

Registered Social Landlord Number 311  
Registered Charity Number SC028542  
Registered Charitable Company Limited by Guarantee Number SC188299

**HOMES FOR LIFE HOUSING PARTNERSHIP**

**REPORT and FINANCIAL STATEMENTS**

**For the year ended 31 March 2020**

# **HOMES FOR LIFE HOUSING PARTNERSHIP**

## **REPORT and FINANCIAL STATEMENTS**

**For the year ended 31 March 2020**

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## **HOMES FOR LIFE HOUSING PARTNERSHIP**

### **MEMBERS, EXECUTIVES and ADVISERS**

#### **Directors**

[REDACTED] (Chair)  
[REDACTED] (Vice Chair)  
[REDACTED]  
[REDACTED]  
[REDACTED] (Co-opted) – (Resigned 30 October 2019)  
[REDACTED]

#### **Executive Officer**

[REDACTED] (Business Manager and Company Secretary)

#### **Registered Office**

Tolbooth Gate  
57 Market Street  
Haddington  
East Lothian EH41 3JG

#### **Bankers**

The Royal Bank of Scotland plc  
32 Court Street  
Haddington EH41 3NS

#### **Solicitors**

Addleshaw Goddard (Corporate matters)  
Exchange Tower  
19 Canning Street  
Edinburgh EH3 8EH

T C Young (Tenancy matters)  
69a George Street  
Edinburgh EH2 2JG

#### **External Auditor**

Scott-Moncrieff Audit Services  
25 Bothwell Street  
Glasgow G2 6NL

#### **Internal Auditor**

Wylie & Bisset LLP  
168 Bath Street  
Glasgow G2 4TP

**STRATEGIC REPORT**

**For the year ended 31 March 2020**

The Directors present their Strategic Report of the Board of Directors and the audited financial statements for the year ended 31 March 2020.

**Principal activities**

The company's principal activity during the year was the provision, improvement and management of housing for persons in necessitous circumstances in East Lothian.

**Review of business**

Key activities included:

- Continued development of governance and customer services- including repairs, maintenance and welfare reform mitigation; as well as good governance and compliance;
- Deferred Housing (Scotland) Act 2014 implementation;
- Completion in May 2019 of a comprehensive Business Planning review, for submission to the Scottish Housing Regulator as the key element of our Engagement Plan for 2019;
- Submission to the Scottish Housing Regulator in October 2019 of our first Assurance Statement;
- Preparations for extension of Freedom of Information to RSLs from Nov 2019 and further follow up on General Data Protection Regulation- with appointment of RGDP to provide necessary support and services, including as Data Protection Officer;

Internal Audit reviewed Complaints, Arrears Management, EESSH implementation, and Follow Up on previous recommendations.

Attendance at the AGM, in September 2019, was the Company's second best ever. 47 people were present or represented, including 26 tenant members, 2 other members and 6 other tenants. Overall, 18% of members were represented and 10% of tenancies.

There was no change to Office Bearers this year, with both Chair and Vice-Chair re-elected by the Board to serve a second year- as standing orders provide for a minimum initial term of two years unless there are good business reasons to change

Focuses for 2020/21 include a significant programme of Planned Maintenance- including Kitchen & boiler replacements, remaining EESSH energy efficiency measures, electrical testing, remaining fire alarm upgrades, as well as external and common areas painterwork. Also, further development of tenant participation, asset management and procurement, as well as further review of staffing and pensions.

**Employees**

The long serving Customer Service Manager retired in November 2019 and has been replaced. The company currently has five permanent operational employees, two of whom are job-sharing. Three further posts are currently filled through temporary agency appointments. It is proposed that these and two additional posts will be subject to permanent recruitment during 2020/21.

## STRATEGIC REPORT (continued)

### For the year ended 31 March 2020

#### **Fixed assets**

In accordance with the Statement of Recommended Practice (SORP) – Accounting by Registered Social Housing Providers, 2014, the company utilises component accounting in dealing with its housing assets. Component accounting ensures that the major components of the company's housing stock are identified and depreciated over their estimated economic lives. The cost of any subsequent replacement of a major component will be capitalised in the Statement of Financial Position with the item replaced being disposed of from the Statement of Financial Position. This enables the financial statements to better reflect the use of the component over its life cycle.

Changes in respect of housing properties, resulting from transactions during the year, are detailed in note 13.

All homes within the scope of the Scottish Housing Quality Standard meet that standard, with the exception of 5 exempt non-traditional properties. The same 5 homes are also exempt from the EESSH. The company continues to look for a viable basis to secure compliance for these homes. Progress continued on reviewing and ensuring full EESSH compliance of all other homes by Dec 2020.

#### **Structure and Governance**

The company is a housing partnership created in July 1998 under the Scottish Government's New Housing Partnerships initiative, by founding members East Lothian Council and East Lothian Housing Association Limited. Membership also includes tenants and other interested parties. Under the initiative, the company secured revenue support funding and capital funding for development projects in the form of grants from East Lothian Council. A review of the Articles of Association in September 2008 removed special rights and obligations for founding members. A further review in September 2018 agreed removal of a requirement that a majority of directors be tenant members. The Membership Policy requires that tenants comprise a majority of the membership.

The company is limited by guarantee and is recognised as a charity. It does not trade for profit and is prohibited from making distributions to its members.

The company is registered as a Registered Social Landlord with the Scottish Housing Regulator and is required to prepare financial statements in accordance with the Scottish Housing Regulator's Determination of Accounting Requirements (2019): Regulatory Guidance and the Companies Act 2006.

For ongoing management of 12 homes sold on a Shared Equity basis, the Company is registered as a property Factor (PF0000219) for common maintenance and as a Credit provider (724055) for equity loans. There were no re-sales and therefore no loan transactions during the year.

#### **Future Plans**

The company does not currently have any proposed development programme. It continues to look for opportunities for growth, as well as to improve operational efficiency and effectiveness, including through partnership with other Registered Social Landlords.

#### **Risk and Uncertainties**

The Audit & Risk Committee regularly reviews the Key Risk Register, which also informs Internal and External Audit. Appropriate mitigation is identified and underway or planned for all Key Risks. Assessed higher risks after mitigation included- ICT integrity, contractor performance, Board recruitment & development, Welfare reform, Brexit and Covid-19.

## HOMES FOR LIFE HOUSING PARTNERSHIP

### STRATEGIC REPORT (Continued)

#### For the year ended 31 March 2020

##### **Covid-19**

The Company was able to implement Business Continuity Planning to ensure that for lockdown, with limited notice, all staff were able to operate effectively from home individually and collectively to maintain fullest possible services- with company IT, telecoms, printers and workstations; with remote VPN access to company network; with appropriate security and safety protocols; as well as PPE for necessary site attendance if required; with mail redirected and necessary supplies distributed directly as required; and with regular team meetings and governance meetings through video calls. Tenants are being kept informed as the situation evolves. Where necessary telephone calls with tenants can be supplemented by prearranged video calls. Staff are preparing for a managed early return to allocations and ultimately for phased return to our office from Stage 3.

Whilst only essential repairs have been attended to during lockdown, legal safety checks and servicing have continued. All Registered Social Landlords submit monthly returns to allow the Scottish Housing Regulator to monitor individual and sector impacts & trends. Company staff have worked hard to support tenants and mitigate financial impacts. There has been an increase in new applications for Universal Credit as well as an increase in managed payments for UC applicants and an increase in technical arrears attributable to delays in benefit payments. However, overall increases in rent arrears and void losses have so far been modest.

##### **Financial and non-financial key performance indicators**

The company participates in the Scottish Housing Network. The Board review performance quarterly and benchmark annually- against averages for all Registered Social Landlords, a peer group of other smaller scale Registered Social Landlords, as well as against other local Registered Social Landlords. Loan covenant compliance is also monitored quarterly. Key Performance is shared with our tenants including through a comprehensive Annual Performance Report. ARC non-financial performance data was not yet available at the time of Audit, but will be published separately for our AGM and distribution through the Annual Customer Performance Report.

<b>Financial Key Performance Indicators</b> <i>(figures are percentages)</i>	<b>2020</b>	<b>2019</b>	<b>Loan Covenant</b>
Loan Interest Cover	406	448	110
Loan Security Cover	640	496	105
Gearing	8.56	10.78	n/a
Quick Ratio	4.58	3.67	n/a
Net Surplus	48	49	n/a
Arrears	2.41	2.09	n/a

#### **BY ORDER OF THE BOARD**

.....  
Secretary

29 July 2020

.....  
Date

**REPORT of the BOARD of DIRECTORS**

**For the year ended 31 March 2020**

**The Board of Directors and Executive Officers**

The directors and executive officer of the company who served during the year and up to the date these accounts were approved are listed on page 1.

**Related Party Transactions**

Eight of the company's directors are tenant directors. Tenant directors must comply with the same regulations as non-director tenants and do not receive favourable terms or discounted rents.

One director is also on the Boards of East Lothian Housing Association Limited (ELHA) and Employers in Voluntary Housing Limited (EVH), and also carries out duties on behalf of Rural & Islands Housing Associations Forum (RIHAF) of the Scottish Federation of Housing Associations (SFHA).

Transactions with tenant directors and other related parties are disclosed at note 29.

**Statement of Board of Directors' Responsibilities**

Housing Association legislation requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the income and expenditure of the company for the year ended on that date. In preparing those financial statements the Board are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company.

The Board are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement on Internal Financial Control**

The Board of Directors acknowledges its ultimate responsibility for ensuring that the company has in place a system of controls that is appropriate to the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

1. The reliability of financial information used within the company or provided for external users;
2. The maintenance of proper accounting records; and
3. The safeguarding of assets against unauthorised use or disposition.

Such systems of internal financial control can only provide reasonable and not absolute assurance against material misstatement or loss.

Key procedures, which the Board has established and which are designed to provide effective financial control, include the following:

1. Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of financial controls and restrict the unauthorised use of the company's assets;

## HOMES FOR LIFE HOUSING PARTNERSHIP

### REPORT of the BOARD of DIRECTORS (Continued)

#### For the year ended 31 March 2020

##### **Statement on Internal Financial Control (continued)**

2. Experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
3. Forecasts and budgets are prepared which allow the Board of Directors and Executive Officer to monitor the key business risks, financial objectives and the progress being made towards achieving plans set for the year and for the medium term;
4. Management accounts are prepared regularly, providing relevant, reliable and up-to-date financial and other information, with significant variances from budget being investigated as appropriate;
5. All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Directors;
6. The Board receives an annual report from the external auditor who reviews and test the system of internal financial control only to the extent necessary to express their audit opinion;
7. The Board receives an annual report from the internal auditor as part of an agreed audit plan; and
8. Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external reports, including for delegation of preliminary consideration of reports and action by an Audit and Risk Committee.

The Board confirms that it has reviewed the effectiveness of the company's system of internal financial control as it operated during the year ended 31 March 2020. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements or in the auditor's report on the financial statements.

##### **Disclosure of information to the Auditor**

To the knowledge and belief of each of the persons who are directors of the Board at the time the report is approved:

- So far as the directors are aware, there is no relevant information of which the company's auditor is unaware; and
- Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant information and to establish that company's auditor is aware of the information.

##### **Auditor**

The appointed auditor, Scott-Moncrieff, tendered their resignation during 2019 and were replaced by Scott-Moncrieff Audit Services. Scott-Moncrieff Audit Services have expressed their willingness to continue in office as auditor and will be proposed for reappointment at the Annual General Meeting.

##### **BY ORDER OF THE BOARD**

.....  
Secretary

29 July 2020

.....  
Date



**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF HOMES FOR LIFE HOUSING PARTNESHIP  
FOR THE YEAR ENDED 31 MARCH 2020**

**Opinion**

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

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Conclusions relating to going concern**

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

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

**Other information**

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

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF HOMES FOR LIFE HOUSING PARTNERSHIP  
FOR THE YEAR ENDED 31 MARCH 2020**

**Other information (continued)**

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

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of the Directors**

As explained more fully in the Statement of the Board of Directors' Responsibilities set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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

## **HOMES FOR LIFE HOUSING PARTNERSHIP**

### **INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF HOMES FOR LIFE HOUSING PARTNESHIP FOR THE YEAR ENDED 31 MARCH 2020**

#### **Use of our report**

Our audit work has been undertaken so that we might state to the company's members, as a body, 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Scott-Moncrieff Audit Services, Statutory Auditor**

**Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006**

25 Bothwell Street

Glasgow

G2 6NL

29 July 2020

Date: .....

**REPORT OF THE AUDITOR TO THE BOARD OF DIRECTORS OF HOMES FOR LIFE HOUSING PARTNERSHIP ON CORPORATE GOVERNANCE MATTERS**

**For the year ended 31 March 2020**

In addition to our audit of the financial Statements, we have reviewed your statement on pages 5-6 concerning the Company's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication 'Our Regulatory Framework' and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The bulletin does not require us to review the effectiveness of the Company's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

**Opinion**

In our opinion the Statement on Internal Financial Control on pages 5-6 has provided 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 and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Board of Directors and Officers of the Company and examination of relevant documents, we have satisfied ourselves that the Board of Director's Statement on Internal Financial Control appropriately reflects the Company's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication 'Our Regulatory Framework' and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

**Scott-Moncrieff Audit Services  
Statutory Auditor  
25 Bothwell Street  
Glasgow G2 6NL**

29 July 2020

Date: .....

# HOMES FOR LIFE HOUSING PARTNERSHIP

## STATEMENT of COMPREHENSIVE INCOME

**For the year ended 31 March 2020**

	Notes	31 March 2020 £	31 March 2019 £
<b>Turnover</b>	4	1,681,424	1,645,600
<u>Less:</u> Operating expenditure	4	(1,258,967)	(1,201,750)
<b>Operating surplus</b>	4	422,457	443,850
Interest receivable and other income	10	15,610	10,613
Interest and financing costs	11	(82,831)	(97,186)
<b>Surplus before taxation</b>		355,236	357,277
Taxation	12	-	-
<b>Surplus for the year</b>		355,236	357,277
<b>Other comprehensive income</b>			
Actuarial gain/(loss) in respect of pension schemes	23	116,000	(56,000)
<b>Total comprehensive income for the year</b>		471,236	301,277
		=====	=====

The results for the year relate wholly to continuing activities.

The notes on pages 15 to 32 form part of these financial statements.




# HOMES FOR LIFE HOUSING PARTNERSHIP

## STATEMENT of FINANCIAL POSITION

**As at 31 March 2020**

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets – social housing	13	11,584,423	12,012,231
Tangible assets – property, plant and equipment	14	61,529	67,157
Investments	16	2	2
		-----	-----
		11,645,954	12,079,390
		-----	-----
<b>Current assets</b>			
Trade and other debtors	17	72,844	73,855
Cash and cash equivalents	18	1,743,627	1,280,120
Term deposits	19	600,000	900,000
		-----	-----
		2,416,471	2,253,975
<b>Less:</b> Creditors falling due within one year	20	(783,756)	(870,007)
		-----	-----
<b>Net current assets</b>		1,632,715	1,383,968
		-----	-----
<b>Total assets less current liabilities</b>		13,278,669	13,463,358
		-----	-----
<b>Creditors:</b> amounts falling due after more than one year	21	(750,163)	(1,080,868)
Deferred capital grants	22	(8,066,482)	(8,322,702)
Pension liability	23	(162,000)	(231,000)
		-----	-----
<b>Net assets</b>		4,300,024	3,828,788
		=====	=====
<b>Reserves</b>			
General reserve	24	4,462,024	4,059,788
Pension reserve	23	(162,000)	(231,000)
		-----	-----
		4,300,024	3,828,788
		=====	=====

The financial statements were authorised for issue by the Board of Directors on 29 July 2020 and were signed on its behalf by:

.....	
Chairperson	
.....	
Secretary	
.....	
Vice Chairperson	

The notes on pages 15 to 32 form part of these financial statements.

# HOMES FOR LIFE HOUSING PARTNERSHIP

## STATEMENT of CHANGES in RESERVES

For the year ended 31 March 2020

	General Reserve £	Pension Reserve £	Total £
Balance as at 1 April 2019	4,059,788	(231,000)	3,828,788
Surplus for the year	355,236	-	355,236
Other comprehensive income	-	116,000	116,000
Net transfers during the year	47,000	(47,000)	-
	-----	-----	-----
Balance at 31 March 2020	4,462,024	(162,000)	4,300,024
	=====	=====	=====

## STATEMENT of CHANGES in RESERVES

For the year ended 31 March 2019

	General Reserve £	Pension Reserve £	Total £
Balance as at 1 April 2018	3,662,511	(135,000)	3,527,511
Surplus for the year	357,277	-	357,277
Other comprehensive income	-	(56,000)	(56,000)
Net transfers during the year	40,000	(40,000)	-
	-----	-----	-----
Balance at 31 March 2019	4,059,788	(231,000)	3,828,788
	=====	=====	=====

The notes on pages 15 to 32 form part of these financial statements.

# HOMES FOR LIFE HOUSING PARTNERSHIP

## STATEMENT of CASH FLOWS

For the year ended 31 March 2020

	Notes	2020 £	2019 £
<b>Net cash generated from operating activities</b>	25	566,308	802,679
<b>Cashflow from investing activities</b>			
Purchase of tangible fixed assets		(28,130)	(219,394)
Decrease in deposits with banks		300,000	-
Interest received		15,610	10,613
<b>Cashflow from financing activities</b>			
Interest paid		(76,831)	(93,186)
Repayment of borrowings		(313,450)	(297,095)
<b>Net change in cash and cash equivalents</b>		463,507	203,617
		=====	=====
Cash and cash equivalents at the beginning of the year	18	1,280,120	1,076,503
Cash and cash equivalents at the end of the year	18	1,743,627	1,280,120
		463,507	203,617
		=====	=====

### Analysis of changes in net debt

	2019 £	Cash flows £	Other changes £	2020 £
Long-term borrowing	1,080,868	(330,705)	-	750,163
Short-term borrowing	313,450	17,255	-	330,705
<b>Total liabilities</b>	1,394,318	(313,450)	-	1,080,868
Cash and cash equivalents	(1,280,120)	(463,507)	-	(1,743,627)
Term deposits	(900,000)	-	300,000	(600,000)
<b>Total net debt</b>	(785,802)	(776,957)	300,000	(1,262,759)
	=====	=====	=====	=====

The notes on pages 15 to 32 form part of these financial statements.



**NOTES to the FINANCIAL STATEMENTS**

**For the year ended 31 March 2020**

**1. General Information**

These financial statements are stated in Pounds Sterling (GBP), as that is the currency (which the majority of) the company's transactions are denominated. They comprise the financial statements of the company drawn up for the year ended 31 March 2020. Except where otherwise stated all financial information is presented in GBP.

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2014.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The company is defined as a public benefit entity and thus the company complies with all disclosure requirements relating to public benefit entities. The company is a registered social landlord in Scotland and its registered number is 311. The company is a private company limited by guarantee and incorporated in the United Kingdom and registered in Scotland. The company's registered number is SC188299. The registered address is included on page 1 of these financial statements.

**2. Accounting policies**

**(a) Accounting convention**

The financial statements are prepared under the historical cost basis of accounting and in accordance with applicable standards. The accounting policies of the company are set out in paragraphs (d) to (u) below.

**(b) Basis of accounting**

The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards. The effect of events relating to the year ended 31 March 2020, which occurred before the date of approval of the financial statements have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2020 and of the results for the year ended on that date.

**(c) Going concern**

The company has a healthy bank balance, is budgeted to make a deficit for the year ended 31 March 2021, has a strong asset base, has no liquidity issues and the directors are of the opinion that the company will continue to meet its obligations as they fall due for the foreseeable future. This assessment of going concern includes the expected impact of COVID-19 to the entity in the 12 months following the signing of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

**2. Accounting policies (continued)**

**(d) Turnover**

Turnover represents rental income and fees from tenants and revenue based grants received from The Scottish Government. The company has no shared-ownership properties and consequently all income relates to properties wholly-owned by the company.

**(e) Apportionment of management expenses**

Management and administration expenses are apportioned between housing and commercial activities based on the income generated by these activities. The costs thus allocated to housing are further apportioned based on the units held within each sub-type.

**(f) Repairs and maintenance costs**

Costs for reactive and planned maintenance are charged to the Statement of Comprehensive Income as they are incurred. Property improvements are capitalised, if these are material in nature and can give rise to additional income or cost savings. These capitalised improvements are subsequently written off in line with the company's fixed asset policy.

**(g) Interest receivable**

Interest receivable is recognised in the Statement of Comprehensive Income using the effective interest rate method.

**(h) Interest payable**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**(i) Designated reserves – planned maintenance reserves**

The company maintains its housing properties in a state of repair which at least maintains their residual value in prices prevailing at either the time of acquisition or construction. Provision is made for such future major repairs based on planned maintenance programme requirement for the next three years.

**(j) Grants**

**Capital**

New Housing Partnership Grants (NHP) were made by East Lothian Council and were utilised to reduce the amount of loans required in respect of an approved scheme.

For schemes developed with NHP the grant was paid directly to the company as required to meet its liabilities during the development process.

Capital grants in respect of property development are applied in the following order:

- Land;
- Structure;
- With any remaining balance being allocated as "unapplied grants".

NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

**2. Accounting policies (continued)**

**(j) Grants (continued)**

Capital grants applied to land and structure are amortised at 2% per annum. Other components have various useful lives and to apportion grants to these components would not reflect that grants are not repayable except under disposal of the entire property. Unapplied grants are therefore amortised on a straight line basis at 2% per annum in line with the main structure.

**Revenue**

Revenue grants are credited to income in the appropriate period to match related expenditure.

**(k) Fixed assets – Housing Properties**

Housing properties are stated at cost, less accumulated depreciation. The development cost of housing properties includes:

- Cost of acquiring land and buildings
- Development expenditure including administration costs.

**(l) Depreciation**

Depreciation is charged on tangible fixed assets so as to write off the asset cost less any recoverable value on a straight line basis over its anticipated useful life as follows:

	<b>Useful Economic Life</b>
Office premises	30 years
Office furniture and equipment	3 years

Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected useful economic useful life. The following major components and useful lives have been identified by the company:

Housing properties (by component):

• Land	Infinite
• Structure	50 years
• Roof	50 years
• Kitchens	15 years
• External doors and windows	25 years
• Bathrooms and WCs	20 years
• Electrics	25 years
• Boilers	15 years
• Specialist heating, plumbing, ventilation systems	20 years

**(m) Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and related parties.

NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

**2. Accounting policies (continued)**

**(m) Financial instruments (continued)**

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, such as the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire or when the company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

**(n) Debtors**

Short term debtors are measured at transaction price, less any impairment.

**(o) Rental arrears**

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in Note 17.

**(p) Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**(q) Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**(r) Pensions**

The company participates in a defined benefit scheme in respect of its employees. The assets of the scheme are held by the Lothian Pension Fund.

NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

**2. Accounting policies (continued)**

**(r) Pensions (continued)**

In accordance with “FRS 102 s28 – Employee Benefits”, the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The differences between actual and expected returns on assets during the year and changes in the actuarial assumptions are recognised in the Statement of Comprehensive Income.

**(s) Financial commitments**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

**(t) Consolidation**

The company has taken advantage of the exemption provided in section 402 of the Companies Act 2006 not to prepare group financial statements and accordingly these financial statements present information about the company as a single undertaking (see note 16).

**(u) VAT**

The company is not registered for VAT purposes and all expenses are shown inclusive of VAT.

**3. Judgements in applying policies and key sources of uncertainty**

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The directors consider the following to be critical judgements in preparing the financial statements:

- The categorisation of housing as property, plant and equipment in line with the requirements of the SORP.
- The amount disclosed as ‘operating profit’ is representative of activities that would normally be regarded as ‘operating’; and
- The identification of a cash generating unit for impairment purposes.

## NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020**3. Judgements in applying policies and key sources of uncertainty (continued)**

The Board are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

<b>Estimate</b>	<b>Basis of estimation</b>
Useful lives of property, plant and equipment	The useful lives of property, plant and equipment are based on the knowledge of senior management, with reference to expected asset life cycles.
The main components of housing properties and their useful lives	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior members of staff on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into accounts.
The obligations under the Lothian Pension Fund	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

**4. Particulars of turnover, operating expenditure and operating surplus**

	<b>2020</b>			<b>2019</b>		
	<b>Turnover</b>	<b>Operating Expenditure</b>	<b>Operating Surplus</b>	<b>Turnover</b>	<b>Operating Expenditure</b>	<b>Operating Surplus</b>
	£	£	£	£	£	£
Affordable lettings (note 5)	1,677,203	1,258,967	418,236	1,639,464	1,201,750	437,714
Other activities (note 6)	4,221	-	4,221	6,136	-	6,136
	-----	-----	-----	-----	-----	-----
	1,681,424	1,258,967	422,457	1,645,600	1,201,750	443,850
	=====	=====	=====	=====	=====	=====

# HOMES FOR LIFE HOUSING PARTNERSHIP

## NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

### 5. Particulars of turnover, operating expenditure and operating surplus from affordable letting activities

	General Needs Housing £	Supported Housing Accomm'n £	Other (Respite Unit) £	2020 Total £	2019 Total £
<b>Income from rent and service charges</b>					
Rent receivable net of service charge	1,359,398	40,451	22,751	1,422,600	1,375,527
Service charge	-	-	-	-	-
	-----	-----	-----	-----	-----
<b>Gross income from rents and service charges</b>	1,359,398	40,451	22,751	1,422,600	1,375,527
<u>Less: Voids</u>	(9,184)	-	-	(9,184)	(4,068)
	-----	-----	-----	-----	-----
<b>Net income from rents and service charges</b>	1,350,214	40,451	22,751	1,413,416	1,371,459
Adaptable grants	771	6,796	-	7,567	11,785
Release of deferred capital grant	244,650	8,579	2,991	256,220	256,220
	-----	-----	-----	-----	-----
<b>Total turnover from social letting activities</b>	1,595,635	55,826	25,742	1,677,203	1,639,464
	-----	-----	-----	-----	-----
<b>Expenditure</b>					
Management and maintenance administration costs	535,876	9,849	1,641	547,366	513,971
Planned cyclical maintenance including major repairs	126,377	2,532	354	129,263	132,714
Reactive maintenance costs	119,637	2,403	52	122,092	110,038
Bad debts – rents and service charges	4,308	-	-	4,308	(1,726)
Depreciation of social housing	439,840	12,728	3,370	455,938	446,753
	-----	-----	-----	-----	-----
<b>Operating expenditure for social letting activities</b>	1,226,038	27,512	5,417	1,258,967	1,201,750
	-----	-----	-----	-----	-----
<b>Operating surplus on letting activities, 2020</b>	369,597	28,314	20,325	418,236	
	=====	=====	=====	=====	
<b>Operating surplus on letting activities, 2019</b>	395,293	22,665	19,756		437,714
	=====	=====	=====		=====

## NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020**6. Particulars of turnover, operating expenditure and operating surplus from other activities**

	<b>2020</b>			<b>2019</b>		
	<b>Other</b>	<b>Other</b>	<b>Operating</b>	<b>Other</b>	<b>Other</b>	<b>Operating</b>
	<b>Income</b>	<b>Expenditure</b>	<b>Surplus</b>	<b>Income</b>	<b>Expenditure</b>	<b>Surplus</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Factoring activity	768	-	768	489	-	489
Other income	3,453	-	3,453	5,647	-	5,647
	-----	-----	-----	-----	-----	-----
	4,221	-	4,221	6,136	-	6,136
	=====	=====	=====	=====	=====	=====

**7. Staff costs**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	198,295	199,894
Social security costs	17,604	17,425
Pension costs – contributions rate 22.0% (2019: 20.7%)	42,120	40,829
Pension adjustment (note 24)	41,000	36,000
	-----	-----
	299,019	294,148
	=====	=====

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Administration staff	5	5
Wardens and cleaners	1	1
	=====	=====
The average number of full time equivalent employees during the year was:	5	5
	=====	=====

**8. Directors' emoluments**

The directors are defined as Board members and did not receive any remuneration or accrue any retirement benefits during the year. During the year, Board members were reimbursed £750 (2019: £1,064) for travel and subsistence expenses in respect of attendance at Board meetings and training sessions. Board members include tenant directors who must comply with the same regulations as non-director tenants. The company considers key management personnel to be the business manager and directors of the company only. The emoluments of key management (excluding employers' pension contributions) for the year were £66,433 (2019: £64,876). Their employers' NI contributions for the year were £7,786 (2019: £7,604) and their pension contributions for the year were £14,236 (2019: £13,094).



# HOMES FOR LIFE HOUSING PARTNERSHIP

## NOTES to the FINANCIAL STATEMENTS (Continued)

### For the year ended 31 March 2020

<b>8. Directors' emoluments (continued)</b>	<b>2020</b>	<b>2019</b>
	£	£
Emoluments (excluding pension contributions) of:		
Business manager and company secretary	66,433	64,876
Pension contributions	14,236	13,094
	-----	-----
	80,669	77,970
	=====	=====

Other staff members reporting directly to the Board did not receive emoluments (excluding employer's pension contributions) exceeding £60,000 per annum.

<b>9. Operating surplus</b>	<b>2020</b>	<b>2019</b>
	£	£
Operating surplus is stated after charging:		
Depreciation – housing	455,938	446,753
Depreciation – other assets	5,628	5,628
Amortised capital grants	256,220	256,220
Auditor's remuneration		
- In their capacity as auditor	9,360	9,200
- In respect of other services	-	-
	=====	=====

<b>10. Interest receivable and other income</b>	<b>2020</b>	<b>2019</b>
	£	£
Interest receivable on deposits	15,610	10,613
	=====	=====

<b>11. Interest and financing costs</b>	<b>2020</b>	<b>2019</b>
	£	£
Loan interest payable	76,831	93,186
Interest on defined benefit pension scheme	6,000	4,000
	-----	-----
	82,831	97,186
	=====	=====

## **12. Taxation**

The company is recognised by HM Revenue & Customs as a charity and no charge for taxation arises on the results for the year.

## NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

	<b>Housing Properties Held for Letting £</b>
<b>13. Tangible fixed assets – social housing</b>	
<b>Cost</b>	
As at 1 April 2019	18,225,547
Additions during the year – replacement components	28,130
Disposals	(25,428)
	-----
At 31 March 2020	18,228,249
	-----
<b>Depreciation</b>	
As at 1 April 2019	6,213,316
Charge for the year	451,284
Released on disposals during the year – replacement components	(20,774)
	-----
At 31 March 2020	6,643,826
	-----
<b>Net book value</b>	
At 31 March 2020	11,584,423
	=====
At 31 March 2019	12,012,231
	=====

None of these properties are held under lease.

The net book value of components which have been replaced in the year of £4,654 (2019: £268) is included in the depreciation charge of £456,139 (2019: £446,753) in notes 5 and 9.

Included in freehold housing properties is land with a historic cost allocation of £2,025,949 (2019: £2,025,949).

**14. Tangible fixed assets – property, plant and equipment**

	<b>Heritable Property £</b>	<b>Office Equipment £</b>	<b>Total £</b>
<b>Cost</b>			
As at 1 April 2019 and 31 March 2020	168,999	38,756	207,755
	-----	-----	-----
<b>Depreciation</b>			
As at 1 April 2019	101,842	38,756	140,598
Charge for the year	5,628	-	5,628
	-----	-----	-----
At 31 March 2020	107,470	38,756	146,226
	-----	-----	-----
<b>Net book value</b>			
At 31 March 2020	61,529	-	61,529
	=====	=====	=====
At 31 March 2019	67,157	-	67,157
	=====	=====	=====

# HOMES FOR LIFE HOUSING PARTNERSHIP

## NOTES to the FINANCIAL STATEMENTS (Continued)

**For the year ended 31 March 2020**

### 15. Property stock

The number of units of accommodation owned by the company was as follows:

	<b>Units in Management</b>	
	<b>2020</b>	<b>2019</b>
	No.	No.
Unimproved	-	-
New build	272	272
Improved	27	27
	-----	-----
General Needs Housing	299	299
	-----	-----
Other (Respite Unit)	1	1
Supported housing accommodation	9	9
	-----	-----
<b>Total housing stock</b>	<b>309</b>	<b>309</b>
	=====	=====
<b>Other property</b>		
Commercial property held for letting	-	-
	-----	-----
<b>Total property</b>	<b>309</b>	<b>309</b>
	=====	=====

### 16. Investments

	<b>2020</b>	<b>2019</b>
	£	£
Investment in subsidiary undertaking	2	2
	=====	=====

The investment represents 100% of the ordinary share capital of Homes for Life Developments Limited, which is incorporated in the United Kingdom and registered in Scotland. The company was dormant throughout the year. The directors consider that the value of the unlisted investments is not materially different from cost.

The aggregate equity and reserves as at 31 March 2020 for Homes for Life Developments was as follows:

	<b>2020</b>	<b>2019</b>
	£	£
Aggregate equity and reserves	2	2
	=====	=====

# HOMES FOR LIFE HOUSING PARTNERSHIP

## NOTES to the FINANCIAL STATEMENTS (Continued)

### For the year ended 31 March 2020

<b>17. Trade and other receivables</b>	<b>2020</b>	<b>2019</b>
	£	£
Rental debtors	31,032	25,695
<u>Less: Provision for bad debts</u>	<u>(17,072)</u>	<u>(12,764)</u>
	-----	-----
	13,960	12,931
Other debtors	2,510	1,399
Prepayments and accrued income	56,374	59,525
	-----	-----
	72,844	73,855
	=====	=====
<b>18. Cash and cash equivalents</b>	<b>2020</b>	<b>2019</b>
	£	£
Balance held in current accounts	1,743,627	1,280,120
	=====	=====
<b>19. Term deposits</b>	<b>As at 1 April 2019</b>	<b>As at 31 March 2020</b>
	£	£
Fixed term deposits	900,000	600,000
	=====	=====
<b>20. Creditors: amounts falling due within one year</b>	<b>2020</b>	<b>2019</b>
	£	£
Housing loans	330,705	313,450
Accruals	54,887	268,569
Other creditors	70,863	1,802
Pension creditor	4,394	4,202
Rent in advance	61,638	21,040
Other taxes and social security	5,049	4,724
Deferred capital grants (note 22)	256,220	256,220
	-----	-----
	783,756	870,007
	=====	=====

# HOMES FOR LIFE HOUSING PARTNERSHIP

## NOTES to the FINANCIAL STATEMENTS (Continued)

### For the year ended 31 March 2020

<b>21. Creditors:</b> amounts falling due after more than one year	<b>2020</b>	<b>2019</b>
	£	£
Housing loans	750,163	1,080,868
	=====	=====
Loans are due within the following periods:		
Loans due between 1 and 2 years	348,912	330,706
Loans due between 2 and 5 years	401,251	750,162
Loans due after 5 years	-	-
	-----	-----
	750,163	1,080,868
	=====	=====

The loan is repayable in equal monthly instalments and is due to be fully repaid in April 2023. Interest is charged on the loan at fixed rate of 5.505%. Loans are secured by a standard security over certain properties and a bond and floating charge over the assets of the company.

<b>22. Deferred capital grants</b>	<b>Housing Properties Held for Letting</b>	<b>Non Housing Properties</b>	<b>Total</b>
	£	£	£
<b>Year ended 31 March 2020</b>			
At 1 April 2019	8,566,922	12,000	8,578,922
Amortised in year	(255,220)	(1,000)	(256,220)
	-----	-----	-----
At 31 March 2020	8,311,702	11,000	8,322,702
	=====	=====	=====
Deferred capital grants due for release within one year	255,220	1,000	256,220
Deferred capital grants due for release after one year	8,056,482	10,000	8,066,482
	-----	-----	-----
	8,311,702	11,000	8,322,702
	=====	=====	=====
<b>Year ended 31 March 2019</b>			
At 1 April 2018	8,822,142	13,000	8,835,142
Amortised in year	(255,220)	(1,000)	(256,220)
	-----	-----	-----
At 31 March 2019	8,566,922	12,000	8,578,922
	=====	=====	=====
Deferred capital grants due for release within one year	255,220	1,000	256,220
Deferred capital grants due for release after one year	8,311,702	11,000	8,322,702
	-----	-----	-----
	8,566,922	12,000	8,578,922
	=====	=====	=====

Grants received totalled £12,546,602; the above £8,322,702 represents the unamortised balance at 31 March 2020. Grants are repayable in certain circumstances primarily following the sale of the related property. A contingent liability of £4,223,900 exists in respect of the amortised amount of the grants.

## NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020**23. Pensions****Defined benefit scheme – Lothian Pension Fund**

The company participates in a defined benefit scheme in the UK that provides pension linked to final salaries. A valuation of the pension fund is carried out triennially. The latest formal valuation of the fund for the purpose of setting employers' actual contributions was as at 31 March 2020.

Liabilities are valued on an actuarial basis using the projected unit credit method which assesses the future liabilities of the fund discounted to their present value. The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period.

The principal actuarial assumptions used by the actuary for the purposes of the FRS 102 valuation at each year end are as follows:

	<b>31 March 2020</b>	<b>31 March 2019</b>
	% pa	% pa
Pension increase rate	1.9	2.5
Salary increase rate	3.5	4.2
Discount rate	2.3	2.4
	=====	=====

Life expectancy is based on the Funds Vita Curves with improvements in line with the CMI 2012 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.25% per annum. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>Males</b>	<b>Females</b>
Current pensioners	21.7 years	24.3 years
Future pensioners	24.7 years	27.5 years

	<b>31 March 2020</b>	<b>31 March 2019</b>
	%	%
The major categories of plan assets as a percentage of total plan assets:		
Equities	75	74
Bonds	11	12
Property	8	7
Cash	6	7
	=====	=====

The company does not have a past service deficit as such deficit recovery payments are not required.

## NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020**23. Pensions (continued)**

Changes in the fair value of plan assets, defined benefit obligations and net liability for year end 31 March 2020 are as follows:

	<b>Assets</b>	<b>Obligations</b>	<b>Net (liability)/ asset 2020</b>	<b>Net Position March 2019</b>
	£(000)	£(000)	£(000)	£(000)
Fair value of plan assets	1,782	-	1,782	1,627
Present value of funded liabilities	-	(2,013)	(2,013)	(1,762)
	-----	-----	-----	-----
<b>Opening position as at 31 March 2019</b>	1,782	(2,013)	(231)	(135)
	-----	-----	-----	-----
<b>Service cost</b>				
Current service cost	-	(83)	(83)	(77)
Past service cost (including curtailments)	-	-	-	-
Effect of settlements	-	-	-	-
	-----	-----	-----	-----
<b>Total service cost</b>	-	(83)	(83)	(77)
	-----	-----	-----	-----
<b>Net interest</b>				
Interest income on plan assets	43	-	43	44
Interest cost on defined benefit obligation	-	(49)	(49)	(48)
	-----	-----	-----	-----
<b>Total net interest</b>	43	(49)	(6)	(4)
	-----	-----	-----	-----
<b>Total defined benefit cost recognised in surplus or (deficit)</b>	43	(132)	(89)	(81)
	-----	-----	-----	-----
<b>Cashflows</b>				
Plan participants' contributions	13	(13)	-	-
Employer contributions	42	-	42	41
Benefits paid	(26)	26	-	-
	-----	-----	-----	-----
<b>Expected closing position</b>	1,854	(2,132)	(278)	(175)
	-----	-----	-----	-----
<b>Carried over</b>	1,854	(2,132)	(278)	(175)
	-----	-----	-----	-----

# HOMES FOR LIFE HOUSING PARTNERSHIP

## NOTES to the FINANCIAL STATEMENTS (Continued)

**For the year ended 31 March 2020**

	Assets	Obligations	Net (liability)/ asset 2020	Net Position March 2019
	£(000)	£(000)	£(000)	£(000)
<b>23. Pensions (continued)</b>				
<b>Brought over</b>	1,854	(2,132)	(278)	(175)
<b>Remeasurements</b>				
Changes in demographic assumptions	-	-	-	-
Changes in financial assumptions	-	228	228	(165)
Other experience	-	7	7	-
Return on assets excluding amounts included in net interest	(119)	-	(119)	109
	-----	-----	-----	-----
<b>Total remeasurements recognised in other comprehensive income (OCI)</b>	(119)	235	116	(56)
	-----	-----	-----	-----
Fair value of plan assets	1,735	-	1,735	1,782
Present value of funded liabilities		(1,897)	(1,897)	(2,013)
	-----	-----	-----	-----
<b>Closing position as at 31 March 2020</b>	1,735	(1,897)	(162)	(231)
	=====	=====	=====	=====

	General Reserve £	Designated Reserve (Planned Maintenance) £	Total £
<b>24. General reserve</b>			
<b>Balance as at 1 April 2019</b>	3,306,788	753,000	4,059,788
Surplus for the year	355,236	-	355,236
Transfer from designated reserves	73,170	(73,170)	-
Transfer to designated reserves	(175,170)	175,170	-
Net transfer from pension reserve	47,000	-	47,000
	-----	-----	-----
<b>Balance at 31 March 2020</b>	3,607,024	855,000	4,462,024
	=====	=====	=====

The general reserve includes all current and prior year retained surpluses or deficits. Included within the general reserve is an amount that has been designated to cover the next three years revenue planned maintenance program.



# HOMES FOR LIFE HOUSING PARTNERSHIP

## NOTES to the FINANCIAL STATEMENTS (Continued)

### For the year ended 31 March 2020

<b>25. Net cash flow from operating activities</b>	<b>2020</b>	<b>2019</b>
	£	£
Surplus for the year	355,236	357,277
<i>Adjustment for non-cash items:</i>		
Depreciation tangible fixed assets	456,912	452,113
Carrying amount of tangible fixed asset disposals	4,654	268
Pension service costs	47,000	40,000
Decrease in debtors	1,011	14,447
(Decrease)/increase in creditors	(103,506)	112,221
<i>Adjustment for investing or financing activities:</i>		
Release of deferred capital grants	(256,220)	(256,220)
Interest payable	76,831	93,186
Interest receivable	(15,610)	(10,613)
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Net cash generated from operating activities	566,308	802,679
	=====	=====

### **26. Capital commitments**

There were no capital commitments at 31 March 2020 (2019: £Nil).

### **27. Revenue commitments**

The company's total commitments for rental payments under non-cancellable operating leases at 31 March 2020 and entered into since the year end were as set out below:

	<b>2020</b>	<b>2019</b>
<b>Operating leases</b>	<b>Other Leases</b>	<b>Other Leases</b>
	£	£
Payable within one year	1,224	1,224
Payable within two to five years	-	1,224
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	1,224	2,448
	=====	=====

### **28. Legislative provisions**

The company is established under the Companies Act as a charitable company, limited by guarantee. In the event of a winding up each of the members (at 31 March 2020: 157) undertake to contribute an amount not exceeding £1.

**NOTES to the FINANCIAL STATEMENTS (Continued)**

**For the year ended 31 March 2020**

**29. Related parties**

The company has directors who are also tenants. The total rent charged in the year relating to tenant directors was £30,126 (2019: £24,476). The total rent arrears relating to tenant directors included within debtors at the year end is £374 (2019: £329).

During the year, the company recharged costs to ELHA, incurred at a shared scheme, of £nil (2019: £372). Included within other debtors at 31 March 2020 is £nil (2019: £nil) due from ELHA. The company also incurred costs recharged from ELHA totalling £nil (2019: £726) in respect of Homehunt services and costs related to a shared scheme. At 31 March 2020, the company owed ELHA £nil (2019: £nil).

ELHA has a trading subsidiary, R3 Limited. From 1 April 2012, R3 Limited were providing the company's reactive maintenance service. Revenue and capital costs for the year were £nil (2019: £nil). Included within creditors due within one year at 31 March 2020 is £21,075 (2019: £21,075) due to R3 Limited.

As a member of EVH, the company sets its employee terms and conditions based on their guidance. The membership fee for the year ended 31 March 2020 was £2,543 (2019: £2,493) and the company has received other services from EVH during the year costs £1,518 (2019: £1,339).

As a member of SHARE, the company's membership for the year ended 31 March 2020 was £1,100 (2019: £1,100) and the company received other services during the year costing £815 (2019: £700). Included within creditors due within one year at 31 March 2020 is £Nil (2019: £Nil) due to SHARE.

As a member of SFHA, the company's membership for the year ended 31 March 2020 was £2,114 (2019: £2,099) and the company received services during the year costing £460 (2019: £929).