

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

Registered Housing Association Number: HAL279
Charity Registration Number: SC033749
FCA Reference Number: 2463R (S)

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

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**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
THE BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019**

MEMBERS OF THE BOARD

Graham Keith	Chair	
Leslie Patrick	Vice-chair	(Resigned June 2018)
Andy Bryant	Vice-chair	
Maureen Watson	Vice-chair	
Kathleen Dredge	Secretary	
Pauline Hollinsworth	Member	
Lilian Delaney	Member	
Kim McGavin	Member	(Resigned May 2018)
Michael Gallagher	Member	
Claire Lees	Member	
Margaret Thomson	Member	
David Edwards	Member	
Maureen Donohoe	Member	
Lisa Irvine	Member	
David Young	Member	

EXECUTIVE OFFICERS

Andy Young CEO

REGISTERED OFFICE

2 Old Coach Road,
East Kilbride,
G74 4DP

AUDITORS

French Duncan LLP
Chartered Accountants
133 Finnieston Street
Glasgow
G3 8HB

BANKERS

Lloyds Bank
2nd Floor
25 Gresham Street
London
EC2V 7HN

Clydesdale Bank
30 St Vincent Place
Glasgow
G1 2HL

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019

The Board of Management presents their report the audited 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. HAL279. The Association is governed under its Rule Book. The Association is a Registered Scottish Charity with the charity number SC033749.

Principal Activities

The principal activity of East Kilbride & District Housing Association Limited is to improve the quality of life and serve the needs of local people in East Kilbride and the surrounding area of South Lanarkshire by providing high quality social housing and related services and by assisting them in sustaining and strengthening their communities.

East Kilbride & District Housing Association Limited is registered with the Financial Conduct Authority as a Friendly Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord.

Strategy and Objectives

East Kilbride's Board of Management hold a review day annually to decide on the Association's strategy and Objectives for the coming year and this feeds into the Business Plan. The agreed strategy and objectives for this year are shown below:

1. To secure our financial viability and long term future by operating efficient, effective and accountable financial management.
2. To maintain a broad membership base and actively support tenant and community involvement in the running of the Association.
3. To pursue opportunities to develop and expand activities which are financially viable, support our Mission Statement and are compatible with our rules.
4. To increase the provision of varied housing tenures, in partnership with other agencies where necessary.
5. To ensure the fabric of existing stock and design standards of future stock supports independent living and meets tenants' aspirations.
6. To provide caring, cost effective and high quality services which put customers at the heart of everything we do.
7. To continually assess and increase the range of services offered to our customers.
8. To explore cost effective sustainable energy options to provide lower cost energy bills and reduce carbon emissions.
9. To improve and expand the opportunities for residents to participate in our activities at appropriate levels.
10. To ensure our board and professional staff have the necessary skills, experience knowledge and training to successfully lead and manage the organisation

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019**

Operational Review

This report details issues which have arisen during the year relating to the main activities undertaken.

1. Governance

East Kilbride & District Housing Association Limited is governed by a voluntary and unpaid Board of Management elected by the members of the Association. It is the responsibility of the Board to decide on the future direction of the Association and undertake the development, monitoring and review of appropriate strategies and policies which support the chosen direction. The Board also monitors the operational activities of the Association quarterly and regularly undertakes relevant training and self-assessment of effectiveness of individual Board members and the effectiveness of the Board as a unit.

2. Corporate Activity

East Kilbride & District Housing Association carries out a continuous comprehensive self-assessment programme and a rolling programme of reviewing its policies and activities to ensure they are appropriate and relevant to the agreed strategy, in line with good practice and compliant with current and forthcoming legislation. The Association published its first Strategic Plan (2016-19) in September 2015 and this is supported by an Operational Plan which outlines how the Association intends to fulfil its strategic targets. These plans are updated on an annual basis and the latest plan, for 2019-2022, was approved in April 2019.

3. Development

After several years of not developing any new properties, the Association has recently embarked on a relatively modest programme. The first development consists of 18 small apartments and is expected to be completed in early 2020. This will be followed by two similarly sized, with more in the pipeline. We are in the process of finalising private finance of £3.5 million through CAF Bank to enable us to fulfil these development plans.

4. Housing

Arrears performance continues to look good despite all the welfare benefit changes, the impact of Universal Credit and the current economic climate. We restructured the section so two Housing Officers deal only with arrears recovery and tenancy sustainment. We also buy in Welfare Benefit two days a week and in 2018-2019 £800k was generated in additional income for our tenants through this service. Staff continue to review policies and procedures in line with welfare benefit changes. We had 26 voids this year. Our average relet time was 4.92 days.

5. Property Maintenance

East Kilbride & District Housing Association has implemented and refined its planned and cyclical maintenance programme in line with the EESSH Delivery Plan. Cyclical Paint, Landscaping and Gas maintenance programmes continued on an annual basis. The Planned Maintenance programme included 10 bathroom installs and 40 properties with new windows. The Association's properties all meet the Scottish Housing Quality Standard (SHQS) set out by the Scottish Government and look forward to further enhancing the energy efficiency of our properties in reaching the new EESSH targets set for 2020.

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019**

6. Finance

East Kilbride Housing Association has continued to refine its financial procedures within the financial year. The long term financial projections were updated and developed, taking into account key risks along with the proposed developments. The Association carried out a risk assessment of the proposed development programme to ensure the Association's on going viability. As mentioned above we are in the process of securing funding of £3.5 million from CAF Bank to finance the development programme.

7. Other Areas

Credit Payment Policy

East Kilbride & District Housing Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is within 30 days.

Maintenance Policies

East Kilbride & District Housing Association seeks to maintain its properties to the highest standard. To this end, programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs will be charged to the income and Expenditure account.

In addition, East Kilbride & District Housing Association has a long term programme of major repairs to cover for work which has become necessary since the original development was completed, including works required for subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. The costs of these repairs would be charged to the Income and Expenditure accounts, unless it was agreed they could be capitalised within the terms outlined in the Statement of Recommended Practice for Registered Social Landlords.

Budgetary Process

Each year the Board of Management approves the annual budget and rolling three-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Board of Management of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

Risk Management

The Association has developed a detailed Risk Management Strategy. This is reviewed on an annual basis with individual risk assessments being carried out for new areas of activity. An annually reviewed Business Continuity Plan is also in operation. Development was identified as a key risk to East Kilbride & District Housing Association. Campbell Thompson were employed to carry out an independent stress test on the finances and then the financial projections were updated to ensure that ongoing viability would not be affected as a result of development.

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019**

Treasury Management

East Kilbride & District Housing Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the board of management. In this way East Kilbride & District Housing Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

East Kilbride & District Housing Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2019, East Kilbride & District Housing Association has a mix of fixed and variable rate finance, which it considers appropriate at this time.

Quality and Integrity of Personnel

Board Members are required to abide by the Board Members Code of Conduct. Annual Skills and Training Audits are implemented with corporate and individual training plans drawn up dependent on training requirements based upon the annual appraisal. The integrity and competence of staff is ensured through high recruitment standards and subsequent training courses and annual staff appraisals.

Staff are required to adhere to a Staff Code of Conduct. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Chairperson, in respect of the Board and the Director in respect of the staff.

Employee Involvement and Health and Safety

East Kilbride & District Housing Association takes seriously its responsibilities to employees and as a policy, provides employees with information on matters of concern to them. It is also the policy of the Association to consult where practical, employees or their representatives so that their views may be taken into account in making decisions likely to affect their interests. The Association also has a comprehensive Health and Safety Policy the implementation of which is independently audited on a regular basis.

Disabled Employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue.

It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

Board Members and officers' Insurance

East Kilbride & District Housing Association has purchased and maintains insurance to cover its Board and officers against liabilities in relation to their duties on behalf of East Kilbride & District Housing Association, as authorised by the Association's rules.

Going Concern

The Board of Management has reviewed the results for this year and has also reviewed the projections for the next five years. It, therefore, has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements.

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019**

Future Developments

The Association will continue with its policy of improving the quality of housing and housing services within its area of activity working with its existing and new partners. The Association is currently building 18 properties Dundas Place and work to begin on 22 properties at Redwood Crescent.

Auditors

A resolution to re-appoint the auditors, French Duncan LLP, Chartered Accountants, will be proposed at the Annual General Meeting

Donations

A budget of £500 for donations for the year was agreed at the Annual General Meeting.

Prior Year Adjustment

It was identified that housing properties were over-stated in the accounts as the depreciation charge relating to prior years had not been calculated in line with the Association's accounting policies. Although depreciation is an accounting adjustment to reflect the use of the properties and does not involve the movement of cash resources, adjustments have been made to the previously reported figures to correct the position. Further details are given in note 23 of the accounts.

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019**

Statement of Board's responsibilities

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

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them 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 - 2014. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Board must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Board are 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 have taken all steps that they 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.

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS
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 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;
- 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; and
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019**

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.

By order of Board of Management

Signature



**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
REPORT BY THE AUDITORS TO THE BOARD OF EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION
LIMITED ON CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2019**

In addition to our audit of the Financial Statements, we have reviewed your statement on page 8 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

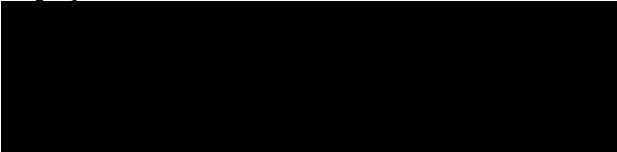
Basis of Opinion

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 8 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes 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 and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that The Board'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 "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

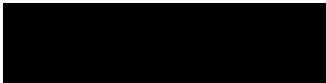


French Duncan LLP

Chartered Accountants
Statutory Auditors

GLASGOW

Date:



EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE BOARD OF EAST KILBRIDE HOUSING ASSOCIATION FOR THE
YEAR ENDED 31 MARCH 2019

OPINION

We have audited the financial statements of East Kilbride & District Housing Association Limited for the year ended 31 March 2019 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in reserves and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements December 2014.

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 housing association in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our 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 Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information contained in the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

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

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE BOARD OF EAST KILBRIDE HOUSING ASSOCIATION FOR THE
YEAR ENDED 31 MARCH 2019

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

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

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

RESPONSIBILITIES OF BOARD MEMBERS

As explained more fully in the Board's responsibilities statement set out on page 7, the Board Members are 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 trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the housing 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 Members either intend to liquidate the housing association or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE BOARD OF EAST KILBRIDE HOUSING ASSOCIATION FOR THE
YEAR ENDED 31 MARCH 2019

sufficient and appropriate to provide the 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 housing association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members
- Conclude on the appropriateness of the trustees' 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 charitable company'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 housing association to cease to continue as a going concern.

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.

USE OF OUR REPORT

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' 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.


French Duncan LLP
Chartered Accountants and Statutory Auditors
133 Finnieston Street
GLASGOW
G3 8HB

Date: 

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

		2019	As restated
	Notes	£	2018
			£
REVENUE	2	2,786,029	2,650,740
Operating costs	2	<u>(2,122,668)</u>	<u>(2,050,823)</u>
OPERATING SURPLUS	2, 9	663,361	599,917
Loss on sale/Disposal of housing stock	7	(8,509)	(14,709)
Interest receivable and other similar income		4,328	7,167
Interest payable and other similar charges	8	(231,321)	(234,249)
Other Finance Charges	11	<u>(10,000)</u>	<u>(3,000)</u>
		<u>(245,502)</u>	<u>(244,791)</u>
SURPLUS FOR THE YEAR		417,859	355,126
OTHER COMPREHENSIVE INCOME			
Intitial recognition of multi-employer defined benefit scheme	24	(171,042)	-
Actuarial losses in respect of defined benefit pension scheme	24	(135,360)	-
TOTAL COMPREHENSIVE INCOME		<u>111,457</u>	<u>355,126</u>

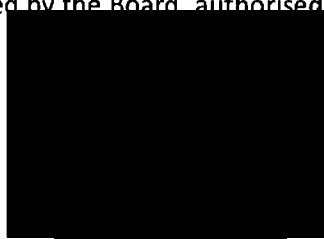
The results for the year relate wholly to continuing activities.

The notes on page 18 to 38 form part of these financial statements.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Notes	2019 £	As restated 2018 £
NON-CURRENT ASSETS			
Housing properties - depreciated cost	12(a)	19,521,914	18,845,095
Other tangible fixed assets	12(b)	<u>675,964</u>	<u>697,842</u>
		20,197,878	19,542,937
CURRENT ASSETS			
Debtors	14	286,059	198,097
Current asset investments		611,367	-
Cash at bank and in hand		<u>1,467,667</u>	<u>2,164,522</u>
		2,365,093	2,362,619
CREDITORS: amounts falling due within one year	15	<u>(540,812)</u>	<u>(541,332)</u>
NET CURRENT ASSETS		<u>1,824,281</u>	<u>1,821,287</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		22,022,159	21,364,224
CREDITORS: amounts falling due after more than one year			
housing property loans	16	(6,529,296)	(6,837,827)
PROVISION FOR LIABILITIES			
Pension- deficit funding liability		-	(232,598)
Pension - defined benefit liability	24	(493,000)	-
Other provision		(5,467)	(12,135)
DEFERRED INCOME			
Social Housing Grants	18	<u>(9,085,637)</u>	<u>(8,484,360)</u>
		<u>5,908,759</u>	<u>5,797,304</u>
NET ASSETS			
EQUITY			
Share capital	19	133	135
Revenue reserve	19	<u>5,908,626</u>	<u>5,797,169</u>
		<u>5,908,759</u>	<u>5,797,304</u>

The financial statements were approved by the Board, authorised for issue, and signed on its behalf on 28 August



The notes on page 18 to 38 form part of these financial statements.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	As restated 2018 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	<u>825,215</u>	<u>679,257</u>
INVESTING ACTIVITIES			
Acquisition and construction of housing properties	(1,303,097)	(687,490)	
Purchase of other fixed assets	(2,211)	(1,766)	
Social Housing Grant received	912,238	226,159	
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		<u>(393,070)</u>	<u>(463,097)</u>
NET CASH INFLOW / (OUTFLOW) BEFORE FINANCING		432,145	216,160
FINANCING ACTIVITIES			
Issue of ordinary share capital	3	3	
Interest received	4,328	7,167	
Interest paid	(231,321)	(234,249)	
Movement in Borrowings	(290,643)	(186,464)	
NET CASH (OUTFLOW) / INFLOW FROM FINANCING		<u>(517,633)</u>	<u>(413,543)</u>
INCREASE(DECREASE) IN CASH		(85,488)	(197,383)
OPENING CASH AND CASH EQUIVALENTS		<u>2,164,522</u>	<u>2,361,905</u>
CLOSING CASH AND CASH EQUIVALENTS		<u>2,079,034</u>	<u>2,164,522</u>

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2019

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2018 (as restated)	135	5,797,169	5,797,304
Issue of Shares	3	-	3
Cancelled shares	(5)	-	(5)
Surplus for Year	-	417,859	417,859
Other comprehensive income	-	(306,402)	(306,402)
Balance as at 31 March 2019	<u>133</u>	<u>5,908,626</u>	<u>5,908,759</u>

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2017 (as restated)	138	5,442,043	5,442,181
Issue of Shares	3	-	3
Cancelled shares	(6)	-	(6)
Surplus for Year (as restated)	-	355,126	355,126
Balance as at 31 March 2018 (as restated)	<u>135</u>	<u>5,797,169</u>	<u>5,797,304</u>

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Legal status

The Association is incorporated under the Co-operative and Community Benefits Societies Act 2014 and is registered by the Financial Conduct Authority. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

Basis of Accounting

These financial statements have been 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 for Social Housing Providers 2014 and comply with the requirements of the Determination of Housing Requirements 2014 as issued by the Scottish Housing Regulator.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see below).

Following the introduction of FRED 71 (Draft amendments to FRS102, The Financial Reporting Standard applicable in the UK and the Republic of Ireland, Multi-employer defined benefit plans), the Association now accounts for the SHAPS pension scheme on a defined benefit basis. Further details are given in the retirement benefit policy below.

The following principal accounting policies have been applied:

Going Concern

The Board of Management has reviewed the results for this year and has also reviewed the projections for the next five years.

On that basis the Board has a reasonable expectation the Association has adequate resources to remain in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised as expenditure 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 Association Defined Benefits Pension Scheme and retirement benefits to employees 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 Associations taken as a whole.

The Association accounts for the pension scheme on a defined benefit basis on its share of scheme assets and liabilities as determined by the actuary. Defined benefit costs are recognised in the Statement of Comprehensive Income within operating costs. Actuarial gains and losses are recognised in other Comprehensive Income.

EÁST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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(a). 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
Land	Not depreciated
Structure	50 years
Electrical wiring	25 years
Windows	30 years
Bathrooms	25 years
Kitchens	15 years
Heating (boilers and radiators)	15 years
External doors	20 years

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:-

Office Premises	2% Straight Line
Computer Equipment	33.3% straight line
Office Equipment	33.3% straight line

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

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 Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same year 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.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Estimation Uncertainty

The preparation of financial statements requires the use of certain 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, is disclosed below:

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.

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.

Useful Lives of Other Fixed Assets

The useful lives of other fixed Assets are based on the knowledge of senior management at the Association with reference to expected asset life cycles.

Pension Liabilities

This has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.

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.

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.

Development Interest

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

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS**

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Board 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 524 in which it manages its housing property for asset management purposes.

c) Pension Liability

In May 2019 the Association received details from the Pension Trust of its share of assets, liabilities and scheme deficit. The Association has used this information as the basis of the pension defined benefit liability as disclosed in these accounts. The Board consider this is the best estimate of their scheme liability.

Financial Instruments – Basic

The Association only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like rents, accounts receivable and payable, loans from banks and related parties.

These are recognised 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.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

2. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Note	2019		As restated 2018		Operating surplus/ (deficit) £
		Revenue £	Operating Costs £	Revenue £	Operating Costs £	
Social letting activities	3	2,699,156	(2,018,919)	2,615,024	(1,984,539)	630,485
Other activities	4	86,873	(103,749)	35,716	(66,284)	(30,568)
Total		<u>2,786,029</u>	<u>(2,122,668)</u>	<u>2,650,740</u>	<u>(2,050,823)</u>	<u>599,917</u>

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Social Housing Accommodation £	2019 Total £	As restated 2018 Total £
Revenue from lettings				
Rent receivable net of identifiable service charges	2,359,277	9,039	2,368,316	2,288,356
Service charges receivable	25,874	-	25,874	25,119
Gross rents receivable	2,385,151	9,039	2,394,190	2,313,475
Less rent losses from voids	(5,995)	-	(5,995)	(3,565)
Net rents receivable	2,379,156	9,039	2,388,195	2,309,910
Amortisation of Social Housing & Other Grants	310,961	-	310,961	285,114
Other Revenue grants	-	-	-	20,000
Total income from social letting	2,690,117	9,039	2,699,156	2,615,024
Expenditure on social letting activities				
Management and maintenance administration costs	976,140	3,740	979,880	971,465
Service costs	13,356	51	13,407	7,913
Planned and cyclical maintenance including major repairs	234,341	898	235,239	218,716
Reactive maintenance	199,582	765	200,347	156,488
Bad debts - rents and service charges	(27,723)	-	(27,723)	24,203
Depreciation of social housing	615,526	2,243	617,769	605,754
Operating costs of social letting	2,011,222	7,697	2,018,919	1,984,539
Operating surplus / (deficit) on social letting activities	678,895	1,342	680,237	630,485
2018 (as restated)	629,117	1,368	630,485	

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

4. PARTICULARS OF INCOME AND EXPENDITURE 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
	£	£	£	£	£	£	£	£	£
Stage 3 adaptations	19,999	-	-	-	19,999	-	(19,999)	-	-
Wider Role Activities	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Other income/ (expenditure)	66,874	-	-	-	66,874	-	(83,750)	(16,876)	(30,568)
Services									
Rechargeable Repairs	-	-	-	-	-	-	-	-	-
TOTAL FROM OTHER ACTIVITIES	86,873	-	-	-	86,873	-	(103,749)	(16,876)	(30,568)
TOTAL FROM OTHER ACTIVITIES FOR 2018	-	-	-	35,716	35,716	(66,284)	-	(30,568)	-

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

5. BOARD MEMBERS AND OFFICERS EMOLUMENTS

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

	2019	2018
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	65,844	65,076
Emoluments payable to the director (excluding pension contributions)	65,844	65,078
Pension contributions paid on behalf of the director	12,651	36,083
	<u>Number</u>	<u>Number</u>

Total number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:

£60,001 - £70,000	1	1
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
	<u>Number</u>	<u>Number</u>

There were payments to board members during the year of £1,498 for reimbursement of expenses (2018 - £nil).

Aggregate emoluments payable to Key Management Personnel & expenses (excluding pension)	<u>226,392</u>	<u>215,731</u>
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6. EMPLOYEE INFORMATION

	2019	2018
	£	£
Staff costs during the year:		
Wages and salaries	525,582	493,021
Social security costs	55,094	54,109
Other pension costs	67,138	64,953
	<u>647,814</u>	<u>612,083</u>
	<u>Number</u>	<u>Number</u>
The average number of full time equivalent persons employed during the year was	<u>15</u>	<u>14</u>

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

7. LOSS ON SALE OF HOUSING STOCK

	2019	2018
	£	£
Sales proceeds	-	85,050
Cost of sales	(8,509)	(99,759)
Loss on sale	<u>(8,509)</u>	<u>(14,709)</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2019	2018
	£	£
Bank loans and overdrafts	231,321	228,378
Rent arrears NPV charge	-	5,871
	<u>231,321</u>	<u>234,249</u>

9. OPERATING SURPLUS FOR THE YEAR

	2019	As restated
	£	2018
		£
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	641,858	632,796
Auditors' remuneration - audit services	5,786	7,008
- other services	965	-
Operating lease rentals - land and buildings	-	-
- other	-	-
Amortisation of capital grants	<u>305,871</u>	<u>285,114</u>

10. TAX ON SURPLUS/(LOSS) ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is exempt from Corporation Tax on its charitable activities.

11. OTHER FINANCE INCOME/CHARGES

	2019	2018
	£	£
Unwinding of discounted liabilities	-	3,000
Net pension interest cost	10,000	-
	<u>10,000</u>	<u>3,000</u>

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting	Housing Properties in the Course of Construction	Total
	£	£	£
COST			
At start of year	25,185,485	-	25,185,485
Additions	400,928	902,169	1,303,097
Disposals	(31,286)	-	(31,286)
Transfers to stock	-	-	-
At end of year	<u>25,555,127</u>	<u>902,169</u>	<u>26,457,296</u>
DEPRECIATION			
At start of year (as restated)	6,340,390	-	6,340,390
Charged during year	617,769	-	617,769
Eliminated on disposal	(22,777)	-	(22,777)
At end of year	<u>6,935,382</u>	<u>-</u>	<u>6,935,382</u>
NET BOOK VALUE			
At end of year	<u>18,619,745</u>	<u>902,169</u>	<u>19,521,914</u>
At start of year (as restated)	<u>18,845,095</u>	<u>-</u>	<u>18,845,095</u>

- 1 Impairment Charges – £nil
- 2 Capitalised Development Administration Costs – £nil
- 3 Capitalised Major Repair Costs – £400,928 (2018 - £347,147)
- 4 The Association's lenders have standard securities over housing properties with a carrying value of £14,999,881 (2018 – £15,179,000)

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

12. NON-CURRENT ASSETS (Continued)

b) Other tangible assets

	Office Premises £	Furniture & Fittings £	Total £
COST			
At start of year	134,505	799,299	933,804
Additions	2,211	-	2,211
Disposals	<u>(21,889)</u>	<u>-</u>	<u>(21,889)</u>
At end of year	<u>114,827</u>	<u>799,299</u>	<u>914,126</u>
DEPRECIATION			
At start of year	123,049	112,913	235,962
Charged during year	10,042	14,047	24,089
Disposals	<u>(21,889)</u>	<u>-</u>	<u>(21,889)</u>
At end of year	<u>111,202</u>	<u>126,960</u>	<u>238,162</u>
NET BOOK VALUE			
At end of year	<u>3,625</u>	<u>672,339</u>	<u>675,964</u>
At start of year	<u>11,456</u>	<u>686,386</u>	<u>697,842</u>

13. COMMITMENTS UNDER OPERATING LEASES

	2019 £	2018 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	1,354	1,260
Later than one year and not later than five years	7,198	5,060
Later than five years	<u>-</u>	<u>-</u>
	<u>8,552</u>	<u>6,320</u>

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

14. DEBTORS

	2019	2018
	£	£
Arrears of Rent & Service Charges	149,404	163,741
Less: Provision for Doubtful Debts	<u>(63,437)</u>	<u>(93,282)</u>
	85,967	70,459
Other Debtors	24,705	92,202
Social Housing grant receivable	130,668	-
Prepayments and accrued income	<u>44,719</u>	<u>35,436</u>
	<u>286,059</u>	<u>198,097</u>

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Housing Loans	309,669	291,781
Trade Payables	19,960	25,957
Rent in Advance	40,238	48,883
Other Taxation and Social Security	28,937	25,227
Other Payables	103,560	105,580
Accruals	<u>38,448</u>	<u>43,904</u>
	<u>540,812</u>	<u>541,332</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2019	2018
	£	£
Housing loans	<u>6,529,296</u>	<u>6,837,827</u>
	<u>6,529,296</u>	<u>6,837,827</u>

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

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

Loans are secured by specific charges on the Association's properties. All loans relate to housing properties. Loans are repayable at rates of interest of 1.04% to 5.75%.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR (Continued)

The Bank loans are repayable as follows:	2019	2018
	£	£
Between one and two years	299,597	298,385
Between two and five years	970,242	951,365
In five years or more	<u>5,259,457</u>	<u>5,588,077</u>
	<u>6,529,296</u>	<u>6,837,827</u>

17. STATEMENT OF CASH FLOWS

		As restated
Reconciliation of operating surplus to balance as at 31 March 2019	2019	2018
	£	£
Operating Surplus	663,361	599,917
Depreciation	641,858	632,796
Amortisation of Capital Grants	(305,871)	(285,114)
Change in debtors	(87,962)	(12,039)
Change in creditors	(18,408)	(201,984)
Deficit contributions	(58,000)	(56,599)
Movement in Pension Liability	2,000	(2,000)
Movement in other provision	(6,668)	4,286
Social Housing Grant released	(5,090)	-
Cancelled Shares	(5)	(6)
	<u>825,215</u>	<u>679,257</u>

18. DEFERRED INCOME

	2019	2018
	£	£
Social Housing Grants		
Balance as at 1 April 2018	8,484,360	8,543,315
Additions in year	912,238	226,159
Released / Repaid as the result of property disposal	(5,090)	-
Amortisation in Year	(305,871)	(285,114)
	<u>9,085,637</u>	<u>8,484,360</u>

This is expected to be released to the Statement of Comprehensive Income as follows:

Amounts due within one year	304,455	282,962
Amounts due in one year or more	<u>8,781,182</u>	<u>8,201,398</u>
	<u>9,085,637</u>	<u>8,484,360</u>

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

19. RESERVES

Share Capital	2019	2018
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2018	135	138
Issued in year	3	3
Cancelled in year	<u>(5)</u>	<u>(6)</u>
At 31 March 2019	<u>133</u>	<u>135</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends 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 at members' meetings.

Reserves	2019	As restated 2018
	£	£
At 1 April 2018 (as restated)	5,797,169	5,442,043
Surplus for year	417,859	355,126
Initial recognition of multi-employer defined benefit scheme	(171,042)	-
Actuarial losses in respect of defined benefit pension scheme	<u>(135,360)</u>	<u>-</u>
At 31 March 2019	<u>5,908,627</u>	<u>5,797,169</u>

Details of the prior year adjustments to restate opening reserves are given in note 23.

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2019	2018
	No.	No.
General Needs - New Build	522	521
Supported Housing	<u>2</u>	<u>2</u>
	<u>524</u>	<u>523</u>

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

21. RELATED PARTY TRANSACTIONS

Members of the Board are related parties of the Association as defined by Financial Reporting Standard 102. The related party relationships of the members of the Board are summarised as:

- Members are tenants of the Association
- Members are factored owners
- Board members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Board member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Board members were as follows:

- Rent Received from Tenants on the Board – £22,958.
- At the year-end total rent arrears owed by the tenant members of the Board were – £3,056.

22. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 2 Old Coach Road, East Kilbride.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing in East Kilbride.

23. PRIOR YEAR ADJUSTMENT

During the current year it was identified that depreciation of social housing had been under provided in prior periods resulting in a decrease in the book value of housing properties. The impact on prior years is to increase accumulated depreciation on housing properties hence decreasing their net book value, and decrease the brought forward revenue reserves. The impact on the prior year opening reserves as at 1 April 2017 is £279,962. The impact on the current year opening reserves as at 1 April 2018 is £326,536 as a result of an additional depreciation charge of £46,575 in the prior year to 31 March 2018.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

24. RETIREMENT BENEFIT OBLIGATIONS

The company participates in the Scottish Housing Associations' Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 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.

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

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

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

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

Pension Scheme Liability Movements:

	2019	2018
	(£000s)	(£000s)
As at 1 April 2018	233	288
Adjustment for FRS102 re-measurement	171	-
Recognition of defined benefit obligation	-	-
Current Service Cost	-	-
Net Interest expense	10	3
Expenses	2	-
Deficit Contributions Paid	(58)	(56)
Impact of change in assumptions	<u>135</u>	<u>(2)</u>
As at 31 March 2019	<u>493</u>	<u>233</u>

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24. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	31 March 2019 (£000s)	31 March 2018 (£000s)
Fair value of plan assets	1,955	1,838
Present value of defined benefit obligation	2,448	2,242
Surplus (deficit) in plan	(493)	(404)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(493)	(404)

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period ended 31 March 2019 (£000s)
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

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24. RETIREMENT BENEFIT OBLIGATIONS (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2019 (£000s)
Defined benefit obligation at start of period	2,242
Current service cost	-
Expenses	2
Interest expense	58
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	(30)
Actuarial losses (gains) due to changes in demographic assumptions	6
Actuarial losses (gains) due to changes in financial assumptions	177
Benefits paid and expenses	(7)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	2,448

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

	Period ended 31 March 2019 (£000s)
Fair value of plan assets at start of period	1,838
Interest income	48
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	18
Contributions by the employer	58
Contributions by plan participants	-
Benefits paid and expenses	(7)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	1,955

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £66,000.

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24. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	Period from 31 March 2018 to 31 March 2019 (£000s)
Current service cost	-
Expenses	2
Net interest expense	10
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	0.0%
	12
Defined benefit costs recognised in statement of comprehensive income (SoCI)	12

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2019 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	18
Experience gains and losses arising on the plan liabilities - gain (loss)	30
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(6)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(177)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(135)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	(135)

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24. RETIREMENT BENEFIT OBLIGATIONS (continued)

ASSETS

	31 March 2019 (£000s)	31 March 2018 (£000s)
Global Equity	314	331
Absolute Return	166	218
Distressed Opportunities	33	8
Credit Relative Value	34	-
Alternative Risk Premia	109	70
Fund of Hedge Funds	5	53
Emerging Markets Debt	63	63
Risk Sharing	57	17
Insurance-Linked Securities	51	50
Property	39	73
Infrastructure	82	34
Private Debt	25	17
Corporate Bond Fund	137	128
Long Lease Property	24	-
Secured Income	68	67
Over 15 Year Gilts	50	59
Index Linked All Stock Gilts	-	-
Liability Driven Investment	696	647
Net Current Assets	2	3
Total assets	1,955	1,838

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

KEY ASSUMPTIONS

	31 March 2019 % per annum	31 March 2018 % per annum
Discount Rate	2.350	2.600
Inflation (RPI)	3.250	3.140
Inflation (CPI)	2.250	2.140
Salary Growth	3.250	3.140
	75% of maximum allowance	75% of maximum allowance
Allowance for commutation of pension for cash at retirement		

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24. RETIREMENT BENEFIT OBLIGATIONS (continued)

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2019	21.7
Female retiring in 2019	23.4
Male retiring in 2039	23.1
Female retiring in 2039	24.7

25. CAPITAL COMMITMENTS

	2019 £	2018 £
Expenditure contracted but not provided for in accounts	<u>4,306,102</u>	<u>52,000</u>
Expenditure authorised by the management committee not contracted for	<u>-</u>	<u>-</u>
Funded by:		
Social Housing Grant	2,144,821	52,000
Other grants and contributions	-	-
Reserves/Loan	<u>2,161,281</u>	<u>-</u>
	<u>4,306,102</u>	<u>52,000</u>

26. CONTINGENT LIABILITIES

The pension withdrawal debt as at 31 March 2019 for East Kilbride & District Housing Association Limited is £2,194,562.