

# Home in Scotland Limited

Reports and Financial Statements  
for the year ended 31 March 2020

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#### **Registered Office and Head Office**

Home in Scotland Limited  
20 Harvest Road  
Newbridge  
Edinburgh  
EH28 8LW

Co-operative and Community Benefit Societies Act 2014 No: 1935R (S)  
Scottish Housing Regulator Registered No: HAL90  
Scottish Charity No: SC005247

Part of Home Group

## HOME IN SCOTLAND LIMITED CHAIR'S REPORT

It could be tempting to allow the unprecedented events that unfolded in March to overshadow Home Scotland's achievements over the course of 2019/20. It is important however to acknowledge the organisation's remarkable response to COVID-19 in supporting our customers and keeping our colleagues safe. Our sympathies of course lie with all those who have been personally impacted by the pandemic.

Over the course of 2019/20, Home in Scotland made strong progress towards all our objectives, in this the third year of our five-year strategy. We continued to work successfully in partnership with Scottish Government and other stakeholders to support the Scottish Government's ambition on the delivery of affordable homes. We are a key partner in the Scottish Government's Housing First programme assisting those who have experienced repeat homelessness. We delivered improvements in our service quality and customer engagement and we ended the year in a strong financial position achieving a surplus of £6.9 million which secures our ability to continue to invest in our communities, improve our service and deliver new affordable homes.

Customers are at the heart of what we do, and we developed our Customer Promise to deliver our mission to build homes, independence and aspirations. We are committed to ensuring that our homes and the neighbourhoods that surround them are safe and we believe that all our customers have the right to enjoy the peace and quiet of their home free from anti-social behaviour, including domestic abuse. To this end, we refreshed our policies on tackling anti-social behaviour and neighbourhood & estate management. The launch of our Aspirations pilot demonstrates how we see our role as more than a landlord but as a key contributor to knitting communities together, building a sense of place and offering practical and financial support for ideas instigated by our communities of customers.

Universal Credit and the economic impact of COVID-19 is increasing the number of customers facing rent affordability challenges and fuel poverty. We invested in additional dedicated staff to support customers facing financial hardship and we are undertaking an analysis of rent affordability, informed by better quality engagement and consultation with customers.

Our maintenance team completed over 4,000 emergency and 10,000 routine repairs, modernised 287 void properties and serviced all heating systems to ensure our customers remained safe in their homes. Our seventh Annual Return of the Scottish Social Housing Charter (ARC) demonstrates our continuous improvement including 100% for gas safety. All fire risk actions were completed to our 'tall buildings' and works identified from fire risk assessments in all other properties were successfully delivered. In collaboration with Scottish Government, we initiated a programme to retrofit fire and carbon monoxide detectors, installing additional detectors to 200 properties in 2019/20 with a further 4,400 planned installations to be completed in 2020/21.

Our focus on customers is underpinned by our commitment to and investment in our people, new build and regeneration, and our governance.

We successfully delivered 149 new homes in Glasgow across two tenures; social rent and shared equity in the 2019/20 financial year. Our development at Holmlea Primary School is progressing well and the conversion of this historic school building has generated much interest. We invited former pupils and teachers to share their experiences of the school whilst seeing first hand our approach to conserving an iconic building for new affordable housing. We received fantastic feedback on many of our developments. Ashtree Road for example has won two awards at the Architect Journal Awards, including the prestigious Editor's Choice Award. We are currently working on several new developments and these new homes will provide much needed social rent and mid-market rent homes in Dundee, Edinburgh and Glasgow, including accessible homes for households with specific needs. Our longer-term goals include continued growth to meet our group wide target of building the right homes, in the right places.

The Board demonstrated its commitment to continuous improvement by undertaking several self-assessment exercises including a workshop to consider areas where we could improve our assurance framework. We viewed the Scottish Housing Regulator's new regulation and standards for social housing as a catalyst to further strengthen our governance. We continue to refresh the composition of our Board and I am grateful to our board members for their professional and valued contributions.

The results of our staff survey showed a significant increase in our colleagues view that Home Scotland is a great place to work. In the midst of dealing with their own personal and professional challenges created by the pandemic, I have heard many wonderful stories of our colleagues going above and beyond to support our customers. The Board is hugely proud of our staff for their dedication to making a difference to the lives of our customers.

By order of the Board.

Chair  
25 August 2020

**HOME IN SCOTLAND LIMITED  
REPORT OF THE BOARD  
FOR THE YEAR ENDED 31 MARCH 2020**

**Board**

R Bowes, ONC (appointed 25 August 2020)  
G A Campbell, MCIH  
I A Campbell, BSc (Hons)  
J Cheung-Buchanan, B.Arch, MSc (appointed 25 August 2020)  
M Finnegan BA (Hons)  
M Henderson, BSc (Hons)  
J Hudson, BSc (Hons), PhD, ACA  
M Madden, FCMA, CGMA, B.COMM (Hons) (Chair)  
A Mauger-Thompson, BA (Hons), MCLIP, MBA  
B McDougall, FCIH (until 28 February 2020)  
J McHale BSc (Hons) (until 2 February 2020)  
V Peterkin, MA, FCIH (until 27 August 2019)  
C Strachan, FCIOB (until 27 August 2019)  
C Wood, BSc (Hons), Dip Surv, MRTPI (appointed 25 August 2020)

**Company Secretary**

R Hall, BA (Hons) Law

**Advisers**

Independent auditors:  
KPMG LLP  
Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

Bankers:  
Bank of Scotland plc  
Business Banking Centre  
2 West Marketgait  
Dundee  
DD1 1QN

Solicitors:  
T C Young  
7 West George Street  
Glasgow  
G2 1BA

Miller Hendry  
3 Ward Road  
Dundee  
DD1 1LU

**HOME IN SCOTLAND LIMITED  
REPORT OF THE BOARD  
FOR THE YEAR ENDED 31 MARCH 2020**

The Board presents its report and the audited financial statements for the year ended 31 March 2020.

### **Registration of the Association**

Home in Scotland Limited (the Association) is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 - registered number 1935R(S) - and with The Scottish Housing Regulator under the Housing (Scotland) Act 2010 - registered number HAL90. The Association's rules are based on the Scottish Federation of Housing Associations' Charitable Model Rules (Scotland) 2013.

### **Parent Association**

Home Group Limited (HGL) is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 (registered number 22981R) and with the Regulator of Social Housing (registered number L3076).

### **Principal Activities**

The principal activities of the Association are the provision of rented accommodation for those in housing need and the development of low cost home ownership schemes.

### **Results**

The Association has made a surplus of £6,918,000 in the year to 31 March 2020. This is compared with £5,793,000 in the previous year. Annual surpluses are required to cover long term maintenance obligations, the development of property for sale (the profits of which are invested into our core services and the provision of more affordable homes), repayment of loans and future risks.

### **Review of Business**

A brief review of the business is given on page 2 in the Chair's report. Further information is available in the Association's Annual Review, available on request from the registered office.

### **COVID-19**

The coronavirus pandemic is the most significant external factor impacting the Association, its customers, colleagues, suppliers and stakeholders. We are operating in a different environment and expect to do so for a number of months to come. A summary of the key impacts and our response is included below;

**Customers and the community** – during an unprecedented time it is imperative that we continue to support our customers, many of whom are extremely vulnerable. Whilst their safety and wellbeing has been our main concern, we also know that for many their financial situations have been impacted by the pandemic. We added additional resource into our customer financial inclusion team to provide advice, support and solutions for our customers who were struggling with rent or their bills. We also made wellbeing calls to check in on how customers were doing and whether there was any additional support we could provide.

**Colleagues** – the health, safety and wellbeing of our colleagues are our top priority. We completed detailed risk assessments and provided personal protective equipment in line with Public Health Scotland guidance for all those who need it in their day to day work. Where colleagues can work from home they are, with all of our offices across the country closed in the early months of the pandemic. As steps are taken by the Scottish and UK governments to ease lockdown we have plans in place through the business to ensure our colleagues can continue to work safely whilst still providing the important support our customers need.

**Supply chain** – many of our major suppliers (maintenance and development contractors) have been significantly impacted by the pandemic with site closures and furloughing of staff. We initially reduced our maintenance service to emergency repairs and statutory compliance checks only and have been working closely with our maintenance contractors and customers to ensure these activities can be recommenced and completed safely for all. In support of our small and medium sized suppliers, we changed our payment terms and now pay them all immediately on receipt of goods and services.

**Financial position and liquidity** – risk based scenario planning has been undertaken to understand the potential impact on our financial position for the current year and in the future. This has included the impact on loan covenants, cash flow, liquidity and funding requirements. The stress testing gives us confidence that we remain financially strong. Alongside Home in Scotland Limited, our parent association HGL (which provides us loan facilities) remains in a strong financial position with the capacity to respond to this and any future shocks. We maintain flexibility in our plans for

**HOME IN SCOTLAND LIMITED  
REPORT OF THE BOARD  
FOR THE YEAR ENDED 31 MARCH 2020**

growth which are being reviewed and can be altered to maintain our financial strength if required. Further details are discussed in our going concern assessment on page 14.

### **Treasury Policy**

Treasury management is operated within a framework of clearly defined Board approved policies and procedures that serve to control the use of financial instruments. The overall aim is to ensure sufficient liquidity is available to meet foreseeable needs, surplus cash is invested prudently and financial risk is minimised. The Board receives regular reports on relevant treasury matters.

The Association finances its operations through a mixture of retained earnings, grants, long term loans and short-term facilities. Borrowings are in sterling at both fixed and floating rates of interest. The Association has a five year £10 million intercompany loan from HGL which expires in May 2025 and a five year £20 million intercompany loan from HGL, which is due to expire in May 2023. Of these facilities, £24.7 million was committed, undrawn and immediately available as at 31 March 2020. On 11 August 2020 the Association entered into a new £40 million revolving credit facility with a term of five years on competitive terms following a tender process. The new facility replaces a previous £20 million facility which was due to expire on 19 August 2020. The new facility provides additional liquidity to support the Association's future development programme. Full details of the Association's borrowings are shown in note 16 to the financial statements.

The Association's lending agreements include a number of financial and non-financial covenants. The key financial covenants are interest cover and gearing ratios. Loan covenants are monitored by the Treasury team on a monthly basis and reported to Board regularly. All covenants were met at the year end.

### **Statement on Internal Financial Controls**

The Association Board acknowledges its overall responsibility for establishing and maintaining the system of internal control and reviewing its effectiveness across the Association. 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.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material financial misstatement or loss.

The process for identifying, evaluating and managing significant risks faced by the Association is on-going, and has been in place throughout the period from 1 April 2019 up to the date of approval of the financial statements. This process is set out in the Group's Risk Management Framework which is followed by the Association.

Key elements of the Association's internal control framework include:

- Board approved terms of reference and clear delegated authorities throughout the Association;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- risk registers which are regularly reviewed by senior management, Executive, the Audit Committee of the Group and the Association Board;
- a robust operational planning process with detailed financial budgets, forecasts and performance measures;
- regular reporting to senior management and the Board of key performance indicators to monitor progress against objectives;
- a structured approach to the appraisal and authorisation of all significant new business initiatives and commitments;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- detailed policies and procedures in each area of the Association's activities; and
- an assurance service which reviews internal controls across the Association and provides regular reports to Board on any significant control weaknesses.

The Board 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 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.

**HOME IN SCOTLAND LIMITED  
REPORT OF THE BOARD  
FOR THE YEAR ENDED 31 MARCH 2020**

**Statement of Board's responsibilities in respect of the Board's report and the financial statements**

The Board is responsible for preparing the Board's 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 those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, 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 its income and expenditure for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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. 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.

**Disclosure of Information to Auditors**

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

**Colleagues**

We work with colleagues to make sure people feel aware, informed and involved with our strategic direction and we welcome views and suggestions. We use a range of ways to engage with colleagues, including Workplace (an enterprise social network), our intranet, seminars, meetings and events as well as a strong team culture of briefings, meetings and brilliant conversations. Our mutual pay award is an example of how we engage with colleagues and encourage them to be involved in the company's performance, achieving a common awareness of factors affecting the performance of the company, and consulting colleagues so their views can be taken into account in making decisions.

Our recruitment approach is one that is inclusive and as a Disability Confident and 'Mindful Employer' we support future and current colleagues to develop meaningful careers, offering a comprehensive training and development approach that welcome a diverse pool of colleagues. We continue to invest in colleague learning and development and wellbeing as this is key to engagement and business success.

Equality, diversity and inclusion are at the heart of our social purpose, driving the value that a diverse workforce brings to the organisation and the communities within which we operate. In terms of colleague gender we have a ratio of 67% females to 33% males. Our broad efforts to attract, recruit and retain an overall diverse workforce have led to some promising results with our BAME representation currently at 14% and LGB at 4%, although disability is lower at 2%. We have adopted the Rooney Rule (interviewing where possible, at least one candidate from a BAME background for all senior roles – and extending this to female applicants too), as we acknowledge there's clearly work still to do to achieve the aspirational targets we've committed to by 2025 (BAME 22%, LGB 8%, Disability 8%).

**HOME IN SCOTLAND LIMITED  
REPORT OF THE BOARD  
FOR THE YEAR ENDED 31 MARCH 2020**

**Events after the end of the reporting period**

The Board considers that there have been no events since the year end that have had a significant impact on the Association's financial position.

We do not believe that any of the assumptions or judgements we have made in the financial statements, detailed on page 17, need to be reassessed in-light of COVID-19. Our loan covenant compliance and funding arrangements and that of the parent association HGL remain in place and are unaffected. We have, and continue to, complete robust stress testing, as discussed on page 4, which supports our going concern assessment as set out on page 14.

**Auditor**

The external audit will be subject to a competitive tender for the year ending 31 March 2021.

On behalf of the Board

Chair

25 August 2020



## INDEPENDENT AUDITOR'S REPORT TO HOME IN SCOTLAND LIMITED

### Opinion

We have audited the financial statements of Home in Scotland Limited ("the Association") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Changes in Reserves, Cash Flow Statement and related notes, including the accounting policies in note 1.

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 affairs of the Association as at 31 March 2020 and of its income and expenditure 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.

### 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 they do not intend to liquidate the Association or to cease its operations, and as they have concluded that the Association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its 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, including the impact of Brexit, 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 Association's Board is responsible for the other information, which comprises the Board's Annual Report and the Chair's Report. 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.

We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the Statement on Internal Financial Control on page 5 does not provide the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls; or
- in our opinion, 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.

## **INDEPENDENT AUDITOR'S REPORT TO HOME IN SCOTLAND LIMITED**

### **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 their statement set out on page 4, the Association's Board is responsible for the preparation of 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](http://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 it 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.

**Tara Stonehouse (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

September 2020

**HOME IN SCOTLAND LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £000	2019 £000
Turnover	2	24,323	23,166
Cost of sales	2	(2,244)	(2,400)
Operating expenditure	2	(13,095)	(12,871)
Surplus on disposal of social housing properties	3	117	100
		<hr/>	<hr/>
<b>Operating surplus</b>		9,101	7,995
Interest receivable	7	7	4
Interest payable and financing costs	8	(2,190)	(2,206)
		<hr/>	<hr/>
<b>Surplus on ordinary activities before taxation</b>	9	6,918	5,793
Taxation		-	-
		<hr/>	<hr/>
<b>Surplus for the year</b>		6,918	5,793
		<hr/>	<hr/>
Other comprehensive income		-	-
		<hr/>	<hr/>
<b>Total comprehensive income</b>		6,918	5,793
		<hr/>	<hr/>

All activities of the Association are classed as continuing.

There are no other surpluses or deficits to be recognised in the current or prior year other than the surplus for the year reported above.

The notes on pages 14 to 28 form part of the financial statements.

The financial statements on pages 10 to 28 were approved by the Board on 25 August 2020 and were signed on its behalf by:

Company Secretary

Chair

Board member

**HOME IN SCOTLAND LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Notes	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible fixed assets	10 & 11	286,006	272,347
Other investments	12	464	424
		<hr/>	<hr/>
		286,470	272,771
		<hr/>	<hr/>
<b>Current assets</b>			
Properties held for sale	13	88	1,402
Debtors	14	4,035	1,229
Cash and cash equivalents		2,421	1,455
		<hr/>	<hr/>
		6,544	4,086
		<hr/>	<hr/>
Creditors: amounts falling due within one year	15	(28,867)	(9,027)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(22,323)	(4,941)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		264,147	267,830
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	16	(208,633)	(219,234)
		<hr/>	<hr/>
<b>Net assets</b>		55,514	48,596
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Non-equity share capital	18	-	-
Income and expenditure reserve		55,514	48,596
		<hr/>	<hr/>
<b>Total capital and reserves</b>		55,514	48,596
		<hr/>	<hr/>

The notes on pages 14 to 28 form part of the financial statements.

The financial statements on pages 10 to 28 were approved by the Board on 25 August 2020 and were signed on its behalf by:

Company Secretary

Chair

Board member

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

	Income and expenditure reserve £000
As at 1 April 2018	42,803
Total comprehensive income for the year	5,793
	<hr/>
As at 31 March 2019	48,596
Total comprehensive income for the year	6,918
	<hr/>
<b>As at 31 March 2020</b>	<b>55,514</b>
	<hr/>

The notes on pages 14 to 28 form part of the financial statements.

**HOME IN SCOTLAND LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £000	2019 £000
<b>Net cash flow from operating activities</b>	19	8,691	13,606
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		(17,520)	(26,655)
Purchase of investments		(40)	(4)
Proceeds from sale of tangible fixed assets		399	531
Capital grants received		8,782	15,513
Interest received		7	4
<b>Net cash outflow from investing activities</b>		(8,372)	(10,611)
<b>Cash flow from financing activities</b>			
Interest paid		(2,226)	(2,342)
New secured loans		5,807	2,797
Repayments of borrowings		(2,934)	(2,000)
<b>Net cash inflow / (outflow) from financing activities</b>		647	(1,545)
<b>Net change in cash and cash equivalents</b>		966	1,450
Cash and cash equivalents at the beginning of the year		1,455	5
<b>Cash and cash equivalents at the end of the year</b>		2,421	1,455

The notes on pages 14 to 28 form part of the financial statements.

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

## **1. PRINCIPAL ACCOUNTING POLICIES**

### **Basis of accounting**

The financial statements have been prepared in accordance with UK Accounting FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ('FRS 102'), the Co-operative and Community Benefit Societies and Credit Unions Act 2014, the Housing (Scotland) Act 2010, the Registered Social Landlords Determination of Accounting Requirements 2019 and the Statement of Recommended Practice for registered social housing providers Update 2018 ('SORP 2018').

As a public benefit entity, the Association has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

The Association's parent undertaking, HGL includes the Association in its consolidated financial statements. The consolidated financial statements of HGL are available to the public and may be obtained from The Secretary, Home Group Limited, 2 Gosforth Park Way, Gosforth Business Park, Newcastle upon Tyne, NE12 8ET.

As the consolidated financial statements of HGL include the equivalent disclosures and the Association is a wholly owned subsidiary of HGL, it has also taken the exemptions under FRS 102 available in respect of the following:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.
- The disclosures required by FRS 102.33A *Related Party Disclosures* in respect of transactions or balances with subsidiaries which form part of the group.

The Association proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The financial statements are prepared on the historical cost basis of accounting. There are no material differences between the surplus on ordinary activities before taxation and the surplus for the current or prior year and their historical cost equivalents.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

### **Going concern**

The Association's business activities, its current financial position and factors likely to affect its future development are set out within the Report of the Board. The most significant factor impacting our business at this time is the COVID-19 pandemic as detailed on page 4.

To date during the 2020/21 financial year the Association has not experienced a significant impact on its financial performance as a result of the pandemic. The main area of impact is on our maintenance programme, where activity and spend has experienced a short-term reduction. However, we have plans in place to recover this activity and we do not anticipate a significant change to our budgeted surplus position for 2020/21.

We expect the impact from the pandemic to continue for some time both for Scotland as a whole and the Association. As such the Association has and continues to carry out extensive risk-based stress testing to understand the impact that the pandemic could have on the Association in the next 12 months and beyond.

Since the year end we have repaid our £20 million RBS loan and replaced it with a new committed £40 million revolving credit facility with the same provider which expires in 2025. This gives us greater capacity to further our development ambitions and has strengthened our balance sheet. Covenants on the facility are discussed in the Treasury Policy section of the Report of the Board.

We have prepared cash flow and covenant compliance forecasts for the Association for the period to 31 March 2022, considering various severe but plausible downside scenarios, and have performed additional stress testing to assess the impact on our financial position, covenants and liquidity. The severe but plausible downside scenarios include:

- a reduction in rental income as a result of a higher voids rate;
- a reduction in rental income as a result of increased arrears and bad debts;
- costs related to purchase of protective equipment (PPE) for our colleagues; and
- a reduction in sales of housing stock.

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

The stresses we have subjected our projections to are at least as severe as what we have experienced to date throughout lockdown and have also considered the impact of a prolonged second wave of COVID-19. The results of our severe but plausible downside scenarios and stress testing give us confidence that we are in a robust position to withstand any ongoing impact of the pandemic, including any potential second wave. In all severe but plausible downsides forecasted, the Association has sufficient headroom on all covenants and significant liquidity through the long-term debt facilities in place. The Association has £30 million of committed intercompany loan facility, of which £24.7 million was undrawn and immediately available as at 31 March 2020 (£30.0 million undrawn as at 25 August 2020). This fact as discussed above, in August 2020 we have replaced an expiring £20 million loan facility with a £40 million committed revolving credit facility, giving us more borrowing capacity, of which £20m was undrawn at 25 August 2020. The results suggest we would not have to take mitigating actions to ensure we continue to operate within our loan covenants, however we have a detailed mitigation plan if such an event arose.

On this basis, the Board has a reasonable expectation that the Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months after the date on which the report and financial statements are signed. Therefore, it continues to adopt the going concern basis in the financial statements.

**Turnover**

Rental income is recognised on a straight line basis in accordance with the terms of the tenancy agreement on an accrual basis. Revenue arising from the sale of property is recognised on legal completion. Fees receivable are recognised in line with the underlying management agreements.

**Housing properties**

Housing properties are stated at cost less accumulated depreciation and impairment. Housing properties in the course of construction are stated at cost and are transferred into housing properties when completed.

The cost of a property comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Directly attributable costs include the employment costs of development colleagues, finance and legal colleagues, and surveyors arising directly from the construction or acquisition of the property, together with other incremental costs which would have been avoided only if the property had not been constructed or acquired. Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme. The capitalisation rate is the weighted average of the rates applicable to general borrowings that are outstanding during the period.

Housing properties are split under component accounting between their land, structure costs and a specific set of major components which require periodic replacement. Refurbishment or replacement of such components is capitalised and depreciated on a straight line basis over the estimated useful economic life of components as shown on the following page.

Component	Estimated useful economic life (years)
Property structure	100
Bathroom	30
Boiler	15
Heating distribution	30
Doors	20
Electrics	30
Kitchen	15
Roof	40
Windows	30
Land	Not depreciated



**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

**Other fixed assets**

Other fixed assets are stated at cost less accumulated depreciation and impairment. Depreciation is charged on a straight line basis to write off the cost less any estimated residual value over the expected useful economic lives of the assets.

Asset type	Estimated useful economic life (years)
Plant, machinery, fixtures and vehicles	8
Computer equipment	3
Leased equipment	Over the life of the lease

**Housing Association Grant**

Government grants include grants receivable from the Scottish Housing Regulator, Scottish Ministers and local authorities. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities.

Housing Association Grant is repayable under certain circumstances, primarily following the sale of property, but such repayment will normally be restricted to the net proceeds of sale.

**Other grants**

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

**Disposal of housing properties**

Where properties built for sale are disposed of during the year, the disposal proceeds are included in turnover and the attributable costs included in cost of sales. Where properties previously rented out to customers are disposed of, the surplus on disposal is included in operating surplus.

Where a component is replaced or restored, the old component is written off to the Statement of Comprehensive Income, to avoid double counting, and the new component is capitalised. Charges arising from the early replacement of a component are reflected as part of the overall depreciation charge.

Where any Housing Association Grant (HAG) to be repaid is less than the HAG relating to the disposal, the difference is treated as abated HAG and included as a component of the surplus or deficit on disposal.

**Properties for sale**

Completed properties for outright sale and properties under construction are valued at the lower of cost and net realisable value.

Grants are received from the Scottish Ministers for the construction of properties under the Homestake scheme. The costs net of grants up to the point of sale are reflected as stock within current assets. Upon sale of the Homestake properties to eligible beneficiaries the cost and grants relating to such properties are accounted for in the Statement of Comprehensive Income as other activities; within turnover and operating costs respectively. 100% of the property is sold between the owner and the Government.

**HOME IN SCOTLAND LIMITED  
REPORT OF THE BOARD  
FOR THE YEAR ENDED 31 MARCH 2020**

**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

**Shared ownership**

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and on disposal the first tranche sale proceeds are shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset. Any grant attributable to shared ownership assets is wholly attributed to the element retained and held in liabilities. Subsequent tranches sold ('staircasing') are accounted for as disposals of housing properties, as noted above.

**Improvements to properties**

Expenditure on housing properties which is capable of generating increased future rents, or extends their useful lives, or significantly reduces future maintenance costs, is capitalised.

**Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

**Provisions for liabilities and charges**

The Association recognises in the accounts provisions to meet liabilities arising from past events, which are likely or certain to be incurred, but for which the amount or timing cannot be determined accurately.

**Significant estimates and judgements**

Preparation of the financial statements requires management to make significant judgements and estimates. The judgements and estimates which have the most significant impact on amounts recognised in the financial statements are set out below.

***Significant management judgement - Carrying value of housing properties and stock***

Judgement is exercised in determining the carrying value of housing properties and stock in line with the accounting policies set out on page 15 to 16.

The Association has conducted a review of the financial performance and future prospects of its full portfolio of existing rented housing properties to assess whether there has been a trigger event for an impairment review. Indicators of impairment used as part of the review were:

- a fall in market values;
- a significant change in our operating environment;
- change in market interest rates;
- a change in the strength of our balance sheet;
- evidence of obsolescence in our stock;
- a change in how we use our stock; or
- a deterioration in asset performance.

Specifically, we have considered whether properties are planned to be sold, demolished or earmarked for regeneration, whether they require major works or whether they have been void for an extended period of time.

Impairment reversals identified and included in the Statement of Comprehensive Income are set out in Note 9 to the financial statements.

HOME IN SCOTLAND LIMITED  
REPORT OF THE BOARD  
FOR THE YEAR ENDED 31 MARCH 2020

1. PRINCIPAL ACCOUNTING POLICIES (continued)

*Estimation uncertainty*

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expense is provided below. The estimates used relate to the current year and are not expected to impact the next financial year: they will be revaluated at the next reporting date.

*Impairment testing*

Where indicators of impairment have been identified we have tested the carrying values of both our housing properties and our development work in progress. In doing so we make a number of estimates.

When considering housing properties, we compare our carrying values against the sector standard valuation of Existing Use Value for Social Housing (EUV-SH). This is the value at which we would expect to transfer properties to another registered provider. Where the carrying value of identified properties is higher than EUV-SH, the properties have been impaired by the difference and the cost has been taken to the Statement of Comprehensive Income. It is a standard valuation method and as such is not considered to cause significant uncertainty. For housing properties under development there is limited estimation uncertainty as we contract with our group development company, Home Group Developments Limited, who operate on a fixed price contracts basis.

For stock, a scheme under development is impaired if its carrying value is higher than its selling price less costs to sell and complete. Given the low balance of stock for sale we do not consider this to be an area of estimation uncertainty either in the current financial year or next.

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**2(a). PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT**

	Note	Turnover	Cost of sales	Operating costs	Operating surplus / (deficit)	Operating surplus
		£000	£000	£000	2020 £000	2019 £000
Affordable letting activities	2(b)	21,926	-	(12,942)	8,984	7,896
Other activities	2(c)	2,397	(2,244)	(153)	-	(1)
<b>Total</b>		<b>24,323</b>	<b>(2,244)</b>	<b>(13,095)</b>	<b>8,984</b>	
Total for the year ended 31 March 2019		23,166	(2,400)	(12,871)		7,895

**2(b). PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES**

	General needs social housing £000	Supported social accommodation £000	Shared ownership housing £000	Other £000	Total 2020 £000	Total 2019 £000
Rent receivable net of service charges	17,046	-	72	2,726	19,844	18,630
Service charges	816	-	1	134	951	874
Gross income from rents and service charges	17,862	-	73	2,860	20,795	19,504
Less voids	(146)	-	-	(79)	(225)	(293)
Net income from rents and service charges	17,716	-	73	2,781	20,570	19,211
Grants released from deferred income	991	-	7	130	1,128	1,115
Revenue grants from Scottish Ministers	228	-	-	-	228	171
Total turnover from affordable letting activities	18,935	-	80	2,911	21,926	20,497
Management and maintenance administration costs	(3,050)	-	(6)	(392)	(3,448)	(2,605)
Service costs	(860)	-	(6)	(128)	(994)	(966)
Planned and cyclical maintenance including major repairs costs	(1,250)	-	-	(119)	(1,369)	(1,377)
Reactive maintenance costs	(2,392)	-	-	(335)	(2,727)	(3,253)
Bad debts - rent and service charges	(374)	-	-	(49)	(423)	(368)
Depreciation of affordable let properties	(3,759)	-	(8)	(232)	(3,999)	(4,121)
Impairment of affordable let properties	18	-	-	-	18	89
Operating costs for affordable letting activities	(11,667)	-	(20)	(1,255)	(12,942)	(12,601)
<b>Operating surplus for affordable letting activities</b>	<b>7,268</b>	<b>-</b>	<b>60</b>	<b>1,656</b>	<b>8,984</b>	
Operating surplus for affordable letting activities for the year ended 31 March 2019	6,354	198	23	1,321	-	7,896

HOME IN SCOTLAND LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

2(c). PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants from Scottish Ministers £000	Other income £000	Total turnover £000	Cost of sales £000	Other operating costs £000	Operating surplus / (deficit) 2020 £000	Operating surplus / (deficit) 2019 £000
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	-	(27)	(27)	(13)
Factoring	-	109	109	-	(43)	66	-
Support activities	-	-	-	-	-	-	20
Developments and improvements for sale to other organisations	-	2,288	2,288	(2,244)	-	44	50
Uncapitalised development administration Costs	-	-	-	-	(82)	(82)	(57)
Other activities	-	-	-	-	(1)	(1)	(1)
<b>Total</b>	-	<b>2,397</b>	<b>2,397</b>	<b>(2,244)</b>	<b>(153)</b>	-	
Total for the year ended 31 March 2019	20	2,649	2,669	(2,400)	(270)		(1)

3. SURPLUS ON DISPOSAL OF SOCIAL HOUSING PROPERTIES

	2020 £000	2019 £000
Sales proceeds	399	531
Cost of sales	(282)	(431)
	<b>117</b>	<b>100</b>

HOME IN SCOTLAND LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

#### 4. HOUSING STOCK

The disclosure below relates to units of housing accommodation and therefore excludes commercial properties and garages.

	At 1 April 2019	New units developed or acquired	Units sold or demolished	Other movements	At 31 March 2020
<i>General needs – social</i>					
Owned and managed	3,629	143	(19)	122	3,875
Managed but not owned	12	-	-	-	12
<b>Total general needs units</b>	<b>3,641</b>	<b>143</b>	<b>(19)</b>	<b>122</b>	<b>3,887</b>
<i>Housing for older people – social</i>					
Owned and managed	122	-	-	(122)	-
<b>Total housing for older people units</b>	<b>122</b>	<b>-</b>	<b>-</b>	<b>(122)</b>	<b>-</b>
<i>Low cost home ownership</i>					
Managed but not owned	45	-	(2)	-	43
<b>Total low cost home ownership units</b>	<b>45</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>43</b>
<i>Total social housing</i>					
Owned and managed	3,751	143	(19)	-	3,875
Managed but not owned	57	-	(2)	-	55
<b>Total social housing</b>	<b>3,808</b>	<b>143</b>	<b>(21)</b>	<b>-</b>	<b>3,930</b>
Market and mid-market rent units	379	-	(3)	-	376
<b>Total non-social housing</b>	<b>379</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>376</b>
<b>Total social and non-social housing owned and/or managed</b>	<b>4,187</b>	<b>143</b>	<b>(24)</b>	<b>-</b>	<b>4,306</b>

Number of residential properties factored: 716 (2019: 705).

#### 5. DIRECTORS' EMOLUMENTS

The directors are paid through the parent undertaking, HGL. One director has been identified as key management personnel and the aggregate amount of emoluments payable was £87,552 (2019: £84,741) which includes £2,600 employers' pension contributions (2019: £927). Details of the remunerated members of the Board (Mark Henderson and John Hudson) are included within financial statements of HGL which are publicly available. No other Board members received any payment other than expenses.

	2020 £	2019 £
Directors' expenses reimbursed to the directors not chargeable to United Kingdom income tax	<u>3,900</u>	<u>1,352</u>

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**6. EMPLOYEE INFORMATION**

The employee costs of those persons employed by HGL who are utilised wholly and exclusively by the Association are summarised below:

	2020 Number	2019 Number
Office staff	59	46
	<hr/> 59	<hr/> 46
	2020 £000	2019 £000
Employee costs (for the above persons):		
Wages and salaries	1,782	1,531
Social security costs	188	161
Other pension costs (see note 27)	112	71
	<hr/> 2,082	<hr/> 1,763

The costs of employing temporary staff was £42,000 (2019: £68,000).

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2020 £000	2019 £000
Interest receivable from bank and building society deposits	7	4
	<hr/>	<hr/>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2020 £000	2019 £000
Interest payable to other group companies	162	96
On bank loans and overdrafts	1,038	1,062
On other loans	1,257	1,249
	<hr/> 2,457	<hr/> 2,407
Less: interest capitalised on housing properties under construction	(267)	(201)
	<hr/> 2,190	<hr/> 2,206

The average rate of interest applied to interest capitalised during the year was 2.19% (2019: 2.20%).

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. SURPLUS FOR THE YEAR**

	2020 £000	2019 £000
Surplus on ordinary activities before taxation is stated after charging:		
Depreciation	4,000	4,122
Reversal of impairment	(18)	(89)
Grant amortisation	(1,128)	(1,115)
External auditors' remuneration for audit services	18	10
Operating lease rentals	90	158
	<hr/>	<hr/>

**10. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES**

	Completed housing properties £000	Housing properties under construction £000	Completed shared ownership properties £000	Total £000
<b>Cost</b>				
At 1 April 2019	281,191	29,288	1,299	311,778
Additions	-	16,086	-	16,086
Capitalised interest	-	267	-	267
Capitalised works	1,571	-	-	1,571
Transfer to completed schemes	13,177	(13,177)	-	-
Disposals	(1,697)	-	-	(1,697)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2020</b>	<b>294,242</b>	<b>32,464</b>	<b>1,299</b>	<b>328,005</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 April 2019	39,350	-	83	39,433
Charge for year	3,991	-	8	3,999
Impairment	(18)	-	-	(18)
Eliminated in respect of disposals	(1,415)	-	-	(1,415)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2020</b>	<b>41,908</b>	<b>-</b>	<b>91</b>	<b>41,999</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value at 31 March 2020</b>	<b>252,334</b>	<b>32,464</b>	<b>1,208</b>	<b>286,006</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 March 2019	241,841	29,288	1,216	272,345
	<hr/>	<hr/>	<hr/>	<hr/>

	2020 £000	2019 £000
Completed housing properties, at net book value, comprise:		
Freeholds	<u>253,542</u>	<u>243,057</u>
Works to existing properties in the year:		
Components capitalised	1,571	1,306
Amounts charged to expenditure	1369	1,307
	<hr/>	<hr/>
	2,940	2,613
	<hr/>	<hr/>

Additions to housing properties in the course of construction during the year included development administration costs of £397,000 (2019: £340,000). There were assets under charge included in the above net book value amount of £151,101,000 as at 31 March 2020 (2019: £140,737,000).



HOME IN SCOTLAND LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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**11. TANGIBLE FIXED ASSETS – OTHER FIXED ASSETS**

	Plant, machinery, fixtures and vehicles £000	Computer, equipment, leased equipment and software £000	Total £000
<b>Cost</b>			
At 1 April 2019	90	2	92
Disposals	(3)	-	(3)
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2020</b>	<b>87</b>	<b>2</b>	<b>89</b>
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 April 2019	89	1	90
Charge for year	-	1	1
Eliminated in respect of disposals	(2)	-	(2)
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2020</b>	<b>87</b>	<b>2</b>	<b>89</b>
	<hr/>	<hr/>	<hr/>
<b>Net book value 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>
Net book value 31 March 2019	1	1	2
	<hr/>	<hr/>	<hr/>

The cost of fixtures, furniture and equipment above has been reduced by an amount of £23,000, being grants received for the purchase of equipment and fittings (2019: £23,000).

**12. FIXED ASSET INVESTMENTS**

	2020 £000	2019 £000
At 1 April	424	420
Additions	40	4
	<hr/>	<hr/>
At 31 March	464	424
	<hr/>	<hr/>

**13. PROPERTIES HELD FOR SALE**

	2020 £000	2019 £000
Outright sale properties:		
- Completed	-	-
- Work in progress	88	1,402
	<hr/>	<hr/>
	88	1,402
	<hr/>	<hr/>

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**14. DEBTORS**

	2020 £000	2019 £000
Accounts falling due within one year:		
Rental debtors and service charges receivable	1,643	1,248
Less: Provision for bad debts	(843)	(562)
Net rental debtors	<u>800</u>	<u>686</u>
Prepayments and accrued income	50	174
Other amounts due from group undertakings	3,086	274
Leasehold debtors	12	-
Other debtors	87	95
	<u>4,035</u>	<u>1,229</u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £000	2019 £000
Housing loans from third parties	22,946	2,000
Trade Creditors	1,228	2,189
Social Housing Grant in advance	163	112
Deferred capital grant	1,543	1,356
Other taxation and social security payable	24	-
Accruals and deferred income	2,023	1,689
Other amounts due to group undertakings	160	363
Other creditors	780	1,318
	<u>28,867</u>	<u>9,027</u>

Whilst the Statement of Financial Position shows net current liabilities, the Association has in place external loan agreements which allow the Association sufficient funding to pay its liabilities as they fall due. The parent undertaking, HGL, acts as guarantor for some of these loans, as well as providing a £30 million intercompany facility. As at 31 March 2020, the Association had £24.7 million committed and undrawn facilities which were immediately available for drawing.

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020 £000	2019 £000
Housing loans from third parties	62,665	78,947
Loans from group undertakings	5,295	7,030
Deferred capital grant	140,673	133,257
	<u>208,633</u>	<u>219,234</u>

Housing loans are secured by specific charges on the Association's housing properties. They are repayable at varying rates of interest, from 0% to 3.96%, due as follows:

In instalments:		
In one year or less	22,946	2,000
Between one and two years	2,161	23,978
Between two and five years	11,780	6,000
In five years or more	54,020	55,999
	<u>90,907</u>	<u>87,977</u>

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. DEFERRED CAPITAL GRANT**

	2020 £000	2019 £000
At 1 April	134,613	120,330
Grant received in the year	8,731	15,398
Released to income in the year	(1,128)	(1,115)
	<hr/>	<hr/>
At 31 March	142,216	134,613
	<hr/>	<hr/>
Amount due to be released within one year	1,543	1,356
Amount due to be released in more than one year	140,673	133,257
	<hr/>	<hr/>
	142,216	134,613
	<hr/>	<hr/>

The amount of grant received in the year has decreased as developments at East Balornock and Springburn Way have completed, and no further grant was received. Grant received is mainly due to developments at Maxwell Road, Holmlea Primary School and Glasgow Meat Market.

**18. CALLED UP SHARE CAPITAL**

Each national member of the Association holds one voting share (nominal value £1). Each community member of the Association holds one non-voting share (nominal value £1). All shares are surrendered on the cessation of membership. Shares carry no rights to dividend or repayment of capital.

	£
Allotted, issued and fully paid:	
At 1 April 2019	11
Issued during the year	-
Surrendered during the year	(4)
	<hr/>
At 31 March 2020	7
	<hr/>

**19. RECONCILIATION OF SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2020 £000	2019 £000
Surplus for the year	6,918	5,793
Adjustments for:		
Depreciation of tangible fixed assets	4,000	4,121
Reversal of impairment	(18)	(89)
Decrease in properties held for sale	1,314	1,536
Increase in debtors	(2,806)	(407)
(Decrease) / increase in trade and other creditors	(1,656)	1,665
Surplus on disposal of tangible fixed assets	(116)	(100)
Adjustments for investing or financing activities:		
Government grants utilised in the year	(1,128)	(1,115)
Interest payable	2,190	2,206
Interest received	(7)	(4)
	<hr/>	<hr/>
Net cash inflow from operating activities	8,691	13,606
	<hr/>	<hr/>

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**20. ANALYSIS OF CHANGES IN NET DEBT**

	At 1 April 2019 £000	Cash flows £000	Other non- cash changes £000	At 31 March 2020 £000
Cash and cash equivalents	1,455	803	-	2,258
Debt due within one year: Housing loans from third parties	(2,000)	1,200	(22,146)	(22,946)
Debt due after one year: Housing loans from third parties	(78,947)	(5,807)	22,089	(62,665)
Loans from group undertakings	(7,030)	1,735	-	(5,295)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net debt	(86,522)	(2,069)	(57)	(88,648)
	<hr/>	<hr/>	<hr/>	<hr/>

**21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2020 £000	2019 £000
Increase in cash in the period	803	1,450
Cash inflow from increase in debt	(2,872)	(797)
	<hr/>	<hr/>
Change in net debt resulting from cash flows	(2,069)	653
Non cash changes	(57)	(57)
	<hr/>	<hr/>
Movement in net debt in the period	(2,126)	596
Opening net debt	(86,522)	(87,118)
	<hr/>	<hr/>
Closing net debt	(88,648)	(86,522)
	<hr/>	<hr/>

**22. CAPITAL COMMITMENTS**

	2020 £000	2019 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>4,754</u>	<u>13,921</u>
Capital expenditure that has been authorised by the Board but has not yet been contracted for	<u>27,201</u>	<u>4,092</u>

The amounts contracted for at 31st March 2020 will be HAG funded, loan financed and funded from the Association's reserves.

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**23. FINANCIAL COMMITMENTS**

At the year end the total contractual payments under non-cancellable operating leases were as follows:

	2020 £000	2019 £000
Less than one year	129	15
Between one and five years	75	2
	<hr/>	<hr/>
	204	17
	<hr/>	<hr/>

The Association uses certain assets acquired under operating leases entered into by the parent association, HGL. The relevant lease charges are included in the Statement of Comprehensive Income, and the commitments under these leases have been included in the above note.

**24. GRANT AND FINANCIAL ASSISTANCE**

The total accumulated government grant and financial assistance received or receivable at 31 March:

	2020 £000	2019 £000
Held as deferred capital grant	142,216	134,613
Recognised as income in the Statement of Comprehensive Income	13,223	12,094
Grant within cost on properties at fair values at acquisition	8,043	8,043
	<hr/>	<hr/>
	163,482	154,750
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**25. TRANSACTIONS WITH RELATED PARTIES**

The Association has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102, on the grounds that it is a wholly owned subsidiary of a group headed by HGL, whose accounts are publicly available.

During the year the Association entered into the following related party transactions with its customer Board members:

	2020 £	2019 £
Charges in respect of rent and service charges	9,896	10,479
Amounts owed to customer Board members at the year-end	-	195

**26. PARENT ASSOCIATION**

The Board regards HGL as the ultimate parent company and the ultimate controlling party. Copies of the consolidated financial statements of HGL can be obtained from the Secretary, Home Group Limited, 2 Gosforth Park Way, Gosforth Business Park, Newcastle upon Tyne, NE12 8ET.

**27. PENSION OBLIGATIONS**

Employees of the parent undertaking, HGL, are eligible to participate in a number of pension schemes. Full disclosure of these schemes is included within the financial statements of HGL which are publicly available.