

**FORTH HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Registered Housing Association Number: HAL. 110
Charity Registration Number: SC003550
FCA Reference Number: 2268RS

FORTH HOUSING ASSOCIATION LIMITED

CONTENTS

THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS.....	1
REPORT FROM THE MANAGEMENT COMMITTEE	2
REPORT BY THE AUDITOR	7
INDEPENDENT AUDITOR’S REPORT	8
STATEMENT OF COMPREHENSIVE INCOME	12
STATEMENT OF FINANCIAL POSITION	13
STATEMENT OF CASH FLOWS.....	14
STATEMENT OF CHANGES IN CAPITAL AND RESERVES	15
NOTES TO THE FINANCIAL STATEMENTS	16

**FORTH HOUSING ASSOCIATION LIMITED
THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2021**

MEMBERS OF THE MANAGEMENT COMMITTEE

Gordon Mason	Chairperson
Robert Buchanan	Vice Chairperson
Priscilla Maramba	Treasurer
Colleen Sharp	Secretary
Linda Mason	Committee Member
John Paterson	Committee Member
Cllr J Thomson	Stirling Council Observer
Ann Dickson	Committee Member
James Bryce	Committee Member
Lynore MacLeod	Committee Member
Patrick Heneghan	Resigned September 2020
John Fyfe	Resigned December 2020

EXECUTIVE OFFICERS

Grahame Cairns	Director
Nicola Stobie	Tenant Services Manager
Niall Patterson	Development Coordinator

REGISTERED OFFICE

Kildean Business & Enterprise Hub
146 Drip Road
Stirling
FK8 1RW

AUDITOR

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

INTERNAL AUDITOR

Quinn Internal Audit
55 Lady Place
Livingston
EH54 6TB

BANKERS

Clydesdale Bank PLC
Clydesdale Bank Head Office
1st Floor 30 Vincent Place
Glasgow
G1 2HL

DATA PROTECTION OFFICER

Information Law Solutions Limited
272 Bath Street
Glasgow
G2 4JR

SOLICITORS

TC Young LLP
7 West George Street
Glasgow
G2 1BA

FINANCE AGENT

FMD Financial Services Limited
KCEDG Commercial Centre
Unit 29, Ladyloan Place
Glasgow, G15 8LB

FORTH HOUSING ASSOCIATION LIMITED REPORT FROM THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021

The Management Committee 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. 2268 RS. The Association is governed under its Rule Book. The Association is a Registered Scottish Charity with the charity number SC003550.

Principal Activities

The principal activity of the Association is the provision and management of affordable rented accommodation.

Governance

The Association's Management Committee, which meets monthly, is elected by the membership at the AGM, held in September each year, and can consist of up to 15 individuals. Following each AGM, the Committee review their membership and can elect, if appropriate, to co-opt additional individuals to provide additional experience and/or skills. The 2020/21 Committee involves members with a range of professional backgrounds and also includes 5 Association tenants, who can provide first hand customer insight.

In order to ensure that Committee members maintain appropriate levels of knowledge and skills a training and development strategy is in place, which requires each member to attend a minimum of two training/development courses each year. Attendance at training features as part of the annual appraisal and review carried out with each Committee member. All new Committee members are involved in an induction programme to ensure that they are fully aware of the governance and business arrangements of the Association. An informal mentoring programme also ensures that new Committee members receive support and guidance from their more experienced colleagues.








Aims and Objectives.

The Business Plan was reviewed and updated in November 2020. This summarised the Association's aims and objectives as follows:

Aims:

Forth aims to develop and maintain quality affordable homes and services.

Objectives:

-  Developing and maintaining quality homes within the eastern Stirling area.
-  Allocating homes to meet a range of housing needs.
-  Encouraging tenants to meet their responsibilities.
-  Providing income maximisation and associated assistance.
-  Ensuring robust governance and value for money.
-  Delivering excellent customer services.
-  Engaging with our communities and encouraging tenant involvement.

Values:

We will undertake all the above in a responsive, fair and transparent manner in accordance with our policies and legal obligations.

**FORTH HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2021**

Business Priorities:

The above translate into the following priorities:

- ▣ Focusing our activity within the eastern part of the Stirling Council area.
- ▣ Developing homes which meet or surpass current standards regarding quality, accessibility and sustainability.
- ▣ Allocating our homes so that we meet a range of housing needs in a manner which keeps void rent loss to a minimum.
- ▣ Enforcing tenancy conditions in a firm but fair manner, to deliver tenants' rights and encourage tenants to meet their responsibilities.
- ▣ Maintaining and investing in our homes to ensure that they meet or surpass current standards wherever possible.
- ▣ Providing income maximisation and associated assistance, to help people improve their wellbeing and future prospects.
- ▣ Delivering customer services which meet expectations in a prompt and efficient manner.
- ▣ Engaging with our communities and encouraging participation in decision making at a variety of levels, from information sharing to Committee involvement.
- ▣ Developing services which bring added value to our tenants and communities, including through joint working with other agencies.
- ▣ Providing value for money across our full range of activities.
- ▣ Ensuring transparent governance, which adheres to legislation and regulatory requirements.
- ▣ Sharing information in an open and appropriate manner.

These aims and objectives outline the strategic and operational ambitions of the Association and translate into a series of SMART objectives and targets which formed the basis for monitoring and reporting during the period.

Risk Assessment and Strategy

The Business Plan also summarised the Risk Assessment and Risk Strategy, which again influenced the work objectives for the year. The Association carried out a Risk Strategy review and training was provided to Committee and staff. The review resulted in an amended Strategic Risk Register and the implementation of Operational Risk Strategies subject to quarterly reviews.

The Association maintains a detailed and up-to-date register of all risks (including strategic, operational, reputational, financial, etc.) where we set out their cause and potential impact, assign a named person to be responsible for their management, the controls we have in place together with a scoring system to help us to understand their seriousness. We use this proactively to identify, assess, control, monitor and review the risks to our organisation.

The Association's financial performance remains subject to close scrutiny by the Management Committee on a quarterly basis and before any major capital expenditure, through new housing development, is undertaken.

Covid-19

Like many other businesses the Covid-19 pandemic at times, interrupted our service delivery to our tenants, we were able to ensure the Association met all our legal and Health and Safety obligations. We were able to upgrade all our properties to the new Fire Standards before the deadline of February 2022.

Our Business Continuity Plan operated successfully, and a review was carried out to update on lessons learned during the pandemic. We are investing in a web portal that will enable tenants easier access to their personal information and for Forth to share information much more quickly.

There have been disruptions in the completion of our current developments as follows:

- 53 units at two development sites in Raploch area delayed due to the supply of materials.

**FORTH HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2021**

- 24 units at Johnston Avenue in Cornton – start date commenced in May 2021.

We provided monthly reports to our Management Committee and the Scottish Housing Regulator and to date the impact on rent arrears, time taken to allocate properties and bad debts are far less than we anticipated. We continue to be confident that we are taking the correct actions to minimise the impact.

We have also carried out sensitivity analysis to test negative impact on our 30 year cashflow projections due to increase in voids, bad debts and arrears which has little impact on the cashflow or key performance indicators.

The Management committee are satisfied that the above disruptions do not pose any threat to the going concern of the Association.

Review of business

An updated Business Plan was adopted with effect from December 2020. This plan outlines the strategic and operational ambitions of the Association and outlined SMART objectives and targets. These formed the basis for monitoring and reporting during the period.

Strategic co-operation with Stirling Council remains a priority for the Association. Forth completed 6 new homes in St. Ninians. Construction of a further 53 new homes in Raploch with grant assistance has commenced with 16 properties due for completion by July 2021. Plans were also progressed to ensure that further new homes will be delivered over the coming 6 year period.

In the year ended March 2021, the Association had a low level of engagement with the Scottish Housing Regulator, which reflects the good performance against Key Performance Indicators (KPI's). Low engagement means the Regulator will receive the standard returns including the RSLs audited accounts, Annual Return on the Charter (ARC) and five year financial projections.

The Regulatory Framework came into effect on 1 April 2019, requiring all Registered Social Landlords (RSLs) to submit an Annual Assurance Statement (AAS) to the Scottish Housing Regulator. The purpose was to confirm compliance or otherwise with regulatory requirements and be completed and agreed by the governing body. This was submitted in October 2020.

External consultants continue to be utilised as required, providing specialist advice and assistance to the Management Committee and in preparation for the introduction of Freedom of Information Scotland, Information Law Solutions our Data Protection Officer for Forth will cover any works associated.

Future Developments

The Association's Management Committee are committed to ongoing developments of new homes provided that grant funding remains available at an appropriate level. The development programme over the next 6 years which, if delivered, would generate a further 314 units for the Association.

Long term financial projections indicate that the proposed development programme outlined above can be built utilising the undrawn £5million facility which was put in place with the Nationwide Building Society. The Association will need to source further private funding that will be agreed by the Management Committee later this year. Our projections indicate that the Association should be able to restrict future rent increases broadly in line with inflation.

Whilst the primary focus of the Association remains the provision of new build housing and quality services for our tenants, the Association will continue to seek opportunities to develop additional services which will benefit

**FORTH HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2021**

our existing and future tenants. It is envisaged that this activity will involve the further development of partnership approaches and / or the securing of additional grant funding.

Statement of Management Committee's responsibilities

The Co-operative and Community Benefit Societies Act 2014 require The Management Committee 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 Management Committee 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 Management Committee 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 Management Committee 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 Management Committee 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 Management Committee 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.

Statement on Internal Financial Control

The Management Committee 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

**FORTH HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2021**

- The safeguarding of assets against unauthorised use or disposition.

It is the Management Committee'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 Management Committee 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 Management Committee;
- The Management Committee 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.

The Management Committee 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.

Auditors

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

Board of Management Committee

[Redacted Signature]

Concien Sharp

Secretary

Date: 30 August 2021

FORTH HOUSING ASSOCIATION LIMITED
REPORT BY THE AUDITOR TO THE MEMBERS OF FORTH 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 5 and 6 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 Financial Reporting Council. 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 5 and 6 has provided the disclosures required by the relevant Regulatory Standards within 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 Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that The Management Committee'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 Auditor

GLASGOW

Date: 1 September 2021

FORTH HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORTH HOUSING ASSOCIATION LIMITED FOR
THE YEAR ENDED 31 MARCH 2021

OPINION

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

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 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 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 management committee members' 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 Association'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 management committee members 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 Annual Report, other than the financial statements and our auditor's report thereon. The management committee 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 course of 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.

**FORTH HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORTH HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 31 MARCH 2021**

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 COMMITTEE MEMBERS

As explained more fully in the management committee's responsibilities statement set out on page 5, the committee 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 committee members 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 management committee 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 committee 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.
- 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.

FORTH HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORTH HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 31 MARCH 2021

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee members
- Conclude on the appropriateness of the committee members' 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 Benefit 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 management 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.

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

**FORTH HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORTH HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 31 MARCH 2021**

- making enquiries of management and management committee 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 management and management committee 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.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.


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

Date: 1 September 2021

**FORTH HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 £
REVENUE	2	3,999,670	3,761,398
Operating costs	2	<u>(2,708,085)</u>	<u>(2,382,993)</u>
OPERATING SURPLUS	2	1,291,585	1,378,405
Loss on disposal of property		(11,594)	(10,777)
Interest receivable and other similar income		9,894	6,089
Interest payable and other similar charges	7	(237,515)	(237,577)
Other Finance Charges	9	<u>-</u>	<u>(12,000)</u>
		<u>(239,215)</u>	<u>(254,265)</u>
SURPLUS FOR THE YEAR		1,052,370	1,124,140
OTHER COMPREHENSIVE INCOME			
Actuarial (loss)/gain in respect of pension scheme	23	(446,000)	437,000
TOTAL COMPREHENSIVE INCOME		<u><u>606,370</u></u>	<u><u>1,561,140</u></u>

The results for the year relate wholly to continuing activities.

The notes on page 16 to 40 form part of these financial statements.


**FORTH HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 £
NON-CURRENT ASSETS			
Housing properties - depreciated cost	10(a)	43,630,410	41,005,095
Other tangible fixed assets	10(b)	<u>376,435</u>	<u>370,194</u>
		44,006,845	41,375,289
CURRENT ASSETS			
Receivables	12	146,954	227,512
Cash at bank and in hand		<u>2,910,959</u>	<u>2,134,641</u>
		3,057,913	2,362,153
CREDITORS: amounts falling due within one year	13	<u>(1,240,528)</u>	<u>(1,706,507)</u>
NET CURRENT ASSETS		<u>1,817,385</u>	<u>655,646</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		45,824,230	42,030,935
CREDITORS: amounts falling due after more than one year			
housing property loans	14	(15,020,589)	(14,011,504)
PROVISION FOR LIABILITIES			
Pension - defined benefit liability	23	(423,000)	(74,000)
DEFERRED INCOME			
Social Housing Grants	17	<u>(15,073,655)</u>	<u>(13,244,812)</u>
		<u>15,306,986</u>	<u>14,700,619</u>
EQUITY			
Share capital	18	64	67
Revenue reserve	18	<u>15,306,922</u>	<u>14,700,552</u>
		<u>15,306,986</u>	<u>14,700,619</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 30 August 2021.


Chairperson
G Mason


Treasurer
P Maramba


Secretary
C Sharp

The notes on page 16 to 40 form part of these financial statements.

FORTH HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	15	1,710,564	1,884,346
INVESTING ACTIVITIES			
Acquisition and construction of housing properties	(3,516,595)	(3,719,170)	
Purchase of other fixed assets	(25,993)	(15,436)	
Social Housing Grant received	<u>2,035,140</u>	<u>1,951,717</u>	
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(1,507,448)	(1,782,889)
NET CASH INFLOW BEFORE FINANCING		<u>203,116</u>	<u>101,457</u>
FINANCING ACTIVITIES			
Issue of ordinary share capital	1	4	
Interest received	9,894	6,089	
Interest paid	(237,515)	(237,577)	
Loan Drawdown	1,545,564	1,454,437	
Loan principal repayments	<u>(744,742)</u>	<u>(672,469)</u>	
NET CASH INFLOW FROM FINANCING		<u>573,202</u>	<u>550,484</u>
INCREASE IN CASH		776,318	651,941
OPENING CASH AND CASH EQUIVALENTS		2,134,641	1,482,700
CLOSING CASH AND CASH EQUIVALENTS		<u><u>2,910,959</u></u>	<u><u>2,134,641</u></u>

FORTH 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	67	14,700,552	14,700,619
Issue of shares	1	-	1
Cancelled shares	(4)	-	(4)
Surplus for Year	-	1,052,370	1,052,370
Other comprehensive income	-	(446,000)	(446,000)
Balance as at 31 March 2021	<u>64</u>	<u>15,306,922</u>	<u>15,306,986</u>
	Share Capital £	Revenue Reserve £	Total £
	<u>£</u>	<u>£</u>	<u>£</u>
Balance as at 1 April 2019	63	13,139,412	13,139,475
Issue of shares	4	-	4
Surplus for Year	-	1,124,140	1,124,140
Other comprehensive income	-	437,000	437,000
Balance as at 31 March 2020	<u>67</u>	<u>14,700,552</u>	<u>14,700,619</u>

FORTH 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 Association has considerable financial resources together with long term arrangements with its tenants who are protected by the Scottish Secure Tenancy agreement. As a consequence, the Management Committee believe that the Association is well placed to manage its business risks successfully.

The Management Committee monitor the operations and performance of the Association through reports provided at their monthly meetings and they have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. The Association has taken into account the Covid-19 pandemic in its consideration and is satisfied that the Association has adequate resources to manage the impact of the pandemic on an ongoing basis. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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 relating to capital are released to income over the expected useful life of the asset to which it relates.

Government grants of a revenue nature are recognised in income in the same period as the related expenditure.

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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 of the scheme and its assumptions are included at note 23.

Valuation of Housing Properties

Housing Properties are stated at cost less accumulated depreciation and impairment. 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 10. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Kitchens	17-20 years
Bathrooms	30 years
Boilers	12-15 years
Radiators	30 years
Windows	30 years
External doors	30 years
Rewiring	30 years
Structure	83-100 years
Shared ownership	50 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: -

Computer Equipment	25%	Straight Line
Furniture and Equipment	15%	Straight Line
Office Premises	2%	Straight Line

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

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

Sales of Housing Properties

First tranche Shared Ownership disposals are credited to revenue 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 a non-current asset disposal 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 Management Committee to exercise judgement in applying the Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

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.

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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. Assumptions for future inflation linked pension increases (where applicable) are based on the appropriate headline inflation index, adjusted where necessary to reflect any caps and collars, bearing in mind the proximity of the future inflation assumption to those caps and collars and the expected variability of future inflation increases.

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.

Taxation

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

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 schemes in which it manages its housing property for asset management purposes.

c) Pension Liability

The Association's pension provider has been able to calculate the Association's individual liability for the past pension deficit. Under accounting standard FRS102 where a pension provider is able to give an individual valuation the standard requires that these figures be accepted and shown in the Association's annual accounts.

As at 31 March 2021 the deficit for Forth Housing Association was estimated at £423,000. This has required an entry under Other Comprehensive Income on page 12. The entry of £446,000 reflects the actuarial loss estimated on the scheme in the current year. This will vary year by year depending upon a range of factors including, but not exclusively, investment returns and actuarial assumptions.

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (continued)

d) 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.

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

2. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS

	Note	2021		2020		Operating surplus/ (deficit) £
		Revenue £	Operating costs £	Revenue £	Operating costs £	
Affordable letting activities	3	3,947,447	(2,624,215)	3,729,970	(2,318,920)	1,411,050
Other activities	4	52,223	(83,870)	31,428	(64,073)	(32,645)
Total		<u>3,999,670</u>	<u>(2,708,085)</u>	<u>3,761,398</u>	<u>(2,382,993)</u>	<u>1,378,405</u>

FORTH 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 £	Shared Ownership Housing £	2021 Total £	2020 Total £
Revenue from lettings				
Rent receivable	3,722,792	22,256	3,745,048	3,580,928
Gross rents receivable	<u>3,722,792</u>	<u>22,256</u>	<u>3,745,048</u>	<u>3,580,928</u>
Less rent losses from voids	(3,898)	-	(3,898)	(2,492)
Net rents receivable	<u>3,718,894</u>	<u>22,256</u>	<u>3,741,150</u>	<u>3,578,436</u>
Amortisation of Social Housing & Other Grants	206,297	-	206,297	151,534
Total income from social letting	<u><u>3,925,191</u></u>	<u><u>22,256</u></u>	<u><u>3,947,447</u></u>	<u><u>3,729,970</u></u>
Expenditure on social letting activities				
Management and maintenance administration costs	940,916	5,752	946,668	868,563
Service costs	105,570	-	105,570	100,631
Planned and cyclical maintenance, including major repairs	336,176	-	336,176	217,207
Reactive maintenance	346,820	-	346,820	347,856
Bad debts - rents and service charges	9,147	-	9,147	14,906
Depreciation of social housing	876,417	3,417	879,834	769,757
Operating costs of social letting	<u><u>2,615,046</u></u>	<u><u>9,169</u></u>	<u><u>2,624,215</u></u>	<u><u>2,318,920</u></u>
Operating surplus on social letting activities	<u><u>1,310,145</u></u>	<u><u>13,087</u></u>	<u><u>1,323,232</u></u>	<u><u>1,411,050</u></u>
2020	<u><u>1,398,249</u></u>	<u><u>12,801</u></u>	<u><u>1,411,050</u></u>	

**FORTH 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 income £	Total Revenue £	Operating Costs Bad Debts £	Operating costs Other £	Operating surplus or (deficit) £	2020 £
Wider Role Activities	-	-	-	-	(43,306)	(43,306)	(42,952)
Factoring	-	3,390	3,390	-	(2,309)	1,081	1,020
Office premises rental income	-	20,614	20,614	-	(17,957)	2,657	1,823
Other income/(expenditure)	20,298	7,921	28,219	-	(20,298)	7,921	7,464
TOTAL FROM OTHER ACTIVITIES	20,298	31,925	52,223	-	(83,870)	(31,647)	(32,645)
TOTAL FROM OTHER ACTIVITIES FOR 2020	-	31,428	31,428	-	(64,073)	(32,645)	

FORTH 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.

	<u>2021</u> £	<u>2020</u> £
No emoluments have been paid to any member of the management committee.		
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	64,325	61,005
Emoluments payable to the director (excluding pension contributions)	64,325	61,005
Pension contributions paid on behalf of the director	4,819	4,635
	<u>179,300</u>	<u>179,412</u>
	<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	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

	<u>2021</u>	<u>2020</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>
Staff costs during the year:	£	£
Wages and salaries	553,514	522,440
Social security costs	54,811	51,603
Other pension costs	42,931	39,995
	<u>651,256</u>	<u>614,038</u>

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£	£
Bank loans and overdrafts	<u>237,515</u>	<u>237,577</u>

8. OPERATING SURPLUS FOR THE YEAR

	2021	2020
	£	£
Surplus is stated after charging/(crediting):		
Depreciation of tangible owned fixed assets	899,438	785,818
Auditor's remuneration - audit services	9,000	9,000
Operating lease rentals - other	552	552
Amortisation of capital grants	<u>(206,297)</u>	<u>(151,534)</u>

9. OTHER FINANCE INCOME/CHARGES

	2021	2020
	£	£
Net interest costs	<u>-</u>	<u>12,000</u>

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

10. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting	Housing Properties in the Course of Construction	Completed Shared Ownership Properties	Total
	£	£	£	£
COST				
At start of year	38,218,374	6,509,802	217,245	44,945,421
Additions	515,200	2,934,297	-	3,449,497
Transfers to stock	5,027,127	(5,027,127)	-	-
Transfer from shared ownership	107,943	-	(46,393)	61,550
Disposals	(58,231)	-	-	(58,231)
At end of year	<u>43,810,413</u>	<u>4,416,972</u>	<u>170,852</u>	<u>48,398,237</u>
DEPRECIATION				
At start of year	3,914,343	-	25,983	3,940,326
Charged during year	876,417	-	3,417	879,834
Eliminated on disposal	(46,785)	-	(5,548)	(52,333)
At end of year	<u>4,743,975</u>	<u>-</u>	<u>23,852</u>	<u>4,767,827</u>
NET BOOK VALUE				
At end of year	<u>39,066,438</u>	<u>4,416,972</u>	<u>147,000</u>	<u>43,630,410</u>
At start of year	<u>34,304,031</u>	<u>6,509,802</u>	<u>191,262</u>	<u>41,005,095</u>

- 1 There were no impairment charges in the year.
- 2 There were no capitalised development administration charges in the year.
- 3 New components capitalised during the year amounted to £515,200 (2020 - £302,057).
- 4 Transfer from shared ownership of £107,943 includes £61,550 in respect of additions in the year.
- 5 The Association's lenders have standard securities over housing property with a carrying value of £24,936,084 (2020 - £25,057,959)

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

b) Other Tangible Assets	Office Premises	Computer Equipment	Furniture & Equipment	Total
	£	£	£	£
COST				
At start of year	365,137	62,348	31,680	459,165
Additions	-	13,919	12,074	25,993
Disposals	-	(7,278)	(50)	(7,328)
At end of year	<u>365,137</u>	<u>68,989</u>	<u>43,704</u>	<u>477,830</u>
DEPRECIATION				
At start of year	13,206	45,887	29,878	88,971
Charged during year	6,603	10,653	2,348	19,604
Disposals	-	(7,161)	(19)	(7,180)
At end of year	<u>19,809</u>	<u>49,379</u>	<u>32,207</u>	<u>101,395</u>
NET BOOK VALUE				
At end of year	<u>345,328</u>	<u>19,610</u>	<u>11,497</u>	<u>376,435</u>
At start of year	<u>351,931</u>	<u>16,461</u>	<u>1,802</u>	<u>370,194</u>

11. 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	552	552
Later than one year and not later than five years	1,380	1,932
	<u>1,932</u>	<u>2,484</u>

12. ACCOUNTS RECEIVABLE

	2021	2020
	£	£
Arrears of Rent	81,396	110,445
Less: Provision for Doubtful Debts	(36,682)	(31,693)
	<u>44,714</u>	<u>78,752</u>
Other receivables	102,240	148,760
	<u>146,954</u>	<u>227,512</u>

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

13. ACCOUNTS PAYABLE: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Housing Loans	652,400	860,664
Trade Payables	256,741	517,074
Rent in Advance	206,117	186,128
Other Taxation and Social Security	31,977	28,534
Other Payables	3,100	3,100
Accruals and Deferred Income	90,193	111,007
	<u>1,240,528</u>	<u>1,706,507</u>

14. ACCOUNTS PAYABLE: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021	2020
	£	£
Housing loans	<u>15,020,589</u>	<u>14,011,504</u>
The Bank loans are repayable as follows:	2021	2020
	£	£
Between one and two years	660,825	1,029,756
Between two and five years	1,949,562	2,837,912
In five years or more	<u>12,410,202</u>	<u>10,143,836</u>
	<u>15,020,589</u>	<u>14,011,504</u>

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

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

Loans are secured by specific charges on the Association's properties. The Association has two fixed loans at 3.29% and 3.45% with all other loans operating on a variable rate of interest. The variable interest loans are linked to either Base Rate or 3-month LIBOR and the margins range between 0.35% and 1.85%.

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

15. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to cash flow from operating activities	2021	2020
	£	£
Operating Surplus	1,291,585	1,378,405
Depreciation	899,438	785,818
Change in Provisions for liabilities and charges	(100,000)	(94,000)
Amortisation of Capital Grants	(206,297)	(151,534)
Change in debtors	80,558	(6,830)
Change in creditors	(257,716)	(30,513)
Pension scheme service costs	3,000	3,000
Cancelled Shares	(4)	-
Cash flow from operating activities	<u>1,710,564</u>	<u>1,884,346</u>

16. ANALYSIS OF CHANGES IN NET DEBT

	As at April 2020	Cash-flows	Other non- cash changes	As at March 2021
	£	£	£	£
Cash	2,134,641	776,318	-	2,910,959
Loans falling due within one year	(860,664)	744,742	(536,478)	(652,400)
Loans falling due after more than one year	(14,011,504)	(1,545,564)	536,478	(15,020,589)
TOTAL	<u>(12,737,527)</u>	<u>(24,504)</u>	<u>-</u>	<u>(12,762,030)</u>

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

17. DEFERRED INCOME

	Housing Properties Held For Letting £	Housing Properties In Course of Construction £	Total £
Social Housing Grants			
Balance as at 1 April 2020	8,823,488	4,958,192	13,781,680
Additions in year	20,485	2,014,655	2,035,140
Transferred	3,190,083	(3,190,083)	-
Balance as at 31 March 2021	<u>12,034,056</u>	<u>3,782,764</u>	<u>15,816,820</u>
Amortised Grants			
Balance as at 1 April 2020	536,868	-	536,868
Amortisation in year	206,297	-	206,297
Balance as at 31 March 2021	<u>743,165</u>	<u>-</u>	<u>743,165</u>
Net book value			
As at 31 March 2021	<u>11,290,891</u>	<u>3,782,764</u>	<u>15,073,655</u>
As at 31 March 2020	<u>8,286,620</u>	<u>4,958,192</u>	<u>13,244,812</u>

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

	2021	2020
	£	£
Amounts released within one year	224,106	151,534
Amounts released in one year or more	<u>14,849,549</u>	<u>13,093,278</u>
	<u>15,073,655</u>	<u>13,244,812</u>

18. SHARE CAPITAL AND RESERVES

Share Capital	2021	2020
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2020	67	63
Issued in year	1	4
Cancelled in year	(4)	-
At 31 March 2021	<u>64</u>	<u>67</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.

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

18. SHARE CAPITAL AND RESERVES (continued)

Reserves	2021	2020
	£	£
At 1 April 2020	14,700,552	13,139,412
Surplus for year	1,052,370	1,124,140
Other comprehensive income	(446,000)	437,000
At 31 March 2021	<u>15,306,922</u>	<u>14,700,552</u>

19. HOUSING STOCK

The number of units of accommodation in management at the year-end was: -	2021	2020
	No.	No.
General Needs - Built by Association	871	865
General Needs – Purchased by Association	2	-
Shared Ownership	10	12
	<u>883</u>	<u>877</u>

20. RELATED PARTY TRANSACTIONS

Members of the Management Committee and their close family 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
- No 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 Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members, officers and their close family were as follows:

- Rent Received from Tenants on the Committee and close family members – £19,847
- Factoring income received from Owner Occupiers in the Committee - NIL
- At the year-end total rent arrears owed by the tenant members of the Committee were – NIL.
- At the year-end total rent arrears owed by Owner Occupiers of the Committee were – NIL
- During the year £1,000 was paid to a related party of the Director for services rendered.

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

21. 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:

- Kildean Business and Enterprise Hub, 146 Drip Road, Stirling, FK8 1RW.

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

22. GOVERNING BODY MEMBER EMOLUMENTS

Management Committee members received £363 in the year by way of reimbursement of expenses (2020 - £976). No remuneration is paid to Management Committee members in respect of their duties in the Association.

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

23. RETIREMENT BENEFIT OBLIGATIONS

SCHEME: TPT Retirement Solutions – Scottish Housing Associations’ Pension Scheme

The Association 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 was not possible for the Association 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 Association 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.

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.

Pension deficit liability movement	2021	2020
	£	£
Opening value of the deficit liability	74,000	590,000
Amounts paid by the Association	(100,000)	(94,000)
Net interest cost	-	12,000
Staff costs	3,000	3,000
Impact on change in assumptions	446,000	(437,000)
Closing value of deficit liability	<u>423,000</u>	<u>74,000</u>

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

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

	31 March 2021	31 March 2019
	(£000s)	(£000s)
Fair value of plan assets	3,484	3,197
Present value of defined benefit obligation	3,907	3,271
Surplus (deficit) in plan	(423)	(74)
Defined benefit asset (liability) to be recognised	(423)	(74)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31	Period ended 31
	March 2021	March 2020
	(£000s)	(£000s)
Defined benefit obligation at start of period	3,271	3,577
Expenses	3	3
Interest expense	77	82
Actuarial losses (gains) due to scheme experience	(91)	62
Actuarial losses (gains) due to changes in demographic assumptions	-	(20)
Actuarial losses (gains) due to changes in financial assumptions	699	(394)
Benefits paid and expenses	(52)	(39)
Defined benefit obligation at end of period	3,907	3,271

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

	Period ended 31	Period ended 31
	March 2021	March 2020
	(£000s)	(£000s)
Fair value of plan assets at start of period	3,197	2,987
Interest income	77	70
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	162	85
Contributions by the employer	100	94
Benefits paid and expenses	(52)	(39)
Fair value of plan assets at end of period	3,484	3,197

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2020 to March 2021 was £239,000.

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

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

	Period from 31 March 2020 to 31 March 2021 (£000s)	Period from 31 March 2019 to 31 March 2020 (£000s)
Expenses	3	3
Net interest expense	-	12
Defined benefit costs recognised in statement of comprehensive income (SOI)	3	15

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	Period from 31 March 2020 to 31 March 2021 (£000s)	Period from 31 March 2019 to 31 March 2020 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	162	85
Experience gains and losses arising on the plan liabilities - gain (loss)	91	(62)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-	20
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(699)	394
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(446)	437
Total amount recognised in other comprehensive income - gain (loss)	(446)	437

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

ASSETS

	31 March 2021	31 March 2020
	(£000s)	(£000s)
Global Equity	539	440
Absolute Return	172	196
Distressed Opportunities	119	58
Credit Relative Value	100	77
Alternative Risk Premia	140	256
Emerging Markets Debt	140	114
Risk Sharing	125	101
Insurance-Linked Securities	73	86
Property	62	60
Infrastructure	195	188
Private Debt	82	63
Opportunistic Illiquid Credit	89	78
High Yield	91	-
Opportunistic Credit	95	-
Cash	1	-
Corporate Bond Fund	263	234
Liquid Credit	60	84
Long Lease Property	81	78
Secured Income	191	177
Over 15 Year Gilts	2	41
Liability Driven Investment	838	842
Net Current Assets	26	24
Total assets	3,484	3,197

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.

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

KEY ASSUMPTIONS	31 March 2021	31 March 2020
	% per annum	% per annum
Discount Rate	2.17%	2.38%
Inflation (RPI)	3.28%	2.62%
Inflation (CPI)	2.86%	1.62%
Salary Growth	3.86%	2.62%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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. Assumptions for future inflation linked pension increases (where applicable) are based on the appropriate headline inflation index, adjusted where necessary to reflect any caps and collars, bearing in mind the proximity of the future inflation assumption to those caps and collars and the expected variability of future inflation increases.

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

THE GROWTH PLAN

SCHEME: TPT Retirement Solutions

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

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

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

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

Deficit contributions

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

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

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

Deficit contributions

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

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

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

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

PRESENT VALUES OF PROVISION		
	31 March 2021 (£s)	31 March 2020 (£s)
Present value of provision	4,433	5,253

RECONCILIATION OF OPENING AND CLOSING PROVISIONS		
	Period Ending 31 March 2021 (£s)	Period Ending 31 March 2020 (£s)
Provision at start of period	5,253	6,372
Unwinding of the discount factor (interest expense)	117	80
Deficit contribution paid	(1,089)	(1,057)
Remeasurements - impact of any change in assumptions	152	(142)
Provision at end of period	4,433	5,253

INCOME AND EXPENDITURE IMPACT		
	Period Ending 31 March 2021 (£s)	Period Ending 31 March 2020 (£s)
Interest expense	117	80
Remeasurements – impact of any change in assumptions	152	(142)

ASSUMPTIONS		
	31 March 2021 % per annum	31 March 2020 % per annum
Rate of discount	0.66	2.53

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

FORTH HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

ADDITIONAL INFORMATION

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2021 (£s)	31 March 2020 (£s)
Year 1	1,122	1,089
Year 2	1,156	1,122
Year 3	1,190	1,156
Year 4	1,022	1,190
Year 5	-	1,022

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

Pension Scheme Growth Plan Note

In the opinion of the trustees the growth plan deficit of £4,433 is based on estimated calculations and is not material in relation to the accounts. Accordingly, this provision is not reflected in the annual financial statements.

24. CAPITAL COMMITMENTS

	2021	2020
	£	£
Expenditure approved by the management committee and contracted for	<u>3,314,426</u>	<u>5,621,692</u>
Funded by:		
Scottish Housing Grants	1,196,149	2,984,698
Own resources	131,416	-
External funding	<u>1,986,861</u>	<u>2,636,994</u>
	<u>3,314,426</u>	<u>5,621,692</u>