

Registered Housing Association No. HAC214
FCA Reference No. 2326R(S)
Scottish Charity No. SC037681

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2020

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2020

CONTENTS

	Page
Members of the Management Committee, Executives And Advisers	1
Report of the Management Committee	2 – 4
Management Committee Statement on Internal Financial Controls	5
Report by the Auditors on Corporate Governance Matters	6
Report of the Auditors	7 - 8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Cash Flows	11
Statement of Changes In Equity	12
Notes to the Financial Statements	13 - 26

GARDEEN HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS

For the year ended 31 March 2020

MANAGEMENT COMMITTEE

M Leat	Chairperson
C Brewer	Vice Chair
S Lack	Treasurer
R O'Malley	Secretary
K Brown	
K Bavidge	Appointed December 2019
F Bowman	Appointed April 2019
C Cameron	Resigned August 2019
R Clark	Resigned October 2019
W Hughes	Appointed December 2019
M Livingstone	
H Marcowich	Resigned February 2020
M Smith	
A Wales	Appointed August 2019

EXECUTIVE OFFICERS

Roslyn Crawford	Director
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REGISTERED OFFICE

32 Garlieston Road
Barlanark
Glasgow
G33 4UD

EXTERNAL AUDITORS

Chiene + Tait LLP
Chartered Accountants and
Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

INTERNAL AUDITORS

Alexander Sloan
Chartered Accountants
180 St Vincent Street
Glasgow
G2 5SG

FINANCE AGENTS

FMD Financial Services Ltd
Unit 29
Ladyloan Place
Drumchapel
G15 8LB

BANKERS

Royal Bank of Scotland
1304 Duke Street
Glasgow
G31 5PZ

SOLICITORS

BTO
48 St Vincent Street
Glasgow
G2 5HS

SOLICITORS

Kelly & Co
184 Abercromby Street
Glasgow
G40 2RZ

SOLICITORS

T C Young
7 West George Street
Glasgow
G2 1BA

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE

For the year ended 31 March 2020

The Management Committee presents its report and the Financial Statements for the year ended 31 March 2020.

Legal Status

Gardeen Housing Association Limited is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2326R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC037681.

Principal Activities

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

Review of Business and Future Developments

The Management Committee of Gardeen Housing Association continues to follow a prudent approach to the financial affairs of the organisation. The collection of rental income and management of voids remains a key focus for Gardeen Housing. The Association performs well in these areas when compared to our peers. The COVID-19 pandemic will however introduce new challenges. When combined with ongoing welfare reform and the rollout of Universal Credit, the pandemic will put additional financial pressure on our tenants.

The Management Committee understands that there is likely to be an increase in the level of bad debt and has added COVID-19 to the Association's risk register. There have been no properties void so far during lockdown, however, the Management Committee is aware that void re-let times will increase. New re-let procedures are in place to allow for social distancing. The Association will benefit from lower loan interest payments. The repairs and maintenance costs for the year will be lower than budget due to the pandemic.

The Association has a smaller planned maintenance programme over the next two years, which will lessen the impact of the pandemic. There is a pause in the programme before a further stock condition survey is scheduled to be carried out during 2021. This information allows the Management Committee to plan for the future to ensure that Gardeen remains an independent housing association, serving the needs of the Gardeen community.

The Management Committee remains committed to providing a costed programme of planned maintenance and improvements. The Association will continue to replace and renew smoke and heat alarms to ensure compliance with the new standard for fire safety set by the Scottish Government. This is to maintain Gardeen Housing Association homes to a high standard and to protect the investment in the community. The Association also continues to invest in improvements to its properties, including major repairs and cyclical maintenance.

The Management Committee are focused on providing a local bespoke service to tenants and have worked with external advisers to update the Business Plan and financial projections to ensure that Gardeen is fit for purpose for the future.

The members of the Management Committee are pleased to confirm that the state of the financial affairs of Gardeen Housing Association is satisfactory. Prior to adjustments arising from the pension scheme, the surplus for the year was £65,923. Pension adjustments of £388,551 have further increased this surplus to £454,474, compared to a deficit of £119,010 in the previous financial year. The high surplus this year is as a result of adjustments to recognise the specific liability/surplus that the Association has as a member of the SHAPS multi-employer pension scheme. In the previous year these adjustments resulted in an overall deficit. This highlights the volatility that can be experienced in a year on year basis for these adjustments.

The Management Committee notes that the Association shows a satisfactory position with net assets of £2,335,458.

The Management Committee has also complied with all Scottish Housing Regulator, OSCR and FCA requirements.

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (Continued)

For the year ended 31 March 2020

Structure, governance and management

The Association is controlled by a Management Committee. The members of the Management Committee and the Executive Officers are listed on Page 1.

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

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

Risk management

The Association has an active risk management process, with policies, risk matrix map and a business continuity plan. All major risks are considered so mitigating action can be planned.

Key risks include: Internal risks - loss of key staff or committee personnel, fraud, health & safety failures; and these are mitigated by robust policies, procedures, and a range of audits. External risks include: - welfare reform impacts, Covid-19 pandemic, changes in regulatory requirements, data loss/cyber-security issues and these are mitigated by close attention to external information and advice, active membership of representative bodies and obtaining best practice advice on IT security and data protection matters.

Maintenance policies

The Association aims to maintain its properties to a high standard. To this end programmes of cyclical maintenance are carried out alongside programmes of major repairs to cover for such works. Key identified components are capitalised when replaced.

Treasury management

The Association, as a matter of policy, does not enter into transactions of a speculative nature. The surplus funds are managed carefully using long established banks or building societies. Committee members attend treasury management training on an annual basis.

Equalities

Applications for employment are given full and fair consideration for all vacancies in accordance with equalities legislation and information is collected and reported on the protected characteristics. It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

Training

The Committee members are aware of their responsibilities and have undertaken a range of training to ensure that they have the updated skills to make decisions in the best interests of the Association. Training has included insurance and risk, practical governance and regulation. Each Committee member undertakes an annual review to discuss and plan training requirements.

Reserves

The Association needs to have reserves to ensure the organisation can function into the future and meet its future liabilities, including the major repairs and investment needs of its properties. The revenue reserve of £2.34m reflects primarily the past investment in the housing stock and reserves for future major repairs. The Association has a cash level of £0.89m to support its future plans and operating requirements. The Association reviews its maintenance spending plans regularly and re-assesses them in relation to reserves and cash flows. The Management Committee projects that total reserves at 31 March 2021 are likely to be £2.46m.

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (Continued)

For the year ended 31 March 2020

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit 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 period. 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 2014 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.

Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are members of the Management Committee at the time the report is approved:

- there is no relevant audit information (information needed by the Association's auditors in connection with preparing their report) of which the Association's auditors are 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 Association's auditors are aware of that information.

Donations

During the year the Association made charitable donations amounting to £900 (2019 - £500).

The Report of the Management Committee has been approved on behalf of the Management Committee by

R. O'Malley (Aug 28, 2020 16:06 GMT+1)

R O'MALLEY
Secretary

Aug 28, 2020

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2020

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
- 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 the:

- 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;
- 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 2020. 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 THE MANAGEMENT COMMITTEE

R. O'Malley (Aug 28, 2020 16:06 GMT+1)

R O'MALLEY
Secretary

Aug 28, 2020

REPORT by the AUDITORS to the MEMBERS OF
GARDEEN HOUSING ASSOCIATION LIMITED on
CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 5 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 5 has provided the disclosures required by the relevant Regulatory Standards within the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the 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.

Jeremy Chittleburgh (Sep 1, 2020 15:04 GMT+1)

Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Sep 1, 2020

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GARDEEN HOUSING ASSOCIATION LIMITED**



Opinion

We have audited the financial statements of Gardeen Housing Association Limited (the 'Association') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2020 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 prepared in accordance with the requirements of 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 association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities as set out on Page 3, the Management Committee 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 Management Committee 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 Management Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Jeremy Chittleburgh (Sep 1, 2020 15:04 GMT+1)

CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Sep 1, 2020

GARDEEN HOUSING ASSOCIATION LIMITED

STATEMENT of COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	2020 £	2019 £
Revenue	2	1,214,522	1,283,649
Operating Costs	2	(1,126,326)	(1,133,328)
Operating surplus		<u>88,196</u>	<u>150,321</u>
Interest receivable and other income		3,690	3,245
Interest payable and similar charges	7	(16,963)	(17,576)
Other finance charges		(9,000)	(9,000)
		<u>(22,273)</u>	<u>(23,331)</u>
Surplus before other comprehensive income		<u>65,923</u>	<u>126,990</u>
Other Comprehensive Income			
Initial recognition of defined benefit scheme	21	-	(185,000)
Actuarial gain/(losses) in respect of pension scheme	21	388,551	(61,000)
Surplus/(deficit) for the year	8	<u>454,474</u> =====	<u>(119,010)</u> =====

All amounts relate to continuing operations.

The notes on pages 13 to 26 form part of these financial statements

GARDEEN HOUSING ASSOCIATION LIMITED

STATEMENT of FINANCIAL POSITION

As at 31 March 2020

	Notes	£	2020 £	£	2019 £
Non-current assets					
Housing properties – depreciated cost	10(a)		8,995,328		9,360,340
Other non-current assets	10(b)		135,912		139,890
			<u>9,131,240</u>		<u>9,500,230</u>
Current assets					
Receivables	11	22,485		18,026	
Cash at bank and in hand		889,947		783,037	
			<u>912,432</u>	<u>801,063</u>	
Creditors: amounts falling due within one year	12	(236,718)		(278,683)	
			<u>675,714</u>	<u>522,380</u>	
Net current assets					
			<u>9,806,954</u>	<u>10,022,610</u>	
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	13	(956,126)		(1,439,477)	
Deferred income					
Social Housing grants	15	(6,515,370)		(6,702,149)	
Net assets			<u>2,335,458</u>	<u>1,880,984</u>	
			<u>=====</u>	<u>=====</u>	
Equity					
Share capital	16	87		87	
Revenue reserves		2,335,371		1,880,897	
			<u>2,335,458</u>	<u>1,880,984</u>	
			<u>=====</u>	<u>=====</u>	

The financial statements were approved by the management Committee and authorised for issue and signed on their behalf on Aug 31, 2020 2020.

Marion Leat (Aug 31, 2020 22:28 GMT+1)

Chairperson – M. Leat

Sally Lack (Aug 31, 2020 13:47 GMT+1)

Treasurer – S. Lack

R. O'Malley (Aug 20, 2020 16:06 GMT+1)

Secretary – R. O'Malley

The notes on pages 13 to 26 form part of these financial statements.

GARDEEN HOUSING ASSOCIATION LIMITED

STATEMENT of CASH FLOWS

For the year ended 31 March 2020

	Notes	£	2020 £	£	2019 £
Net cash inflow from operating activities	14		265,348		271,858
Investing activities					
Acquisition and construction of properties		(18,947)		(29,348)	
Purchase of other fixed assets		(9,398)		(11,434)	
Net cash outflow from investing activities			(28,345)		(40,782)
Financing activities					
Interest received on cash and cash equivalents		3,690		3,245	
Interest paid on loans		(16,963)		(17,576)	
Loan principal repayments		(116,820)		(116,021)	
Share capital issues		4		12	
Share capital cancelled		(4)		(7)	
Net cash outflow from financing activities			(130,093)		(130,347)
Increase in cash			106,910		100,729
Opening cash and cash equivalents			783,037		682,308
Closing cash and cash equivalents			889,947		783,037
			=====		=====
Cash and cash equivalents as at 31 March					
Cash			889,947		783,037
			=====		=====

Analysis of Changes in Net Debt

	2019 £	Cash Flows £	Non-Cash Finance Leases £	Changes Other Changes £	2020 £
Long-term borrowings	(1,072,346)	116,220	-	-	(956,126)
Short-term borrowings	(116,050)	600	-	-	(115,450)
Total liabilities	(1,188,396)	116,820	-	-	(1,071,576)
Cash and cash equivalents	783,037	106,910	-	-	889,947
Total net debt	(405,359)	223,730	-	-	(181,629)

The notes on pages 13 to 26 form part of these financial statements.

GARDEEN HOUSING ASSOCIATION LIMITED

STATEMENT of CHANGES IN EQUITY

As at 31 March 2020

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2019	87	1,880,897	1,880,984
Issue of shares	4	-	4
Cancellation of shares	(4)	-	(4)
Surplus for the year	-	454,474	454,474
	-----	-----	-----
Balance as at 31 March 2020	87	2,335,371	2,335,458
	=====	=====	=====

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2018	82	1,999,907	1,999,989
Issue of shares	12	-	12
Cancellation of shares	(7)	-	(7)
Surplus for the year	-	(119,010)	(119,010)
	-----	-----	-----
Balance as at 31 March 2019	87	1,880,897	1,880,984
	=====	=====	=====

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. Principal accounting policies

Statement of Compliance

The financial statements of have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS102) (United Kingdom Generally Accepted Accounting Practice), the Housing SORP 2018 'Statement of Recommended Practice for Registered Housing Providers' and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention, modified to include certain financial instruments at fair value.

The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102. These financial statements represent the results of the Association only and are presented in Pounds Sterling (GBP).

Going concern

The Management Committee anticipate that a surplus will be generated in the year to 31 March 2021. The Association has healthy cash and net current asset position and thus the Management Committee are satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Notwithstanding Covid-19, the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue

The Association recognises rent receivable net of losses from voids.

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

Retirement Benefits

The Association participates in the Scottish Housing Associations' Pension Scheme (SHAPS) and retirement benefits to employees of the Association are funded by 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.

It has become possible to identify the share of underlying assets and liabilities belonging to individual participating employers as at 31 March 2020 and the scheme is now accounted for as a defined benefit plan, as opposed to defined contribution, for the benefit of its employees. No new benefits have been introduced and there is no change to the benefits themselves.

A liability for the Association's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

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 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
Roofs	50 years
Structure	50 years
Electrics	40 years
Doors	30 – 35 years
Windows	30 years
Radiators	26 years
Bathrooms	25 years
Kitchens	15 years
Boilers	13 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:

Asset Category	Depreciation Rate
Office Premises	over 30 years
Office Equipment	20% straight line

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

Social Housing Grant and Other Grants in Advance/Arrears

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

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

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

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

Sales Of Housing Properties

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

Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

1. Principal accounting policies (continued)

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:

a) Rent Arrears - Bad Debt Provision

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

b) Life Cycle of Components

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

c) Useful life of properties, plant and equipment

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

Works to Existing Properties

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

Capitalisation of Development Overheads

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

Development Interest

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

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

c) Financial instrument break clauses

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

d) Pension Liability

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

Financial Instruments - Basic

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

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

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

2. Particulars of turnover, operating costs and operating surplus or deficit from affordable letting and other activities

	Turnover £	Operating Costs £	2020 Operating surplus/ (deficit) £	Turnover £	Operating Costs £	2019 Operating surplus/ (deficit) £
Affordable letting activities (note 3)	1,213,624	1,101,877	111,747	1,282,774	1,110,069	172,705
Other activities (note 4)	898	24,449	(23,551)	875	23,259	(22,384)
	<u>1,214,522</u>	<u>1,126,326</u>	<u>88,196</u>	<u>1,283,649</u>	<u>1,133,328</u>	<u>150,321</u>

3. Particulars of income and expenditure from affordable letting activities

	General Housing Needs 2020 £	2019 £
Revenue from lettings		
Rent receivable	989,575	952,435
Gross income from rent and service charges	989,575	952,435
<u>Less: Rent losses from voids</u>	<u>(158)</u>	<u>(38)</u>
Net rents receivable	989,417	952,397
Grants released from deferred income	186,779	286,530
Other revenue grants	37,428	43,847
Total turnover from affordable letting activities	1,213,624	1,282,774
Expenditure on affordable letting activities		
Management and maintenance administration costs	433,065	421,445
Estate costs	53,754	57,310
Planned and cyclical maintenance including major repairs	127,981	93,361
Reactive maintenance costs	101,810	111,017
Bad debts – rents and service charges	1,307	(783)
Depreciation of affordable let properties	383,960	427,719
Operating costs of affordable letting activities	1,101,877	1,110,069
Operating surplus on affordable letting activities	111,747	172,705

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

4. Particulars of revenue, operating costs and operating surplus or deficit from other activities

	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating surplus/ (deficit) 2020 £	Operating surplus/ (deficit) 2019 £
Wider role activities	-	-	-	1,700	(1,700)	(3,015)
Support activities	-	-	-	18,461	(18,461)	(17,739)
Factoring	898	898	(59)	957	-	-
Rechargeable repairs	-	-	3,390	-	(3,390)	(1,630)
	898	898	3,331	21,118	(23,551)	(22,384)
2019	875	875	1,240	22,019	(22,384)	

5. 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. Key management personnel consist of the Management Committee and the Director. During the year, a period of cover for the Director was provided by the Senior Housing Officer. Emoluments for this period are included in total emoluments for key management personnel.

No officer of the Association received emoluments greater than £60,000

	2020 £	2019 £
Emoluments payable to Director (excluding pension contributions)	58,335	56,966
Total emoluments paid to key management personnel	77,792	56,966

6. Employee information

	2020 No.	2019 No.
Average monthly number of full time equivalent persons employed during the year	6	6
Average total number of employees employed during the year	6	6

Staff costs

	£	£
Wages and salaries	197,826	187,646
Social Security costs	13,201	12,209
Other pension costs	23,268	22,503
Pensions – remeasurement	13,188	13,685
	247,483	236,043

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

7. Interest payable and similar charges

	2020	2019
	£	£
Bank loans and overdrafts	16,963	17,576
	=====	=====

8. Surplus for the year

	2020	2019
	£	£
Surplus for the year is stated after charging/(crediting):		
Depreciation – tangible owned fixed assets	397,337	439,954
Auditors' remuneration – audit services	7,800	7,590
	=====	=====

9. Tax on surplus on ordinary activities

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

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

	Housing properties held for letting £
10. Non-current assets	
(a) Housing properties	
Cost	
As at 1 April 2019	16,881,287
Additions	18,947
Disposals	(14,582)
As at 31 March 2020	16,885,652
Depreciation	
As at 1 April 2019	7,520,947
Charge for year	380,934
Disposals	(11,557)
As at 31 March 2020	7,890,324
Net book value	
As at 31 March 2020	8,995,328
	=====
As at 31 March 2019	9,360,340
	=====

Additions to housing properties include capitalised major repair costs to existing properties of £18,947 (2019: £29,348). All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £248,738 (2019: £233,726).

The amount capitalised is £18,947 (2019: £29,348) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £18,947 (2019: £29,348) and improvement of £Nil (2019: £Nil).

The Association's Lenders have standard securities over Housing Property with a carrying value of £6,095,378 (2019: £6,311,698).

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

	Office premises £	Furniture and equipment £	Total £
10. Non current assets			
(b) Other tangible assets			
Cost			
As at 1 April 2019	213,825	140,715	354,540
Additions	-	9,398	9,398
Disposals	-	(95,527)	(95,527)
As at 31 March 2020	213,825	54,586	268,411
Aggregate depreciation			
As at 1 April 2019	86,879	127,771	214,650
Charge for year	7,128	6,249	13,377
Disposals	-	(95,527)	(95,527)
As at 31 March 2020	94,007	38,493	132,500
Net book value			
As at 31 March 2020	119,818	16,093	135,911
As at 31 March 2019	126,946	12,944	139,890
11. Receivables: Amounts falling due within one year	2020	2019	
	£	£	
Arrears of rent and service charges	6,410	5,428	
<u>Less:</u> Provision for doubtful debts	(2,850)	(1,200)	
	3,560	4,228	
Other receivables	18,925	13,798	
	22,485	18,026	
12. Payables: amounts falling due within one year	2020	2019	
	£	£	
Housing loans	115,450	116,050	
Trade payables	46,777	44,188	
Rent received in advance	54,854	52,040	
Other payables	19,637	15,536	
Liability for past service contributions	-	50,869	
	236,718	278,683	

At the balance sheet date there were pension contributions of £Nil (2019: £7,698).

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

13. Payables: amounts falling due after more than one year	2020	2019
	£	£
Liability for past service contributions	-	367,131
Housing loans	956,126	1,072,346
	=====	=====
	956,126	1,439,477
	=====	=====
Housing loans		
Amounts due within one year	115,450	116,050
Amounts due in one year or more but less than two years	118,200	118,050
Amounts due in two years or more but less than five years	363,150	367,650
Amounts due in more than five years	474,776	586,646
	-----	-----
	1,071,576	1,188,396
<u>Less:</u> Amounts shown in current liabilities	115,450	116,050
	-----	-----
	956,126	1,072,346
	=====	=====

Housing loans are secured by specific charges on the Association's properties. Loans are repayable at current rates of interest ranging from Libor +0.45% to Base Rate +0.9%.

14. Statement of cash flows	2020	2019
	£	£
Operating surplus	88,196	141,321
Depreciation	397,337	439,954
Amortisation of capital grants	(186,779)	(286,530)
Change in debtors	9,503	24,789
Change in creditors	(56,097)	(20,676)
Actuarial movements on pension scheme	13,188	(27,000)
	-----	-----
Net cash inflow from operating activities	265,348	271,858
	=====	=====

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

	Housing properties held for letting £
15. Deferred income	
Social housing grants	
As at 1 April 2019	13,208,245
Adjustment	(466,916)
Additions in the year	-
Eliminated on disposal of components and property	(9,762)

As at 31 March 2020	12,731,567

Amortisation	
As at 1 April 2019	6,506,096
Adjustment	(466,916)
Amortisation in year	185,307
Disposals	(8,290)

As at 31 March 2020	6,216,197

Net book value	
As at 31 March 2020	6,515,370
	=====
As at 31 March 2019	6,702,149
	=====

Following a review of the Social Housing Grants register in the year, the Management Committee have noted that both the levels of total grants received and amortisation to date have been overstated in previous years and thus a corresponding adjustment has been made. This had no impact on the net book value.

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

	2020 £	2019 £
Amounts due within one year	278,289	284,774
Amounts due in one year or more	6,237,081	6,417,375
	-----	-----
	6,515,370	6,702,149
	=====	=====

	2020 £	2019 £
16. Share capital		
Shares of £1 each issued and fully paid		
As at 1 April 2019	87	82
Issued in year	4	12
Cancelled in year	(4)	(7)
	-----	-----
At 31 March 2020	87	87
	=====	=====

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

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

17. Housing stock

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

	2020 No.	2019 No.
General needs – new build	129	129
General needs – rehabilitation	124	124
	----- 253	----- 253
	=====	=====

18. Related party transactions

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102.

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they 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 (and their close family) were as follows:

	2020 £	2019 £
Rent received from tenants on the Management Committee and their close family Members	60,861	61,726
	=====	=====
Factoring charges received from factored owners on the Management Committee	392	951
	=====	=====

At the year end total arrears owed by the tenant members on the Management Committee (and their close family) were £96 (2019: £107).

	2020 No.	2019 No.
Members of the Management Committee who are tenants	9	8
	=====	=====
Members of the Management Committee who are owner occupiers	-	2
	=====	=====

19. Details of Association

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

The Association's principal place of business is 32 Garlieston Road, Barlanark, Glasgow.

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

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

20. Management Committee Member emoluments

Management Committee members received £1,167 (2019: £867) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

21. Retirement benefit obligations

General

Gardeen Housing Association Limited 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 runs to 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.

Present values of defined benefit obligation, fair value of assets and defined benefit asset/(liability)

	2020	2019
	£	£
Fair value of plan assets	2,216,000	1,915,000
Present value of defined benefit obligation	(2,201,000)	(2,333,000)
	-----	-----
Defined benefit asset/(liability)	15,000	(418,000)
	=====	=====

As the scheme is a multi-employer scheme, the Management Committee do not consider that they have significant control over the refunds of contributions or reduction in future contributions where a surplus exists. Accordingly, the asset has not been recognized in the financial statements.

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

21. Retirement benefit obligations (cont.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2020
	£
Defined benefit obligation at start of period	(2,333,000)
Current service cost	(38,000)
Expenses	(2,000)
Interest expense	(55,000)
Member contributions	(21,000)
Actuarial gains due to scheme experience	(70,000)
Actuarial losses due to changes in demographic assumptions	13,000
Actuarial losses due to changes in financial assumptions	286,000
Benefits paid & expenses	19,000
	<hr/>
Defined benefit obligation at end of period	(2,201,000)
	<hr/> <hr/>

Reconciliation of opening and closing balances of the fair value of plan assets

	2020
	£
Fair value of plan assets at start of period	1,915,000
Interest income	46,000
Experience on plan assets (excluding amounts included in interest income) - gain	175,000
Employer contributions	78,000
Member contributions	21,000
Benefits paid & expenses	(19,000)
	<hr/>
Fair value of plan assets at end of period	2,216,000
	<hr/> <hr/>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £221,000.

Defined benefit costs recognised in statement of comprehensive income

	2020
	£
Current service cost	(38,000)
Expenses	(2,000)
Net interest expense	(9,000)
	<hr/>
Defined benefit costs recognised in statement of comprehensive income	(49,000)
	<hr/> <hr/>

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

21. Retirement benefit obligations (cont.)

Defined benefit costs recognised in other comprehensive income

	2020 £
Experience on plan assets (excluding amounts included in net interest cost) - loss	(70,000)
Experience gains and losses arising on the plan liabilities - gain	175,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	13,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	286,000

Total amount recognised in other comprehensive income - gain	404,000 =====

22. Subsequent events

Subsequent to the year-end the Management Committee are aware of uncertainties related to Covid-19. However, the Management Committee are continually developing and implementing mitigating actions and processes to ensure that the Association continues to function and manage future operations and those of their workforce and stakeholders.












FINAL Gardeen Accounts 19-20 C+T edit


Final Audit Report

2020-09-01

Created:	2020-08-28
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