



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2020

The Glasgow Housing Association Limited

(Co-operative and Community Benefit Society No. 2572RS)

(Scottish Housing Regulator Registration No. 317)

(Scottish Charity No. SC034054)

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2020.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation. Glasgow Housing Association ("GHA") is Scotland's largest social landlord with over 40,000 affordable homes to let in Glasgow, firmly rooted in its local communities. It has a network of local offices and a skilled, committed workforce of 1,600 staff, who deliver sector-leading frontline services.

OPERATING REVIEW

The unprecedented events in March 2020 challenged our communities, our tenants, staff and our business as never before. But while the coronavirus crisis overshadowed the year, and will continue to do so for a long time to come, GHA and its staff responded in the interests of its customers and staff.

Together with the other partner organisations in Wheatley, GHA moved quickly to support our customers, many of whom were already vulnerable and for whom these circumstances became exceptionally difficult. The adaptability and *Think Yes* attitude of our staff not only mitigated some of the worst impacts of the crisis, providing vital help to people who were self-isolating and facing real hardship, they also ensured we held our shape as a business.

A new service model was designed and launched within the first two weeks. Our housing offices were closed in line with government regulations. But many of our employees were equipped to work from home, supported by Wheatley Group's I.T. team working around the clock.

A virtual call centre was created, with advisors at home providing a 24/7 service, including a specialist team helping people deal with all impacts of the crisis.

A restricted range of emergency and essential services was put in place, with repairs and maintenance staff and Neighbourhood Environmental Teams continuing to work in GHA communities, adhering strictly to safe-working practices and social-distancing measures.

The Group's procurement team stepped up, sourcing and acquiring adequate levels of Personal Protection Equipment, ensuring neither colleagues nor customers were put at risk.

Specific responses to the pandemic were launched across the Group including our *EatWell* emergency food service which expanded significantly to deliver free food parcels to thousands of GHA households.

The crisis necessitated a halt to many of our activities, including our investment and new build programmes. Nevertheless, we finished the financial year having completed our ambitions set out in our five year strategy *Investing in our Futures*, and reporting a solid business performance. We built a further 392 homes, invested £48m in planned improvements to existing homes and supported 341 people from our homes into work or training.

The aftermath of the Covid-19 outbreak will continue to test us as an organisation in the months and years ahead. Our strong position as part of Wheatley Group, together with our *Think Yes* culture and our track record in adapting to even the most difficult of circumstances, mean we can face the future confident in our ability to respond to whatever challenges it brings.

Here are some of our highlights of the year in question.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

Building new homes

GHA built 391 new affordable homes over the year, 269 of them for social rent and 119 for mid-market rent, and three for shared equity.

Our completed new homes included:

- 143 as part of the second phase of new homes built in the Gallowgate;
- 113 at Hinshelwood Drive in Ibrox; and
- 52 new mid-market rent homes as part of the transformation of former police stables at Bell Street.

We also progressed work on homes in Bellrock Street in Cranhill, Linkwood Crescent in Drumchapel and Glenacre Drive in Castlemilk.

Our new build developments continued to be recognised with a number of awards. The development at Bell Street picked up the Glasgow Institute of Architects' Special Award for Conservation.

Investing in our homes

In 2019/20, we delivered £47m of planned improvements in our homes and communities. This included:

- £3.4m on providing new heating systems for more than 1,700 tenants with all tenants benefitting from the new high efficiency condensing boilers;
- £1.7m on new UPVC double glazed windows for 460 homes;
- £1.5m on new lifts at Drygate and Townhead;
- £1.3m on new kitchens and bathrooms benefitting 390 tenants;
- £1.2m on upgrades to CCTV, controlled entry, water pumps and tanks and ventilation systems, benefitting 1,257 tenants;
- £2.2m on external wall insulation and repairs to sandstone facades to 106 homes; and
- £3.6m on improvements to the Winget properties in Carntyne.

Improving our neighbourhoods

Creating clean, green and safe neighbourhoods where people are proud to live remained one of our priorities.

Wheatley's Community Improvement Partnership ("CIP") – made up of seconded police and fire officers and our own staff – continued to work with GHA communities to tackle anti-social behaviour, crime and fire safety.

Our refreshed Stay Safe campaign saw more than 3000 home fire safety visits carried out across Wheatley communities in 2019/20, with the total number of accidental fires in Wheatley homes falling by 10%.

Our repairs service

We continued our mission to improve our repairs and maintenance service.

Working with City Building (Glasgow), jointly owned since 2017 by our parent company, we launched our *MyRepairs* service in September 2019 with the first phase of improvements for customers.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

These included:

- Setting up a specialist repairs team within our customer contact centre, with full training delivered to 34 specialist call-handlers;
- Introducing 'next day' appointments service and 'appointment reminder texts' to customers to help us reduce 'no access' levels; and
- New guidance on medical adaptations, cyclical maintenance, the consent process for owners (including a review of communications with owners) and stair lighting renewals.

Our improving performance

We continued to see high levels of satisfaction among our customers.

A total of 79% of GHA tenants feel their home represents good value for money, up from 76%, and 94% of tenants were happy with repairs carried out in the previous year.

A total of 88% of GHA tenants were satisfied with their landlord's overall performance, and 88% were also happy with opportunities to participate in our decision making.

We will be working closely with our customers over the next 12 months to ensure they get as much value from their home and our services as they can.

Supporting our customers

More than a fifth of Wheatley customers are now on Universal Credit ("UC"), an increase of almost 10% from last year.

We continued to support our customers through the challenges they faced, particularly around the five-week delay in getting their first payment.

This year we brought our money advice support staff together into a new dedicated UC team to provide even more targeted support, while we also seconded a staff member from the Department of Work and Pensions ("DWP") to help improve the delivery of the benefit.

Our advisors helped customers in GHA and the other housing associations in Wheatley claim over £11m in benefits they were entitled to last year, and over the next twelve months we will continue to do all we can to support customers cope with the difficulties posed by UC.

We continued to support our customers to get online and to encourage them to engage with us through our digital channels and online self-service accounts. The past year saw a 55% increase in number of people registered for an online account with us, and a 32% increase in the number of transactions online.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

Working with Wheatley Foundation and Wheatley 360, we:

- created 457 opportunities for people from our homes to get into work or training, with 341 of our customers benefiting;
- supported 1,178 new tenants with household budgeting, running a home and settling into their community through *My Great Start*;
- put food on the table in 1331 homes through our *EatWell* service;
- gave 653 tenants up-cycled furniture through our *Home Comforts* service;
- awarded 37 young people from our homes a bursary to go to university or college; and
- provided free books every month to 501 children under five in our homes through the Dolly Parton Imagination Library initiative.

Independent auditor

A resolution for the re-appointment of KPMG LLP as auditor is to be proposed at the forthcoming Annual General Meeting.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW

Income

Turnover recognised in the Statement of Comprehensive Income in the year was £209.0m (2019: £199.4m). Of this total, 84% or £175.6m (2019: £167.9m and 84%) was generated through rental and service charge income, net of void losses. The remainder included:

- £23.4m of grant income recognised on the completion of new build properties (2019: £21.9m);
- £4.5m of commercial property income (2019: £4.6m); and
- £1.3m of income in relation to improvements to homeowners' properties (2019: £1.1m).

Expenditure

Operating costs for the year amounted to £166.4m (2019: £164.9m). The main items of expenditure were as follows:

- Letting activity management costs of £48.2m (2019: £49.4m). After excluding non-cash pension adjustments underlying management costs were £42.1m (2019: £44.0m)
- Planned repair and reactive maintenance costs of £14.0m and £31.5m respectively (2019: £13.0m and £31.5m);
- Total depreciation costs of £53.1m (2019: £49.5m);
- Restructuring costs of £3.9m (2019: £3.6m);
- Demolition costs of £0.4m (2019: £0.7m); and
- Costs associated with our wider role in supporting communities of £5.3m (2019: £6.4m).

The Association generated an operating surplus of £33.3m or 16% (2019: £25.3m or 13%) in the year after taking account of losses on the revaluation of investment properties held and non-cash pension adjustments (note 25).

The Association had a net asset position in the Statement of Financial Position of £593.8m at the year-end (2019: £561.5m).

Cashflows

The cash flow statement of the Association is shown on page 17. GHA generated £81.1m from operating activities (2019: £51.4m). This, as well as additional borrowing drawn in the year, was re-invested into improving our existing housing stock and constructing new housing stock. Cash and cash equivalents in the year decreased by £5.1m (2019: decreased by £10.4m).

Liquidity

The Association's net current assets as at 31 March 2020 totalled £13.9m (2019: £35.3m). The £21.4m movement in the year has been driven by a reduction in the development agreement asset and the release of deferred Housing Association Grant reported in short term creditors through the Statement of Comprehensive Income. The Association has drawn down on its lending facility in the year to further invest in its existing stock and on its new build programme. Creditors due after more than one year have therefore increased to £898.5m from £857.2m.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Capital structure and treasury

The Association's activities are funded on the basis of a business plan which is updated annually. The main elements of our long-term funding are syndicated bank facilities and bond funding provided through Wheatley Funding No. 1 Limited ("WFL1"), a related entity, as detailed in note 22. The Association has access to an intra-group facility of £865.0m which is secured on its housing stock (2019: £902.5m). Interest rate risk is managed at a group level by WFL1.

Investment in tenants' homes

During the year we invested £47.0m in improving tenant's homes (2019: £48.2m). At the year-end our housing stock (including housing under construction) was valued at £1,396.9m (2019: £1,329.1m).

New Build

During the financial year we completed 392 new build properties across nine developments. Our new build programme invested £46.6m in the year. The Business Plan includes a further projected spend of £192m on the new build programme in GHA over the next five years.

Reserves Policy

Under the Statement of Recommended (Accounting) Practice ("SORP") 2014 and Financial Reporting Standard ("FRS") 102, the Association operates with three principal reserves: a revenue reserve, a revaluation reserve and a pension reserve.

Revenue reserve

Revenue reserve includes historic grant received in respect of the following:

- new build housing properties
- specific projects for which subsidy has been received, such as investment in the energy efficiency of our homes
- support received from the Scottish Government as part of establishing the viability of the Association's business plan under the original stock transfer arrangements

These grants have been invested for the specific purposes prescribed in the related grant conditions, with this activity typically resulting in an increase in the value of housing properties in the Association's Statement of Financial Position. The Association has no ability to realise new cash from this element of reserves, since selling the related assets which were constructed or improved with the grant funds would trigger clawback conditions and require repayment of grant to the Scottish Government or other grant providers. Furthermore, it is not the Association's policy to sell social housing assets; on the contrary, continuing to own and support these while providing excellent services to customers is core to the Association's charitable purpose.

The revenue reserve includes revaluation gains on investment properties, including the Association's portfolio of commercial properties and its ownership of mid-market rent homes which are leased to and managed by Lowther Homes. Under FRS 102, gains or losses on investment properties must be taken to profit and loss, and therefore form part of the general revenue reserve. These gains are not available to be realised in cash, since selling the Association's interest in mid-market rent properties would trigger grant clawback and would run counter to the Association's core charitable objective of supporting the provision of a range of affordable housing solutions to be provided for its customers.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Reserves policy (continued)

The residual amount of revenue reserve, not represented by grant or gains on investment properties, may be invested by the Association in line with its 30-year business plan financial projections. Such investment is subject to the Association maintaining a viable financial profile over the life of its business plan, as well as approval by the Wheatley Group Board. In approving the Association's business plan annually, the Wheatley Group Board will take into account projected compliance with the loan covenants which apply to the Wheatley RSL Borrower Group, as well as the impact of sensitivity analysis and other risk factors which may apply.

Revaluation reserve

The revaluation reserve represents the increase in valuation which has occurred over and above the cost of additions to the Association's property (other than investment property). This reserve is therefore also not realisable, on the basis that to do so would involve selling social housing assets and would therefore undermine the Association's core charitable purpose.

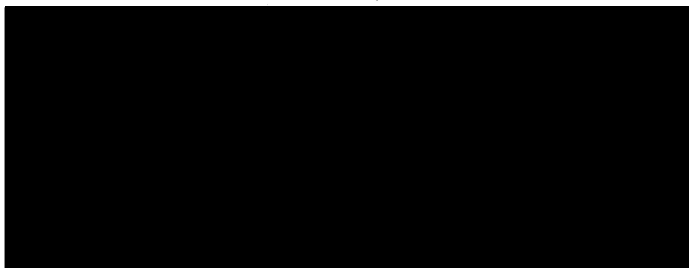
Pension reserve

The pension reserve is not a cash reserve available for investment. It represents the amount by which the actuarial valuation of the Association's share of pension assets exceeds or is less than its notional pension liabilities. Under FRS 102, the reserve contained within the Statement of Financial Position assumes a continuing membership of the pension scheme. Withdrawing from the scheme in order to attempt to realise any surplus would involve liabilities being revalued onto an "exit" basis, with a significant additional premium attached to compensate the pension fund for the risk of reduced membership and inability to seek future contributions from the related members. Notwithstanding this issue, it is the Association's intention to continue membership of the Strathclyde Pension Fund on a long-term basis.

Principal risks facing the Association

The Board is responsible for assessing the risks facing The Glasgow Housing Association. As a subsidiary of Wheatley Housing Group, the principal risks are broadly similar to those facing the Group and can be seen in the consolidated financial statements of the Group.

By order of the Board



11 September 2020

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

DIRECTORS' REPORT (continued)

GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

As at 31 March 2020 GHA's Rules allowed for the appointment of up to 12 Board members (including co-optees) as follows:

- Up to six tenant Board members
- Up to three Parent Appointees
- Up to one independent Board members
- Up to two council Board members

The Board could also co-opt members, subject to the maximum number of 12 Board members

At 31 March 2020 there were 11 members (2019: 11 members) of the GHA Board: 5 tenant members, 3 parent appointees, 2 council Board members, and 1 independent.

Each member of the Board holds one fully paid £1 share that is cancelled on cessation of membership. During 2019/20, 1 share was issued and 1 membership cancelled.

The members of the Board during the year are listed below:

Name	First Joined Board	Re-elected/re-appointed	Left Board	Committees/Group Directorships
Bernadette Hewitt (Chair & tenant member)	30 May 2014	21 September 2017	-	Wheatley Housing Group Limited, Wheatley Solutions Limited, Group Audit Committee, Group Strategic Development Committee, Group RAAG (Remuneration, Appointments, Appraisal and Governance) Committee, Wheatley Enterprises Limited
Robert Granger Geddes (Tenant member)	24 September 2015	-	-	GHA North East Area Committee
Patrick Gray (Vice chair and parent appointee)	1 May 2017	-	-	Wheatley Housing Group Limited
Councillor Kenny McLean (Glasgow City Council appointee)	30 May 2014	1 June 2017	-	-
Iwona Majzuk Soska (Tenant member)	30 May 2014	21 September 2017	4 October 2019	GHA North West Area Committee
Jean Albert Nietcho (Tenant member)	25 September 2014	13 September 2019	-	Wheatley Foundation Limited

DIRECTORS' REPORT (continued)

GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS (continued)

Name	First Joined Board	Re-elected/ re-appointed	Left Board	Committees/Group Directorships
Josephine Armstrong (Parent appointee)	24 June 2015			Wheatley Housing Group Limited (Non-Executive Director), Group Audit Committee, Group Strategic Development Committee, Group Development Committee, Group Remuneration, Appointments, Appraisal and Governance Committee, Wheatley Funding No1 Limited (Non-Executive Director), Wheatley Funding No2 Limited (Non-Executive Director), Wheatley Group Capital PLC (Non-Executive Director)
Councillor Frank McAveety (Glasgow City Council appointee)	20 June 2017	-	-	-
Cathy McGrath (Tenant member)	21 September 2017	-	-	GHA North West Area Committee GHA South Area Committee
Michael McNamara (Tenant Member)	30 November 2018	13 September 2019	-	-
Andrew Clark (Independent)	30 November 2018	13 September 2019	-	Group Development Committee
Jo Boaden (Totton) (Parent appointee)	17 June 2019	-	-	Wheatley Housing Group Limited (Non-Executive Director)

Creditor payment policy

GHA agrees payment terms with its suppliers when it enters into contracts. The average creditor payment period for the year was within 30 days.

Disclosure of information to auditor

The Board members who held office at the date of approval of these statements confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditor is unaware; and each Board member has taken all the steps that he/she ought to have taken as a Board member to make himself/herself aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

DIRECTORS' REPORT (continued)

DIRECTORS' STATEMENT ON INTERNAL FINANCIAL CONTROL

The Directors acknowledge their responsibility for ensuring that the Association has in place systems of control that are appropriate to its business environment. These controls are designed to give reasonable assurance with respect to:

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

The systems of internal financial control, which are under regular review, are designed to manage rather than to eliminate risk. They can only provide reasonable and not absolute assurance against material misstatement or loss.

The key procedures which have been established are as follows:

- Detailed standing orders covering Board structure, election, membership and meetings;
- Financial regulations and procedures with clear authorisation limits;
- Regular Board meetings, focusing on areas of concern, reviewing management reports;
- Audit and Compliance reporting focussing on areas of concern and reviewing management reports;
- Regular review of cashflow and loan portfolio performance;
- Regular review of tendering process, rent accounting, arrears control and treasury management;
- Segregation of duties of those involved in finance;
- Identification and monitoring of key risks by the management committee; and
- Monitoring the operation of the internal financial control system by considering regular reports from management, internal and external auditors and ensuring appropriate corrective action is taken to address any weaknesses.

The Directors confirm that they have reviewed the effectiveness of the systems of internal control. No weaknesses have been found which would have resulted in material losses, contingencies or uncertainties which require to be disclosed in the financial statements.

DIRECTORS' REPORT (continued)

STATEMENT OF BOARD'S RESPONSIBILITIES IN RESPECT OF THE BOARD'S REPORT AND THE FINANCIAL STATEMENTS

The board is responsible for preparing the Boards' Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of the income and expenditure of the association for that period.

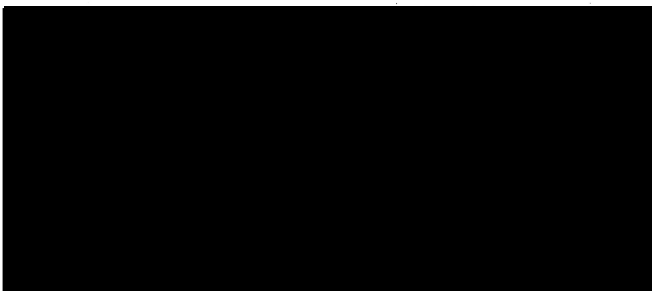
In preparing the associations financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and assess the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2019, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



11 September 2020

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLASGOW HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Glasgow Housing Association Limited ("the association") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of the association's affairs as at 31 March 2020 and of the income and expenditure of the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2019, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The association's Board has prepared the financial statements on the going concern basis as it does not intend to liquidate the association or to cease its operations, and as it has concluded that the association's financial position means that this is realistic. The Board has also concluded that there are no material uncertainties that could have cast significant doubt over the association's ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board's conclusions, we considered the inherent risks to the association's business model and analysed how those risks might affect the association's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the association will continue in operation.

Other information

The directors are responsible for the other information, which comprises the Directors' Report and the Directors' Statement on Internal Financial Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLASGOW HOUSING ASSOCIATION LIMITED (continued)

We are also required to report to you if, in our opinion:

- the Statement on Internal Financial Control on page 11 does not provide the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls; or
- the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the association has not kept proper books of account; or
- the association has not maintained a satisfactory system of control over transactions; or
- the financial statements are not in agreement with the association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Board's responsibilities

As more fully explained in the statement set out on page 12, the association's Board is responsible for: the preparation of the financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014, and section 69 of the Housing (Scotland) Act 2010. Our audit work has been undertaken so that we might state to the association 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 as a body, for our audit work, for this report, or for the opinions we have formed.


for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

KPMG

319 St Vincent Street

Glasgow, G2 5AS

21 September 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Total 2020 £'000	Total 2019 £'000
Turnover	3	209,001	199,422
Operating expenditure	3	(166,450)	(164,864)
Other losses	3	(9,272)	(9,221)
Operating surplus		33,279	25,337
Gain on disposal of fixed assets	11	-	202
Finance income	12	1,782	1,286
Finance charges	13	(46,369)	(43,028)
Movement in fair value of financial instruments		549	(4,709)
Deficit for the financial year		(10,759)	(20,912)
Unrealised surplus on the revaluation of housing properties		39,805	58,909
Unrealised surplus on the revaluation of office properties		121	511
Actuarial gain/(loss) in respect of pension schemes		3,109	(5,855)
Total comprehensive income for the year		32,276	32,653

All amounts relate to continuing operations.

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2020

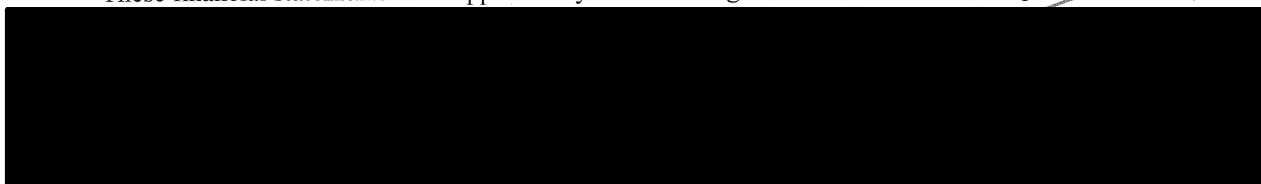
	Revenue Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2018	286,851	242,016	528,867
Total comprehensive income for the year	32,653	-	32,653
Transfer of reserves for the revaluation of housing properties	(58,909)	58,909	-
Transfer of reserves for the revaluation of office properties	(511)	511	-
Balance at 31 March 2019	260,084	301,436	561,520
Total comprehensive income for the year	32,276	-	32,276
Transfer of reserves for the revaluation of housing properties	(39,805)	39,805	-
Transfer of reserves for the revaluation of office properties	(121)	121	-
Balance at 31 March 2020	252,434	341,362	593,796

The notes on pages 18 to 43 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2020

	<i>Notes</i>	2020 £'000	2019 £'000
Fixed assets			
Social housing properties	16	1,396,909	1,329,132
Other tangible fixed assets	17	39,926	34,411
Investment properties	18	41,153	36,399
Investments - other	18	8,387	8,387
		<u>1,486,375</u>	<u>1,408,329</u>
Pension asset	25	13,585	14,711
Current assets			
Stock	19	-	77
Trade and other debtors	20	76,206	101,901
Cash and cash equivalents		<u>3,796</u>	<u>8,882</u>
		<u>80,002</u>	<u>110,860</u>
Creditors: amounts falling due within one year	21	(66,113)	(75,587)
Net current assets		<u>13,889</u>	<u>35,273</u>
Total assets less current liabilities		1,513,849	1,458,313
Creditors: amounts falling due after more than one year	22	<u>(898,481)</u>	<u>(857,188)</u>
		615,368	601,125
Provisions for liabilities			
Other provisions	23	<u>(21,572)</u>	<u>(39,605)</u>
Total net assets		<u>593,796</u>	<u>561,520</u>
Reserves			
Share capital	24	-	-
Revenue reserve including pension reserve		252,434	260,084
Revaluation reserve		<u>341,362</u>	<u>301,436</u>
Total reserves		<u>593,796</u>	<u>561,520</u>

These financial statements were approved by the Board signed on its behalf on 11 September 2020 by:



The notes on pages 18 to 43 form part of these financial statements.

Charity registration number SC034054.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	<i>Notes</i>	2020 £000	2019 £000
Net cash generated from operating activities	27	<u>81,112</u>	<u>51,435</u>
Cash flow from investing activities			
Improvement of properties – housing stock	16	(47,010)	(48,166)
Construction of new properties		(46,576)	(53,350)
Purchase of other fixed assets	17	(8,581)	(2,700)
Proceeds from disposal of investment properties		-	1,750
Proceeds from disposal of properties		95	534
Grants received		23,409	26,857
Finance income		<u>123</u>	<u>-</u>
		(78,540)	(75,075)
Cash flow from financing activities			
Finance charges		(44,658)	(41,789)
Financing draw down		<u>37,000</u>	<u>55,000</u>
		(7,658)	13,211
Net change in cash and cash equivalents		<u>(5,086)</u>	<u>(10,429)</u>
Cash and cash equivalents at beginning of the year		8,882	19,311
Cash and cash equivalents at end of the year		3,796	8,882
Cash and cash equivalents at 31 March			
Cash		<u>3,796</u>	<u>8,882</u>
		<u>3,796</u>	<u>8,882</u>

The notes on pages 18 to 43 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. Legal status

The Glasgow Housing Association Limited ("GHA" or "the Association") is a wholly owned subsidiary of The Wheatley Housing Group ("WHG"). The Association is registered under the Co-operative and Community Benefit Societies Act 2014 No.2572RS and is a registered Scottish charity No.SC034054. GHA is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2014. The principle activity of the Association is the provision of social housing.

The registered office is Wheatley House, 25 Cochrane Street, Glasgow G1 1HL.

The Glasgow Housing Association Limited is a public benefit entity.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of accounting

The financial statements of the Association are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included with the Determination of Accounting Requirements 2019, and under the historical cost accounting rules, modified to include the revaluation of properties held for letting and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for social housing providers 2014 ("SORP 2014"), issued by the National Housing Federation and under FRS 102. The presentational currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The financial statements have been prepared on a going concern basis which the Board considers to be appropriate for the following reasons.

The Group and Association prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in February 2020 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. Following the outbreak of Covid-19 the Group and Association have revised forecasts based on updated scenarios, including severe but plausible downsides.

The Board, after reviewing the Group and association budgets for 2020/21 and the Group and Association's financial position as forecast in the 30-year business plan, including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). In reaching this conclusion, the Board has considered the following factors:

- Rent and service charge receivable – arrears and bad debt assumptions have been increased to allow for customer difficulties in making payments and budget and business plan scenarios have been updated to take account of potential future changes in rent increases;
- The property market – budget and business plan scenarios have taken account of delays in new build handovers;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

2. Accounting policies (continued)

- Maintenance costs – budget and business plan scenarios have been modelled to take account revised profiles of repairs and maintenance expenditure, with major works being phased into future years;
- Development activity – forecast development expenditure has been modelled to take account of potential revised investment profiles;
- Liquidity – current available cash of £3.8m and access to undrawn loan facilities arranged through WFL1 of £310.5m, which are available to Glasgow Housing Association and certain other Group RSLs, gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period;
- The Group and Association's ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties.

The Board believe the Group and Association have sufficient funding in place and expect the Group and Association to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Board is confident that the Group and Association will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The financial statements have been prepared on a going concern basis after consideration of the future prospects for the Association and the preparation of long terms financial forecasts and plans which include an assessment of the availability of funding, the certainty of cash flow from the rental of social housing stock.

Discount rates have been used in the valuation of housing properties and in the assessment of the fair value of financial instruments. The rates used are subject to change and are influenced by wider economic factors over time.

Accounting judgements and estimations

Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts where required or appropriate and other factors.

Judgements have been made in:

- Determining the appropriate discount rates used in the valuation of housing and investment properties;
- Component accounting and the assessment of useful lives;
- The assessment of the fair value of financial instruments; and
- Determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

2. Accounting policies (continued)

- Allocation of share of assets and liabilities for multi-employer pension schemes. Judgments in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi-employer pension schemes and estimations performed by the Group's actuarial advisers.

Related party disclosures

The Association is a wholly-owned subsidiary of Wheatley Housing Group Limited and is included within the consolidated financial statements of Wheatley Housing Group Limited which are publicly available. Consequently, the Association has taken advantage of the exemption, under the terms of FRS 102, from disclosing related-party transactions with wholly owned entities that are part of the Wheatley Housing Group.

Turnover

Turnover, which is stated net of value added tax, represents income receivable from lettings and service charges, fees receivable, revenue grants and other income.

Grant income

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, it is recognised as income using the performance model in accordance with the Statement of Recommended Practice for social housing providers 2014 ("SORP 2014"). Prior to satisfying the performance conditions, capital grant is held as deferred income on the statement of financial position.

Bad and doubtful debts

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

Supported housing

Expenditure on housing accommodation and supported housing is allocated on the basis of the number of units for each type of accommodation.

Financial instruments

Loans provided by Wheatley Funding Number 1 Limited ("WFL1") are classed as basic financial instruments under the requirements of FRS 102, and are measured at amortised cost. In the case of payment arrangements that exist with customers, these are deemed to constitute financing transactions and are measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

Any movement in the value of financial instruments recognised in the Statement of Comprehensive Income relates to any in-year adjustments for changes in the value of payment arrangement in place with customers, and the Scottish Government loan.

Deposits and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying values.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

2. Accounting policies (continued)

Pensions

The Association participates in a defined benefit pension scheme arrangement with the Strathclyde Pension Fund ("the Fund"). The Fund is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended. The Fund provides benefits based on final pensionable pay, which is contracted out of the State Second Pension. Assets and liabilities of the Fund are held separately from those of the Association. The Association accounts for its participation in the Fund in accordance with FRS 102 which requires disclosures presented for both the current and comparative period. FRS 102 also requires that quoted securities are valued at their current bid-price rather than their mid-market value.

The Fund liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The Association's share of the Fund surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the Fund surplus / deficit is split between operating charges, finance items and, in the statement of comprehensive income under actuarial gain or loss on pension schemes.

Fixed assets – housing properties

In accordance with SORP 2014, the Association operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

- **Valuation of Social Housing Stock**

Housing properties are valued annually on an Existing Use Value for Social Housing ("EUV-SH") basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation. Housing stock has been split into two streams of property for valuation purposes, namely housing retained for letting and demolition programme properties. This separation into categories is on the basis of the Association's 30-year Business Plan which identifies the core stock which will be the subject of the Association's investment expenditure going forward and the stock which forms part of the demolition programme until 2018, and consequently has limited investment expenditure attached to it.

The cost of properties is their purchase price together with the cost of capitalised improvement works and repairs that result in an enhancement of the economic benefits of the asset. Included in the cost of capitalised improvement works are the direct costs of staff engaged in the investment programme.

Increases in the valuation of social housing properties are reported as other comprehensive income, accumulated in equity and reported as a revaluation reserve. Revaluation decreases reduce the accumulated gains and thereafter are recognised in profit or loss. Subsequent valuation gains are recognised in profit or loss to the extent they reverse a valuation decrease previously recognised in profit or loss.

On disposal, the value of the property is offset against the proceeds of sale and the gain or loss on disposal is taken to the Statement of Comprehensive Income.

- **Depreciation and impairment**

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the Group's asset management strategy and the requirement of the Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, the Association has taken account of views provided by both internal and external professional sources. Freehold land is not subject to depreciation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

2. Accounting policies (continued)

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates:

	<u>Economic Life</u>
Bathrooms	25 yrs
Community Infrastructure	20 yrs
External wall finishes	35 yrs
Heating system boiler	12 yrs
Internal works & common areas	20 yrs
Kitchens	20 yrs
Mechanical, Electrical & Plumbing	25 yrs
Structure & roofs	50 yrs
Windows and doors	30 yrs

Housing assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion.

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any write down would be charged to operating surplus.

• **New Build**

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale.

• **Properties held for demolition**

Demolition programme stock has a negative valuation for accounting purposes due to the impact of demolition costs on the EUV-SH calculation, and so is held at £nil on the statement of financial position as under FRS 102 there is no constructive obligation at the date of the statement of financial position to provide for these costs.

The Association's policy is to capitalise the following:

- Cost of acquiring land and buildings;
- Interest costs directly attributable;
- Development expenditure including staff costs attributable to the delivery of the capital investment programme;
- The cost of packages of work completed on void properties; and
- Other directly attributable internal and external costs.

Expenditure on schemes which are subsequently aborted will be written off in the year in which it is recognised that the schemes will not be developed to completion.

• **Non-social housing properties**

Housing for Mid-Market Rent is valued on an open market value subject to tenancies basis at the date of the Statement of Financial Position by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuation and are held as investment properties and not subject to depreciation. Where it is considered that there has been any impairment in value this is provided for accordingly. The cost of properties is their purchase price together with capitalised improvement works.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

2. Accounting policies (continued)

Mid-market rent properties owned by the Association are currently leased to Lowther Homes Limited at the prevailing market rate. These properties are managed by Lowther Homes Limited.

Commercial properties are held as investment properties and not subject to depreciation, they are held at existing use value and are subject to revaluation by an independent professional advisor qualified by the Royal Institute of Chartered Surveyors to undertake valuation. Commercial properties are revalued at each reporting date.

Housing Association Grant and other capital grants

Housing Association Grant ("HAG") is received from central government agencies and local authorities and is utilised to reduce the capital costs of housing properties.

HAG is recognised as income in the statement of comprehensive income when new build properties are completed or the capital work carried out under the performance model. HAG due or received is held as deferred income until the performance conditions are satisfied, at which point it is recognised as income in the statement of comprehensive income within turnover. Grant received in respect of revenue expenditure is recognised as income in the same period to which it relates.

Properties are disposed of under the appropriate legislation and guidance. Any grant that is repayable is accounted for as a liability on disposal of the property. Grant which is repayable but cannot be repaid from the proceeds of sale is abated and the grant removed from the financial statements. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the grant funding, the potential future obligation to repay disclosed as a contingent liability.

Other tangible fixed assets

For other tangible fixed assets with the exception of office premises, depreciation is charged on a straight-line basis over the expected useful economic lives of fixed assets to write off the cost, less estimated residual values over the following expected lives. Assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion, at the following rates:

	<u>Economic Life</u>
Furniture, fittings and office equipment (cost)	5 yrs
Computer equipment (cost)	3 – 7 yrs
Community infra-structure (cost)	20 yrs
District heating scheme (cost)	30 yrs
Office premises (valuation)	40 yrs
Motor vehicles (cost)	4 yrs

Office premises are held at valuation, and are depreciated, on a straight line basis, over a useful life of 40 years. Valuations are carried out at each reporting date.

Stock

Where GHA enters into development agreements in conjunction with third party housing associations and incurs the cost of the development, the contractual share of costs yet to be billed to the third party is recognised in stock. Stock is accounted for at the lower of cost or net realisable value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

2. Accounting policies (continued)

Leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Provisions

The Association only provides for liabilities at the date of the Statement of Financial Position where there is a legal or constructive obligation incurred which will probably result in an outflow of resources.

Taxation

The Association is considered to pass the tests as set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Association is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 1992 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Value Added Tax

The Association is registered for VAT. A large portion of its income, including rental receipts, is exempt for VAT purposes, giving rise to a partial exemption calculation. Expenditure with recoverable VAT is shown net of VAT and expenditure with irrecoverable VAT is shown inclusive of VAT. VAT on refurbishment works expenditure included in the development works agreement with Glasgow City Council is substantially recoverable. Expenditure on these works is shown net of VAT.

Development Agreement

The Association entered into agreements with Glasgow City Council whereby the undertaking of catch up repairs and improvement works remained with the City Council, with that obligation sub-contracted to GHA. This has been shown on the Association's Statement of Financial Position as a debtor offset by a provision of an equal amount. As work progresses, both amounts reduce by the appropriate amount.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2020 (continued)**

3. Particulars of turnover, operating costs and operating surplus

	Turnover	2020 Operating costs	Other gains/ (losses)	Operating surplus/ (deficit)	2019 Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	199,024	(149,677)	-	49,347	42,098
Other activities (note 5)	9,977	(16,773)	-	(6,796)	(7,540)
Loss on investment activities (note 18)	-	-	(10,827)	(10,827)	(8,621)
Gain on transfer of pension scheme obligations (note 10)	-	-	1,555	1,555	-
Grant transferred on disposal of properties (note 9)	-	-	-	-	(600)
Total	209,001	(166,450)	(9,272)	33,279	25,337
Total for previous reporting period	199,422	(164,864)	(9,221)	25,337	

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2020 (continued)**

4. Particulars of turnover, operating costs and operating surplus from social letting activities

	General Needs £'000	2020 Supported Housing £'000	Total £'000	2019 Total £'000
Rent receivable net of service charges	172,046	3,101	175,147	167,403
Service charges	1,575	28	1,603	1,512
Gross income from rents and service charges	173,621	3,129	176,750	168,915
Less rent losses from voids	(1,120)	(20)	(1,140)	(978)
Net income from rents and service charges	172,501	3,109	175,610	167,937
Grants released from deferred income – new build	22,999	415	23,414	19,762
Grants released from deferred income – investment programme	-	-	-	2,101
Total turnover from affordable letting activities	195,500	3,524	199,024	189,800
Management and maintenance administration costs	47,339	853	48,192	49,370
Service costs	3,698	67	3,765	4,419
Planned and cyclical maintenance including major repairs costs	13,787	248	14,035	13,030
Reactive maintenance costs	30,942	558	31,500	31,509
Bad debts – rents and service charges	2,207	40	2,247	2,337
Depreciation of affordable let properties	49,054	884	49,938	47,037
Operating costs for affordable letting activities	147,027	2,650	149,677	147,702
Operating surplus for affordable letting activities	48,473	874	49,347	42,098
Operating surplus for affordable letting activities for the previous reporting period	41,317	781	42,098	

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2020 (continued)**

5. Particulars of turnover, operating costs and operating surplus from other activities

					2020	2019
	Grants from Scottish Ministers £'000	Other revenue £'000	Total turnover £'000	Total operating costs £'000	Operating surplus /(deficit) £'000	Operating surplus /(deficit) £'000
Wider role activities to support the community	-	-	-	(5,313)	(5,313)	(6,425)
Investment property activities	-	4,465	4,465	(314)	4,151	4,248
Support activities	-	1,517	1,517	(1,629)	(112)	(132)
Owners' improvement activities	-	1,292	1,292	(1,406)	(114)	(573)
Demolition activities	-	-	-	(354)	(354)	(677)
Other income	-	2,703	2,703	(431)	2,272	2,443
Depreciation – Non Social Housing	-	-	-	(3,191)	(3,191)	(2,496)
Organisation Restructuring	-	-	-	(3,899)	(3,899)	(3,624)
Development & Construction of Property Activities	-	-	-	(236)	(236)	(304)
Total from other activities	-	9,977	9,977	(16,773)	(6,796)	(7,540)
Total from other activities for the previous reporting period	-	9,622	9,622	(17,162)	(7,540)	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

6. Board members' emoluments

Board members received £2,679 (2019: £338) by way of reimbursement of expenses. No remuneration is paid to board members in respect of their duties in the Association.

7. Key management emoluments

Key management personnel are employed by the Association and perform an executive management role across all subsidiaries in the Group. The emoluments payable to Group key management personnel are disclosed in the Wheatley Group financial statements. The Association pays a share of the costs of these personnel which includes employer pension contributions and benefits in kind. For the year ended 31 March 2020 the share of costs attributable to the Association amounted to £1,045k (2019: £968k).

Key management personnel in the year were as follows:

Martin Armstrong	Group Chief Executive
Olga Clayton	Group Director of Housing and Care
Elaine Melrose	Group Director of Resources
Graham Isdale	Group Director of Corporate Affairs
Steven Henderson	Group Director of Finance
Tom Barclay	Group Director of Property and Development

8. Employees

	2020 No.	2019 No.
The average total number of employees employed during the year was	1,623	1,709
The average monthly number of full time equivalent persons employed during the year was	1,584	1,673

All staff are employed by the Association with its costs being recharged to the other group companies where appropriate.

	2020 £'000	2019 £'000
Staff costs (for the above persons)		
Wages and salaries	45,749	44,887
Social security costs	5,080	5,035
Employer's pension costs	7,339	7,314
FRS 102 adjustment	6,099	7,482
	<u>64,267</u>	<u>64,718</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

9. Transfer of grant on disposal

On 31 October 2018 GHA sold 30 mid-market rent ("MMR") properties to Lowther Homes Limited ("Lowther"). The difference between the consideration paid by Lowther and the carrying value of the properties relates to the transfer of grant received by GHA to Lowther on the construction of these properties. All obligations under the grant agreement in relation to the properties sold transfers to Lowther Homes. This grant was originally recognised as income in the Statement of Comprehensive Income by GHA on completion of the build of the properties.

	2020 £'000	2019 £'000
Proceeds from disposal of properties	-	1,750
Value of properties disposed	-	(2,350)
Grant transferred on disposal	-	(600)

10. Gain on transfer of pension assets and obligations

As part of a Group restructure, the employment contracts of Barony staff who were active members of Lothian Pension Fund were transferred to GHA on 31 January 2020 and their pension membership was transferred from Lothian Pension Scheme (LPF) to Strathclyde Pension Fund ("SPF") with a corresponding transfer of Barony's pension assets and obligations from LPF to SPF. A gain of £1,555k results from the difference between the actuarial valuation at 31 January 2020 of the Barony assets and obligations transferred. Under FRS 102 Section 28 the gain is recognised in reporting operating surplus in the Statement of Comprehensive Income.

	2020 £'000	2019 £'000
Gain on transfer of pension assets and obligations	1,555	-
	1,555	-

11. Gain on disposal or acquisition of fixed assets

This represents net income from the sale of properties under tenants' Right-to-Buy ("RTB") entitlement and any gain/(loss) on the disposal or acquisition of other fixed assets in the year. All RTB sales concluded in 2018/19.

	2020 £'000	2019 £'000
<u>Property Sales</u>		
Proceeds from disposal of properties	95	534
Value of properties disposed	(95)	(332)
Gain on sale of fixed assets	-	202
<u>Fixed assets acquired</u>		
Consideration paid	-	(831)
Value of assets transferred from Wheatley Solutions	-	831
Gain on acquisition of fixed assets	-	-
Total gain on sale/acquisition of fixed assets	-	202

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

12. Finance income

	2020 £'000	2019 £'000
Bank interest receivable on deposits in the year	3	2
Interest on intra group loans	1,469	645
Interest on pension scheme (note 25)	310	639
Total	1,782	1,286

13. Finance charges

	2020 £'000	2019 £'000
Interest on intra group loans	43,557	40,125
Other financing costs	2,812	2,903
Total	46,369	43,028

Other financing costs include commitment, non-utilisation fees, the amortisation of transaction costs of the Association's funding arrangements and the amortised interest on the contingent efficiencies loan.

14. Auditor's remuneration

	2020 £'000	2019 £'000
The remuneration of the auditor (excluding VAT) is as follows:		
Audit of these financial statements	51	50

15. Financial commitments

Capital commitments

All capital commitments of the Association were as follows:

	2020 £'000	2019 £'000
Expenditure contracted for, but not provided in the financial statements	73,687	77,213
Expenditure authorised by the Board, but not contracted	22,411	30,700
	96,098	107,913

Capital commitments are funded through a combination of grant received from the Scottish Government in relation to our new build programme, operating surplus generated by the Association, and private funding.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

15. Financial commitments (continued)

Operating leases

At 31 March the Association had annual commitments under non-cancellable operating leases as follows:

	2020 £'000	2020 £'000	2019 £'000	2019 £'000
	Land and Buildings	Other	Land and Buildings	Other
Operating leases that fall due:				
Within one year	462	75	491	619
In the second to fifth years inclusive	434	-	857	92
Over five years	-	-	13	-
	896	75	1,361	711

Lease commitments under FRS 102 include the timing of the full payment due under contract.

16. Tangible fixed assets

Social Housing Properties

	Core Stock £'000	Housing Under Construction £'000	Total £'000
Valuation			
At 1 April 2019	1,268,305	60,827	1,329,132
Additions	47,010	46,576	93,586
Disposals	(95)	-	(95)
Transfers	33,603	(49,184)	(15,581)
Revaluation	(10,133)	-	(10,133)
At 31 March 2020	1,338,690	58,219	1,396,909
Accumulated Depreciation			
At 1 April 2019	-	-	-
Charge for year	(49,938)	-	(49,938)
Revaluation	(49,938)	-	(49,938)
At 31 March 2020	-	-	-
Net Book Value - Valuation			
At 31 March 2020	1,338,690	58,219	1,396,909
At 31 March 2019	1,268,305	60,827	1,329,132
Net Book Value - Cost			
At 31 March 2020	1,488,875	58,219	1,547,094
At 31 March 2019	1,458,295	60,827	1,519,122

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

16. Fixed assets – Social Housing Properties (continued)

Total expenditure on repairs and capital improvements in the year on existing properties was £93.7m (2019: £92.7m). Of this, repair costs of £45.5m (2019: £44.5m) were charged to the Statement of Comprehensive Income (note 4) with capital improvements of £47.0m (2019: £48.2m) shown as additions to core stock on the Statement of Financial Position. Additions to core stock in the year of £47.0m (2019: £48.2m) in the year include:

- £30.5m for component additions including:
 - £2.3m on bathrooms;
 - £4.4m on external wall finishes;
 - £6.1m on heating system boilers;
 - £4.8m on internal works and common areas;
 - £0.3m on kitchens;
 - £6.0m on mechanical, electrical and plumbing;
 - £4.4m on structure and roofs; and
 - £2.2m on windows and doors.
- The remaining balance of £16.5m of additions to existing properties not associated with a specific component includes £6.3m on void improvements, £1.6m of property acquisitions and £1.9m of medical adaptations.

Additions to housing under construction include capitalised interest costs of £1.1m (2019: £1.3m). Interest has been capitalised at the weighted average interest cost for the Association of 4.89% (2019: 4.68%).

The valuation of social housing properties is separated into two categories, namely those retained for letting and those properties which form part of the Association's demolition programme, as detailed in the Association's 30-year Business Plan for 2020/21. The demolition programme identifies 117 (2019: 117) properties for demolition over the next few years, with no long term investment expenditure associated with these properties.

Demolition programme stock has a negative valuation for accounting purposes due to the impact of demolition costs on the EUV-SH calculation, and so is held at £nil on the Statement of Financial Position as under FRS 102 there is no constructive obligation at the date of the Statement of Financial Position to provide for these costs.

Retained stock for letting has been valued at £1,338.9m. Housing under construction, with a NBV of £58.2m, is not included within this total.

Social housing properties have been valued by Jones Lang LaSalle Limited, an independent professional adviser qualified by the Royal Institution of Chartered Surveyors ("RICS") to undertake valuations. This valuation was prepared in accordance with the appraisal and valuation manual of the RCIS at 31 March 2020 on an Existing Use Valuation for Social Housing ("EUV-SH"). Discount rates between 5.75-6.50% have been used depending on the property archetype (2019: 5.75-7.50%). The valuation assumes a rental income increase of inflation + 0.5% for the next 3 years, in line with the Association's 30-year Business Plan (2020/21). The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

During 2019/20 no properties were disposed of to tenants under RTB entitlements (2019: £8.4m). Tenants' right to buy their homes ended on 31 July 2016. The processing of RTB sales was extended beyond that date, and all sales under the entitlement were completed during 2018/19.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

16. Fixed assets – Social Housing Properties (continued)

The number of units of social housing accommodation owned and managed (excluding unlettable voids) by the Association at 31 March is shown below:

	2020	2019
Social Housing		
General needs	38,929	38,623
Supported housing	710	710
Housing held for long-term letting	39,639	39,333
Housing approved / planned for demolition	117	117
Total Units	39,756	39,450

The housing valuation has been based on the number of houses held for social letting.

17. Other tangible fixed assets

	Communi ty infra- structure £'000	District heating £'000	Office premises £'000	Furniture, fittings & equipment £'000	Computer equipment £'000	Total £'000
Cost or valuation						
At 1 April 2019	9,445	4,996	11,407	26,504	29,567	81,919
Additions	1,823	144	17	1,220	5,377	8,581
Revaluation	-	-	(165)	-	-	(165)
At 31 March 2020	11,268	5,140	11,259	27,724	34,944	90,335
Accumulated Depreciation						
At 1 April 2019	(1,031)	(83)	-	(20,847)	(25,547)	(47,508)
Charge for year	(517)	(169)	(286)	(1,700)	(515)	(3,187)
Revaluation	-	-	286	-	-	286
At 31 March 2020	(1,548)	(252)	-	(22,547)	(26,062)	(50,409)
Net Book Value						
At 31 March 2020	9,720	4,888	11,259	5,177	8,882	39,926
At 31 March 2019	8,414	4,913	11,407	5,657	4,020	34,411

Office premises were valued by an independent professional adviser, Jones Lang LaSalle, on 31 March 2020 in accordance with the appraisal and valuation manual of the RICS.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

18. Investments

Investment Properties

	Properties held for market rent £'000	Commercial Properties £'000	Total £'000
Valuation			
At 1 April 2019	25,489	10,910	36,399
Transfers between other fixed asset categories	15,581	-	15,581
Revaluation taken to operating surplus	(10,900)	73	(10,827)
At 31 March 2020	30,170	10,983	41,153
Net Book Value			
At 31 March 2020	30,170	10,983	41,153
At 31 March 2019	25,489	10,910	36,399

Market rent properties were valued at market value subject to tenancy ("MV-T") by an independent professional adviser, Jones Lang LaSalle, on 31 March 2020.

The number of properties held for market rent by the Association at 31 March was:

	2020	2019
Mid-Market Rent Properties		
Total Units	500	384

Commercial properties were valued by an independent professional adviser, Jones Lang LaSalle, on 31 March 2020 in accordance with the appraisal and valuation manual of the RICS.

Investments - other

Due after more than one year:

	2020 £'000	2019 £'000
Unsecured subordinated convertible loan due from Lowther Homes Limited	8,387	8,387

GHA has an unsecured subordinated convertible loan with Lowther Homes Limited, a related group company. FRS 102 requires that the principal amount and interest payments be fair valued and shown as debt on the balance sheet (note 20). The difference between this and the principal amount of the instrument should be recognised as the fair value of equity component.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

19. Stock

	2020 £'000	2019 £'000
Stock	-	77

Stock held relates to balances for the contractual share of the development costs incurred on behalf of third party housing associations. The value of stocks is £nil (2019: £77k).

20. Debtors

	2020 £'000	2019 £'000
Due in more than one year:		
Development agreement (note 2)	20,478	38,420
Due from other group companies	27,730	26,381
	48,208	64,801
Due within one year:		
Arrears of rent and service charges	6,760	11,192
Adjustment to discount arrears balances with payment plans to NPV	(62)	(62)
Less: provision for bad and doubtful debts	(4,761)	(3,313)
	1,937	7,817
Prepayments and accrued income	7,507	5,304
Other debtors	7,890	5,961
Due from other group companies	10,664	18,018
Total	76,206	101,901

Included in debtors is a balance of £20.5m (2019: £38.4m) in respect of the expected cost of the development work that Glasgow City Council has committed to undertake in order to refurbish the housing stock transferred to the Association. The Council has sub-contracted The Glasgow Housing Association Limited to carry out the programme of catch-up repairs to the residential accommodation as part of a development agreement. This balance relates to the identical provision in the accounts for this expenditure (note 23) and as work progresses both of these balances will be utilised when the work is actually undertaken.

The balance due from other group companies in more than one year relates to the unsecured subordinated convertible loan with Lowther Homes Limited. This debt was issued in November 2014 and is due to mature in 2043. Interest on this instrument has been charged at 4.89% in the year (2019: 4.68%).

The Wheatley Foundation has agreed to deliver certain charitable community programmes on the Glasgow Housing Association's behalf. Under this arrangement, these programmes were funded in part during the year by the Glasgow Housing Association agreeing that the interest receipt due from Lowther Homes Limited would be paid directly to the Wheatley Foundation on its behalf.

Amounts owed by group undertakings and due within one year are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

21. Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Trade creditors	1,458	3,825
Accruals	15,200	23,749
Deferred income (note 22)	30,466	34,552
Rent and service charges received in advance	7,313	7,003
Salaries, wages, other taxation and social security	1,977	2,038
Other creditors	6,227	2,810
Due to other group companies	3,472	1,610
Total	66,113	75,587

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

22. Creditors: amounts falling due after more than one year

	2020	2019
	£'000	£'000
Scottish Government contingent efficiencies grant	36,693	35,531
Deferred income	11,760	9,395
Amount due to group company	850,028	812,078
Other	-	184
Total	898,481	857,188

Scottish Government contingent efficiencies grant

The Scottish Government made available to The Glasgow Housing Association Limited £100.0m of contingent efficiencies grant over an eight-year period. Under this agreement £100.0m (2019: £100.0m) has been received which is an interest free loan with repayment due in 2040/41. The amount due of £36.7m at 31 March 2020 (2019: £35.5m) is the measurement of the liability after

discounting for an equivalent interest bearing arrangement with the same repayment date. This treatment is consistent with FRS 102 which requires financial instruments to be measured at amortised cost. The movement in the balance in the year relates to:

- interest costs £1.7m (2019: £1.6m)
- fair value movement gain of £0.5m (2019: loss of £4.7m)

Interest costs are reported within finance charges (note 13). The movement in the fair value is reported on the face of the Statement of Comprehensive Income.

Bank lending facility

Borrowing arrangements are in place via a Group facility consisting of bank and capital markets debt, secured on charged properties belonging to each of the RSLs within the Wheatley Housing Group. This facility was made up of a committed facility of £657.3m from a syndicate of commercial banks, two committed facilities totalling £282.9m from the European Investment Bank, £300.0m raised through the issue of a public bond, £150.0m private placement loan notes with BlackRock Real Assets and £100.0m facility with HSBC. This provided total facilities of £1,490.2m for RSLs within the Wheatley Group to develop new housing. This facility is provided through Wheatley Funding No. 1 Ltd, a wholly-owned subsidiary of the Wheatley Housing Group Limited, with GHA having access to an intra-group facility of £865.0m, secured on its housing stock. Interest in the year has been charged at 4.89% (2019: 4.68%).

The Glasgow Housing Association Limited has secured a major portion of its housing stock (£1,419.4m) against this facility. At 31 March 2020, 4% (£76.8m) of GHA's housing properties remained unsecured.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

22. Creditors: amounts falling due after more than one year (continued)

Borrowings are repayable as follows:	2020	2019
	£'000	£'000
In less than one year	188	187
In more than one year but less than two years	-	-
In more than two years but less than five years	-	-
In more than five years	849,840	811,891
	850,028	812,078

Deferred income

The deferred income balance is made up as follows:

	Housing Association Grant £'000	Other £'000	Total Deferred Income £'000
Deferred income as at 1 April 2019	39,006	4,941	43,947
Additional income received	19,190	4,219	23,409
Released to the Statement of Comprehensive Income	(23,414)	(1,716)	(25,130)
Deferred income as at 31 March 2020	34,782	7,444	42,226

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

Deferred income to be released to the Statement of Comprehensive Income:	2020	2019
	£'000	£'000
In less than one year (note 21)	30,466	34,552
In more than one year but less than five years	11,760	9,395
In more than five years	-	-
	42,226	43,947

Financial instruments

	2020	2019
	£'000	£'000
Financial assets:		
<u>Measured at amortised cost:</u>		
Debtors and accrued income	48,476	75,520
<u>Measured at fair value:</u>		
Due from other group companies	27,730	26,381
Total	76,206	101,901

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

22. Creditors: amounts falling due after more than one year (continued)

	2020 £'000	2019 £'000
Financial liabilities:		
<u>Measured at amortised cost:</u>		
Creditors, accruals and deferred income	927,901	897,244
<u>Measured at fair value:</u>		
Scottish Government loan	36,693	35,531
Total	964,594	932,775

Income earned and expense payable on the financial assets and liabilities is disclosed in notes 12 and 13 respectively.

23. Provisions for liabilities and charges

	Development Agreement £'000	Insurance £'000	Dilapidation Provision £'000	Total £'000
At 1 April 2019	38,420	435	750	39,605
Utilised	(17,943)	-	(90)	(18,033)
At 31 March 2020	20,477	435	660	21,572

Development Agreement

The provision represents the best estimate of the costs of contracted works for the repair of managed properties in 2003 less the cost of repairs carried out since that date. This agreement is part of the development agreement and as work progresses the provision will be utilised when the work is actually undertaken.

Insurance

A provision is held in respect of the excess arising on all outstanding insurance claims.

Dilapidation Provision

This provision represents the estimated costs of dilapidation works required under lease contracts for office properties leased by GHA.

24. Share capital

	2020 £	2019 £
Shares of £1 each issued and fully paid		
At 1 April	12	10
Issued during year	1	3
Surrendered during year	(1)	(1)
At 31 March	12	12

Share capital does not carry any voting rights or rights to dividend payments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

25. Pensions

Strathclyde Pension Fund

The Glasgow Housing Association Limited participates in the Strathclyde Pension Fund which is administered by Glasgow City Council and is a defined benefit scheme. Strathclyde Pension Fund is part of the wider Local Government Pension Scheme ("LGPS") in Scotland. The assets of the scheme are held separately from those of the Association with investments under the overall supervision of the Fund Trustees. The latest full actuarial valuation was carried out as at 31 March 2017. The next full actuarial valuation is due as at 31 March 2020 however the results are not yet available.

GHA's share of the liabilities of the Strathclyde Pension Fund include the estimated impact of changes to GMP indexation rules and the McCloud/Sargeant Ruling. The GMP indexation changes increased the estimated liability at 31 March 2019 by £2,265k. The actuarial assessment of the McCloud/Sargeant Ruling concluded that it did not have an impact on GHA's share of the liabilities of the scheme.

The Scottish Public Pensions Agency commenced consultation on a proposed remedy for McCloud/Sargeant in July 2020. Its effect on the currently recognised financial liability is not expected to be material and there is insufficient information on which to base a further adjustment.

Wheatley Housing Group Defined Contribution Scheme

The Wheatley Group also operates a defined contribution scheme through Salvus Master Trust. These arrangements are open to all employees of GHA who are not members of the Strathclyde Pension Fund.

Defined Benefit assets and obligations

The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions. The principal actuarial assumptions (expressed as weighted averages) at the yearend were as follows:

	31 March 2020	31 March 2019
Discount rate	2.45%	2.60%
Future salary increases	*2.00%	*2.00%
Inflation	1.90%	2.35%

*Salary increases are assumed to be 2.20% p.a. for 2019/20 and 2.0% p.a. thereafter.

In valuing the liabilities of the pension fund at 31 March 2020, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 20.7 years (male) (2019 21.4 years), 22.9 years (female) (2019 23.7 years).
- Future retiree upon reaching 65: 22.2 years (male) (2019 23.4 years), 24.6 years (female) (2019 25.8 years).

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The information disclosed below is in respect of the whole of the plans for which GHA has been allocated a share of cost under an agreed policy throughout the periods shown.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

25. Pensions (continued)

Movements in present value of defined benefit obligation

	2020 £'000	2019 £'000
Opening defined benefit obligation	431,154	390,536
Service cost	13,764	12,138
Interest cost	11,406	10,678
Loss on curtailment	-	4,180
Actuarial (gains)/losses	(36,802)	19,462
Contributions by members	2,278	2,346
Estimated benefits paid	(8,336)	(8,186)
Effect of business combination and disposals	22,785	-
Closing defined benefit obligation	436,249	431,154

Movements in fair value of plan assets

	2020 £'000	2019 £'000
Opening fair value of plan assets	445,865	417,945
Expected return on plan assets	11,716	11,317
Actuarial (losses)/gain	(33,693)	13,607
Contributions by the employer	7,665	8,836
Contributions by the members	2,278	2,346
Estimated benefits paid	(8,336)	(8,186)
Effect of business combination and disposals	24,339	-
Closing fair value of plan assets	449,834	445,865

	2020 £'000	2019 £'000
Present value of funded defined benefit obligations	(435,922)	(430,797)
Present value of unfunded defined benefit obligations	(327)	(357)
Fair value of plan assets	449,834	445,865
Net asset	13,585	14,711

Expense recognised in the statement of comprehensive income

	2020 £'000	2019 £'000
Current service cost	13,014	12,138
Past service cost	750	-
Losses on settlements or curtailments	-	4,180
Net interest on net defined benefit obligation (note 12)	(310)	(639)
	13,454	15,679

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

25. Pensions (continued)

The total amount recognised in the statement of comprehensive income in respect of actuarial gains and losses is £4,664k gain (2019: £5,855k loss).

The fair value of the plan assets and the return on those assets were as follows:

	2020 £'000	2019 £'000
Equities	265,402	285,354
Corporate bonds	116,957	107,008
Property	58,478	44,587
Cash	8,997	8,916
	<hr/> 449,834	<hr/> 445,865
Actual return on plan assets	(21,977)	24,924

26. Related party transactions

Members of the Management Board are related parties of the Association as defined by FRS 102.

The Association retains a register of members' interests. The following interests in related parties are required to be declared:

Tenant and factored homeowners Board Members

The following members are tenants or factored homeowners of the Association and have tenancies or factoring agreements that are on the Association's normal terms and they cannot use their positions to their advantage.

Iwona Majzuk-Soska
 Jean Albert Nietcho
 Bernadette Hewitt
 Robert Geddes
 Cathy McGrath
 Michael McNamara

Transactions entered into with members, and rent arrear balances outstanding at 31 March, are as follows:

	2020 £'000
Rent charged during the year	29
Arrears balances outstanding at 31 March 2020	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

26. Related party transactions (continued)

Other related parties

Related party interests and transactions during the year are as follows:

	Invoiced/paid in the year £'000	Year end balance £'000
2020		
Bernadette Hewitt - Transforming Communities Glasgow	-	-
Bernadette Hewitt - Barmulloch Community Development	-	-
Strathclyde Pension Fund	7,665	-

All transactions were on commercial terms and at arm's length.

During the year GHA held nomination rights to a directorship of Transforming Communities: Glasgow ("TC:G"). Bernadette Hewitt serves as a GHA nominated director on the board of TC:G.

During the year GHA held nomination rights to a directorship of Scotcash CIC. These rights allow GHA to nominate up to two directors to the board of Scotcash with Steven Henderson serving on the board during the year.

27. Cash Flow Analysis

Cash flow from operating activities	2020 £'000	2019 £'000
Deficit for the year	(10,759)	(20,912)
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	53,125	49,533
(Increase)/decrease in trade and other debtors	9,179	(189)
(Decrease)/increase in trade and other creditors	(4,622)	(17,611)
Increase/(decrease) in provisions	(91)	649
Pension costs less contribution payments	6,100	7,482
<u>Adjustments for investing or financing activities:</u>		
Proceeds from the sale of tangible fixed assets	-	(202)
Government grants utilised in the year	(25,130)	(22,987)
Interest paid	46,369	43,028
Interest received	(1,782)	(1,286)
Movement in fair value of financial instruments	(549)	4,709
Transfer of grant on disposal of MMR units	-	600
Loss on investment activities	10,827	8,621
Gain on the transfer of pension assets and obligations	(1,555)	-
Net cash inflow from operating activities	81,112	51,435

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (continued)**

28. Ultimate parent organisation

The Association is a subsidiary undertaking of Wheatley Housing Group Limited, a company limited by guarantee and registered in Scotland.

The only group into which the results of the association are consolidated is Wheatley Housing Group Limited. The consolidated financial statements of Wheatley Housing Group Limited may be obtained from the registered office at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.

SUPPLEMENTARY INFORMATION

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