

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 2021

HOMES FOR LIFE HOUSING PARTNERSHIP

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2021

	Page
Members, Executives and Advisers	1
Strategic Report	2-4
Report of the Board of Directors	5-6
Independent Auditor's Report	7
Report of the Auditor on Corporate Governance Matters	10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Reserves	13
Statement of Cash Flows	14
Accounting Policies and Notes to the Financial Statements	15-32

HOMES FOR LIFE HOUSING PARTNERSHIP

MEMBERS, EXECUTIVES and ADVISERS

Directors

[REDACTED]

Executive Officer

[REDACTED]

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 (Governance Matters)
7 West George Street
Glasgow
G2 1BA

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

External Auditor

Azets Audit Services
Titanium 1
King's Inch Place
Renfrew
Glasgow PA4 8WF

Internal Auditor

Wylie & Bisset LLP
168 Bath Street
Glasgow G2 4TP

HOMES FOR LIFE HOUSING PARTNERSHIP

STRATEGIC REPORT

For the year ended 31 March 2021

The Directors present their Strategic Report of the Board of Directors and the audited financial statements for the year ended 31 March 2021.

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

During the year there was a whistleblowing incident. The points raised were mainly in connection with maintenance and staffing issues. The Board of Directors commissioned an investigation into the allegations. This was done by the internal auditors. This investigation required a great deal of time and resources to ensure that it was comprehensive. An external consultant was brought in to assist with this process and some progress was made. However, in April 2021 the Board of Directors decided that the services of an Interim Manager experienced in governance improvements, be brought in to Homes for Life. The Board have kept the Scottish Housing Regulator updated on progress.

Meantime Homes for Life staff continued to provide services to tenants under the restrictions of COVID-19. Many processes had to be adapted to take account of COVID. Despite the impact on our tenants and our staff, rent arrears were not impacted greatly as a result of keeping in touch and providing "one-to-one" tailored services to our tenants.

COVID-19 saw our staff having to work from home and the IT structures adapted to ensure that the service to tenants continued without a negative impact on them. Our Board meetings moved to virtual meetings again through adapting technology.

Our Internal Auditors reviewed three areas during the year. These were Complaints Handling; EESSH Compliance and Rent Setting/Affordability. All three audit results provided "strong" assurance in these areas. Work continues on the follow up actions from previous years.

Our AGM moved to virtual this year. We had 14 Members in attendance plus 16 proxies and were able to conduct the business of the meeting.

Our focus for 2021/22 is to work our way through our Governance Improvement Plan whilst focusing on services to our tenants and other service users.

HOMES FOR LIFE HOUSING PARTNERSHIP

STRATEGIC REPORT (continued)

For the year ended 31 March 2021

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 December 2021.

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 2021

Covid-19

As reported last year, Homes for Life 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 were kept informed as the situation evolved. We will now look to see how our services will be shaped in the future now that the pandemic restrictions lessen.

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.

Financial Key Performance Indicators <i>(figures are percentages)</i>	2021	2020	Loan Covenant
Loan Interest Cover	944	406	110
Loan Security Cover	923	640	105
Gearing	5.86	8.56	n/a
Quick Ratio	5.20	4.58	n/a
Net Surplus	51	48	n/a
Arrears	1.88	2.41	n/a

BY ORDER OF THE BOARD

.....
Interim Secretary



Date: 11 August 2021

HOMES FOR LIFE HOUSING PARTNERSHIP

REPORT of the BOARD of DIRECTORS

For the year ended 31 March 2021

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 2021

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

On 7 September 2020 Group Audit Services Limited trading as Scott-Moncrieff Audit Services changed their name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and have accordingly 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

.....
Interim Secretary



Date: 11 August 2021

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF HOMES FOR LIFE HOUSING PARTNERSHIP
FOR THE YEAR ENDED 31 MARCH 2021**

Opinion

We have audited the financial statements of Homes for Life Housing Partnership for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Capital and Reserves, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including 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 2021 and of the company's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of 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 UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

HOMES FOR LIFE HOUSING PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF HOMES FOR LIFE HOUSING PARTNERSHIP FOR THE YEAR ENDED 31 MARCH 2021

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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

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 by the company; 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 Board

As explained more fully in the Statement of the Board's Responsibilities set out on page 5, the Board is 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 Board 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 Board is 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 Board 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

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

The extent to which the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF HOMES FOR LIFE HOUSING PARTNERSHIP FOR THE YEAR ENDED 31 MARCH 2021

We obtain and update our understanding of the company, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the company is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with the Board members and the senior management team, and from our knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Board and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- making enquiries of the senior management team and the Board as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of the Board and relevant sub-committees;
- enquiring of the senior management team and the Board as to actual and potential litigation and claims;

HOMES FOR LIFE HOUSING PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF HOMES FOR LIFE HOUSING PARTNERSHIP FOR THE YEAR ENDED 31 MARCH 2021

- reviewing legal and professional fees paid in the year for indication of any actual and potential litigation and claims; and
- reviewing correspondence with HMRC, the Scottish Housing Regulator, OSCR and the company's legal advisors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the company's members. 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's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Azets Audit Services
Statutory Auditor
Chartered Accountants**

Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 11 August 2021

HOMES FOR LIFE HOUSING PARTNERSHIP

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 2021

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.

**Azets Audit Services
Statutory Auditor
Titanium 1
King's Inch Place
Renfrew
Glasgow PA4 8WF**

Date: 11 August 2021

HOMES FOR LIFE HOUSING PARTNERSHIP

STATEMENT of COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	31 March 2021 £	31 March 2020 £
Turnover	4	1,703,190	1,681,424
<u>Less: Operating expenditure</u>	4	(1,205,266)	(1,258,967)
Operating surplus	4	497,924	422,457
Interest receivable and other income	10	5,983	15,610
Interest and financing costs	11	(63,575)	(82,831)
Surplus before taxation		440,332	355,236
Taxation	12	-	-
Surplus for the year		440,332	355,236
Other comprehensive income			
Actuarial (loss)/gain in respect of pension schemes	23	(5,000)	116,000
Total comprehensive income for the year		435,332	471,236

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 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible assets – social housing	13	11,170,858	11,584,423
Tangible assets – property, plant and equipment	14	70,112	61,529
Investments	16	2	2
		-----	-----
		11,240,972	11,645,954
		-----	-----
Current assets			
Trade and other debtors	17	74,260	72,844
Cash and cash equivalents	18	1,990,111	1,743,627
Term deposits	19	608,597	600,000
		-----	-----
		2,672,968	2,416,471
Less: Creditors falling due within one year	20	(770,071)	(783,756)
		-----	-----
Net current assets		1,902,897	1,632,715
		-----	-----
Total assets less current liabilities		13,143,869	13,278,669
		-----	-----
Creditors: amounts falling due after more than one year	21	(401,251)	(750,163)
Deferred capital grants	22	(7,810,262)	(8,066,482)
Pension liability	23	(197,000)	(162,000)
		-----	-----
Net assets		4,735,356	4,300,024
		=====	=====
Reserves			
General reserve	24	4,932,356	4,462,024
Pension reserve	23	(197,000)	(162,000)
		-----	-----
		4,735,356	4,300,024
		=====	=====

The financial statements were authorised for issue by the Board of Directors on 11 August 2021 and were signed on its behalf by:

..... 
Chairperson

..... 
Interim 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 2021

	General Reserve £	Pension Reserve £	Total £
Balance as at 1 April 2020	4,462,024	(162,000)	4,300,024
Surplus for the year	440,332	-	440,332
Other comprehensive income	-	(5,000)	(5,000)
Net transfers during the year	30,000	(30,000)	-
	-----	-----	-----
Balance at 31 March 2021	4,932,356	(197,000)	4,735,356
	=====	=====	=====

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
	=====	=====	=====

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	2021 £	2020 £
Net cash generated from operating activities	25	668,089	566,308
Cashflow from investing activities			
Purchase of tangible fixed assets		(28,710)	(28,130)
(Increase)/decrease in deposits with banks		(8,597)	300,000
Interest received		5,983	15,610
Cashflow from financing activities			
Interest paid		(59,575)	(76,831)
Repayment of borrowings		(330,706)	(313,450)
Net change in cash and cash equivalents		246,484	463,507
		=====	=====
Cash and cash equivalents at the beginning of the year	18	1,743,627	1,280,120
Cash and cash equivalents at the end of the year	18	1,990,111	1,743,627
		246,484	463,507
		=====	=====

Analysis of changes in net debt

	2020 £	Cash flows £	Other changes £	2021 £
Long-term borrowing	750,163	(348,912)	-	401,251
Short-term borrowing	330,705	18,206	-	348,911
	-----	-----	-----	-----
Total liabilities	1,080,868	(330,706)	-	750,162
Cash and cash equivalents	(1,743,627)	(246,484)	-	(1,990,111)
Term deposits	(600,000)	-	(8,597)	(608,597)
	-----	-----	-----	-----
Total net debt	(1,262,759)	(577,190)	(8,597)	(1,848,546)
	=====	=====	=====	=====

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

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2021

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 2021. 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 2018.

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 2021, 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 2021 and of the results for the year ended on that date.

(c) Going concern

The company is budgeted to make a deficit for the year ended 31 March 2022 however has a healthy bank balance, a strong asset base, and has no liquidity issues. The budget for 31 March 2022 has also indicated a potential breach in one of the loan covenants due to a delay in planned maintenance works. The directors, lender and the Scottish Housing Regulator have all been made aware of this potential breach. The directors are of the opinion that the decision to repay the loan would be made from cash reserves first to avoid the breach actually taking place. On this basis 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 2021

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".

HOMES FOR LIFE HOUSING PARTNERSHIP

NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

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:

	Useful Economic Life
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 2021

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 2021

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 2021

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:

Estimate	Basis of estimation
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

	2021			2020		
	Turnover	Operating Expenditure	Operating Surplus	Turnover	Operating Expenditure	Operating Surplus
	£	£	£	£	£	£
Affordable lettings (note 5)	1,698,980	1,205,266	493,714	1,677,203	1,258,967	418,236
Other activities (note 6)	4,210	-	4,210	4,221	-	4,221
	-----	-----	-----	-----	-----	-----
	1,703,190	1,205,266	497,924	1,681,424	1,258,967	422,457
	=====	=====	=====	=====	=====	=====

HOMES FOR LIFE HOUSING PARTNERSHIP

NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

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

	General Needs Housing £	Supported Housing Accomm'n £	Other (Respite Unit) £	2021 Total £	2020 Total £
Income from rent and service charges					
Rent receivable net of service charge	1,391,083	41,361	23,263	1,455,707	1,422,600
Service charge	-	-	-	-	-
Gross income from rents and service charges					
	1,391,083	41,361	23,263	1,455,707	1,422,600
<u>Less: Voids</u>	(17,550)	-	-	(17,550)	(9,184)
Net income from rents and service charges					
	1,373,533	41,361	23,263	1,438,157	1,413,416
Adaptable grants	-	4,603	-	4,603	7,567
Release of deferred capital grant	244,650	8,579	2,991	256,220	256,220
Total turnover from social letting activities					
	1,618,183	54,543	26,254	1,698,980	1,677,203
Expenditure					
Management and maintenance administration costs	538,807	10,188	1,698	550,693	547,366
Planned cyclical maintenance including major repairs	122,437	7,196	282	129,915	129,263
Reactive maintenance costs	100,297	1,937	301	102,535	122,092
Bad debts – rents and service charges	(3,676)	-	-	(3,676)	4,308
Depreciation of social housing	410,882	12,016	2,901	425,799	455,938
Operating expenditure for social letting activities					
	1,168,747	31,337	5,182	1,205,266	1,258,967
Operating surplus on letting activities, 2021					
	449,436	23,206	21,072	493,714	
Operating surplus on letting activities, 2020					
	369,597	28,314	20,325		418,236

HOMES FOR LIFE HOUSING PARTNERSHIP

NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

6. Particulars of turnover, operating expenditure and operating surplus from other activities

	2021			2020		
	Other Income £	Other Operating Expenditure £	Operating Surplus £	Other Income £	Other Operating Expenditure £	Operating Surplus £
Factoring activity	750	-	750	768	-	768
Other income	3,460		3,460	3,453	-	3,453
	-----	-----	-----	-----	-----	-----
	4,210	-	4,210	4,221	-	4,221
	=====	=====	=====	=====	=====	=====

7. Staff costs

	2021 £	2020 £
Wages and salaries	178,621	198,295
Social security costs	14,446	17,604
Pension costs – contributions rate 23.2% (2020: 22.0%)	39,108	42,120
Pension adjustment (note 24)	26,000	41,000
	-----	-----
	258,175	299,019
	=====	=====

	2021 No.	2020 No.
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 £44 (2020: £750) 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 for the year were £67,148 (2020: £66,433). Their employers' NI contributions for the year were £7,861 (2020: £7,786) and their pension contributions for the year were £14,924 (2020: £14,236).

HOMES FOR LIFE HOUSING PARTNERSHIP

NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

8. Directors' emoluments (continued)	2021	2020
	£	£
Emoluments (excluding pension contributions) of:		
Business manager and company secretary	67,148	66,433
Pension contributions	14,924	14,236
	-----	-----
	82,072	80,669
	=====	=====

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

9. Operating surplus	2021	2020
	£	£
Operating surplus is stated after charging:		
Depreciation – housing	425,799	455,938
Depreciation – other assets	7,893	5,628
Amortised capital grants	256,220	256,220
Auditor's remuneration		
- In their capacity as auditor	11,168	9,360
- In respect of other services	-	-
	-----	-----
	=====	=====

10. Interest receivable and other income	2021	2020
	£	£
Interest receivable on deposits	5,983	15,610
	-----	-----
	=====	=====

11. Interest and financing costs	2021	2020
	£	£
Loan interest payable	59,575	76,831
Interest on defined benefit pension scheme	4,000	6,000
	-----	-----
	63,575	82,831
	=====	=====

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.

HOMES FOR LIFE HOUSING PARTNERSHIP

NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

	Housing Properties Held for Letting £
13. Tangible fixed assets – social housing	
Cost	
As at 1 April 2020	18,228,249
Additions during the year – replacement components	12,234
Disposals	(7,093)

At 31 March 2021	18,233,390

Depreciation	
As at 1 April 2020	6,643,826
Charge for the year	425,660
Released on disposals during the year – replacement components	(6,954)

At 31 March 2021	7,062,532

Net book value	
At 31 March 2021	11,170,858
	=====
At 31 March 2020	11,584,423
	=====

None of these properties are held under lease.

The net book value of components which have been replaced in the year of £139 (2020: £4,654) is included in the depreciation charge of £425,799 (2020: £456,139) in notes 5 and 9.

Included in freehold housing properties is land with a historic cost allocation of £2,025,949 (2020: £2,025,949).

14. Tangible fixed assets – property, plant and equipment

	Heritable Property £	Office Equipment £	Total £
Cost			
As at 1 April 2020	168,999	38,756	207,755
Additions	-	16,476	16,476
	-----	-----	-----
As at 31 March 2021	168,999	55,232	224,231
	-----	-----	-----
Depreciation			
As at 1 April 2020	107,470	38,756	146,226
Charge for the year	5,628	2,265	7,893
	-----	-----	-----
At 31 March 2021	113,098	41,021	154,119
	-----	-----	-----
Net book value			
At 31 March 2021	55,901	14,211	70,112
	=====	=====	=====
At 31 March 2020	61,529	-	61,529
	=====	=====	=====

HOMES FOR LIFE HOUSING PARTNERSHIP

NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

15. Property stock

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

	Units in Management	
	2021	2020
	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
	-----	-----
Total housing stock	309	309
	=====	=====
Other property		
Commercial property held for letting	-	-
	-----	-----
Total property	309	309
	=====	=====

16. Investments

	2021	2020
	£	£
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 2021 for Homes for Life Developments was as follows:

	2021	2020
	£	£
Aggregate equity and reserves	2	2
	=====	=====

HOMES FOR LIFE HOUSING PARTNERSHIP

NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

17. Trade and other receivables	2021	2020
	£	£
Rental debtors	24,732	31,032
<u>Less: Provision for bad debts</u>	(12,526)	(17,072)
	-----	-----
	12,206	13,960
Other debtors	6,872	2,510
Prepayments and accrued income	55,182	56,374
	-----	-----
	74,260	72,844
	=====	=====
18. Cash and cash equivalents	2021	2020
	£	£
Balance held in current accounts	1,990,111	1,743,627
	=====	=====
	As at	As at
	1 April	31 March
19. Term deposits	Movement	2021
	2020	in year
	£	£
Fixed term deposits	600,000	8,597
	=====	=====
20. Creditors: amounts falling due within one year	2021	2020
	£	£
Housing loans	348,911	330,705
Accruals	51,241	54,887
Other creditors	70,152	70,863
Pension creditor	4,495	4,394
Rent in advance	33,289	61,638
Other taxes and social security	5,763	5,049
Deferred capital grants (note 22)	256,220	256,220
	-----	-----
	770,071	783,756
	=====	=====

HOMES FOR LIFE HOUSING PARTNERSHIP

NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

21. Creditors: amounts falling due after more than one year	2021	2020
	£	£
Housing loans	401,251	750,163
	=====	=====
Loans are due within the following periods:		
Loans due between 1 and 2 years	368,118	348,911
Loans due between 2 and 5 years	33,133	401,252
Loans due after 5 years	-	-
	-----	-----
	401,251	750,163
	=====	=====

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.

22. Deferred capital grants	Housing Properties Held for Letting £	Non Housing Properties £	Total £
Year ended 31 March 2021			
At 1 April 2020	8,311,702	11,000	8,322,702
Amortised in year	(255,220)	(1,000)	(256,220)
	-----	-----	-----
At 31 March 2021	8,056,482	10,000	8,066,482
	=====	=====	=====
Deferred capital grants due for release within one year	255,220	1,000	256,220
Deferred capital grants due for release after one year	7,801,262	9,000	7,810,262
	-----	-----	-----
	8,056,482	10,000	8,066,482
	=====	=====	=====
Year ended 31 March 2020			
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
	=====	=====	=====

Grants received totalled £12,546,602; the above £8,066,482 represents the unamortised balance at 31 March 2021. Grants are repayable in certain circumstances primarily following the sale of the related property. A contingent liability of £4,480,120 exists in respect of the amortised amount of the grants.

NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

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 2021.

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:

	31 March 2021 % pa	31 March 2020 % pa
Pension increase rate	2.85	1.9
Salary increase rate	3.35	3.5
Discount rate	2.00	2.3
	=====	=====

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:

	Males	Females
Current pensioners	20.5 years	23.3 years
Future pensioners	21.9 years	25.2 years

	31 March 2021 %	31 March 2020 %
The major categories of plan assets as a percentage of total plan assets:		
Equities	74	75
Bonds	12	11
Property	7	8
Cash	7	6
	=====	=====

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 2021

23. Pensions (continued)

Changes in the fair value of plan assets, defined benefit obligations and net liability for year end 31 March 2021 are as follows:

	Assets £(000)	Obligations £(000)	Net (liability)/ asset 2021 £(000)	Net Position March 2020 £(000)
Fair value of plan assets	1,735	-	1,735	1,782
Present value of funded liabilities	-	(1,897)	(1,897)	(2,103)
	-----	-----	-----	-----
Opening position as at 31 March 2020	1,735	(1,897)	(162)	(231)
	-----	-----	-----	-----
Service cost				
Current service cost	-	(65)	(65)	(83)
Past service cost (including curtailments)	-	-	-	-
Effect of settlements	-	-	-	-
	-----	-----	-----	-----
Total service cost	-	(65)	(65)	(83)
	-----	-----	-----	-----
Net interest				
Interest income on plan assets	40	-	40	43
Interest cost on defined benefit obligation	-	(44)	(44)	(49)
	-----	-----	-----	-----
Total net interest	40	(44)	(4)	(6)
	-----	-----	-----	-----
Total defined benefit cost recognised in surplus or (deficit)	40	(109)	(69)	(89)
	-----	-----	-----	-----
Cashflows				
Plan participants' contributions	12	(12)	-	-
Employer contributions	39	-	39	42
Benefits paid	(37)	37	-	-
	-----	-----	-----	-----
Expected closing position	1,789	(1,981)	(192)	(278)
	-----	-----	-----	-----
Carried over	1,789	(1,981)	(192)	(278)
	-----	-----	-----	-----

HOMES FOR LIFE HOUSING PARTNERSHIP

NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

	Assets	Obligations	Net (liability)/ asset 2021	Net Position March 2020
	£(000)	£(000)	£(000)	£(000)
23. Pensions (continued)				
Brought over	1,789	(1,981)	(192)	(278)
Remeasurements				
Changes in demographic assumptions	-	66	66	-
Changes in financial assumptions	-	(412)	(412)	228
Other experience	65	34	99	7
Return on assets excluding amounts included in net interest	242	-	242	(119)
	-----	-----	-----	-----
Total remeasurements recognised in other comprehensive income (OCI)	307	(312)	(5)	116
	-----	-----	-----	-----
Fair value of plan assets	2,096	-	2,096	1,735
Present value of funded liabilities	-	(2,293)	(2,293)	(1,897)
	-----	-----	-----	-----
Closing position as at 31 March 2021	2,096	(2,293)	(197)	(162)
	=====	=====	=====	=====

	General Reserve £	Designated Reserve (Planned Maintenance) £	Total £
24. General reserve			
Balance as at 1 April 2020	3,607,024	855,000	4,462,024
Surplus for the year	440,332	-	440,332
Transfer from designated reserves	387,000	(387,000)	-
Transfer to designated reserves	(291,000)	291,000	-
Net transfer from pension reserve	30,000	-	30,000
	-----	-----	-----
Balance at 31 March 2021	4,173,356	759,000	4,932,356
	=====	=====	=====

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 2021

25. Net cash flow from operating activities	2021	2020
	£	£
Surplus for the year	440,332	355,236
<i>Adjustment for non-cash items:</i>		
Depreciation tangible fixed assets	433,553	456,912
Carrying amount of tangible fixed asset disposals	139	4,654
Pension service costs	30,000	47,000
(Increase)/decrease in debtors	(1,416)	1,011
(Decrease) in creditors	(31,891)	(103,506)
<i>Adjustment for investing or financing activities:</i>		
Release of deferred capital grants	(256,220)	(256,220)
Interest payable	59,575	76,831
Interest receivable	(5,983)	(15,610)
	-----	-----
Net cash generated from operating activities	668,089	566,308
	=====	=====

26. Capital commitments

There were no capital commitments at 31 March 2021 (2020: £Nil).

27. Revenue commitments

The company's total commitments for rental payments under non-cancellable operating leases at 31 March 2021 and entered into since the year end were as set out below:

Operating leases	2021	2020
	Other	Other
	Leases	Leases
	£	£
Payable within one year	1,224	1,224
Payable within two to five years	306	-
	-----	-----
	1,530	1,224
	=====	=====

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 2021: 157) undertake to contribute an amount not exceeding £1.

NOTES to the FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

29. Related parties

The company has directors who are also tenants. The total rent charged in the year relating to tenant directors was £30,903 (2020: £30,126). The total rent arrears relating to tenant directors included within debtors at the year end is £nil (2020: £374).

ELHA has a trading subsidiary, R3 Limited. From 1 April 2012 to 31 March 2018, R3 Limited were providing the company's reactive maintenance service. Revenue and capital costs for the year were £nil (2020: £nil). Included within creditors due within one year at 31 March 2021 is £21,075 (2020: £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 2021 was £2,543 (2020: £2,543) and the company has received other services from EVH during the year costs £889 (2020: £1,518).

As a member of SHARE, the company's membership for the year ended 31 March 2021 was £1,100 (2020: £1,100) and the company received other services during the year costing £975 (2020: £815). Included within creditors due within one year at 31 March 2021 is £nil (2020: £nil) due to SHARE.

As a member of SFHA, the company's membership for the year ended 31 March 2021 was £2,856 (2020: £2,114) and the company received services during the year costing £49 (2020: £460).