

Dunbritton Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2019

Registered Social Landlord No. HAL260

FCA Reference No. 2421R(S)

Scottish Charity No. SC036518

DUNBRITTON HOUSING ASSOCIATION LIMITED

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DUNBRITTON HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2019

BOARD OF MANAGEMENT

William Clark	Chair
Sephton MacQuire	Vice Chair & Treasurer
Alistair Tuach	Convenor of Audit & Risk Committee
Sonja Aitken	
John O'Connor	Resigned 12/09/18
Anthony Davey BEM	
Terence Smalls	Resigned 14/11/18
Michael Appleton	
Dean Walker	Resigned 09/05/18
Councillor Brian Walker	Co-optee
Councillor Gary Mulvaney	Co-optee
Darren Clark	Elected 12/09/18
George Morrison	Elected 12/09/18
Julie Smillie	Elected 12/09/18

EXECUTIVE OFFICERS

Allan Murphy	Chief Executive Officer
Tricia McShane	Operations Manager
Paul Sweeney	Asset Manager
Heather Maitz	Finance Manager
Pat Bradley	Corporate Services Manager/Secretary

REGISTERED OFFICE

1st Floor
32 High Street
Dumbarton
G82 1LL

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

Quinn Internal Audit & Business Support
Services Ltd
55 Lady Place
Livingston
EH5 6TB

FINANCE AGENTS

FMD Financial Service Limited
Unit 29, Ladyloan Place
Drumchapel
G15 8LB

BANKERS

Bank of Scotland
94/104 High Street
Dumbarton
G82 1PQ

SOLICITORS

Harper McLeod
Ca'd'oro Building
45 Gordon Street
Glasgow
G1 3PE

DUNBRITTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

The Board of Management presents its report and the Financial Statements for the year ended 31 March 2019.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2421R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC036518.

Principal Activities

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

Review of Business and Future Developments

As with previous years the Board is pleased to report that we continue to perform well in meeting the challenges in a rapidly changing environment.

Business Plan

Allan Murphy (the Chief Executive Officer) and the rest of the management team have supported the Board and completed a thorough review of the Association's Business Plan. As with any organisation we need to ensure that our strategic objectives reflect the current working environment and that we recognise and mitigate against any associated risks.

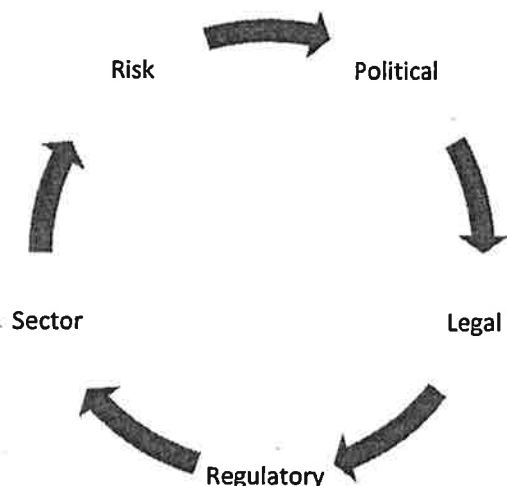
The Housing sector is going through a period of major change and as a developing Association we need to ensure the Board and staff have an understanding of both the external and internal environment (see Diagram 1 on next page). We have specific Board away days with the management team, supported by a housing consultant, to ensure at a strategic level we discuss and implement any necessary changes that are required to ensure we remain on track.

DUNBRITTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Review of Business and Future Developments (Continued)

Diagram 1 – Environment and Risk



During 2018/19 we have remained focused on our strategic objectives and our Business Plan reflects that the Association remains ambitious but realistic with achievable plans going forward. We recognise that staff, customers and stakeholders are key and fundamental to our success as a progressive thinking Housing Association.

Our Business Plan sets out Dunbritton Housing Association's (DHA's) vision, ambitions and strategic objectives which include its future sustainment and growth based on our 30 year financial projections.

The Board is pleased to report that similar to previous financial years the Association has ended 2018/19 with a healthy balance sheet. The Association generated total comprehensive income of £748,332 and net assets now total £8.4m.

Value for Money has been a particular focus for the Association and during 2018/19 we embarked upon a major procurement exercise to ensure that we are obtaining quality, at a competitive price, for the key services provided to our customers. The main areas that have been procured during 2018/19 are day to day repairs, planned and cyclical repairs, major repairs, grass cutting, office telephones and we are continuing with procurement in all other business areas during 2019/20.

To assist in this process we have engaged the services of a procurement specialist and we have also invited Excel Scotland to come and audit our Procurement processes. This free service offered by the Scottish Government will ensure that we are moving in the correct direction of travel.

Our Vision and Purpose

DHA continues to demonstrate it is a viable and ambitious organisation, with a good reputation locally and across the housing movement in Scotland.

Our Vision and Purpose are core and fundamental to our activities and are integral to our strategic objectives. We have reviewed all policies and are developing robust procedures to ensure that we can deliver our key strategic objectives, whilst ensuring that we embrace a risk aware culture within the organisation.

DUNBRITTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Review of Business and Future Developments (Continued)

Our Vision

'Dunbritton Housing Association's Vision is thriving, diverse, healthy and safe communities that enhance quality of life for our customers.'

Our Purpose

Dunbritton Housing Association's Purpose is to:

- Support our customers to sustain their homes and have a better quality of life
- Work with our customers, staff and partners to achieve our Vision
- Provide good quality housing and services that are affordable and accessible to all
- Support the physical, social, economic and environmental regeneration of our estates and the communities in our area
- Enhance quality of life in diverse communities that are safe, sustainable and attractive

We are pleased to report that the Association has remained in the low engagement category with the Scottish Housing Regulator (SHR) and the Board is currently preparing for the introduction of the new "Assurance Statements" which is required from registered social landlords in 2019.

A quality service remains a firm focus for the Association and to provide the best service for our customers we are continuing in our 'Journey to Excellence' in line with the Quality Scotland EFQM (European Foundation of Quality Management) business model. Having already achieved 'Committed to Excellence - 2 Star' in 2016 we made our final submission for Recognised for Excellence in December 2018 and welcomed assessors to our office for them to compete our assessment in April 2019. The outcome of the assessment was announced at the Scottish Awards for Business Excellence awards ceremony in Glasgow on 19 June 2019 - the Association was awarded 3 - Star. This is a prestigious award for the Association as it is recognised as a quality mark in the private, public and voluntary sector.

The Association continues with good practice in Governance and in 2018 / 19 we reviewed our existing Governance arrangements. The Board agreed in November 18 to move to a more streamlined system to ensure the Board members remained focused on strategic objectives. As part of this process we removed the Customer and Asset Management Committees and lead Board members were appointed to head any potential short life working groups, with the remit, as required, of considering emerging or existing practices in areas previously considered by these committees. The Audit Committee was renamed the Audit and Risk Committee and aligning risk to the Strategic Objectives will be a particular focus during 2019/20.

Board away days are now held bi-annually to assist the Board with the Strategic direction and this is supplemented by Board training to support all Board members in their role.

To assist the Governance process the Chief Executive Officer provides the Board with a 6 - monthly Governance report to highlight all relevant matters that have been issued by the SHR, Office of Scottish Charity Regulator (OSCR) and articles published by the Scottish Federation of Housing Associations and any other key housing support organisations.

As a developing Association the Board was delighted that our development of 26 units of affordable housing was completed in Succoth in October 2018. This would not have been possible without the support of the Scottish Government, Argyll & Bute Council and CAF bank.

We are well underway with our largest development project to date of 150 affordable homes and our new office at Dumbarton Harbour. The development will be completed in full during 2019/20 financial year. This would not have been possible without the financial support from the Scottish Government. This is an excellent opportunity for the Association which highlights the need to work in partnership with key stakeholders such as Cullross Limited, West Dunbartonshire Council and Bank of Scotland.

DUNBRITTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Review of Business and Future Developments (Continued)

Welfare Reform is a major risk for all Associations and we continue to monitor the current environment to ensure that we are in a position to respond accordingly. We are delighted to report that despite a sharp hike in Universal Credit cases we have further improved our arrears management performance from last year and remain below 3%.

With the support of Community Links Scotland (CLS) we secured funding to operate our Plot to Pot service. The project involves the development of 4 small community growing spaces in Lochgoilhead, Churchill, Alexandria and Haldane. The application was successful and an Offer of Grant made for £72,446 to run from April 2018 to March 2020.

The Association wishes to run a project in their new build housing development at Dumbarton Harbour and with the support of CLS have shaped up a project which aims to increase local residents' understanding of the harbour's heritage and activities which celebrate that heritage. The project will involve partners including:

Archaeology Scotland,
Lennox Heritage Society,
The Maritime Museum,
Local primary schools and residents' groups.

It will also include the appointment of community artists to facilitate workshops with the aim of creating artefacts such as benches, etched paving stones, door plaques and a viewing frame for waterside views of Dumbarton Castle. CLS liaised with Heritage Lottery before Christmas 2018 and were advised that a formal Project Enquiry should be submitted in February/March 2019 to the newly launched Heritage Fund. This stage was successful with approval to progress to "Full Application".

Our Community Support Fund remains popular within our communities and we continue to fund and support local clubs and community initiatives such as The Brownies, football teams, dance schools and foodbanks.

Tenant consultation is of paramount importance to the Association and we have recently developed a Tenant Scrutiny Panel. Their key purpose is to look at how the Association works and what we can do to improve how we deliver the services and provide value for money to our tenants. The panel has received training from the Tenants Information Service (TIS) and is supported by our Housing Officers.

Although it has been another good year for the Association, we are not complacent and remain focused in an ever changing environment. Our performance figures continue to improve in all aspects of our business and I am delighted to report that satisfaction levels with the overall service remain in extremely high at 95%.

The staff team is our most valuable resource and without their commitment and drive we could not sustain such high levels of satisfaction. Indeed we undertook our staff engagement survey and overall the results were very encouraging with 92% of staff either very or fairly satisfied with the Association as an employer

DUNBRITTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Board of Management and Executive Officers

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

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

The members of the Board of Management are also Trustees of the Charity. Members of the Board of Management are elected by the members at the Association's Annual General Meeting.

Statement of Board of Management's Responsibilities

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

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

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. The Board of Management is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Board of Management must, in determining how amounts are presented within items in the statement of comprehensive income and statement of financial position, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

In so far as the Board of Management is aware:

- there is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- the Board of Management has taken all steps that it ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

DUNBRITTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Statement on Internal Financial Control

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

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

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

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

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

Auditors

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

By order of the Board of Management

PAT BRADLEY
Secretary
28 August 2019



DUNBRITTON HOUSING ASSOCIATION LIMITED

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

In addition to our audit of the Financial Statements, we have reviewed your statement on page 7 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 7 has provided the disclosures required by the relevant Regulatory Standards within the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
28 August 2019



Alexander Sloan
Accountants and Business Advisers

DUNBRITTON HOUSING ASSOCIATION LIMITED

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

Opinion

We have audited the financial statements of Dunbritton Housing Association Limited (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 Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Management.

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

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

DUNBRITTON HOUSING ASSOCIATION LIMITED

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

Responsibilities of the Board of Management

As explained more fully in the Statement of Board of Management's Responsibilities as set out on Page 6, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management.
- Conclude on the appropriateness of the Board of Management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
28 August 2019



Alexander Sloan
Accountants and Business Advisers

DUNBRITTON HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£	£
REVENUE	2	5,113,862	4,901,657
Operating Costs	2	(3,933,727)	(3,645,673)
OPERATING SURPLUS		1,180,135	1,255,984
Gain On Sale Of Housing Stock	7	109,701	42,898
Interest Receivable and Other Income		3,615	1,152
Interest Payable and Similar Charges	8	(341,119)	(338,635)
Other Finance Income / (Charges)	11	(9,000)	(159)
		(236,803)	(294,744)
SURPLUS FOR THE YEAR	9	943,332	961,240
Revaluation of investment properties	25	10,000	-
Adjustment relating to Opening Pension Liability	26	(94,000)	-
Actuarial Gains/ (Losses) on defined benefit Pension Plan	26	(111,000)	-
TOTAL COMPREHENSIVE INCOME		748,332	961,240

The notes on pages 15 to 35 form part of these financial statements.

DUNBRITTON HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2019	2018
		£	£
NON-CURRENT ASSETS			
Housing Properties - Depreciated Cost	12 (a)	67,100,552	61,473,758
Other Non-current Assets	12 (b)	24,530	20,260
		<u>67,125,082</u>	<u>61,494,018</u>
INVESTMENTS			
Investment in subsidiaries	25	2	2
Investment properties	25	72,500	62,500
		<u>72,502</u>	<u>62,502</u>
CURRENT ASSETS			
Receivables	15	418,360	1,513,240
Investments	25	750,000	250,000
Cash at bank and in hand		1,422,527	2,077,860
		<u>2,590,887</u>	<u>3,841,100</u>
CREDITORS: Amounts falling due within one year	16	<u>(2,558,396)</u>	<u>(3,202,473)</u>
NET CURRENT ASSETS			
		32,491	638,627
TOTAL ASSETS LESS CURRENT LIABILITIES			
		67,230,075	62,195,147
CREDITORS: Amounts falling due after more than one year	17	<u>(12,048,607)</u>	<u>(12,272,790)</u>
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES			
Scottish Housing Association Pension Scheme	26	<u>(440,000)</u>	-
		<u>(440,000)</u>	-
DEFERRED INCOME			
Social Housing Grants	19	(45,445,673)	(41,369,322)
Other Grants	19	<u>(864,539)</u>	<u>(870,120)</u>
		<u>(46,310,212)</u>	<u>(42,239,442)</u>
NET ASSETS			
		<u>8,431,256</u>	<u>7,682,915</u>
EQUITY			
Share Capital	20	88	79
Revenue Reserves		8,861,168	7,682,836
Revaluation Reserve		10,000	-
Pension Reserves		<u>(440,000)</u>	<u>-</u>
		<u>8,431,256</u>	<u>7,682,915</u>

The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 28 August 2019.

Vice-Chairperson
Sephon MacQuire

Board Member
Sonia Aitken

Secretary
Pat Bradley

The notes on pages 15 to 35 form part of these financial statements.

DUNBRITTON HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019		2018
		£	£	£
Net cash inflow from operating activities	18		926,214	2,513,068
Investing Activities				
Acquisition and Construction of Properties		(7,357,551)	(6,644,816)	
Purchase of Other Fixed Assets		(25,122)	(3,428)	
Social Housing Grant Received		6,438,932	4,958,742	
Other Grants Received		-	59,969	
Changes on short term deposits with banks		(500,000)	50,000	
Proceeds on Disposal of Properties		180,368	207,058	
Net cash outflow from investing activities			(1,263,373)	(1,372,475)
Financing Activities				
Loan Advances Received		939,619	3,137,110	
Interest Received on Cash and Cash Equivalents		3,615	1,152	
Interest Paid on Loans		(358,805)	(328,393)	
Loan Principal Repayments		(902,616)	(3,104,121)	
Share Capital Issued		13	18	
Net cash outflow from financing activities			(318,174)	(294,234)
(Decrease) / increase in cash			(655,333)	846,359
Opening Cash & Cash Equivalents			2,077,860	1,231,501
Closing Cash & Cash Equivalents			<u>1,422,527</u>	<u>2,077,860</u>
Cash and Cash equivalents as at 31 March				
Cash			1,422,527	2,077,860
			<u>1,422,527</u>	<u>2,077,860</u>

The notes on pages 15 to 35 form part of these financial statements.

DUNBRITTON HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

	Share Capital	Revaluation Reserve	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£	£
Balance as at 31 March 2017					
Issue of Shares	61	-	-	6,721,596	6,721,657
Cancellation of Shares	18	-	-	-	18
Other comprehensive income	-	-	-	-	-
Surplus for the year	-	-	-	961,240	961,240
Balance as at 31 March 2018	79			7,682,836	7,682,915
Balance as at 1 April 2018	79			7,682,836	7,682,915
Issue of Shares	13	-	-	-	13
Cancellation of Shares	(4)	-	-	-	(4)
Remeasurement gain / (loss) on defined benefit pension plan	-	-	(205,000)	-	(205,000)
Other movement	-	-	(235,000)	235,000	-
Revaluation in year	-	10,000	-	-	10,000
Surplus for the year	-	-	-	943,332	943,332
Balance as at 31 March 2019	88	10,000	(440,000)	8,861,168	8,431,256

The notes on pages 15 to 35 form part of these financial statements.

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice - Accounting by social housing providers 2014. The Association is a public benefit entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

Basis of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by social housing providers 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2019. A summary of the more important accounting policies is set out below.

Basis of Consolidation

The Association has obtained exemption from the Financial Conduct Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The financial statements for Dunbritton Housing Association Limited present information about it as an individual undertaking and not about the group.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the asset to which it relates.

Retirement Benefits

The Association participates in the Scottish Housing Associations Defined Benefit Pension Scheme where retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. The Association also operates the Scottish Housing Associations Defined Contribution scheme for new employees. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Kitchens	16 Years
Bathrooms	30 Years
Boilers	18 Years
Radiators	36 Years
Windows	30 Years
Internal Doors	35 Years
Rewiring	40 Years
Structure	50 Years

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

Depreciation and Impairment of Other Non-Current Assets

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

Asset Category	Depreciation Rate
Furniture & Fittings	25% Straight Line
Office Improvements	25% Straight Line
Office Equipment	25% Straight Line

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

Social Housing Grant and Other Grants in Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

Leases/Leased Assets

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

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Service Charge Sinking Funds

The Association receives a service charge from owner occupiers to fund future planned maintenance, cyclical maintenance and car park costs. In accordance with the Statement of Recommended Practice the balance of unspent service income is included as a liability where amounts are repayable or contributions are reduced.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.

Housing Property Managed By Agents

Where a third party manages the Association's housing property the accounting treatment reflects the substance of the transactions. The property is only excluded if the rights and obligations associated with the scheme has been transferred to the third party.

VAT

The Association is VAT registered but a large proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

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

b) Identification of cash generating units

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Financial instrument break clauses

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

d) Pension Liability

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the TPT Retirement Solutions. This year the TPT Retirement Solutions have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has adopted this valuation method in line with FRS 102.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Board of Management to exercise judgement in applying the Association's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below:

a) Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

b) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

d) Costs of shared ownership

The Association allocates costs to shared ownership properties on a percentage basis split across the number of properties the Association owns.

e) Defined pension liability

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

f) Allocation of share of assets and liabilities for multi employer schemes

Judgements in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi employer pension schemes and estimations performed by TPT Retirement Solutions

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2019			2018		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	5,029,220	3,864,163	1,165,057	4,823,575	3,535,368	1,288,207
Other Activities	4	84,642	69,564	15,078	78,082	110,305	(32,223)
Total		5,113,862	3,933,727	1,180,135	4,901,657	3,645,673	1,255,984

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	Shared Ownership £	2019 Total £	2018 Total £
Revenue from Lettings					
Rent receivable net of service charges	3,423,814	248,848	129,921	3,802,583	3,640,938
Service charges receivable	6,873	40,928	7,975	55,776	61,893
Gross Income from rent and service charges	3,430,687	289,776	137,896	3,858,359	3,702,831
Less: Rent losses from voids	(1,067)	-	-	(1,067)	3,925
Net Rents Receivable	3,431,754	289,776	137,896	3,859,428	3,698,906
Grants released from deferred income	1,012,976	69,110	54,536	1,136,622	1,097,852
Revenue grants from Scottish Ministers	33,172	-	-	33,172	25,817
Other revenue grants	-	-	-	-	1,000
Total turnover from affordable letting activities	4,477,902	358,886	192,432	5,029,220	4,823,575
Expenditure on affordable letting activities					
Management and maintenance administration costs	1,490,831	-	10,000	1,500,831	1,329,799
Service Costs	6,873	40,928	7,975	55,776	61,893
Planned and cyclical maintenance, including major repairs	412,290	-	-	412,290	300,080
Reactive maintenance costs	387,452	-	-	387,452	385,926
Bad Debts - rents and service charges	(14,433)	-	-	(14,433)	21,206
Depreciation of affordable let properties	1,383,609	85,466	53,172	1,522,247	1,436,464
Operating costs of affordable letting activities	3,666,622	126,394	71,147	3,864,163	3,535,368
Operating surplus on affordable letting activities	811,280	232,492	121,285	1,165,057	1,288,207
2018	1,100,565	114,703	72,939		

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2019	Operating Surplus / (Deficit) 2018
	£	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	47,521	47,521	-	44,376	3,145	(3,436)
Factoring	-	-	-	22,068	22,068	(652)	22,720	-	(3,551)
Managed Association investment property activities	-	-	-	3,525	3,525	-	2,295	1,230	232
Other activities	-	-	-	8,423	8,423	-	-	8,423	11,500
Tenant Participation Rechargeable repairs	-	-	-	3,105	3,105	-	-	3,105	(12,895)
	-	-	-	-	-	(9,298)	10,123	(10,123)	-
Total From Other Activities	-	-	-	84,642	84,642	(9,950)	79,514	15,078	(32,223)
2018	-	-	-	78,082	78,082	23,368	86,937	(32,223)	

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of Management, managers and certain employees of the Association.

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

Pension contributions made on behalf on Officers with emoluments greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)

Total Emoluments paid to key management personnel

	2019	2018
	£	£
	71,070	64,233
	5,484	5,214
	71,070	64,233
	291,382	267,593

The number of Officers, including the highest paid Officer, who received emoluments over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	1	1

6. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was:

The average total number of Employees employed during the year was:

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

	2019	2018
	No.	No.
	21	21
	27	23
	£	£
	771,727	716,190
	64,107	69,062
	69,682	56,813
	905,516	842,065

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2019 £	2018 £
Sales Proceeds	180,368	207,058
Cost of Sales	<u>70,667</u>	<u>164,160</u>
Gain On Sale Of Housing Stock	<u>109,701</u>	<u>42,898</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2019 £	2018 £
On Bank Loans & Overdrafts	353,218	328,393
Effective interest rate adjustment	5,587	15,471
Less: Interest Capitalised	<u>(17,686)</u>	<u>(5,229)</u>
	<u>341,119</u>	<u>338,635</u>

Interest capitalised was incurred at varying rates of interest.

9. SURPLUS FOR THE YEAR

	2019 £	2018 £
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	1,543,100	1,449,085
Auditors' Remuneration - Audit Services	8,000	8,000
Operating Lease Rentals - Land & Buildings	-	42,000
Operating Lease Rentals - Other	-	3,014
Gain on sale of fixed assets	<u>(109,701)</u>	<u>(42,898)</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

11. OTHER FINANCE INCOME / CHARGES

	2019 £	2018 £
Unwinding of Discounted Liabilities	-	(159)
Defined Pension Scheme interest	<u>(9,000)</u>	<u>-</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
COST				
As at 1 April 2018	66,080,587	10,065,569	3,248,847	79,395,003
Additions	286,160	7,053,705	-	7,339,865
Disposals	(189,613)	-	(311,649)	(501,262)
Schemes Completed	4,687,706	(4,687,706)	-	-
As at 31 March 2019	<u>70,864,840</u>	<u>12,431,568</u>	<u>2,937,198</u>	<u>86,233,606</u>
DEPRECIATION				
As at 1 April 2018	16,704,073	-	1,217,172	17,921,245
Charge for Year	1,469,076	-	53,172	1,522,248
Disposals	(189,613)	-	(120,826)	(310,439)
As at 31 March 2019	<u>17,983,536</u>	<u>-</u>	<u>1,149,518</u>	<u>19,133,054</u>
NET BOOK VALUE				
As at 31 March 2019	<u>52,881,304</u>	<u>12,431,568</u>	<u>1,787,680</u>	<u>67,100,552</u>
As at 31 March 2018	<u>49,376,514</u>	<u>10,065,569</u>	<u>2,031,675</u>	<u>61,473,758</u>

Additions to housing properties include capitalised development administration costs of £17,229 (2018 - £14,563) and capitalised major repair costs to existing properties of £286,160 (2018 - £617,323).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £1,085,902 (2018 - £972,100). The amount capitalised is £286,160 (2018 - £286,094) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £286,160 (2018 - £286,094) and improvement of Nil (2018 - Nil).

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Changing Facilities £	Office Equipment £	Furniture Fittings £	Office Improvements £	Total £
COST					
As at 1 April 2018	137,852	186,002	55,659	23,167	402,680
Additions	-	21,602	3,520	-	25,122
Eliminated on Disposals	-	-	-	-	-
As at 31 March 2019	137,852	207,604	59,179	23,167	427,802
AGGREGATE DEPRECIATION					
As at 1 April 2018	137,852	169,979	51,422	23,167	382,420
Charge for year	-	18,181	2,671	-	20,852
Eliminated on Disposals	-	-	-	-	-
As at 31 March 2019	137,852	188,160	54,093	23,167	403,272
NET BOOK VALUE					
As at 31 March 2019	-	19,444	5,086	-	24,530
As at 31 March 2018	-	16,023	4,237	-	20,260

13. CAPITAL COMMITMENTS

	2019 £	2018 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	7,083,492	14,251,202

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

14. COMMITMENTS UNDER OPERATING LEASES

	2019 £	2018 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Land and Buildings		
Not later than one year	3,500	42,000
Later than one year and not later than five years	-	3,500
Other		
Not later than one year	-	1,464
Later than one year and not later than five years	-	1,550

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Arrears of Rent & Service Charges	112,809	136,268
Less: Provision for Doubtful Debts	(49,282)	(74,375)
	<u>63,527</u>	<u>61,893</u>
Social Housing Grant Receivable	257,863	1,369,247
Other Receivables	96,970	82,100
	<u>418,360</u>	<u>1,513,240</u>

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Housing Loans	945,887	905,378
Trade Payables	777,460	1,334,425
Rent Received in Advance	134,274	132,685
Other Payables	664,894	391,344
Liability for Past Service Contributions	-	74,323
Accruals and Deferred Income	35,881	364,318
	<u>2,558,396</u>	<u>3,202,473</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	2019 £	2018 £
Liability for Past Service Contributions	-	220,677
Housing Loans	12,048,607	12,052,113
	<u>12,048,607</u>	<u>12,272,790</u>
Housing Loans		
Amounts due within one year	945,887	905,378
Amounts due in one year or more but less than two years	1,032,002	906,208
Amounts due in two years or more but less than five years	3,120,035	2,981,964
Amounts due in more than five years	7,896,570	8,163,941
	<u>12,994,494</u>	<u>12,957,491</u>
Less: Amount shown in Current Liabilities	945,887	905,378
	<u>12,048,607</u>	<u>12,052,113</u>
Liability for Past Service Contributions		
Amounts due within one year	-	74,323
Amounts due in one year or more but less than two years	-	75,414
Amounts due in two years or more but less than five years	-	145,263
	<u>-</u>	<u>295,000</u>
Less: Amount shown in Current Liabilities	-	74,323
	<u>-</u>	<u>220,677</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Type	Effective Interest Rate	Maturity (Year)
Fixed	circa 2.5% all in rate	2027
Fixed	circa 5% all in rate	2027
Variable	circa 1.1% all in rate	2028
Variable	circa 1.1% all in rate	2029
Variable	circa 2.75% all in rate	2030
Variable	circa 2.75% all in rate	2033
Variable	circa 2.75% all in rate	2043

The bank borrowings are secured over 748 properties.

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

Due to lenders at the year end	13,035,577	13,004,118
Effective interest rate adjustment	(41,082)	(46,667)
Loans at amortised cost using the effective interest rate	<u>12,994,495</u>	<u>12,957,451</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. STATEMENT OF CASH FLOWS

Reconciliation of surplus for the year to net cash inflow from operating activities

	2019 £	2018 £
Surplus for the year	943,332	961,240
Depreciation	1,537,772	1,489,231
Gain on disposal	(109,701)	(42,898)
Amortisation of Capital Grants	(1,131,294)	(1,138,000)
Change in debtors	(16,504)	191,469
Change in creditors	(610,263)	714,543
Pension movements	(60,000)	(159)
Transfer of interest to financial activities	372,876	337,642
Share Capital Written Off	(4)	-
Net cash inflow from operating activities	<u>926,214</u>	<u>2,513,068</u>

Reconciliation of net cash flow to movement in net debt

	2019 £	2018 £
(Decrease) / increase in cash	(655,333)	846,359
Cashflow from change in net debt	462,997	294,216
Movement in net debt during the year	(192,336)	1,140,575
Net debt at 1st April 2018	(10,629,631)	(12,052,113)
Net debt at 31 March 2019	<u>(10,821,967)</u>	<u>(10,629,631)</u>

Analysis of changes in net debt

	At 01 April 2018	Cashflows	Other Changes	At 31 March 2019
Cash at bank and in hand	2,077,860	(655,333)		1,422,527
Bank overdrafts	-			-
	<u>2,077,860</u>	<u>(655,333)</u>	-	<u>1,422,527</u>
Liquid resources	250,000	500,000		750,000
Debt: Due within one year	(905,378)	(40,509)		(945,887)
Due after more than one year	(12,052,113)	3,506		(12,048,607)
Net Debt	<u>(10,629,631)</u>	<u>(192,336)</u>	-	<u>(10,821,967)</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Assets £	Total £
Social Housing Grants				
As at 1 April 2018	30,039,557	9,603,451	1,726,314	41,369,322
Additions in the year	-	5,327,548	-	5,327,548
Eliminated on disposal of components and property Transferred	(5,327)	-	(120,157)	(125,484)
Amortisation in year	(1,071,487)	(3,428,738)	(54,226)	(1,125,713)
As at 31 March 2019	<u>32,391,481</u>	<u>11,502,261</u>	<u>1,606,157</u>	<u>45,445,673</u>
Other Grants				
As at 1 April 2018	862,379	-	7,741	870,120
Additions in the year	-	-	-	-
Amortisation in year	(5,272)	-	(309)	(5,581)
As at 31 March 2019	<u>857,107</u>	<u>-</u>	<u>7,432</u>	<u>864,539</u>
Total grants net book value as at 31 March 2019	<u>33,248,588</u>	<u>11,502,261</u>	<u>1,559,363</u>	<u>46,310,212</u>
Total grants net book value as at 31 March 2018	<u>30,901,936</u>	<u>9,603,451</u>	<u>1,734,055</u>	<u>42,239,442</u>

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

	2019 £	2018 £
Amounts due within one year	1,131,294	1,059,525
Amounts due in one year or more	45,178,918	41,179,917
	<u>46,310,212</u>	<u>42,239,442</u>

20. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid

	2019 £	2018 £
As at 1 April 2018	79	61
Issued in year	13	18
Cancelled in year	(4)	-
As at 31 March 2019	<u>88</u>	<u>79</u>

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

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-

	2019 No.	2018 No.
General Needs - Built by Association	584	558
General Needs - Rehabilitation	228	236
Shared Ownership	51	56
Supported Housing	23	23
	<u>886</u>	<u>873</u>

22. RELATED PARTY TRANSACTIONS

Key Management Personnel, including members of the Board of Management, and their respective close families are related parties of the Association as defined by Financial Reporting Standard 102.

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

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

	2019 £	2018 £
Rent received from tenants on the Board of Management and their close family members	<u>15,997</u>	<u>18,736</u>
Members of the Board of Management who are tenants	4	4
Members of the Board of Management who are local councillors	2	2

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 1st Floor, 32 High Street, Dumbarton.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in West Dunbartonshire & Argyll & Bute.

24. BOARD OF MANAGEMENT MEMBER EMOLUMENTS

Board of Management members received £5,105 (2018 - £5,308) in the year by way of reimbursement of expenses. No remuneration is paid to Board of Management members in respect of their duties to the Association.

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. INVESTMENTS

Short term deposits

	2019 £	2018 £
Short term deposits	750,000	250,000

Investment properties

	Commercial Properties £	Total £
Valuation		
As at 1 April 2018	62,500	62,500
Revaluation taken to Other Comprehensive Income	10,000	10,000
	<u>72,500</u>	<u>72,500</u>

Commercial properties were valued by an independent professional adviser Whitelaw Baiklie Figes on 31 March 2019 in accordance with the appraisal and valuation manual of the RICS. Commercial properties are subject to valuation at least every five years.

Any gain or loss arising from a change in fair value is recognised in Total Comprehensive Income. Rental income from the investment property is accounted for as described in Note 1 of the accounting policies.

There are no restrictions on the disposal of the properties and they are not held in security for any borrowings.

Shared Equity

The Association participates in a shared equity arrangement at 31 March 2019. At this date the Association has expended £288,446 on shared equity properties. This amount has been fully covered by grant funding.

Investments in Subsidiaries

	2019 £	2018 £
Cost		
As at 1 April and 31 March	2	2
NBV		
As at 31 March	2	2
As at 1 April	<u>2</u>	<u>2</u>

In the opinion of the Board of Management the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's Statement of Financial Position.

The Association has a 100% owned subsidiary named Dunbritton Commercial Limited. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The aggregate amount of capital and reserves and the results of Dunbritton Commercial Limited for the year ended 31 March 2019 were as follows:

	2019 £	2018 £
Capital & Reserves	<u>2</u>	<u>2</u>
Surplus for the year	<u>-</u>	<u>-</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Dunbritton Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the Scheme). The assets of which are held in a separate trustee administered fund. The defined benefit scheme is currently active but is closed to new employees. The defined contribution scheme was made available for new entrants from 14th May 2014.

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

The last valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%). All Scheme members have agreed to make contributions towards the past service deficit. Currently, a full actuarial valuation is being carried out for the position at 30th September 2018 and will be signed off and released to employers in due course.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS

Change In Accounting Estimate

The pension fund is administered by the TPT Retirement Solutions. Previously only the past service deficit was included as a liability in the financial statements as the Association's share of the pension assets and liabilities could not be determined. This year the TPT Retirement Solutions have developed a method of calculating each member's share of the assets and liabilities of the scheme. The figures are available at 1 April 2018 and 31 March 2019. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method.

In May 2019 the FRC issued an amendment to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The new version of FRS 102 while not in force provides best guidance on how to treat the transition from defined contribution to defined benefit accounting. This method has been adopted by the Housing Association as the most appropriate treatment. As a result the change has been accounted for as change in accounting estimate.

Due to the change in accounting estimate the past service deficit liability has been removed as the liability is included in the pension liability now calculated by the actuary and shown under Pension and Other Provisions for Liabilities and Charges in the Statement of Financial Position. The change has been reflected in Other Comprehensive Income as follows:

	£
Opening pension liability per actuary	389,000
Opening past service deficit	295,000
	<hr/>
Movement to other comprehensive income	94,000

As a result the unwinding of the past service deficit is no longer shown within finance charges. Instead the expenses, interest and other comprehensive income as detailed within this note are incorporated within the financial statements.

The following figures are prepared by the Actuaries in accordance with their understanding of FRS 102 and Guidance Note 36: Accounting for Retirement Benefits under FRS 102 issued by the Institute and Faculty of Actuaries.

Principal Actuarial Assumptions

Assumptions as at	2019	2018
	%p.a.	%p.a.
Salary increases	3.3%	3.2%
Pension increases	3.3%	3.2%
Discount rate	2.3%	2.6%

The defined benefit obligation is estimated to comprise of the following:

	2019
	£000
Employee members	3
Deferred pensioners	9
Pensioners	7
	<hr/>
	19

Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
	(Years)	(Years)
Current Pensioners	21.7	23.4
Future Pensioners	23.1	24.7

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS

Fair value of scheme assets by category

	2019 £000
Equities	960
Bonds	1,261
Property	178
Cash	2
	<u>2,401</u>

Net Pension Liability

	2019 £000
Fair value of employer's assets	2,401
Present value of scheme liabilities	(2,841)
	<u>(440)</u>

Reconciliation of fair value of employer assets

	2019 £000
Opening fair value of employer assets	2,224
Expected Return on Assets	127
Contributions by Members	10
Contributions by the Employer	88
Actuarial Gains / (Losses)	-
Estimated Benefits Paid	(48)
Closing fair value	<u>2,401</u>

Reconciliation of defined benefit obligations

	2019 £000
Opening defined benefit obligation	2,613
Current Service Cost	19
Interest Cost	67
Contributions by members	10
Actuarial Gains	180
Estimated Benefits Paid	(48)
Closing defined benefit obligation	<u>2,841</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Income and Expenditure Account

	2019 £000
Charged to operating costs:	
Service cost	19
Charged to Other Finance Costs / (Income)	
Expected Return on employer assets	(58)
Interest on pension scheme liabilities	67
Net Charge to the Income and Expenditure Account	28

Actuarial Gain / (Loss) recognised in Other Comprehensive Income

	2019 £
Actuarial gain/(loss) recognised in year	(111,000)
Cumulative actuarial gains	(111,000)