b>		<u>129,953</u>	<u>113,040</u>
<b>Capital and Reserves</b>			
Non equity share capital	20	-	-
Revenue reserve		<u>129,953</u>	<u>113,040</u>
<b>Total capital and reserves</b>		<u>129,953</u>	<u>113,040</u>

The notes on page 17 to 32 form an integral part of these financial statements.

The financial statements on pages 13 to 32 were approved by the directors on 21 August 2019 and were signed on its behalf by:

Chair

Board Member

Secretary

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Castle Rock Edinvar Housing Association  
Statement of Changes in Equity  
For the year ending 31 March 2019



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	Retained Earnings £'000	Equity and Reserves £'000
<b>Balance at 1 April 2018</b>	113,040	98,323
<b>Total Comprehensive income for the year</b>		
Net surplus for the year	16,675	14,717
Initial recognition of multi-employer defined benefit scheme	(375)	-
Actuarial gain recognised in the pension scheme	613	-
<b>Balance at 31 March 2019</b>	<b>129,953</b>	<b>113,040</b>

The notes on page 17 to 32 form an integral part of these financial statements.



Castle Rock Edinvar Housing Association  
Statement of Cash Flows  
For the year ending 31 March 2019



	2019 £'000	2018 £'000
<b>Net cash inflow from operating activities</b>	17,943	13,692
<b>Cashflow from investing activities</b>		
Additions to housing properties	(55,123)	(24,655)
Interest and Dividends Received	5	338
Capital grants received	24,988	6,587
Payments to acquire other fixed assets	(39)	(240)
Payments to acquire Homebuy fixed assets	-	(18)
Tax paid	(10)	-
Sale of fixed asset investment	-	1,000
Proceeds of sales of other fixed assets	718	984
	<u>(29,461)</u>	<u>(16,004)</u>
<b>Cashflow from financing activities</b>		
Interest paid	(624)	(898)
Loan advances received	10,835	4,901
<b>Net cash inflow from financing</b>	<u>10,211</u>	<u>4,003</u>
<b>(Decrease)/ Increase in cash</b>	<u><u>(1,307)</u></u>	<u><u>1,691</u></u>
<i>Reconciliation of Cashflow from operating activities</i>		
Operating surplus on ordinary activities	17,615	14,717
Depreciation and impairment	2,428	4,591
(Increase)/ decrease in stock and work in progress	(737)	(131)
Gain on revaluation	(26)	(18)
Decrease/ (Increase) in debtors	595	(436)
Increase in creditors	2,147	147
Gain on sales of fixed assets	(190)	(1,387)
Grant Amortisation	(3,091)	(3,024)
SHAPS Pension movement	(798)	(767)
Net cash inflow from operating activities	<u><u>17,943</u></u>	<u><u>13,692</u></u>

The notes on page 17 to 32 form an integral part of these financial statements.

## **1. PRINCIPAL ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 (FRS 102), with the Companies Act 2006, and the requirements of the Co-operative and Community Benefit Societies Act 2014 Determination of Accounting Requirements 2012 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

The Association is a public benefit entity.

The financial statements are presented in Sterling (£).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2014.

The Association's ultimate parent undertaking includes the Association in its consolidated Financial Statements. Those consolidated Financial Statements are prepared in accordance with FRS 102 and are available to the public and maybe obtained from Places for People Group Limited, 80 Cheapside, London, EC2V 6EE.

As the consolidated financial statements of the ultimate parent undertaking, Places for People Group Limited, include the equivalent disclosures, the Association has also taken the exemptions under FRS 102 available in respect of financial instruments and has not provided disclosures otherwise required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

### **Turnover**

The turnover represents mainly rents, service charges and revenue grants receivable from the Scottish Government or Local Authorities and some fees from managing agency services.

### **Tenant Arrears, Trade and other debtors**

Tenant Arrears, Trade and other debtors are recognised initially at transaction price less attributable transaction costs.

### **Trade and other creditors**

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs.

### **Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs.

### **Pensions**

The Association participates in the Social Housing Association Pension Scheme (SHAPS), a multi-employer defined benefit scheme. During the year, the Association recognised its individual share of the SHAPS scheme deficit following an exercise carried out by independent actuaries to identify each member's share of the deficit. In previous year's, the Association recognised a liability based on the present value of the agreed deficit reduction contributions. The change in the liability as a result of the change in estimate has been recognised in other comprehensive income as indicated in the amendments made to FRS 102 Section 28 'Employee Benefits'. The in-year movement in the scheme deficit is split between operating charges, finance costs and, in other comprehensive income, actuarial gains and losses. The Association has complied with relevant disclosures which are included in Note 22.

The Association also contributes to two defined contribution schemes. These schemes' assets are held separately from those of the Association in an independently administered fund. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

## 1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

### VAT

The majority of the Association's turnover from letting activities is exempt from VAT. Where appropriate, costs are stated including irrecoverable VAT.

### Housing Association Grant (HAG) and other capital grants

When HAG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

Where HAG or other grant is retained following the disposal of property, it is shown under the disposal proceeds and recycled capital grant funds in creditors. These funds will be used for the provision and improvement of new social housing for rent and sale.

HAG is initially recognised at fair value as a long term liability as deferred grant income and released through the profit and loss as turnover income over the life of the component elements of housing properties in accordance with the accrual method applicable to registered providers of social housing accounting for housing properties at cost, except for grant received in respect of Homebuy investments, included in Note 19 with Deferred Government Grant.

### Concessionary loans

The Association has a Shared Ownership arrangement which is considered to be a concessionary loan.

Under the Shared Ownership scheme, the Association receives Shared Ownership grant representing a percentage of the open market purchase price of a property in order to advance interest free loans to a homebuyer. The loans advanced by the Association meet the definition of concessionary loans and are shown as fixed assets investments on the balance sheet. All are non-current loans, as they are not redeemable on demand.

### Deferred government grant

HAG received from The Scottish Government is initially stated at fair value as a long term liability and is amortised as income over the life of the component elements of properties.

### Capitalisation of interest and development overheads

Interest is capitalised on loans financing schemes in development up to their completion. This is calculated by reference to the Association's cost of borrowing and the development costs.

Administration costs relating to development activities are capitalised based on an apportionment of the staff time directly spent on this activity.

### Investment Property

Private sector rented properties are shown in investment properties and were valued externally at the date of transition to FRS 102 (1 April 2014) by a qualified RICS chartered surveyor. Valuations are re-assessed on an annual basis.

Commercial properties are shown in investment properties and valuations are completed by a qualified RICS chartered surveyor using detailed rental income stream and yield information.

Investment properties are held at fair value with changes in fair value recognised in profit and loss.

## 1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

### Capitalisation of fixed assets

The Association capitalises expenditure to existing properties which it is considered will materially enhance the economic life of the asset, its income generating capacity or will result in a material reduction in annual operating costs. Components such as kitchens, windows, doors and bathroom replacement programme are capitalised and depreciated over their expected useful lives.

### Scottish Government shared equity scheme

The Association has sold properties under the Scottish Government shared equity schemes. Under these schemes buyers purchase a majority share of the property with the balance funded by Scottish Government grants. The fixed asset investment represents the total of the loans receivable from purchasers of the property when the equity is released. There is an equal and opposite liability to the Scottish Government amounting to any shared equity release.

### Cost of raising finance

The cost of raising finance is amortised over the period of the instrument. The deferred cost is offset against the liability and is included within "Creditors: amounts falling due after one year" (Note 19).

### Depreciation

Fixed assets other than freehold land are depreciated in accordance with FRS102 at rates calculated to reduce the net book value of each component element to its estimated residual value, on a straight line basis, over the expected remaining useful life of the component. Freehold land is not depreciated. The estimated life of assets and components is as shown in the table below.

<u>Housing assets</u>	<u>Depreciation period in years</u>
Kitchens	20
Bathrooms	20
Boilers	15
External Windows & Doors	30
Roofs	45
Fire Safety Systems	20
Fencing	30
Digital TV Aerials	10
Lifts	10
Aids and adaptations	10
Initial and replacement scheme assets	10
Other Elements (new build)	100
Other Elements (rehab)	80
Other Elements (leasehold)	Lesser of Term of Lease or 100 years
<u>Other Fixed Assets</u>	
Offices (new build)	100
Offices (rehab)	10
Office refurbishment	10
Offices (long leasehold)	Lesser of Term of Lease or 100 years
Offices (short leasehold)	10
Equipment	5
Computer hardware, software and infrastructure	5

## 1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

### Impairment

For fixed assets with a remaining useful life greater than 100 years an impairment review is carried out on an annual basis in accordance with FRS 102. For all other assets an impairment review is undertaken when there is an indication the asset may be impaired. If assets are found to be impaired, the amount of impairment is disclosed in Note 3 - Analysis of the income and expenditure.

### Significant judgements and accounting estimates

The following are the significant judgements, apart from those involving estimations (which are set out separately below), that have been made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### *Investment properties*

The Association owns a range of different property types. This requires the Association to assess which properties should be classified as investment properties as these properties are held at a market valuation, not at depreciated cost.

The Association considered the FRS 102 definition of investment property which refers to property held to earn rentals for capital appreciation, rather than for administrative purposes or for sale in the ordinary course of business. The Association has also reviewed Section 16 of FRS 102 that precludes the classification of property held primarily for the provision of social benefits being classified as investment property. The Association has applied this by judging that properties without public subsidy attached to them or offices used for administrative purposes are investment properties.

#### Accounting estimates

The nature of estimation means that actual outcomes may differ from the estimates made. It is considered that the estimate of residual value of social housing properties has a significant impact on the carrying amount of social housing assets.

The Association consider that the residual value of social housing property structure to be cost. The net book value of social housing properties is £445.0m. The residual value of social housing property structure is £155.5m above the carrying value as at 31 March 2019. A 10% reduction in residual value would result in no impact to the depreciation charge.

The calculation for the pension provision is based on SHAPS actuarial calculations, and we have reviewed the key assumptions as presented in Note 22.

#### Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

#### Group Accounts

Castle Rock Edinvar Housing Association is exempt from the requirement to prepare and deliver group accounts as it is itself a wholly owned subsidiary of Places for People Group Limited. As such these financial statements present information about Castle Rock Edinvar Housing Association as an individual undertaking and not about its group.

#### Stock and work in progress

Stock and work in progress principally comprises the costs to the balance sheet date of properties being developed for sale either as outright sale or shared ownership properties.

#### Service charge sinking funds

The Association is required to set aside sums in respect of future maintenance of certain factored properties. Amounts accumulated in the fund are included within "Cash at bank and in hand" and within "Creditors: amount falling due within one year" (Note 18).

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

	2019			2018
	Turnover	Operating costs	Operating surplus	Operating surplus
	£'000	£'000	£'000	£'000
Social lettings	33,330	(17,889)	15,441	12,483
Other activities	2,631	(670)	1,961	1,412
Sale of Fixed Assets	-	-	190	1,387
<b>Total</b>	<b>35,961</b>	<b>(18,559)</b>	<b>17,592</b>	<b>15,282</b>

3. PARTICULARS OF TURNOVER, OPERATING COSTS, AND OPERATING SURPLUS FROM SOCIAL LETTINGS ACTIVITIES

	2019			2018	
	General needs housing	Supported housing and housing for older people	Low cost home ownership	Total	Total
	£'000	£'000	£'000	£'000	£'000
<b>Income from lettings activities</b>					
Rent receivable net of service charges	24,517	2,394	599	27,510	27,076
Service charges receivable	1,431	1,093	3	2,527	1,147
<b>Gross Rents Receivable</b>	<b>25,948</b>	<b>3,487</b>	<b>602</b>	<b>30,037</b>	<b>28,223</b>
Less: Voids	(189)	(30)	()	(219)	(227)
	25,759	3,457	602	29,818	27,996
Revenue grants from local authorities and other agencies	227	-	-	227	221
Grant Amortisation	2,731	266	94	3,091	3,024
Other income	187	5	1	194	85
	<b>28,904</b>	<b>3,728</b>	<b>697</b>	<b>33,330</b>	<b>31,326</b>
<b>Expenditure on letting activities</b>					
Management	(3,751)	(4)	(5)	(3,760)	(3,277)
Services	(1,239)	(973)	(1)	(2,213)	(2,234)
Routine maintenance	(4,487)	(481)	(1)	(4,969)	(4,305)
Planned maintenance	(2,829)	(201)	(1)	(3,030)	(3,048)
Rent losses from bad debts	(193)	-	(2)	(194)	(142)
Depreciation on housing assets	(2,221)	(179)	(5)	(2,404)	(4,566)
Other Costs	(1,317)	(1)	-	(1,318)	(1,272)
	<b>(16,037)</b>	<b>(1,839)</b>	<b>(13)</b>	<b>(17,889)</b>	<b>(18,843)</b>
<b>Operating surplus on letting activities</b>	<b>12,867</b>	<b>1,889</b>	<b>684</b>	<b>15,441</b>	<b>12,483</b>
Total for the year ended 31 March 201	<b>10,803</b>	<b>1,129</b>	<b>551</b>	<b>12,483</b>	

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

	Grants from Scottish Ministers £'000	Other revenue grants £'000	Supporting people income £'000	Other income £'000	Total Turnover £'000	Other operating costs £'000	Operating surplus/ (deficit) year ended 31 March 2019 £'000	Operating surplus/ (deficit) year ended 31 March 2018 £'000
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	54	-	-	54	(59)	(5)	(301)
Support activities	-	-	2	-	2	-	2	(9)
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	143
Commercial property income	-	-	-	2,394	2,394	(279)	2,115	1,657
VAT recovery	-	-	-	53	53	-	53	182
Other	-	-	-	128	128	(333)	(205)	(260)
<b>Total from other activities</b>	-	54	2	2,575	2,631	(671)	1,960	1,412
Total from other activities for the year ended 31 March 2018	-	129	77	2,208	2,414	(1,002)	1,412	

**5. SALE OF FIXED ASSETS AND REDUCTION OF GRANT LIABILITY**

	2019 £'000	2018 £'000
Sales proceeds	718	984
Cost of sales	(1,170)	(739)
Operating costs	(5)	(16)
Gain on sale of fixed asset	<u>(457)</u>	<u>229</u>
Reduction of grant liability	647	1,835
Recycled grant	-	(677)
Non cash reduction in grant liability	<u>647</u>	<u>1,158</u>
Surplus on sale of other assets and reduction in grant liability	<u>190</u>	<u>1,387</u>

**6. DIRECTORS AND KEY MANAGEMENT EMOLUMENTS**

The Association is controlled by a Board, 1 Non Executive member of which received remuneration during the year to 31 March 2019. The non-executives' emoluments during the year for the Chair were met by Places for People Group Limited.

The Chief Executive is a director and is remunerated by the Association and detailed with the other key management officers below. The number of Non Executive Board members whose emoluments fall in the following ranges were as follows;

	2019 No.	2018 No.
£5,001 - £10,000	<u>1</u>	<u>4</u>

  

	2019 £'000	2018 £'000
The aggregate of emoluments payable to Officers.	<u>485</u>	<u>339</u>
Aggregate emoluments payable to the Chief Executive (exc. pension)	<u>148</u>	<u>111</u>
Pension contributions payable to Key Management	<u>46</u>	<u>35</u>

Remuneration banding for key management personnel is disclosed below, which is considered by the Places for People Group to be Executive Directors and members of the Group management team responsible for the management of the Association. The analysis below includes staff remunerated by the Association only.

	2019 No.	2018 No.
£60,000 to £70,000	1	1
£70,000 to £80,000	2	1
£80,000 to £90,000	1	1
£120,000 to £130,000	-	1
£150,000 to £160,000	<u>1</u>	<u>-</u>

Average number of employees is calculated by ascertaining for each calendar month in the financial year, the number of persons, by category, employed by the company. The monthly numbers are then added together and divided by the number of months in the financial year.



**6. DIRECTORS AND OFFICERS' EMOLUMENTS (CONT'D)**

	2019	2018
	No.	No.
Housing	48	47
Property Services and Direct Trades	106	92
Sheltered Housing	19	21
Wider role and Commercial activities	2	3
<b>Total Managing Housing Services</b>	<b>175</b>	163
Central Administration Services	18	22
<b>Total average FTE employees</b>	<b>193</b>	185
Staff costs (for the above persons);		
	2019	2018
	£'000	£'000
Wages and salaries	5,743	5,460
Severance costs	308	176
Social security costs	518	471
Other pension costs	509	254
	<b>7,078</b>	<b>6,361</b>

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2019	2018
	£'000	£'000
Interest receivable on cash deposits	5	1
Dividends receivable - Ferneylea Windfarm	-	337
	<b>5</b>	<b>338</b>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2019	2018
	£'000	£'000
On loans from related undertakings	483	283
On bank loans and overdrafts	659	615
	<b>1,142</b>	898
Capitalised interest	(279)	(27)
Unwinding of SHAPS pension liability discount	82	37
	<b>945</b>	<b>908</b>
Capitalisation rate used to determine the finance costs capitalised during the year:		
	<b>1.74%</b>	<b>2.16%</b>

**9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION**

Surplus on ordinary activities before taxation was arrived at after charging:

	2019 £'000	2018 £'000
Auditor remuneration in their capacity as auditors	15	10
Payments under operating leases on motor vehicles	430	391
Depreciation of Housing fixed assets	2,321	4,512
Depreciation of Other fixed assets	107	78
	<u>107</u>	<u>78</u>

**10. TAXATION**

There was no charge for corporation tax in 2019 or in 2018. The Association has charitable status and is exempt from corporation taxation under the provisions of Section 505 of the Income and Corporation Taxes Act 1988.

**11. HOUSING PROPERTIES**

	Completed housing properties £'000	Completed LSE & Shared Ownership housing properties £'000	Housing properties, LSE & Shared Ownership in the course of construction £'000	Total housing properties £'000
<b>Cost</b>				
At 1 April 2018	421,213	13,836	18,328	453,377
Additions	-	-	55,083	55,083
Change of tenure	-	-	764	764
Transfer to completed schemes	31,645	-	(31,645)	-
Transfer to sales on account on disposal	(846)	(372)	-	(1,218)
<b>At 31 March 2019</b>	<u>452,012</u>	<u>13,464</u>	<u>42,530</u>	<u>508,006</u>
<b>Depreciation &amp; Impairment</b>				
At 1 April 2018	(59,163)	(1,689)	-	(60,852)
Depreciation charges during year	(2,317)	(4)	-	(2,321)
Impairment charges during year	-	-	-	-
Depreciation change of tenure	-	-	-	-
Impairment Change of Tenure	-	-	-	-
Depreciation eliminated on disposal	168	48	-	216
Impairment eliminated on disposal	-	-	-	-
<b>At 31 March 2019</b>	<u>(61,312)</u>	<u>(1,645)</u>	<u>-</u>	<u>(62,957)</u>
<b>Net Book Value at 31 March 2019</b>	<u>390,700</u>	<u>11,819</u>	<u>42,530</u>	<u>445,049</u>
Net Book Value at 1 April 2018	<u>362,050</u>	<u>12,147</u>	<u>18,328</u>	<u>392,525</u>

Included in the additions of £55.1m and transferred to completed schemes of £31.6m is £5.7m (2018: £4.704m) in respect of capitalised major repairs. In addition the cost of planned, cyclical and major repairs charged to revenue in the year amounted to £8.0m (2018: £7.3m).

**12. OTHER FIXED ASSETS**

	Plant & Special Equipment £'000	Computer Equipment £'000	Freehold Commercial Properties £'000	Fixtures & Fittings £'000	Total £'000
<b>Cost</b>					
At 1 April 2018	3	48	2,984	334	3,369
Additions	-	-	27	-	27
<b>At 31 March 2019</b>	<b>3</b>	<b>48</b>	<b>3,010</b>	<b>334</b>	<b>3,396</b>
<b>Depreciation</b>					
At 1 April 2018	(2)	(48)	(225)	(208)	(483)
Charged during year	(1)	-	(74)	(32)	(107)
<b>At 31 March 2019</b>	<b>(3)</b>	<b>(48)</b>	<b>(299)</b>	<b>(241)</b>	<b>(590)</b>
<b>Net book value at 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>2,711</b>	<b>93</b>	<b>2,806</b>
Net book value at 31 March 2018	1	-	2,758	125	2,885

**13. FIXED ASSET INVESTMENTS**

	2019 £'000	2018 £'000
As at 1 April	2,318	2,295
Additions in year	-	18
Revaluation	23	5
<b>As at 31 March</b>	<b>2,341</b>	<b>2,318</b>

**14. SHARED OWNERSHIP FIXED ASSET INVESTMENTS**

	2019 £'000	2018 £'000
At 1 April	179	166
Net appreciation in year	4	13
Disposals in year	(68)	-
<b>At 31 March</b>	<b>115</b>	<b>179</b>

**15. OTHER FIXED ASSET INVESTMENTS**

	2019 £'000	2018 £'000
<b>Cost</b>		
At 1 April	10	1,010
Disposals in year	-	(1,000)
At 31 March	10	10
Repayable grant	10	10
	10	10

The fixed asset investments are as follows:-

Repayable grant £10,000 Vital Spark Incubation Ltd.

Castle Rock Edinvar Housing Association holds a fixed asset investment in Places for People Scotland Limited, being 100% of its ordinary share capital held at a cost of £1.

<b>16. STOCK AND WORK IN PROGRESS</b>	<b>2019</b>	2018
	<b>£'000</b>	£'000
Completed properties	3,514	3,627
Stock Other	881	43
Trade Stock	122	110
	<u>4,517</u>	<u>3,780</u>
<b>17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2019</b>	2018
	<b>£'000</b>	£'000
Amounts falling due within one year:		
Rental debtors	1,447	1,173
Less: provision for bad and doubtful debts	(403)	(280)
	<u>1,044</u>	893
Other trade debtors	834	1,932
Sundry debtors, prepayments and accrued income	434	59
Capital development debtor	582	1,067
Amounts due from related undertakings	1,411	1,091
	<u>4,305</u>	<u>5,042</u>
<b>18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2019</b>	2018
	<b>£'000</b>	£'000
Housing loans principal payable within one year	1,893	2,197
Interest on housing loans	234	48
Trade creditors	1,771	2,358
Other creditors and accruals	2,430	3,100
Other taxes	60	22
Capital development creditor	7,912	3,909
Deferred Government Grant	3,039	3,094
Liability in respect of SHAPS pension scheme (Note 22)	-	800
Prepaid rent	644	556
	<u>17,983</u>	<u>16,084</u>

**19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
<b>Debt</b>		
Housing loans	39,039	41,266
Loans from related undertakings	26,550	13,500
Recycled Capital Grant Funds	4,676	4,676
Cost of raising finance	(188)	(199)
	<u>70,077</u>	<u>59,243</u>
Less : payable within one year	(1,893)	(2,197)
Deferred Government Grant	241,276	219,971
Liability in respect of SHAPS pension scheme (note 22)	-	2,381
Total creditors: amounts falling due after more than one year	<u><u>309,460</u></u>	<u><u>279,398</u></u>

**Debt analysis**

Debt is repayable as follows:

In one year or less	2,297	2,197
In more than one year but less than two years	28,873	2,127
In more than two years but less than five years	7,128	20,402
In more than five years :		
By instalments	21,603	24,339
Not by instalments	10,176	10,178
	<u><u>70,077</u></u>	<u><u>59,243</u></u>

The loans are secured by specific charges over properties, and are repayable at varying rates of interest.

**20. NON EQUITY SHARE CAPITAL**

	<b>2019</b>	2018
	<b>No.</b>	No.
Issued, allotted and unpaid "A" shares of £1 each		
At 1 April	8	8
Cancelled during the year	(1)	(3)
Issued during the year	2	3
<b>At 31 March</b>	<u><u>9</u></u>	<u><u>8</u></u>
Issued, allotted and fully paid "B" shares of £1 each		
At 1 April	139	162
Cancelled during the year	(1)	(27)
Issued during the year	2	4
<b>At 31 March</b>	<u><u>140</u></u>	<u><u>139</u></u>

The shares are not transferable or redeemable. Payment of dividends or other benefits to shareholders is forbidden by the Association's rules and by the Cooperative and Community Benefit Societies Act 2014. On a return of capital on a winding-up, no member shall receive any property or sum beyond their £1 entitlement.

**21. CAPITAL AND FINANCIAL COMMITMENTS**

	2019 £'000	2018 £'000
<b>Capital Commitments</b>		
Capital expenditure that has been authorised and contracted for but has not been provided for in the financial statements	<u>34,519</u>	<u>41,853</u>
Additional Capital expenditure that has been authorised by the Board of directors	<u>138,748</u>	<u>138,904</u>

Grant funding is in place for all social housing projects where contracts have been placed for future capital expenditure.

**Financial Commitments**

The commitments under non-cancellable operating leases for the following year, analysed according to the period in which each lease expires are set out below.

<b>Motor Vehicles</b>		
In one year or less	163	171
Between two and five years	<u>213</u>	<u>269</u>
	<u>376</u>	<u>440</u>

**22. PENSION OBLIGATIONS**

The Association contributed to one Defined Benefit and two Defined Contribution schemes during the year. The pension costs for the Association relate to the following schemes:

	2019 £'000	2018 £'000
<b>Defined Benefit scheme liabilities</b>		
The Scottish Housing Associations' Pension Schemes "SHAPS"	<u>2,227</u>	<u>-</u>

**The Scottish Housing Associations' Pension Scheme (SHAPS) - defined benefit section ("the Scheme")**

The Association participates in the Scottish Housing Associations' Pension Scheme (SHAPS), a multi-employer scheme which provides benefits to non-associated employers.

The Scheme was previously closed to new entrants and from 1 April 2014 new accruals ceased. Members of the Scheme were given the option to enrol in one of the Associations' Defined Contribution schemes.

SHAPS is a defined benefit scheme in the UK and 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 2015. This valuation revealed a deficit of £198m. A recovery plan has been put in place to eliminate the deficit which runs to 28 February 2022 for the majority of employers, although certain employers have different arrangements.

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

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Group has previously accounted for SHAPS as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the scheme as a defined benefit scheme. For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

**22. PENSION OBLIGATIONS (CONT'D)**

The mortality assumption used at 31 March 2019 is that a male currently aged 65 years old has a life expectancy of 21.1 years, a female currently aged 65 years old has a life expectancy of 22.8 years, a male currently aged 45 years old has a life expectancy of 47.5 years and a female currently aged 45 years old has a life expectancy of 49.0 years.

The major assumptions used by the actuaries of each scheme were:

	2019
	£'000
Discount rate	2.50%
Rate of RPI inflation	3.30%
Rate of increase in salaries	3.30%
Rate of CPI inflation	2.30%

The major categories of assets as a percentage of total assets are as follows:

Diversified growth funds, hedge funds and structure funds	11.6%
Equities	16.8%
Liability driven investments	36.6%
Absolute return bonds	8.7%
Corporate bonds	6.5%
Other fixed interest	3.6%
Insurance linked securities	5.9%
Direct lending	1.3%
Property	9.0%

	2019	2018
	£'000	£'000
<b>Amounts recognised in the Statement of Financial Position</b>		
Fair value of assets	24,241	22,812
Present value of the scheme's liabilities	<u>(26,468)</u>	<u>(26,368)</u>
<b>Deficit in the scheme</b>	<u><u>(2,227)</u></u>	<u><u>(3,556)</u></u>

**Defined benefit cost recognised in the statement of comprehensive income**

Expenses	25
Net interest expense	<u>82</u>
Total charged to the statement of comprehensive income	<u><u>107</u></u>

**Amounts recognised in Other Comprehensive Income**

*Defined benefit cost recognised in other comprehensive income*

Experience on plan assets	635
Experience gains on plan liabilities	670
Effects of changes in demographic assumptions	387
Effects of changes in financial assumptions	<u>(1,079)</u>
Total amount recognised in other comprehensive income	<u><u>613</u></u>

*Initial recognition of multi-employer defined benefit scheme*

(375)

**The change in the fair value of the plan assets is analysed as follows:**

As at 1 April 2018	22,812
Initial recognition of multi-employer defined benefit scheme	595
Interest on plan assets	823
Company contributions	(624)
Benefits paid	635
Return on assets less interest	<u>24,241</u>
<b>As at 31 March 2019</b>	<u><u>24,241</u></u>

**22. PENSION OBLIGATIONS (CONT'D)**

<b>The change in the present value of the defined benefit obligations is analysed as follows:</b>	<b>2019</b>
	<b>£'000</b>
As at 1 April 2018	<b>26,368</b>
Initial recognition of multi-employer defined benefit scheme	<b>25</b>
Expenses	<b>677</b>
Interest costs	<b>(624)</b>
Benefits paid	<b>(670)</b>
Actuarial (gains) due to scheme experience	<b>(387)</b>
Actuarial losses/(gains) from changes to demographic assumptions	<b>1,079</b>
Actuarial losses from changes to financial assumptions	<b>26,468</b>
<b>As at 31 March 2019</b>	<b>26,468</b>

**The Scottish Housing Associations' Pension Scheme - defined contribution section ("the DC Scheme")**

From 1 April 2014 membership of the DC Scheme was opened to all staff members. All new employees joining the Association will now be auto enrolled into the DC Scheme, to which the Association contributes.

The amount charged to the Statement of Comprehensive Income in relation to this scheme was £396k (2018: £777k) which represents contributions payable to this scheme by the Association at rates specified in the rules of the scheme.

**The Places for People Group Stakeholder Scheme ("the Group Scheme")**

Employees joining the Association from 1 September 2004 to 1 April 2014 had the option of joining the Group Scheme. From the 1 April 2014 this scheme is only available to new entrants with sessional contracts.

The amount charged to the Statement of Comprehensive Income in relation to this scheme was £202k (2018: £212k) which represents contributions payable to this scheme by the Association at rates specified in the rules of the scheme.

**23. CONTINGENT LIABILITIES**

There are no contingent liabilities other than those referred to in Note 22 concerning the SHAPS pension scheme.

**24. LOTTERY GRANT FUNDING**

The Association has received no grant funding during the year from the Big Lottery Fund. Un used funds were fully repaid during the year.

	<b>2019</b>	2018
	<b>£'000</b>	£'000
At 1 April	112	94
Grant money received in year	(91)	84
Expenditure in year	(21)	(66)
At 31 March	<u>          </u>	<u>          </u>
	<u>          </u>	<u>112</u>

**25. RELATED PARTY TRANSACTIONS AND ULTIMATE PARENT UNDERTAKING**

The Association is a subsidiary of the Places for People Group Limited, 80 Cheapside, London, EC2V 6EE. As the ultimate parent company publishes consolidated group accounts the Association has accordingly taken advantage of the exemption not to report transactions with other group members as permitted by FRS102 section 33.1A.

During the year a donation, through our Community Grant Fund, was made to a charity where a relation of a member of the senior management team is employed. Full disclosure was made as part of the approval process.

Places for People Scotland Limited is a subsidiary of the Company.



**26. HOUSING ACCOMMODATION**

	<b>2019</b>	2018
	<b>No.</b>	No.
General needs	5752	5,699
Support accommodation	931	761
Shared ownership	240	248
Other tenancies	55	21
Managed for others	45	28
	<u>7,023</u>	<u>6,757</u>

	<b>General needs housing</b>	<b>Supported housing</b>	<b>Shared ownership housing</b>	<b>Others</b>	<b>2019 Total</b>	2018 Total
	No.	No.	No.	No.	No.	No.
Units owned and managed at year end	5,067	878	240	49	6,234	6,067
Units managed not owned at year end	-	45	-	-	45	28
Units owned not managed at year end	685	53	-	6	744	662
	<u>5,752</u>	<u>976</u>	<u>240</u>	<u>55</u>	<u>7,023</u>	<u>6,757</u>

**Units owned not managed at year end by managing body**

	<b>2019</b>	2018
	<b>No.</b>	No.
Places for People Scotland	465	408
Edinburgh Student Co-op	106	106
West Lothian Council	35	30
Key Moves	21	20
Edinburgh Cyrenians	19	19
City of Edinburgh Council	20	16
Other	78	63
	<u>744</u>	<u>662</u>