

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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 2021

MEMBERS OF THE BOARD

Graham Keith	Chair	Resigned September 2020
Maureen Watson	Chair	
Andy Bryant	Vice-chair	
Michael Gallagher	Vice-chair	
Lilian Delaney	Secretary	
Kathleen Dredge	Member	
Pauline Hollinsworth	Member	
David Edwards	Member	
Maureen Donohoe	Member	
Lisa Irvine	Member	
David Young	Member	
Mandy Wright	Member	
Gill Hood	Member	Appointed September 2020
Claire Lees	Member	Resigned July 2020

EXECUTIVE OFFICERS

Andy Young	CEO
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REGISTERED OFFICE

2 Old Coach Road,
East Kilbride,
G74 4DP

AUDITOR

French Duncan LLP,
Chartered Accountants and Statutory Auditor
133 Finnieston Street
Glasgow
G3 8HB

BANKERS

Lloyds Bank 2 nd Floor 25 Gresham Street London EC2V 7HN	Clydesdale Bank 30 St Vincent Place Glasgow G1 2HL
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SOLICITORS

T C 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 2021**

The Board of Management presents their report and the audited Financial Statements for the year ended 31 March 2021.

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 SCO33749.

Principal Activities

The principal activity of East Kilbride 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 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 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 meet's 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 people 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 2021**

Operational review

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

1. Governance

East Kilbride Housing Association Limited (EKHA) 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. During 2020 the Board continued to meet remotely on a monthly basis.

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. EKHA published its first Strategic Plan (2016-19) in September 2015 and this was 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. Covid-19

East Kilbride & District Housing Association has, like every other organisation, felt the impact of Covid-19. From 23 March 2020 staff and Board have provided services for its clients while working from home. The Association has managed to keep most of the day-to-day services working, with the exception of non-emergency repairs, although these were brought up to date prior to the year end. The Association is planning for staff to return to the office on a rota basis from 5 July 2021, with the office remaining closed to the public for the foreseeable future. The Board receives monthly updates on the financial impact of Covid-19 with particular emphasis on arrears levels, which at the current time have remained stable but we are anticipating a larger rise as the year progresses and the furlough scheme ends. All Board meetings and the Association's 2020 AGM were carried out remotely via zoom.

4. Development

The Association has recently embarked on a relatively modest programme. The first development consisted of 18 flats and was completed in September 2020. The Association has another development of 22 properties which is due for completion in August 2021. This will be followed by a larger site of 49 properties at Murray Road, with more in the pipeline.

5. Housing

In light of the pandemic, the Association continues to provide a safe service across all aspects of Housing Management. Arrears performance remains good despite the impact of Covid. We also increased the number of days that we provide a Welfare Benefit service from 2 days a week to 3. In 2020-21, £719,728 was generated in additional income for our tenants through this service.

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REPORT FROM THE BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2021**

6. Property maintenance

East Kilbride & District Housing Association has implemented and refined its planned and cyclical maintenance programme in line with the EESSH Delivery Plan. Landscaping and gas maintenance programmes continued on an annual basis. The planned and cyclical maintenance programme included upgrading smoke alarms and electrical testing to 200 properties as well as installation of new windows and doors to 49 properties. The Association's properties all meet the Scottish Housing Quality Standard (SHQS) set out by the Scottish Government and we look forward to further enhancing the energy efficiency of our properties in reaching the new EESSH targets. 98% of the Association's properties passed EESSH 1 (December 2020), with EESSH 2 having a target of December 2032.

7. Finance

East Kilbride & District Housing Association has continued to refine its financial procedures within the financial year. During 2020 the Board looked at the impact of Covid on its finances on a monthly basis. The Annual Budget and long-term financial projections were updated and developed, taking into account key risks of COVID and the proposed developments.

8. 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, the 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 is taken throughout the year through quarterly reporting to the Board of Management of variances from the budget, and 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 contracts tenders, expenditure and treasury management.

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2021**

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 the Association. Campbell Thompson were employed to carry out an independent stress test on the finances and the financial projections were updated to ensure that ongoing viability would not be affected as a result of development.

The Association has also reviewed the risk management processes, taking into account the impact of Covid-19. Further details can be found in the Covid-19 section of this report.

Treasury management

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Board of Management. In this way, the 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 2021, EKHA 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 Board self-evaluation. The integrity and competence of staff is ensured through the Chairperson, the Board of Management and the Chief Executive.

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 employees or their representatives, where practical, 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 the duties on behalf of the Association, as authorised by the Associations' rules.

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2021**

Going concern

The Board has reviewed the results for this year and has also reviewed the projections for the next five years. The Board has considered the risks associated with Covid-19 and has updated its plans and financial projections to ensure that it is in a position to deal with the financial implications and uncertainty around Covid-19. 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. Further details are given in the going concern accounting policy in note 1.

Future developments

The Association will continue with the policy of improving the quality of the housing and housing services within its area of activity, working with its existing and new partners.

The Association is currently building 22 properties at Redwood Crescent and is planning to start work on a site of 49 Properties and Murray Road.

The Association will continue to review the potential impact of the Covid-19 pandemic on our customers, staff, and the Association as a whole.

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. A new Charitable Donations Policy was also adopted by the Board.

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2021**

Statement of Board's responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Board 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 year. In preparing those Financial Statements, the Board is required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable 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 - 2019. 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 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 practices.

In so far as the Board are aware:

- There is no relevant audit information (information needed by the Housing Association's auditor in connection with preparing their report) of which the Association's auditor is 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 auditor is 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 2021

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 2021**

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2021. 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.

A thick, black horizontal bar redacting the signature of the Secretary.

Secretary

Date: 8/9/2021

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
REPORT BY THE AUDITOR TO THE MEMBERS OF EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION
LIMITED ON CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2021**

In addition to our audit of the Financial Statements, we have reviewed your statement on page 8 and 9 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 and 9 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 and Statutory Auditor
133 Finnieston Street
GLASGOW
G3 8HB

Date: 15 September 2021

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST KILBRIDE HOUSING & DISTRICT
ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021**

OPINION

We have audited the financial statements of East Kilbride & District Housing Association Limited for the year ended 31 March 2021 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in capital and 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 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 February 2019.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the trustees' with respect to going concern are described in the relevant sections of this report.

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 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

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST KILBRIDE HOUSING & DISTRICT
ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021**

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 Board 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 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 Act 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 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.

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST KILBRIDE HOUSING & DISTRICT
ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021**

- 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' Committee's 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 housing 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The Extent to Which the Audit Was Considered Capable of Detecting Irregularities Including Fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the responsible individual ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the association through discussions with management and management committee members and from our sector knowledge;
- we focused on specific laws and regulations, including those specified by the Scottish Housing Regulator, which we considered may have a direct material effect on the financial statements or the operations of the association, including the Co-operative and Community Benefits Societies Act 2014, Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Statement of Recommended Practice for Social Housing Providers 2018 and Determination of Housing Requirements 2019, and data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and committee members and inspecting legal invoices; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST KILBRIDE HOUSING & DISTRICT
ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021**

We assessed the susceptibility of the association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of Board and Board members as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed high level analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- reviewing internal audit reports prepared during the year;
- enquiring of Board and Board members as to actual and potential litigation and claims;
- inspecting any legal invoices; and
- reviewing correspondence with Scottish Housing Regulator.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the management committee and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST KILBRIDE HOUSING & DISTRICT
ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021**

USE OF OUR REPORT

This report is made solely to the Association's members, as a body, in accordance with 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 Auditor
133 Finnieston Street
GLASGOW
G3 8HB

Date: 15 September 2021

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

		2021	2020
	Notes	£	£
REVENUE	2	2,932,448	2,755,136
Operating costs	2	<u>(2,124,545)</u>	<u>(2,206,925)</u>
OPERATING SURPLUS	2, 9	807,903	548,211
Gain on sale of housing stock	7	-	(8,296)
Interest receivable and other similar income		10,862	4,928
Interest payable and other similar charges	8	(213,840)	(230,348)
Other finance charges	11	-	(11,431)
		<u>(202,978)</u>	<u>(245,147)</u>
SURPLUS FOR THE YEAR		604,925	303,064
OTHER COMPREHENSIVE INCOME			
Actuarial (losses)/gains in respect of pension scheme	24	(350,058)	444,431
TOTAL COMPREHENSIVE INCOME		<u><u>254,867</u></u>	<u><u>747,495</u></u>

The results for the year relate wholly to continuing activities.

The notes on page 20 to 38 form part of these financial statements.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

		2021	2020
	Notes	£	£
NON-CURRENT ASSETS			
Housing properties - depreciated cost	12(a)	23,167,708	22,420,845
Other tangible fixed assets	12(b)	<u>647,072</u>	<u>663,982</u>
		23,814,780	23,084,827
CURRENT ASSETS			
Debtors	14	238,221	958,969
Current asset investments		625,973	615,178
Cash at bank and in hand		<u>2,388,654</u>	<u>1,637,173</u>
		3,252,848	3,211,320
CREDITORS: amounts falling due within one year	15	<u>(832,116)</u>	<u>(917,387)</u>
NET CURRENT ASSETS		<u>2,420,732</u>	<u>2,293,933</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		26,235,512	25,378,760
CREDITORS: amounts falling due after more than one year	16	(7,494,380)	(7,478,882)
PROVISIONS FOR LIABILITIES			
pension - defined benefit liability	24	(280,000)	-
Other provision		(11,170)	(8,689)
DEFERRED INCOME			
Social Housing Grants	19	<u>(11,538,844)</u>	<u>(11,234,938)</u>
		6,911,118	6,656,251
EQUITY			
Share capital	20	130	130
Revenue reserve	20	<u>6,910,988</u>	<u>6,656,121</u>
		<u>6,911,118</u>	<u>6,656,251</u>

The financial statements were approved by the Board, authorised for issue, and signed on its behalf on 8 September 2021

The notes on page 20 to 38 form part of these financial statements.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	<u>1,733,748</u>	<u>548,698</u>
INVESTING ACTIVITIES			
Acquisition and construction of housing properties	12(a)	(1,427,385)	(3,529,350)
Purchase of other fixed assets	12(b)	(2,435)	(8,577)
Social Housing Grant received	19	<u>627,127</u>	<u>2,435,338</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(802,693)</u>	<u>(1,102,589)</u>
NET CASH INFLOW / (OUTFLOW) BEFORE FINANCING		931,055	(553,891)
FINANCING ACTIVITIES			
Issue of ordinary share capital	20	3	4
Interest received		10,862	4,928
Interest paid	8	(213,840)	(230,348)
Movement in borrowings	16	34,196	952,624
NET CASH (OUTFLOW) / INFLOW FROM FINANCING		<u>(168,779)</u>	<u>727,208</u>
INCREASE IN CASH		762,276	173,317
OPENING CASH AND CASH EQUIVALENTS		<u>2,252,351</u>	<u>2,079,034</u>
CLOSING CASH AND CASH EQUIVALENTS		<u>3,014,627</u>	<u>2,252,351</u>

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2021

	Share Capital	Revenue Reserve	Total
	<u>£</u>	<u>£</u>	<u>£</u>
Balance as at 1 April 2020	130	6,656,121	6,656,251
Issue of Shares	3	-	3
Cancelled shares	(3)	-	(3)
Surplus for Year	-	604,925	604,925
Other comprehensive income	-	(350,058)	(350,058)
Balance as at 31 March 2021	<u>130</u>	<u>6,910,988</u>	<u>6,911,118</u>

	Share Capital	Revenue Reserve	Total
	<u>£</u>	<u>£</u>	<u>£</u>
Balance as at 1 April 2019	133	5,908,626	5,908,759
Issue of Shares	4	-	4
Cancelled shares	(7)	-	(7)
Surplus for Year	-	303,064	303,064
Other comprehensive income	-	444,431	444,431
Balance as at 31 March 2020	<u>130</u>	<u>6,656,121</u>	<u>6,656,251</u>

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Legal Status

The Association is incorporated under the Co-operative and Community Benefit 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 2018 and comply with the requirements of the Determination of Housing Requirements 2019 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).

The following principal accounting policies have been applied:

Going concern

The Board has reviewed the results for this year and has also reviewed the projections for the next 5 years.

On that basis the Board has a reasonable expectation that EKHA 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.

The Association has taken into account the Covid-19 outbreak in its consideration and is satisfied that the Association has adequate resources to manage the impact of the pandemic on an ongoing basis.

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 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 Associations taken as a whole.

The Association accounts for the pension scheme on a defined benefit basis based 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. Further details are disclosed in the notes to the accounts.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
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. 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 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 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.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

Disposals of housing property under the Right to Buy scheme are treated as 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. Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation.

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.

**EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS**

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Management Committee 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 entire housing portfolio in which it manages its housing property for asset management purposes.

c) Pension liability

In May 2021 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 Management Committee 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 2021
NOTES TO THE FINANCIAL STATEMENTS

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

Note	2021		2020		Operating surplus/ (deficit) £	Operating Costs £	Operating Revenue £	Operating Costs £	Operating surplus/ (deficit) £
	Revenue £	Operating Costs £	Operating surplus/ (deficit) £	Operating Revenue £					
3	2,905,827	(2,077,193)	828,634	2,722,038	(2,192,231)	529,807			
4	26,621	(47,352)	(20,731)	33,098	(14,694)	18,404			
	<u>2,932,448</u>	<u>(2,124,545)</u>	<u>807,903</u>	<u>2,755,136</u>	<u>(2,206,925)</u>	<u>548,211</u>			

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing	Supported Housing	Shared Ownership	2021 Total	2020 Total
	£	£	£	£	£
Revenue from lettings					
Rent receivable net of identifiable service charges	2,553,216	9,272	-	2,562,488	2,415,010
Service charges receivable	25,852	95	-	25,947	23,262
Gross rents receivable	2,579,068	9,367	-	2,588,435	2,438,272
Less rent losses from voids	(5,829)	-	-	(5,829)	(2,271)
Net rents receivable	2,573,239	9,367	-	2,582,606	2,436,001
Amortisation of Social Housing & Other Grants	322,028	1,193	-	323,221	286,037
Revenue grants from local authorities and other agencies	-	-	-	-	-
Other Revenue grants	-	-	-	-	-
Total income from social letting	2,895,267	10,560	-	2,905,827	2,722,038
Expenditure on social letting activities					
Management and maintenance administration costs	1,057,152	3,802	-	1,060,954	1,100,620
Service costs	10,754	40	-	10,794	10,720
Planned and cyclical maintenance including major repairs	218,269	808	-	219,077	334,075
Reactive maintenance	98,661	350	-	99,011	119,235
Bad debts - rents and service charges	6,810	25	-	6,835	5,458
Depreciation of social housing	677,996	2,526	-	680,522	622,123
Operating costs of social letting	2,069,642	7,551	-	2,077,193	2,192,231
Operating surplus / (deficit) on social letting activities	825,625	3,009	-	828,634	529,807
2020	528,938	869	-	529,807	

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
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 income	Operating costs bad debts	Operating costs other	Operating surplus/ (deficit) 2021	Operating surplus/ (deficit) 2020
	£	£	£	£	£	£	£	£	£
Stage 3 adaptations	5,255	4,500	-	-	9,755	-	(3,000)	6,755	-
Wider Role Activities	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Support Activities	-	-	-	-	-	-	-	-	-
Other Activities	-	-	-	16,866	16,866	-	(44,352)	(27,486)	18,404
TOTAL FROM OTHER ACTIVITIES	5,255	4,500	-	16,866	26,621	-	(47,352)	(20,731)	18,404
TOTAL FROM OTHER ACTIVITIES FOR 2020	33,098	-	-	-	33,098	-	(14,694)	18,404	-

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
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 Management Committee, managers and employees of the Association.

No emoluments have been paid to any member of the management committee.

	2021	2020
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	67,968	67,644
Emoluments payable to the director (excluding pension contributions)	67,968	67,644
Pension contributions paid on behalf of the director	13,149	12,942

Number	Number
---------------	---------------

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	-	-

Payments made to board members during the year for reimbursement of expenses totalled £17 (2020 - £1,103).

Aggregate emoluments payable to Key Management Personnel & expenses (excluding pension)

<u>231,773</u>	<u>216,433</u>
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6. EMPLOYEE INFORMATION

	2021	2020
	£	£
Staff costs during the year:		
Wages and salaries	538,421	538,799
Social security costs	56,870	56,911
Other pension costs	78,286	73,417
	<u>673,577</u>	<u>669,127</u>

Number	Number
---------------	---------------

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

<u>14</u>	<u>15</u>
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EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

7. GAIN ON SALE OF HOUSING STOCK

	2021	2020
	£	£
Sales proceeds	-	-
Cost of sales	-	(8,296)
Loss on sale	<u>-</u>	<u>(8,296)</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£	£
Bank loans and overdrafts	<u>213,840</u>	<u>230,348</u>
	<u>213,840</u>	<u>230,348</u>

9. SURPLUS FOR THE YEAR

	2021	2020
	£	£
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	699,867	642,682
Auditors' remuneration - audit services	8,034	8,034
- other services	965	965
Operating lease rentals - land and buildings	-	-
- other	2,025	1,354
Amortisation of capital grants	<u>323,221</u>	<u>282,563</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

11. OTHER FINANCE CHARGES

	2021	2020
	£	£
Net pension interest cost	<u>-</u>	<u>11,431</u>

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties Under Construction £	Total £
COST			
At start of year	25,800,221	4,149,867	29,950,088
Additions	208,692	1,218,693	1,427,385
Disposals	(101,405)	-	(101,405)
Transfers to stock	2,451,023	(2,451,023)	-
At end of year	<u>28,358,531</u>	<u>2,917,537</u>	<u>31,276,068</u>
DEPRECIATION			
At start of year	7,529,243	-	7,529,243
Charged during year	680,522	-	680,522
Eliminated on disposal	(101,405)	-	(101,405)
At end of year	<u>8,108,360</u>	<u>-</u>	<u>8,108,360</u>
NET BOOK VALUE			
At end of year	<u>20,250,171</u>	<u>2,917,537</u>	<u>23,167,708</u>
At start of year	<u>18,270,978</u>	<u>4,149,867</u>	<u>22,420,845</u>

1 Impairment Charges - £nil

2 Capitalised Development Administration Costs - £nil

3 Capitalised Major Repair Costs - £208,691 (2020 - £281,652)

4 The Association's lenders have standard securities over housing properties with a carrying value of £19,489,000 (2020 - £13,691,078)

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

12. NON-CURRENT ASSETS (Continued)

b) Other tangible assets

	Furniture & Fittings £	Office Premises £	Total £
COST			
At start of year	113,085	799,299	912,384
Additions	2,435	-	2,435
Disposals	<u>(2,940)</u>	<u>-</u>	<u>(2,940)</u>
At end of year	<u>112,580</u>	<u>799,299</u>	<u>911,879</u>
DEPRECIATION			
At start of year	105,456	142,946	248,402
Charged during year	3,359	15,986	19,345
Disposals	<u>(2,940)</u>	<u>-</u>	<u>(2,940)</u>
At end of year	<u>105,875</u>	<u>158,932</u>	<u>264,807</u>
NET BOOK VALUE			
At end of year	<u>6,705</u>	<u>640,367</u>	<u>647,072</u>
At start of year	<u>7,629</u>	<u>656,353</u>	<u>663,982</u>

13. COMMITMENTS UNDER OPERATING LEASES

	2021 £	2020 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	2,025	1,354
Later than one year and not later than five years	3,148	5,844
Later than five years	<u>-</u>	<u>-</u>
	<u>5,173</u>	<u>7,198</u>

14. DEBTORS

	2021 £	2020 £
Arrears of Rent & Service Charges	102,641	87,303
Less: Provision for Doubtful Debts	<u>(14,629)</u>	<u>(34,042)</u>
	88,012	53,261
Other Debtors	44,738	16,561
Social Housing Grant receivable	-	840,988
Prepayments and accrued income	<u>105,471</u>	<u>48,159</u>
	<u>238,221</u>	<u>958,969</u>

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Housing Loans	331,405	312,707
Trade Payables	149,850	84,806
Rent in Advance	44,457	94,787
Other Taxation and Social Security	29,120	15,236
Other Payables	92,467	349,383
Accruals	<u>184,817</u>	<u>60,468</u>
	<u>832,116</u>	<u>917,387</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021	2020
	£	£
Housing loans	<u>7,494,380</u>	<u>7,478,882</u>
	<u>7,494,380</u>	<u>7,478,882</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 amortise over the terms 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 0.32% to 5.75%.

The Bank loans are repayable as follows:

	2021	2020
	£	£
Between one and two years	362,485	320,368
Between two and five years	1,230,110	1,101,599
In five years or more	<u>5,901,785</u>	<u>6,056,915</u>
	<u>7,494,380</u>	<u>7,478,882</u>

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

17. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to balance as at 31 March 2021	2021	2020
	£	£
Operating Surplus	807,903	548,211
Depreciation	699,867	642,682
Amortisation of Capital Grants	(323,221)	(282,563)
Change in debtors	720,748	(672,910)
Change in creditors	(103,969)	373,537
Deficit contributions	(68,000)	(62,000)
Movement in Pension Liability	2,000	2,000
Movement in other provision	(1,577)	3,222
Social Housing Grant released	-	(3,474)
Cancelled Shares	(3)	(7)
Balance as at 31 March 2021	<u>1,733,748</u>	<u>548,698</u>

18. ANALYSIS OF NET DEBT

Reconciliation of net debt as at 31 March 2021	1 April 2020	Cash flows	Other changes	31 March 2021
Cash at bank	1,637,173	751,481	-	2,388,654
Housing loans due within one year	(312,707)	(34,196)	15,498	(331,405)
Housing loans due after one year	(7,478,882)		(15,498)	(7,494,380)
Current asset investments	615,178	10,795		625,973
	<u>(5,539,238)</u>	<u>728,080</u>	<u>-</u>	<u>(4,811,158)</u>

19. DEFERRED INCOME

	2021	2020
	£	£
Social Housing Grants		
Balance as at 1 April 2020	11,234,938	9,085,637
Additions in year	627,127	2,435,338
Released / Repaid as the result of property disposal	-	(3,474)
Amortisation in Year	(323,221)	(282,563)
Balance as at 31 March 2021	<u>11,538,844</u>	<u>11,234,938</u>

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

Amounts due within one year	383,616	363,274
Amounts due in one year or more	<u>11,155,228</u>	<u>10,871,664</u>
	<u>11,538,844</u>	<u>11,234,938</u>

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

20. RESERVES

Share Capital	2021	2020
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2020	130	133
Issued in year	3	4
Cancelled in year	(3)	(7)
At 31 March 2021	<u>130</u>	<u>130</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	2021	2020
	£	£
At 1 April 2020	6,656,121	5,908,626
Surplus for year	604,925	303,064
Actuarial losses in respect of defined benefit pension scheme	(350,058)	444,431
At 31 March 2021	<u>6,910,988</u>	<u>6,656,121</u>

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2021	2020
	No.	No.
General Needs - New Build	540	522
Supported Housing	<u>2</u>	<u>2</u>
	<u>542</u>	<u>524</u>

22. 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 Management Committee are summarised as:

- 5 Members are tenants of the Association
- Members are factored owners
- Management Committee 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.

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22. RELATED PARTY TRANSACTIONS (Continued)

Transactions with Management Committee members were as follows:

- Rent Received from Tenants on the Board – £24,980.
- At the year-end total rent arrears owed by the tenant members of the Board were £688.

23. 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, G74 4DP.

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

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

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

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

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive.

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24. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Similarly, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

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

	31 March 2021	31 March 2020
	(£000s)	(£000s)
Fair value of plan assets	2,449	2,274
Present value of defined benefit obligation	2,729	2,262
Surplus (deficit) in plan	(280)	12
Unrecognised surplus	-	12
Defined benefit asset (liability) to be recognised	(280)	-
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	-	-

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period ended 31 March 2021	Period ended 31 March 2020
	(£000s)	(£000s)
Impact of asset ceiling at start of period	12	-
Effect of the asset ceiling included in net interest cost	1	-
Actuarial losses (gains) on asset ceiling	(13)	(12)
Impact of asset ceiling at end of period	-	12

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2021	Period ended 31 March 2020
	(£000s)	(£000s)
Defined benefit obligation at start of period	2,262	2,448
Current service cost	-	-
Expenses	2	2
Interest expense	53	58
Contributions by plan participants	-	-
Actuarial losses (gains) due to scheme experience	(95)	58
Actuarial losses (gains) due to changes in demographic assumptions	-	(13)
Actuarial losses (gains) due to changes in financial assumptions	514	(284)
Benefits paid and expenses	(7)	(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	2,729	2,262

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24. RETIREMENT BENEFIT OBLIGATIONS (Continued)

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

	Period ended 31 March 2021 (£000s)	Period ended 31 March 2020 (£000s)
Fair value of plan assets at start of period	2,274	1,955
Interest income	54	47
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	60	217
Contributions by the employer	68	62
Contributions by plan participants	-	-
Benefits paid and expenses	(7)	(7)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	2,449	2,274

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £114,000.

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

	Period from 31 March 2020 to 31 March 2021 (£000s)	Period from 31 March 2019 to 31 March 2020 (£000s)
Current service cost	-	-
Expenses	2	2
Net interest expense	-	11
Losses (gains) on business combinations	-	-
Losses (gains) on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	2	13

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2021 (£000s)	Period ended 31 March 2020 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	60	217
Experience gains and losses arising on the plan liabilities - gain (loss)	95	(58)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-	13
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(514)	284
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(359)	456
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	13	(12)
Total amount recognised in other comprehensive income - gain (loss)	(346)	444

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24. RETIREMENT BENEFIT OBLIGATIONS (Continued)

ASSETS

	31 March 2021	31 March 2020
	(£000s)	(£000s)
Global Equity	379	313
Absolute Return	121	140
Distressed Opportunities	84	41
Credit Relative Value	71	55
Alternative Risk Premia	98	182
Fund of Hedge Funds	-	-
Emerging Markets Debt	99	81
Risk Sharing	87	72
Insurance-Linked Securities	51	61
Property	44	42
Infrastructure	137	134
Private Debt	58	45
Opportunistic Illiquid Credit	63	55
High Yield	64	-
Opportunistic Credit	67	-
Cash	1	-
Corporate Bond Fund	185	166
Liquid Credit	42	60
Long Lease Property	57	56
Secured Income	134	126
Over 15 Year Gilts	1	29
Index Linked All Stock Gilts	-	-
Liability Driven Investment	588	599
Net Current Assets	18	17
Total assets	2,449	2,274

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 2021	31 March 2020
	% per annum	% per annum
Discount Rate	2.20	2.35
Inflation (RPI)	3.25	2.56
Inflation (CPI)	2.87	1.56
Salary Growth	3.87	2.56
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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24. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2021	21.5
Female retiring in 2021	23.4
Male retiring in 2041	22.8
Female retiring in 2041	25.0

Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation.

25. CAPITAL COMMITMENTS

	2021	2020
	£	£
Expenditure contracted but not provided for in accounts	958,464	4,593,787
Funded by:		
Social Housing Grant	2,818	38,300
Private Finance	877,650	3,929,329
Other Public Subsidy	-	-
Reserves	<u>77,996</u>	<u>626,158</u>
	<u>958,464</u>	<u>4,593,787</u>

26. CONTINGENT LIABILITIES

The pension withdrawal debt as at 31 March 2021 for East Kilbride & District Housing Association Limited is £1,839,371.