



**Scott-Moncrieff**  
business advisers and accountants

**MARYHILL HOUSING ASSOCIATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**The Scottish Housing Regulator No HCB159**  
**Financial Conduct Authority No 1904R(S)**  
**Scottish Charity Number SC032468**

# MARYHILL HOUSING ASSOCIATION LIMITED

## BOARD, EXECUTIVES AND ADVISERS

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### Board

Roger Popplewell	Chairperson
Lorain Mackinnon	Vice-Chairperson
Sandra Blair	
Les Currie	
Linda Duff	
Elizabeth Smith	
Richard Turnock	
Isabella McTaggart	
Councillor Franny Scally	
Tim Holmes	
Paul Imrie	
Vusomuzi Makuyana	Appointed 27 September 2018
Najah Plakaris	Co-optee - Appointed 27 September 2018
Lorna Brennan	Co-optee - Appointed 27 September 2018
Brian Treaty	Resigned 27 June 2019
Eleanor Brown	Deceased

### Registered Office

45 Garrioch Road  
Maryhill  
Glasgow  
G20 8RG

### Executive Officers

Bryony Willett	Chief Executive and Secretary
Jennifer Simon	Director of Operations
Rebecca Wilson	Director of Resources

### Auditor

Scott-Moncrieff  
Chartered Accountants  
25 Bothwell Street  
Glasgow  
G2 6NL

### Internal auditor

Wylie & Bisset  
168 Bath Street  
Glasgow  
G2 4TP

### Bankers

Royal Bank of Scotland  
5<sup>th</sup> Floor  
Kirkstane House  
139 St Vincent Street  
Glasgow  
G2 5JF

### Solicitors

T C Young	Harper McLeod LLP
7 West George Street	The Ca'd'oro
Glasgow	45 Gordon Street
G2 1BA	Glasgow
	G1 3PE

### Registration numbers

The Scottish Housing Regulator	HCB159
Financial Conduct Authority	1904R(S)
Registered Scottish Charity	SC032468

# MARYHILL HOUSING ASSOCIATION LIMITED

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## **MARYHILL HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2019**

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The Board presents their report and the audited financial statements for the year ended 31 March 2019.

#### **Legal Status**

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 (No.1904R(S)). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC032468.

#### **Principal Activity**

The principal activity of the Association is the provision and management of social housing for rent and the maintenance, development and regeneration of its community base of Maryhill and Ruchill.

#### **Review of Business and Future Developments**

##### **Corporate Governance**

Maryhill Housing Association Limited is governed by a voluntary Board which is elected by its members. Its responsibility is to agree the long term strategy, business plan and overall direction of the Association. The Board is supported by the Chief Executive, Directors and specialist staff. The Association reviews its Governance Effectiveness Plan annually. Actions in the 2018/19 Governance Effectiveness Plan included the development of an effective Board member induction process and reviewing the rules and scheme of delegation to allow sufficient Board focus on key strategic issues.

The Board reviewed its Board and Committee Structure in light of the Scottish Housing Regulator's new Regulatory Framework. A new simplified structure was approved in January 2019. From April 2019 quarterly Assurance Boards have been introduced and previous Policy and Performance and Staffing Committees were deleted. The Audit and Risk Committee will continue to meet quarterly but the remit and delegations have been reviewed.

The Board is accountable to the members of the Association. The Board serves in a voluntary capacity and we recognise that this puts more onus on us to set and achieve high standards of professionalism. Board appraisals are carried out annually and we have a programme of training to assist with Board members' development.

The Board is comprised of a majority of tenants with five independent members bringing skills from the fields of finance, third sector development, social housing and property maintenance. During 2018/19 we successfully recruited three new tenant Board members to ensure our Board remains representative of our tenant base. We work with nine Registered Tenants Organisations (RTOs) and are committed to providing customers with opportunities to influence the organisation's future. Our tenant scrutiny was supported by the Tenants' Information Service to scrutinise consultation around our Investment Programme and the recommendations were approved by our Board in June 2018. The Service Improvement Panel (scrutiny group) are currently reviewing customer contact.

##### **Strategic Planning**

During 2018/19 the Board developed a new Corporate Plan up to 2022, setting out a new clarified mission statement, vision for the future, strategic priorities and organisational values. The plan was developed with the staff team drawing on a range of feedback from customers, stakeholders and the external environment. The 2019/20 annual Corporate Business Plan pulls together these strategic and service priorities, risks and financial capacity into a single document. The Corporate Business Plan also includes our annual Delivery Plan for 2019/20. Each team sets its own Team Delivery Plan which supports the achievement of the organisation-wide Delivery Plan.

## MARYHILL HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2019

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#### Strategic Planning (continued)

The Association's vision is: Great homes in strong and thriving communities.

Our mission is: Providing great housing and services for our customers; supporting strong, inclusive communities in North West Glasgow.

Our values are to:

- Think customer first;
- Deliver on our promises;
- Celebrate diversity; and
- Keep improving.

Our long term strategic objectives are to:

- Improve customer experience and increase customer satisfaction;
- Address poverty and enable customers to make their lives better; and
- Provide better homes and developing neighbourhoods to feel proud of.

#### Achievements and Performance

##### Summary

There has been a significant amount of change during 2018/19 with a new senior team appointed in Spring 2018 and staff restructures completed throughout the business. These restructures aimed to improve customer service by dedicating a single staff resource to a particular group of properties and ensuring we had the right people in the right place to deliver on new strategic priorities, such as building new homes and improving services for customers. We have increased resources on the front-line whilst delivering significant savings in back office and management costs.

The Association had a medium level of engagement with the Scottish Housing Regulator during 2018/19. We provided an update on our Development Programme as part of our Regulation Plan and met with the Regulator in Summer 2018 to discuss how our new Senior Team structure had bedded in. In 2019/20 the Regulator will engage with us around our Development Programme.

The Association is committed to ensuring our rents remain affordable and in 2017 introduced a savings target of £750k of ongoing savings over seven years. We identified £300k of savings in our 2018/19 budget process and our 2019/20 budgets include a projected further £280k of savings. The Association's focus on value for money will continue to be a key area in our 2019/20 plans. These identified savings have allowed our 2019/20 business plan to move towards CPI-linked rent increases over time.

The results for the year are shown in the Statement of Comprehensive Income. In the year to 31 March 2019 the Association made an operating surplus of £539,176, an overall deficit of £24,097 and had total comprehensive income of (£818,322).

The Association had net assets of £27,505,591 as at 31 March 2019.

### **Improving customer experience and increasing customer satisfaction**

Our 3 yearly tenant and owner survey was completed in 2018 by 30% of our customers. Unfortunately satisfaction had reduced in 7 of the 8 key performance indicators since the previous survey in 2015. Overall satisfaction reduced from 83% to 80%. The exception to this was owners' satisfaction which increased from 45% to 54% following a significant programme of improvements to the factoring service.

Our new Corporate Plan identifies improving customer satisfaction as a key priority for the Association. The key issues identified from customer feedback were energy efficiency and fuel poverty and satisfaction with the way the Association deals with more complex long standing repairs and maintenance issues. The Association has approximately 1,000 properties heated by electric storage heaters which are unpopular, expensive and very difficult to control. In 2018 the Association commissioned a feasibility study to consider options for the replacement of these heating systems and we are piloting replacement systems in 2019. Our 2019/20 financial business plan sets aside resources to replace all of these heating systems with a more energy efficient solution over the next five years.

Customer feedback from complaints and other sources also suggests that customer experience of contacting the Association needs to improve. During 2019/20 we will be developing a new Customer Charter to set out what standards our customers can expect from us. Our new patch-based frontline teams are using remote working technology to spend more time with customers and out in the community. We commenced a programme of bi-annual visits in January 2019 where we are capturing more live customer satisfaction data.

In 2018/19 we also launched our customer portal so that customers can contact the Association in a way and time that suits them. During 2019/20 we will be developing this functionality to introduce a full paperless option.

In 2018/19 we were awarded an award for Excellence in Learning and Development at the Chartered Institute of Housing Awards to recognise our investment in our staff team and our commitment to improving professional standards. During 2018 we introduced a new induction process; a managers' skills matrix and a new appraisal process to ensure our teams are challenged and supported.

### **Addressing poverty and enabling customers to make their lives better**

During 2018/19 we continued to benefit from funding from the Scottish Government to support our welfare benefits and financial inclusion services, providing our customers with advice and support on financial matters and welfare reform. We also worked with our partners North United Communities and assisted them to successfully apply for £250k for adult youth clubs.

In 2018/19 we successfully delivered a project to provide internet free of charge to customers in our high rise blocks. Seventy five percent of customers in these blocks have received this service and the Association has taken the decision to extend this service permanently.

Consultation and involvement with tenants is vital to the Association and during 2018/19 we moved away from traditional consultation events and as a result significantly improved our response rates. Over 500 tenants told us what they thought about rent increase options. We continue to work with Registered Tenants Organisations, Maryhill and Summerston Community Council, Ruchill Community Council and other stakeholders to seek feedback on our services.

Our Service Improvement Panel (scrutiny group) were recognised for Excellence in Scrutiny at the Chartered Institute of Housing Scotland Awards due to the impact of their reviews of repairs and investment works. The group are currently reviewing customer contact with the Association.

The Association continues to form strong partnerships to maximise the impact of services in the community. Our current partners include: local community councils, Glasgow Life, Jobs and Business Glasgow, LifeLink, Action for Children, North United Communities, neighbouring housing associations Queens Cross Housing Association Limited, North Glasgow Housing Association Limited and Cadder Housing Association Limited, Police Scotland, the Fire Service and Community Safety Glasgow. Projects delivered through these partnerships include job clubs; IT classes; parenting support; fire safety briefings and counselling support.

## MARYHILL HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2019

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We have introduced a community benefit clause into new contracts and as a result we will create or sustain thirteen apprenticeship places in our major repairs and maintenance contracts plus generate contributions to community initiatives. Our Community Fund was a great success in 2018/19 channelling £60k back into the community, part of which was allocated through two very well attended participatory budgeting events developed with local school children. We reviewed our Community Benefits approach in June 2018 and will introduce a more flexible system in 2019 with stronger contractual mechanisms.

#### **Providing better homes and developing neighbourhoods to feel proud of**

Maryhill Housing Association Limited wants to ensure that all its homes are maintained to an excellent standard and we do this through a programme of cyclical and planned maintenance work and renewal as well as through our reactive repair service.

In 2018/19 we delivered a broad ranging investment programme with projects such as kitchen and bathroom replacements; roof replacements; energy efficiency improvements and boiler replacements. In total we spent £2,267,266 improving customers' homes during 2019/20.

In 2019/20 our focus will be on further energy efficiency improvements as we work towards the Energy Efficiency Standard for Social Housing (ESSH) by 2020; communal area improvements; a programme of window and door replacements and completion of the pilots for electric storage heater replacements. We are projecting to spend £2.8m on improvements in 2019/20. We will supplement our resources with grant funding for energy efficiency improvements.

The quality of the environment and community safety continues to be a high priority for our customers and in January 2017 we launched a new responsive caretaking service which is making a big difference in our community. From June 2017 we piloted delivering part of our landscaping service in-house through employing our own directly employed staff. This project was a great success with over 85% of customers supporting continuation of the delivery model. As a result the pilot was extended into 2018/19. During 2019/20 we will be assessing whether to roll this out to all of our stock in future years, and assessing the business case for taking further services in-house such as close cleaning because of the potential to deliver an improved service at a reduced cost.

In Spring 2017 we launched a new partnership approach to the delivery of new housing with Queens Cross Housing Association Limited through the North West Partners Development Hub which is responsible for developing a joint development programme of 600 units over five years. The main benefits of this approach are: sharing skills and expertise; increased strategic and political impact in the North of Glasgow; attracting skilled development staff looking for a challenge and economies of scale and efficiencies. Our Board approved a new Development Policy in 2018. We will build new affordable housing that contributes to meeting our strategic objectives, is viable, is aligned with the priorities set out in the Glasgow Housing Strategy and Strategic Housing Investment Plan and responds to the North West Glasgow Housing Needs and Demand Assessment. The key priorities identified for development are:

- Low density family housing;
- Tenure diversification;
- Older people's accommodation;
- Specialist accommodation (e.g. for people with disabilities); and
- Sites of strategic importance to the regeneration of Maryhill (e.g. derelict buildings).

We have three schemes totalling approximately 100 units awaiting planning consent and a total pipeline of approximately 350 units. Our programme includes both mid-market rent properties and new supply shared equity units. During 2019/20 we will be developing our subsidiary Maryhill Communities Limited for the management of the mid-market rent properties.

## **MARYHILL HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2019**

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#### **Performance Management**

Service delivery is underpinned by employee performance and remains a high priority. The Association is committed to staff training and development and in 2018/19 we continued to invest in a programme of professional qualifications for our frontline housing teams. During 2018/19 we reviewed our performance management framework and in 2019 introduced new Team Delivery Plans which are clearly linked to appraisal objectives and corporate Delivery Plan priorities.

A rolling programme of internal audit supports the Association's values around 'keep improving' and compliance. In 2018/19 internal audits were completed in respect of repairs ordering and processing; payment control framework; allocations; appraisal and one to one system. Actions following these audits are being tracked through our Audit and Risk Committee. New internal auditors were procured in 2018/19 and the audit programme for 2019/2020 has been approved by the Association's Audit and Risk Committee.

#### **Treasury Management**

The Association secured a new loan facility in 2019 to support our new build programme. The Association procured the services of an external treasury adviser to provide support during this process. The new £35m facility with RBS delivers improved margins for the Association.

Under the terms of the loan agreement with Royal Bank of Scotland the Association is required to meet a number of financial covenants. These loan covenants were all achieved and are projected to be achieved throughout our thirty year financial plan.

#### **Risk Management**

The Association maintained a strategic risk register and a strategic risk map during 2018/19. This assesses the business risks faced by the organisation and implements risk management controls to mitigate the risk where possible. This involves identifying the types of risks, prioritising them in terms of likelihood and impact and identifying and implementing controls. Strategic risks are monitored quarterly by the Association's Audit and Risk Committee and every six months by the Association's Board.

The approach to risk management has been reviewed and an assurance framework is being developed that ensures risk management is owned across the Association.

#### **Board Members and Executive Officers**

The members of the Board and the Executive Officers are listed on the first page of the financial statements.

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

The members of the Board are also Trustees of the Association for the purposes of charity law. Members of the Board are appointed by the members at the Association's Annual General Meeting.



## MARYHILL HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2019

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#### Statement of the Board's Responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. The Board is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Statement on Internal Financial Control

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

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

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedure are in place, including the on-going documentation of key systems and rules relating to the delegation of authority, which allows the monitoring of controls and restricts the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Board to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- monthly and quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board;
- the Board receives reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

**MARYHILL HOUSING ASSOCIATION LIMITED**

**REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT)  
FOR THE YEAR ENDED 31 MARCH 2019**

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

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2019. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

**Donations**

During the year the Association made charitable donations amounting to £1,501 (2018: £927).

**Disclosure of information to the auditor**

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

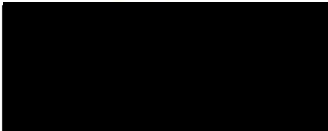
- so far as the Board members are aware, there is no relevant information of which the Association's auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Board member in order to make himself/herself aware of any relevant information, and to establish that the Association's auditor is aware of the information.

**Auditor**

A resolution to re-appoint Scott-Moncrieff, Chartered Accountants, as auditor will be proposed at the Annual General Meeting.

The Report of the Board (incorporating the Strategic Report) has been approved by the Board and signed on its behalf by:

**By order of the Board**



Bryony Willet  
**Secretary**

Date: 29/8/19

## MARYHILL HOUSING ASSOCIATION LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARYHILL HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### Opinion

We have audited the financial statements of Maryhill Housing Association Limited (the 'Association') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Capital and Reserves, 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 Association's affairs as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 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 Association 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 Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **MARYHILL HOUSING ASSOCIATION LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARYHILL HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

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#### **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. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the Association'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 6, 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 are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

**MARYHILL HOUSING ASSOCIATION LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARYHILL HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

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

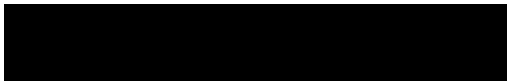
We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 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.

**Use of our report**

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Society Act 2014. Our audit work has been undertaken so that we might state to the Association'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 Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Scott-Moncrieff, Statutory Auditor**  
**Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006**  
Chartered Accountants  
25 Bothwell Street  
Glasgow  
G2 6NL

Date: 29 AUGUST 2019

**MARYHILL HOUSING ASSOCIATION LIMITED**

**REPORT OF THE AUDITOR TO THE MEMBERS OF MARYHILL HOUSING ASSOCIATION LIMITED ON  
INTERNAL FINANCIAL CONTROLS  
FOR THE YEAR ENDED 31 MARCH 2019**

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In addition to our audit of the financial statements, we have reviewed your statements on pages 6 and 7 concerning the Association'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 on 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 Association'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 6 and 7 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 our enquiry of certain members of the Board and Executive Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Board's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls 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, Statutory Auditor**  
**Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006**  
Chartered Accountants  
25 Bothwell Street  
Glasgow  
G2 6NL

Date: 29 AUGUST 2019

**MARYHILL HOUSING ASSOCIATION LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	£	2019 £	£	2018 £
<b>Turnover</b>	4		<b>13,095,748</b>		<b>12,298,055</b>
Operating expenditure	4		<b>(12,556,572)</b>		<b>(12,815,240)</b>
<b>Operating surplus/(deficit)</b>	4		<b>539,176</b>		<b>(517,185)</b>
(Loss)/gain on sale of housing stock	10	<b>(66,918)</b>		<b>(79,106)</b>	
Release of negative goodwill	11	<b>305,611</b>		<b>340,949</b>	
Interest receivable and other income	12a	<b>7,231</b>		<b>4,203</b>	
Interest payable and similar charges	12b	<b>(770,197)</b>		<b>(770,489)</b>	
Other finance charges	13	<b>(39,000)</b>		<b>(46,000)</b>	
			<b>(563,273)</b>		<b>(550,443)</b>
<b>(Deficit) for the year before tax</b>	9		<b>(24,097)</b>		<b>(1,067,628)</b>
Tax	14		<b>-</b>		<b>-</b>
<b>(Deficit) for the year after tax</b>			<b>(24,097)</b>		<b>(1,067,628)</b>
<b>Other comprehensive income</b>					
Initial recognition of multi-employer defined benefit scheme	33		<b>(334,225)</b>		<b>-</b>
Actuarial (loss) recognised in the SHAPS liability	33		<b>(281,000)</b>		<b>-</b>
Actuarial (loss)/gain recognised in the SPF liability	33		<b>(179,000)</b>		<b>978,000</b>
<b>Total comprehensive income</b>			<b>(818,322)</b>		<b>(89,628)</b>

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

**MARYHILL HOUSING ASSOCIATION LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2019**

	Notes	£	2019 £	£	Restated 2018 £
<b>Tangible fixed assets</b>					
Housing properties	15		<b>58,437,213</b>		<b>58,701,901</b>
Other fixed assets	17		<b>1,528,989</b>		<b>1,620,997</b>
			<b>59,966,202</b>		<b>60,322,898</b>
<b>Negative goodwill</b>	11		<b>(10,395,427)</b>		<b>(10,701,038)</b>
<b>Investments</b>					
Investment in subsidiary	18		<b>1</b>		<b>1</b>
<b>Current assets</b>					
Debtors	19	<b>523,075</b>		<b>480,561</b>	
Investments	20a	<b>614,654</b>		<b>610,078</b>	
Cash and cash equivalents	20b	<b>4,939,599</b>		<b>4,815,604</b>	
			<b>6,077,328</b>		<b>5,906,243</b>
<b>Creditors: amounts falling due within one year</b>	21		<b>(3,255,008)</b>		<b>(3,261,670)</b>
<b>Net current assets</b>			<b>2,822,320</b>		<b>2,644,573</b>
<b>Total assets less current liabilities</b>			<b>52,393,096</b>		<b>52,266,434</b>
<b>Creditors: amounts falling due after more than one year</b>	22		<b>(22,954,505)</b>		<b>(23,585,499)</b>
Scottish Housing Association Pension Scheme Liability	33		<b>(1,466,000)</b>		<b>-</b>
Strathclyde Pension Scheme liability	33		<b>(467,000)</b>		<b>(357,000)</b>
<b>Net assets</b>			<b>27,505,591</b>		<b>28,323,935</b>
<b>Capital and reserves</b>					
Share capital	25		<b>121</b>		<b>143</b>
Revenue reserve	26		<b>27,040,470</b>		<b>27,858,792</b>
Other reserve	26		<b>465,000</b>		<b>465,000</b>
			<b>27,505,591</b>		<b>28,323,935</b>

The financial statements were authorised for issue by the Board on 29 August 2019 and are signed on their behalf by:

Roger Popplewell

Chairperson

Sandra Blair

Chair of Staffing Panel

Bryony Willet

Secretary

The notes form part of these financial statements.



**MARYHILL HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES  
FOR THE YEAR ENDED 31 MARCH 2019**

	Share Capital £	Other Reserve £	Revenue Reserve £	Total £
<b>Balance as at 1 April 2017 as restated</b>	140	465,000	27,948,420	28,413,560
Issue of shares	3	-	-	3
Cancellation of shares	-	-	-	-
Total comprehensive income	-	-	(89,628)	(89,628)
<b>Balance as at 31 March 2018 as restated</b>	<u>143</u>	<u>465,000</u>	<u>27,858,792</u>	<u>28,323,935</u>
<b>Balance as at 1 April 2018 as restated</b>	143	465,000	27,858,792	28,323,935
Issue of shares	5	-	-	5
Cancellation of shares	(27)	-	-	(27)
Total comprehensive income	-	-	(818,322)	(818,322)
<b>Balance as at 31 March 2019</b>	<u>121</u>	<u>465,000</u>	<u>27,040,470</u>	<u>27,505,591</u>

The notes form part of these financial statements.

**MARYHILL HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	£	2019 £	£	2018 £
<b>Net cash generated from operating activities</b>	<b>27</b>		<b>3,450,057</b>		<b>2,194,321</b>
<b>Cash flow from investing activities</b>					
Acquisition and construction of properties		(2,715,123)		(2,762,083)	
Purchase of other fixed assets		(35,168)		(54,467)	
Social housing grant received		350,336		401,104	
Proceeds on disposal of properties		117,717		117,557	
Interest received		7,231		4,203	
			<b>(2,275,007)</b>		<b>(2,293,686)</b>
<b>Cash flow from financing activities</b>					
Interest paid on loans and bank charges		(795,205)		(795,492)	
Share capital issued		5		3	
Payment of past service contributions		(251,279)		(237,000)	
Increase in investments		(4,576)		(3,530)	
			<b>(1,051,055)</b>		<b>(1,036,019)</b>
<b>Net change in cash and cash equivalent</b>			<b>123,995</b>		<b>(1,135,384)</b>
Opening cash and cash equivalents			<b>4,815,604</b>		<b>5,950,988</b>
<b>Closing cash and cash equivalents</b>			<b>4,939,599</b>		<b>4,815,604</b>

The notes form part of these financial statements.

## MARYHILL HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 1. General information

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 UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Housing Requirements as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers. The principal accounting policies are set out below.

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 Association's accounting policies (note 3).

The presentational currency is pound sterling and the financial statements are rounded to the nearest whole number.

The Association is a Co-operative and Community Benefit Society Limited by shares and is incorporated in Scotland. The Association is a registered social landlord (HCB159) and a registered charity (SC032468). The registered address is 45 Garrioch Road, Maryhill, Glasgow, G20 8RG.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities.

#### 2. Principal accounting policies

##### a) Basis of accounting

The financial statements are prepared under the historical cost convention, subject to the revaluation of certain fixed assets, and in accordance with applicable accounting standards. The Association has taken advantage of the provisions made available through Financial Reporting Exposure Draft (FRED) 71, "Draft amendments to FRS 102 on Multi-employer defined benefit plans". These provisions will become effective as part of FRS 102 for accounting periods commencing on or after 1 January 2020, however the Association has chosen to early adopt these provisions for the current accounting period. Therefore for the year ended 31 March 2018, SHAPS was accounted for as a defined contribution scheme although the past service deficit liability was recognised as a liability. For the year ended 31 March 2019, SHAPS is accounted for as a defined benefit pension liability with the adjustment to reflect the movement between the past service deficit liability at 1 April 2018 and the SHAPS defined benefit liability at 1 April 2018 and the SHAPS defined benefit liability at 1 April 2018 being recognised within Other Comprehensive Income in the Statement of Comprehensive Income as outlined in FRED 71. Further details in respect of this can be found in Note 33 to these financial statements. The effect of events relating to the year ended 31 March 2019, which occurred before the date of approval of the financial statements by the Board has been included in the financial statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2019 and of the results for the year ended on that date.

##### b) Group financial statements

The Association has a fully owned subsidiary, Maryhill Communities Limited which is dormant and thus Group financial statements have not been prepared.

##### c) Going concern

The financial statements have been prepared on a going concern basis by the Board based on financial projections and funding available and the Association has a healthy cash and net asset position. Thus the Board continues to adopt the going concern basis of accounting in preparing the financial statements.

2. Principal accounting policies (continued)

d) Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from the Scottish Government, Glasgow City Council and other agencies. Also included are management fees for the factoring of properties for private owners as the provision of factoring services is accounted for on an on-going basis. First tranche shared ownership sales are also included in turnover.

e) Apportionment of management expenses

Direct employee, administration and operating expenditure have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

The costs of cyclical and major repairs are charged to the Statement of Comprehensive Income in the year which they are incurred.

f) Interest receivable and other income

Interest receivable is recognised in the Statement of Comprehensive Income on an accruals basis.

g) Interest payable and similar expenses

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.

h) Tangible fixed assets - Housing properties

Housing properties are stated at cost less accumulated depreciation. Housing under construction and land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 15. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the depreciated replacement amount.

<b>Component</b>	<b>Useful Economic Life</b>
Structure	50 years
Roofing	50 years
Exterior walls	40 years
Windows	30 years
Balconies	50 years
Doors	20 years
Controlled entry	20 years
Kitchens	15 years
Bathrooms	20 years
Central heating – pipes & radiators	30 years
Central heating – boilers	15 years
Central heating – electric storage	20 years
Electrics	30 years
Communal lighting	30 years
Lifts	25 years

**MARYHILL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**2. Principal accounting policies (continued)**

**i) Tangible fixed assets – Other fixed assets**

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Offices premises	2%
Furniture, fittings and equipment	20% - 50%
Motor vehicles	25%

The carrying value of other fixed assets is reviewed for impairment at the end of each reporting period.

**j) Negative goodwill**

Negative goodwill created through acquisition is written-off to the Statement of Comprehensive Income as the non-cash assets acquired are depreciated or sold.

**k) Operating leases**

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

**l) Investment properties**

Investment properties are held at market value with any changes in market value recognised in the Statement of Comprehensive Income.

**m) Debtors**

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

**n) Rental arrears**

Rental arrears represent amounts due by tenants for the 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 19.

**o) 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.

**p) 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.

**q) Financial instruments**

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

**2. Principal accounting policies (continued)**

**q) 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, like 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 outright 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 Association 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.

**r) Government capital grants**

Government capital grants, at amounts approved by The Scottish Government or Glasgow City Council, are paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Association to recognise income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

**s) Government revenue grants**

Government revenue grants are recognised using the accrual model which means the Association recognises the grant in income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

**t) Non-government capital and revenue grants**

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

**u) Pension costs (note 33)**

Scottish Housing Association Pension Scheme (SHAPS)

The Association participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

**2. Principal accounting policies (continued)**

**u) Pension costs (note 33) (continued)**

Up until 31 March 2018, it was not possible to identify the share of underlying assets and liabilities belonging to individual participating employers. Thus, up until the end of the 31 March 2018 year end, the Scheme was accounted for as a defined contribution scheme. However the Association entered into a past service deficit repayment agreement with TPT and per FRS 102, this discounted past service deficit liability was recognised in the Statement of Financial Position.

From 1 April 2018, information became available in order to separate out the assets and liabilities between scheme members and thus the SHAPS defined benefit pension liability is accounted for as a defined benefit pension scheme from 1 April 2018 onwards. In accordance with FRS 102 section 28, the operating and financing costs of pension and post retirement schemes (determined by TPT) 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 difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

**Defined Contribution Pension Scheme (Auto Enrolment) (SHAPS)**

The Association is also a member of the SHAPS Defined Contribution Pension Scheme and this scheme is used for auto-enrolment and for new employees. The cost of the employer's contributions is charged to the Statement of Comprehensive Income on an accruals basis.

**Strathclyde Pension Fund**

The Strathclyde Pension Fund is accounted for as a defined benefit scheme. In accordance with FRS 102, 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 difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

**v) Development administration costs**

Development administration costs relating to development activities are capitalised based on an apportionment of the staff time spent directly on this activity.

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

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

**MARYHILL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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

<u>Estimate</u>	<u>Basis of estimation</u>
Valuation of housing properties	Housing properties are held at deemed cost which is based on an existing use valuation at the date of transition to FRS 102 of 1 April 2014.
Useful lives of property, plant and equipment	The useful lives of property, plant and equipment are based on the knowledge of senior management at the Association, 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 are based on costing models.
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.
The obligations under the SHAPS pension scheme and Strathclyde pension scheme	These have relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.
The valuation of investment properties	The investment properties were valued by an appropriately qualified surveyor using market data at the date of valuation.

**4. Particulars of turnover, operating expenditure and operating surplus or (deficit)**

	<b>Note</b>	<b>2019</b>			<b>2018</b>		
		<b>Turnover</b>	<b>Operating Expenditure</b>	<b>Operating Surplus/ (deficit)</b>	<i>Turnover</i>	<i>Operating Expenditure</i>	<i>Operating (Deficit)</i>
Social lettings	5	12,749,020	12,156,156	592,864	12,132,404	12,494,867	(362,463)
Other activities	6	346,728	400,416	(53,688)	165,651	320,373	(154,722)
<b>Total</b>		<b>13,095,748</b>	<b>12,556,572</b>	<b>539,176</b>	<b>12,298,055</b>	<b>12,815,240</b>	<b>(517,185)</b>



MARYHILL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

5. Particulars of turnover, operating expenditure and operating surplus or (deficit) from social letting activities

	General Needs Housing £	Shared Ownership £	2019 Total £	2018 Total £
<b>Revenue from lettings</b>				
Rent receivable net of service charges	12,121,713	31,087	12,152,800	11,699,654
Service charges	150,202	2,908	153,110	79,121
Gross income from rent and service charges	12,271,915	33,995	12,305,910	11,778,775
Less: Rent losses from voids	(77,990)	-	(77,990)	(64,191)
<b>Net rents receivable</b>	12,193,925	33,995	12,227,920	11,714,584
Release of deferred Government capital grants	311,832	-	311,832	316,298
Revenue grants from Scottish Ministers (Stage 3 adaptations)	64,914	-	64,914	40,917
Other revenue grants	144,354	-	144,354	60,605
<b>Total turnover from social letting activities</b>	12,715,025	33,995	12,749,020	12,132,404
<b>Expenditure on social letting activities</b>				
Management and maintenance administration costs	5,103,747	14,581	5,118,328	5,347,129
Service costs	123,538	-	123,538	153,735
Planned and cyclical maintenance, including major repairs	1,595,547	-	1,595,547	2,268,599
Reactive maintenance costs	2,314,599	-	2,314,599	1,897,045
Bad debt – rents and service charges	208,968	-	208,968	36,913
Depreciation of social let properties	2,785,160	10,016	2,795,176	2,791,446
<b>Operating expenditure of social letting activities</b>	12,131,559	24,597	12,156,156	12,494,867
<b>Operating surplus on social letting activities 2019</b>	583,466	9,398	592,864	
<b>Operating (deficit)/surplus on social letting activities 2018</b>	(369,666)	7,203		(362,463)

The depreciation charges of social let properties in the year was £2,384,384 (2018: £2,673,171). The net book value of disposed components was £410,792 (2018: £118,275).

MARYHILL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

6. Particulars of turnover, operating expenditure and operating surplus or (deficit) from other activities

	Grants From Scottish Ministers £	Other Revenue Grants £	Other Income £	Total Turnover £	Operating Expenditure - Bad Debts £	Operating Expenditure - Other £	Operating Surplus or (Deficit) 2019 £	Operating Surplus or (Deficit) 2018 £
Factoring	-	-	112,946	112,946	23,548	240,293	(150,895)	(148,163)
Development and construction of property activities	-	-	30,965	30,965	-	30,965	-	(40,539)
Maryhill Online	-	-	-	-	-	-	-	(1,374)
Commercial properties	-	-	32,156	32,156	-	-	32,156	10,502
Radio mast income	-	-	25,093	25,093	-	-	25,093	26,689
Sundry activities	-	-	145,568	145,568	-	105,610	39,958	(1,837)
<b>Total from other activities 2019</b>	-	-	<b>346,728</b>	<b>346,728</b>	<b>23,548</b>	<b>376,868</b>	<b>(53,688)</b>	
<b>Total from other activities 2018</b>	<b>16,425</b>	-	<b>149,226</b>	<b>165,651</b>	<b>1,397</b>	<b>318,976</b>		<b>(154,722)</b>

**MARYHILL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**7. Employees**

	2019 £	2018 £
Staff costs during year:		
Wages and salaries	3,043,960	3,181,756
Social security costs	248,851	285,144
Pension costs	286,282	446,474
SHAPS re-measurements (Note 33)	-	(8,000)
Defined benefit pension charge – SHAPS (Note 33)	102,000	-
Strathclyde Pension Fund service cost (Note 33)	(77,000)	67,000
Temporary, agency and seconded staff	51,012	97,098
Staff recruitment costs	52,764	104,830
	<u>3,707,869</u>	<u>4,174,302</u>

Included in above is £47,894 (2018: £389,866) of costs relating to the restructure.

The SHAPS liability is subject to remeasurement each financial year.

During the past year, past service deficit contributions of £259,279 (2018: £244,127) were paid. Of this payment £251,279 (2018: £237,000) was a payment in respect of the SHAPS past service deficit liability. The remainder of £8,000 (2018: £7,127) was pension management costs which have been included in the pension contributions total included in staff costs above.

The unwinding of the SHAPS discount has been charged to finance costs (note 13) in the Statement of Comprehensive Income. This finance cost was £31,000 (2018: £12,000) in the year.

	2019 No.	2018 No.
The average monthly number of full time equivalent employees during the year was	<u>91</u>	<u>92</u>
The average total number of employees employed during the year was	<u>96</u>	<u>101</u>

**8. Directors' emoluments**

The directors are defined as the members of the Board, the Chief Executive and any other person reporting directly to the Chief Executive or the Board whose total emoluments exceed £60,000 per year. No emoluments were paid to any member of the Board during the year. The Association considers key management personnel to be the members of the Board and the senior management team (as listed on the first page of the financial statements) of the Association only.

	2019 £	2018 £
Aggregate emoluments payable to the key management team amounted to:	<u>217,112</u>	<u>395,519</u>

Total pension contributions to the key management team were £19,522 (2018: £19,339). The Social Security costs for these individuals were £26,328 (2018: £42,096). Aggregate emoluments to those earning over £60k amounted to £217,112 (2018: £548,603). Total pension contributions to those earning over £60k were £19,522 (2018: £32,246). The social security for these individuals was £26,328 (2018: £53,229). This does not include an element of the SHAPS past service deficit repayment. No enhanced or special terms apply to membership and the key management team have no other pension arrangements to which the Association contributes. Included in the above is £nil (2018: £148,249) in respect of payments made for loss of office.

**MARYHILL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**8. Directors' emoluments (continued)**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Total emoluments payable to the current Chief Executive (excluding pension contributions) amounted to:	<b>85,943</b>	<b>83,529</b>
Pension contributions payable to the current Chief Executive (excluding past service deficit repayments)	<b>7,717</b>	<b>7,518</b>

The Chief Executive is a member of the SHAPs pension scheme as detailed in note 33.

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
The numbers of officers including the highest paid officer who received emoluments (excluding pension contributions but including payments for loss of office) in the following ranges were:		
£60,001 - £70,000	<b>2</b>	<b>-</b>
£70,001 - £80,000	<b>-</b>	<b>1</b>
£80,001 - £90,000	<b>1</b>	<b>-</b>
£90,001 - £100,000	<b>-</b>	<b>2</b>
£100,001 - £120,000	<b>-</b>	<b>-</b>
£120,001 - £130,000	<b>-</b>	<b>2</b>

**9. (Deficit) for year before tax**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
The (deficit)/surplus before tax is stated after charging/(crediting):-		
Depreciation – Housing properties	<b>2,384,384</b>	<b>2,673,171</b>
Depreciation – loss on disposal of components	<b>410,792</b>	<b>118,275</b>
Depreciation – Other fixed assets	<b>131,300</b>	<b>109,075</b>
External auditor's remuneration – Audit services excluding VAT	<b>11,910</b>	<b>11,575</b>
External auditor's remuneration – corporation tax compliance excluding VAT	<b>585</b>	<b>585</b>
External auditor's remuneration – employment tax advice excluding VAT	<b>-</b>	<b>300</b>
Operating lease rentals	<b>12,221</b>	<b>12,832</b>
Loss on sale of housing properties	<b>66,918</b>	<b>79,106</b>
(Gain)/loss on sale of other fixed assets	<b>(4,124)</b>	<b>922</b>

**10. (Loss) on sale of housing stock**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Sales proceeds	<b>117,717</b>	<b>117,557</b>
Net book value of disposals	<b>184,635</b>	<b>196,663</b>
(Loss) on sale of housing stock	<b>(66,918)</b>	<b>(79,106)</b>

**MARYHILL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**11. Negative goodwill**

	2019 £	2018 £
<b>Gross Goodwill</b>		
At 1 April 2018	(12,700,339)	(12,760,293)
Eliminated on disposal of housing units	9,992	59,954
At 31 March 2019	<u>(12,690,347)</u>	<u>(12,700,339)</u>
<b>Amortisation</b>		
At 1 April 2018	1,999,301	1,718,306
Amortisation charge for year	297,257	290,473
Eliminated on disposal of housing units	(1,638)	(9,478)
At 31 March 2019	<u>2,294,920</u>	<u>1,999,301</u>
Net book value at 31 March 2019	<u><u>(10,395,427)</u></u>	<u><u>(10,701,038)</u></u>

**12a. Interest receivable and similar income**

	2019 £	2018 £
Bank interest	<u>7,231</u>	<u>4,203</u>

**12b. Interest payable and similar charges**

	2019 £	2018 £
On bank loans	714,274	722,364
Bank charges - non utilisation fees	55,923	48,125
	<u>770,197</u>	<u>770,489</u>

Offset within interest payable on bank loans is a £25,008 (2018: £25,003) credit in respect of the release of the cash incentive received when the loans were originally financed with RBS. This is being written over the 20 year fixed term period.

**13. Other finance charges**

	2019 £	2018 £
Strathclyde Pension Fund – finance charge (note 33)	8,000	34,000
SHAPS – unwinding of discount (note 33)	31,000	12,000
	<u>39,000</u>	<u>46,000</u>

**14. Tax on (deficit)**

The Association is a Scottish Charity and thus its charitable activities are not subject to tax in both 2018 and 2019. No (2018: £nil) corporation tax is due on the Association's non-charitable activities.

MARYHILL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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15. Tangible fixed assets – Housing properties

	Housing properties held for letting £	Housing properties in course of construction £	Completed shared ownership properties £	Total £
<b>Cost</b>				
As at 1 April 2018	68,699,896	419,544	300,461	69,419,901
Additions	2,267,266	447,857	-	2,715,123
Disposals	(1,257,923)	-	-	(1,257,923)
<b>As at 31 March 2019</b>	<b>69,709,239</b>	<b>867,401</b>	<b>300,461</b>	<b>70,877,101</b>
<b>Depreciation</b>				
As at 1 April 2018	10,674,788	-	43,212	10,718,000
Charge for year	2,374,368	-	10,016	2,384,384
Disposals	(662,496)	-	-	(662,496)
<b>As at 31 March 2019</b>	<b>12,386,660</b>	<b>-</b>	<b>53,228</b>	<b>12,439,888</b>
<b>Net Book Value</b>				
As at 31 March 2019	57,322,579	867,401	247,233	58,437,213
As at 31 March 2018	58,025,108	419,544	257,249	58,701,901

Additions to housing properties include capitalised development administration costs of £103,718 (2018: £212,458). The amount spent on maintenance of housing properties held for letting can be seen in note 5.

Included in the cost of disposals is £1,049,588 (2018: £249,521) and included in depreciation eliminated on disposal is £638,796 (2018: £131,246) in relation to disposed components.

Total expenditure on existing and new properties in the year amounted to £6,625,269 (2018: £6,927,727). The amount capitalised is £2,715,123 (2018: £2,762,083), with the balance charged to the Statement of Comprehensive Income. The amounts capitalised can be further split between component replacements of £2,267,266 (2018: £2,568,750) and property under the course of construction additions of £447,857 (2018: £193,333). All housing properties are freehold.

The Association's Lenders have standard securities over housing property with a carrying value of £23,580,943 (2018: £26,734,067).

The housing properties were revalued as at 1 April 2014 (by Jones Lang LaSalle Limited) and this value was used as the deemed cost from that date in accordance with FRS 102.

16a. Housing stock

	2019 No.	2018 No.
The number of units of accommodation in management at the year-end was:-		
General needs – New Build	568	568
General needs – Rehabilitation	2,470	2,469
Shared ownership	16	16
	<b>3,054</b>	<b>3,053</b>

**MARYHILL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**16b. Investment properties**

	<b>2019</b>	<b>2018</b>
The number of units of accommodation in management at the year-end was:-	<b>No.</b>	<b>No.</b>
Lock ups	<b>78</b>	78
Shops	<b>2</b>	2
	<b>80</b>	<b>80</b>

**17. Tangible fixed assets - Other fixed assets (as restated)**

	<b>Investment Properties £</b>	<b>Office Premises £</b>	<b>Furniture, Fittings &amp; Equipment £</b>	<b>Motor Vehicles £</b>	<b>Restated Total £</b>
<b>Cost</b>					
As at 1 April 2018 as restated	465,000	1,519,778	675,826	48,722	2,709,326
Additions	-	-	29,170	19,800	48,970
Disposals	-	-	(111,851)	(21,115)	(132,966)
Transfers	-	-	-	-	-
As at 31 March 2019	<b>465,000</b>	<b>1,519,778</b>	<b>593,145</b>	<b>47,407</b>	<b>2,625,330</b>
<b>Depreciation</b>					
As at 1 April 2018 restated	-	532,292	540,812	15,225	1,088,329
Charge for year	-	29,301	89,845	12,154	131,300
Disposals	-	-	(111,851)	(11,437)	(123,288)
As at 31 March 2019	<b>-</b>	<b>561,593</b>	<b>518,806</b>	<b>15,942</b>	<b>1,096,341</b>
<b>Net Book Value</b>					
As at 31 March 2019	<b>465,000</b>	<b>958,185</b>	<b>74,339</b>	<b>31,465</b>	<b>1,528,989</b>
As at 31 March 2018 as restated	<b>465,000</b>	<b>987,486</b>	<b>135,014</b>	<b>33,497</b>	<b>1,620,997</b>

The fair value as at 31 March 2019 of the investment properties held totalled £465,000 (2018 as restated: £465,000). This is based on a valuation performed by DM Hall and DVS Property Specialists in May 2019 and February 2019 respectively. The Management Committee have reviewed, with input from the surveyor, and consider this to be reflective of the fair value as at 31 March 2019.

**MARYHILL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Investments**

	2019 £	2018 £
<b>Investment in subsidiary</b>		
As at 31 March 2019 & 31 March 2018	<u>1</u>	<u>1</u>

The Association has a 100% owned subsidiary, Maryhill Communities Limited.

The company was incorporated on 26 April 2011 and has not traded since incorporation.

The aggregate amount of capital and reserves and the results of Maryhill Communities Limited for the year ended 31 March 2019 were as follows:

	2019 £	2018 £
Capital & reserve	<u>1</u>	<u>1</u>
Profit for the year	<u>-</u>	<u>-</u>

**19. Debtors**

	2019 £	2018 £
Arrears of rent & service charges	704,710	552,243
Less: Provision for doubtful debts	(443,760)	(293,691)
	<u>260,950</u>	<u>258,552</u>
Factoring arrears	31,912	73,278
Prepayments	80,355	84,561
Accrued income	57,863	-
Other debtors	91,995	64,170
	<u>523,075</u>	<u>480,561</u>

**20a. Current asset investments**

	2019 £	2018 £
Deposit account	<u>614,654</u>	<u>610,078</u>

**20b. Cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	3,853,385	3,731,815
Cash equivalents – short term deposits	1,086,214	1,083,789
	<u>4,939,599</u>	<u>4,815,604</u>



**MARYHILL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**21. Creditors: amounts falling due within one year**

	2019 £	2018 £
Bank loans	17,727	255,753
Trade creditors	1,384,988	1,321,952
Rent in advance	480,242	439,241
Other taxation and social security	74,613	82,285
Amounts due to group undertakings	1	1
Retention creditors	135,468	95,934
Liability for past service deficit contributions (note 33)	-	242,019
Accruals and deferred income	713,821	371,871
HAG creditor	136,316	136,316
Deferred Government capital grant (note 23)	311,832	316,298
	<u>3,255,008</u>	<u>3,261,670</u>

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

	2019 £	2018 £
Liability for past service deficit contributions (note 33)	-	726,981
Bank loans	11,622,261	11,569,244
Deferred Government capital grant (note 23)	11,332,244	11,289,274
	<u>22,954,505</u>	<u>23,585,499</u>
<b>Bank loans</b>		
Amounts due within one year	17,727	255,753
Amounts due in one year or more but less than two years	17,727	184,732
Amounts due in two year or more but less than five years	1,410,182	1,641,467
Amounts due in more than five years	10,194,352	9,743,045
	<u>11,639,988</u>	<u>11,824,997</u>

Bank loans are secured by specific charges on the Association's properties and are repayable at rates of interest between 2.70% and 6.73% in instalments. The loans are due to be repaid in full by 8 June 2041. The Capital repayments will begin March 2022. Included in the loan balance is £299,989 (2018: £324,997) of a cash incentive which is being amortised and credited to interest over the 20 year fixed loan period, and £160,000 (2018:Nil) of arrangement fees which is being released over the 20 year fixed term loan period.

**MARYHILL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**23. Deferred Government capital grants**

	2019 £	2018 £
<b>Gross deferred Government capital grants</b>		
At 1 April 2018	12,537,377	12,136,273
Addition in year	350,336	401,104
At 31 March 2019	<u>12,887,713</u>	<u>12,537,377</u>
<b>Amortisation</b>		
At 1 April 2018	(931,805)	(615,507)
Amortised in year	(311,832)	(316,298)
At 31 March 2019	<u>(1,243,637)</u>	<u>(931,805)</u>
Net book value at 31 March 2019	<u><u>11,644,076</u></u>	<u><u>11,605,572</u></u>

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

	2019 £	2018 £
Amounts due within one year	311,832	316,298
1-2 years	311,832	316,298
2-5 years	935,496	948,894
> 5 years	10,084,916	10,024,082
	<u>11,332,244</u>	<u>11,289,274</u>
Total	<u><u>11,644,076</u></u>	<u><u>11,605,572</u></u>

**24. Financial instruments**

	2019 £	2018 £
<b>Financial assets</b>		
Cash and cash equivalents	4,939,599	4,815,604
Investments	614,654	610,078
Financial assets measured at amortised cost	442,720	396,000
	<u>5,996,973</u>	<u>5,821,682</u>
	2019 £	2018 £
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u><u>13,914,299</u></u>	<u><u>14,697,649</u></u>

Financial assets measured at amortised cost comprise rental arrears, factoring arrears, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, amounts due to group undertakings, retention creditors, accruals, the liability for past service deficit contributions and the HAG creditor.

No financial assets or liabilities are held at fair value.

**MARYHILL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**25. Share capital**

	2019 £	2018 £
Shares of £1 each issued and fully paid		
At 1 April 2018	143	140
Issued during the year	5	3
Cancelled during the year	(27)	-
At 31 March 2019	<u>121</u>	<u>143</u>

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

**26. Reserves**

**Revenue reserve**

The revenue reserve includes all current and prior year retained surpluses or deficits.

**Other reserve**

The other reserve represents the cumulative gain or loss on the revaluation of investment properties.

**27. Net cash generated from operating activities**

<b>Reconciliation of operating (deficit)/surplus to net cash generated from operating activities</b>	2019 £	2018 £
Operating (deficit)/surplus	539,176	(517,185)
Depreciation including loss on disposal of components	2,926,476	2,900,521
(Gain)/(loss) on disposal of other fixed assets	(4,124)	922
Amortisation of deferred Government capital grants	(311,832)	(316,298)
Movement in debtors	(42,514)	157,485
Movement in creditors	317,848	(90,124)
Share capital written off	27	-
SHAPS – remeasurements	102,000	(8,000)
Strathclyde Pension Fund service cost	(77,000)	67,000
Net cash generated from operating activities	<u>3,450,057</u>	<u>2,194,321</u>

**28. Related party transactions**

Some members of the Board are tenants of the Association. The tenancies of these Board Members are on normal terms and the members cannot use their position to their advantage.

The total rent and service charge payable in the year relating to tenant Board members is £38,016 (2018: £31,466).

At the year-end total rent arrears owed by the tenant Board members were £206 (2018: £184). Prepaid rent at the year-end was £159 (2018: £554).

## MARYHILL HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 29. Legislative provisions

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014.

#### 30. Capital commitments

	2019	2018
	£	£
Capital expenditure that has been contracted for but has not been provided for in the financial statements	368,400	382,539

The above commitments will be financed by the Association's own resources:

Association's reserves	368,400	382,539
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#### 31. Commitments under operating leases

	2019	2018
	£	£
At the year-end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	13,550	8,797
Later than one year and not later than five years	21,697	22,727
Later than five years	-	-
	35,247	31,524

#### 32. Governing body member emoluments

Board members received £1,315 in the year by way of reimbursement of expenses (2018: £2,575). No (2018: £nil) remuneration was paid to Board members in respect of their duties in the Association.

#### 33. Pensions

##### Scottish Housing Association Pension Scheme (SHAPS)

Maryhill Housing Association Limited (the 'Association') participates in the Scottish Housing Association Pension Scheme (SHAPS) (the "Scheme"). The Scheme is a multi-employer defined benefit scheme. There are six benefit structures available, namely:

- (a) Final salary with a 1/60<sup>th</sup> accrual rate;
- (b) Career average revalued earnings with a 1/60<sup>th</sup> accrual rate;
- (c) Career average revalued earnings with a 1/70<sup>th</sup> accrual rate;
- (d) Career average revalued earnings with a 1/80<sup>th</sup> accrual rate;
- (e) Career average revalued earnings with a 1/120<sup>th</sup> accrual rate, contracted-in; and
- (f) Defined contribution (DC) option.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice. The Association has elected to operate two DC options; an Auto Enrolled and an Enhanced Scheme for new and existing members, with the Career Average revalued earnings with a 1/80th accrual rate option being closed to new members.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

33. Pensions (continued)

**Scottish Housing Association Pension Scheme (SHAPS) (continued)**

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The contributions paid in respect of the defined contribution scheme is 6% employee contributions and 6.45% employer contributions.

**Year ended 31 March 2018**

Up until 31 March 2018, it was not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Thus, up until the end of the 31 March 2018 year end, the Scheme was accounted for as a defined contribution scheme. However the Association entered into a past service deficit repayment agreement with TPT and per FRS 102, this discounted past service deficit liability was recognised in the Statement of Financial Position.

The last triennial valuation of the Scheme for funding purposes was carried out as at 30 September 2015. This valuation revealed a deficit of £198m. A Recovery Plan has been put in place to eliminate the deficit which runs to 28 February 2022 for the majority of employers, although certain employers have different arrangements.

The key valuation assumptions used to determine the assets and liabilities of the Scheme as at 30 September 2015 are detailed below:

- Investment return pre retirement		5.30% per annum
- Investment return post retirement	- Non-pensioners	3.40% per annum
- Investment return post retirement	- Pensioners	3.40% per annum
- Rate of salary increases		4.10% per annum
- Rate of pension increases	- pension accrued pre 6 April 2005	2.00% per annum
	- pension accrued from 6 April 2005	1.70% per annum
	- (for leavers before 1 October 1993 pension increases are 5% )	
- Rate of price inflation		2.60% per annum

**30 September 2017 funding update**

The Employer Committee received the 30 September 2017 Actuarial Report, the annual funding update which shows the Scheme's ongoing funding position in between each three-yearly valuation.

A summary is shown below:

30 September	Assets	Liabilities	Deficit	Funding
2015	£616m	£814m	£198m	76%
2016	£810m	£1,020m	£210m	79%
2017	£852m	£981m	£129m	87%

The Trustee's view is that the recovery plan remains appropriate and there is no need to take any action ahead of the next actuarial valuation, which was due as at 30 September 2018. The information regarding this 30 September 2018 valuation, including the annual funding update, is not yet available from TPT.

MARYHILL HOUSING ASSOCIATION LIMITED

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33. Pensions (continued)

Past service deficit repayment liability

	2018 £
Provision at start of period	1,202,000
Unwinding of the discount factor (interest expense)	12,000
Deficit contribution paid	(237,000)
Remeasurements – impact of any changes in assumptions	(8,000)
Provision at end of period	<u>969,000</u>

Liability split as:	2018 £
< 1 year	242,019
1-2 years	245,572
2-5 years	481,409
	<u>969,000</u>

Statement of Comprehensive Income Impact

	2018 £
Interest expense	12,000
Remeasurements – impact of any change in assumptions	(8,000)
	<u>4,000</u>

Assumptions  
Rate of discount

2018  
1.51%

The discount rates shown above are the equivalent single discount rates, which when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

**Year ended 31 March 2019**

**Accounting treatment from 1 April 2018**

From 1 April 2018, information became available in order to separate out the assets and liabilities between scheme members and thus the SHAPS defined benefit pension liability is accounted for as a defined benefit pension scheme from 1 April 2018 onwards. In accordance with FRS 102 section 28, the operating and financing costs of pension and post retirement schemes (determined by TPT) 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 difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

At 31 March 2018, in respect of the SHAPS deficit repayment plan, the amount included within creditors due less than one year was £242,019 and the amount included within creditors due greater than one year was £726,981. At 1 April 2018, on initial recognition of the multi-employer defined benefit scheme, the opening adjustment to the liability was £334,225 to recognise a liability of £1,303,225 as at 1 April 2018.

**MARYHILL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**33. Pensions (continued)**

**Present values of defined benefit obligation, fair value of assets and defined benefit liability**

	<b>31 March 2019 £'000</b>
Fair value of plan assets	8,449
Present value of defined benefit obligation	(9,915)
<b>Defined benefit liability to be recognised</b>	<b><u>(1,466)</u></b>

**Reconciliation of opening and closing balances of the defined benefit obligation**

	<b>Year ended 31 March 2019 £(000)</b>
Defined benefit obligation at start of period	9,105
Current service cost	206
Expenses	8
Interest expense	233
Contributions by plan participants	109
Actuarial (gains)/losses due to scheme experience	(60)
Actuarial losses/(gains) due to changes in demographic assumptions	27
Actuarial losses/(gains) due to changes in financial assumptions	587
Benefits paid and expenses	(300)
<b>Defined benefit liability at the end of the period</b>	<b><u>9,915</u></b>

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

	<b>Year ended 31 March 2019 £(000)</b>
Fair value of plan assets at start of the period	7,802
Interest income	202
Experience on plan assets (excluding amounts included in interest income) – gain	273
Contributions by the employer	363
Contributions by plan participants	109
Benefits paid and expenses	(300)
<b>Fair value of plan assets at end of period</b>	<b><u>8,449</u></b>

**MARYHILL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**33. Pensions (continued)**

**Defined benefit costs recognised in the Statement of Comprehensive Income**

	<b>Year ended to 31 March 2019 £(000)</b>
Current service cost	206
Admin expenses	8
Net interest expense	31
<b>Defined benefit costs recognised in Statement of Comprehensive Income</b>	<b>245</b>

**Defined benefit costs recognised in Other Comprehensive Income**

	<b>Period ended 31 March 2019 £(000)</b>
Experience on plan assets (excluding amounts included in net interest cost) - gain	273
Experience gains and losses arising on the plan liabilities – gain	60
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – (loss)	(27)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)	(587)
<b>Total amount recognised in other comprehensive income – (loss)</b>	<b>(281)</b>

**Fund allocation for employer's calculated share of assets**

	<b>31 March 2019 £(000)</b>
Global Equity	1,359
Absolute Return	716
Distressed Opportunities	144
Credit Relative Value	147
Alternative Risk Premia	472
Fund of Hedge Funds	23
Emerging Markets Debt	271
Risk Sharing	245
Insurance-Linked Securities	219
Property	168
Infrastructure	354
Private Debt	109
Corporate Bond Fund	592
Long Lease Property	103
Secured Income	295
Over 15 Year Gilts	217
Liability Driven Investment	3,006
Net Current Assets	9
<b>Total Assets</b>	<b>8,449</b>



**MARYHILL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**33. Pensions (continued)**

The main financial assumptions used by the Scheme Actuary, TPT, in their FRS 102 calculations are as follows:

<b>Assumptions as at</b>	<b>31 March 2019 % per annum</b>
Discount rate	<b>2.31</b>
Inflation (RPI)	<b>3.29</b>
Inflation (CPI)	<b>2.29</b>
Salary growth	<b>3.29</b>
Allowance for commutation of pension for cash at retirement	<b>75% of maximum allowance</b>

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2017 model with an allowance for smoothing of recent mortality experience and long term rates of 1.25% p.a. for males and 1% p.a. for females. The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	<b>Males</b>	<b>Females</b>
Current Pensioners	21.7 years	23.4 years
Future Pensioners	23.1 years	24.7 years

**Member data summary**

**Active members**

	<b>Number</b>	<b>Total earnings (£'000s p.a.)</b>	<b>Average age (unweighted)</b>
Males	16	514	42
Females	21	750	44
<b>Total</b>	<b>37</b>	<b>1,264</b>	<b>43</b>

**Deferred members**

	<b>Number</b>	<b>Deferred pensions (£'000s p.a.)</b>	<b>Average age (unweighted)</b>
Males	8	28	50
Females	20	94	49
<b>Total</b>	<b>28</b>	<b>122</b>	<b>49</b>

**Pensioners**

	<b>Number</b>	<b>Pensions (£'000s p.a.)</b>	<b>Average age (unweighted)</b>
Males	17	127	68
Females	8	51	64
<b>Total</b>	<b>25</b>	<b>178</b>	<b>67</b>

## MARYHILL HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 33. Pensions (continued)

##### Employer debt on withdrawal

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing the benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed the assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by TPT of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2017. As of this date the estimated employer debt for the Association was £6,712,004. The employer debt on withdrawal based on the valuation as at 30 September 2018 is not yet available from TPT.

##### GMP equalisation

Guaranteed Minimum Pension (GMP) is the minimum pension which an occupational pension scheme in the UK has to provide for those employees who were contracted out of the State Earnings-Related Pension Scheme (SERPS). Both pension scheme members and sponsoring employers paid lower National Insurance contributions at the time of accrual given the lower benefits being accrued for the member by the state. Women can currently receive their GMP benefits at age 60 compared to age 65 for men. GMP also accrued at a faster rate for women than men.

Historically some defined benefit schemes had different retirement ages for men and women. Therefore schemes are required to "equalise" pension ages and overall benefit scales between males and females. The Scheme actuary is therefore required to estimate the impact of GMP and include an allowance for the increase in calculated liabilities.

The impact of GMP equalisation for Maryhill Housing Association is 0.07% of liabilities, which is expected to be approximately £6,000. This is included within the closing defined benefit liability as detailed above.

##### Strathclyde Pension Fund

Maryhill Housing Association Limited participates in the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Scheme (Scotland) Regulations 1998, as amended. Eleven members of staff are members of the Scheme.

The main financial assumptions used by the Council's Actuary, Hymans Robertson, in their 2019 valuations are as follows;

<b>Assumptions as at</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
Pension increase rate	<b>2.4%</b>	2.3%
Salary increase rate	<b>3.6%</b>	3.5%
Discount rate	<b>2.5%</b>	2.7%

**MARYHILL HOUSING ASSOCIATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****33. Pensions (continued)****Mortality**

Life expectancy for both current and future pensioners is based on the Fund's VitaCurves with improvements in line with the CMI 2016 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.5% per annum for males and 1.25% per annum for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>Males</b>	<b>Females</b>
Current Pensioners	21.4 years	23.7 years
Future Pensioners	23.4 years	25.8 years

**Reconciliation of defined benefit obligation**

Year Ended:	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>
	<b>£(000)</b>	<b>£(000)</b>
<b>Opening Defined Benefit Obligation</b>	<b>3,070</b>	<b>3,792</b>
Current Service Cost	112	154
Interest Cost	84	104
Contributions by Members	16	27
Actuarial (gains)/losses	269	(987)
Past Service (gains)/losses	-	-
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(26)	(20)
<b>Closing Defined Benefit Obligation</b>	<b>3,525</b>	<b>3,070</b>

MARYHILL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

33. Pensions (continued)

Reconciliation of fair value of employer assets

Year Ended:	31 Mar 2019 £(000)	31 Mar 2018 £(000)
<b>Opening Fair Value of Employer Assets</b>	<b>2,713</b>	<b>2,558</b>
Expected Return on Assets	76	70
Contributions by Members	16	27
Contributions by the Employer	189	87
Contributions in respect of Unfunded Benefits	-	-
Actuarial gains/(losses)	90	(9)
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(26)	(20)
<b>Closing Fair Value of Employer Assets</b>	<b>3,058</b>	<b>2,713</b>
<b>Net pension (liability)</b>	<b>(467)</b>	<b>(357)</b>

Analysis of amounts included in Statement of Comprehensive Income

Year Ended:	2019 £(000)	2018 £(000)
Expected Return on pension scheme assets	76	70
Interest on pension scheme liabilities	(84)	(104)
<b>Net Return – finance charge</b>	<b>(8)</b>	<b>(34)</b>
	<b>2019 £(000)</b>	<b>2018 £(000)</b>
Current service cost	(112)	(154)
Contribution by employers	189	87
<b>Charge to staff costs</b>	<b>77</b>	<b>(67)</b>

The expected Employer's contributions for the year to 31 March 2020 will be approximately £72,000.

The current year contributions included £121K in respect of strain of fund payments as a result of staff redundancies in the prior year, with the pension valuation recognising these in the current year.

MARYHILL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

33. Pensions (continued)

Analysis of amount recognised in Statement of Comprehensive Income

	2019 £(000)	2018 £(000)
Actual return less expected return on scheme assets	90	(9)
Changes in assumptions underlying the present value of scheme liabilities	(269)	987
	<u>(179)</u>	<u>978</u>
Actuarial (loss)/gain recognised in other comprehensive income	<u>(179)</u>	<u>978</u>

34. Prior year adjustment

	Note	Capital and reserves at 31 March 2017 £	Capital and reserves at 31 March 2018 £	Deficit for year ended 31 March 2018 £
As previously stated		27,948,560	27,858,935	(1,067,628)
<b>Prior year adjustment</b>				
Recognition of investment properties	1	465,000	465,000	-
		<u>28,413,560</u>	<u>28,323,935</u>	<u>(1,067,628)</u>

Notes

1. This was the recognition of investment properties which comprise 2 shops and 78 lockups at fair value which had not been previously recognised.

