

**MUIRHOUSE HOUSING ASSOCIATION LIMITED**

**REPORT and FINANCIAL STATEMENTS**

**For the year ended 31 March 2020**

**MUIRHOUSE HOUSING ASSOCIATION LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 March 2020**

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**MUIRHOUSE HOUSING ASSOCIATION LIMITED**

**BOARD OF MANAGEMENT, EXECUTIVES and ADVISERS**

**Year ended 31 March 2020**

**Board of Management**

Robert McDougall (Chair)  
Pascale Adriaens (Appointed 17 October 2019)  
Karen Allum (Resigned 19 February 2020)  
Helen Armour  
Laura Calder (Resigned 23 September 2019)  
Carole Cameron (Casual vacancy from 30 March 2020)  
Thomas Diamond (Resigned 20 November 2019)  
James Roy Douglas (Chair of Muirhouse Homes Limited)  
William Grieve  
Eilidh Hegney (Resigned 13 May 2019)  
Eric Hollanders (Appointed 17 October 2019)  
Janette Lynch (Casual vacancy from 30 March 2020)  
Ann McDonald (Resigned 3 February 2020)  
Steven Prevost (Resigned 10 August 2020) (Chair of Audit & Risk Committee)  
Julie Smith  
Iain Strachan (Vice Chair)  
Martin Thoronka

**Executive Officers**

Stephen McAvoy (Chief Executive)  
Barry Allan (Finance & Corporate Services Manager)

**Registered Office**

11 Muirhouse Medway  
Edinburgh  
EH4 4RW

**Auditors**

RSM UK Audit LLP  
Chartered Accountants  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

**Internal Auditors**

BDO LLP  
4 Atlantic Quay  
70 York Street  
Glasgow  
G2 8JX

**Bankers**

The Royal Bank of Scotland  
239 St John's Road  
Edinburgh  
EH12 7XA

**Solicitors**

T C Young  
69a George Street  
Edinburgh  
EH2 2JG

# MUIRHOUSE HOUSING ASSOCIATION LIMITED

## REPORT of the BOARD OF MANAGEMENT

### For the year ended 31 March 2020

The Board of Management presents its report and the Financial Statements for the year ended 31 March 2020.

#### **Legal Status**

The Association is a registered non-profit making organisation under the Co-operative and Community Benefits Societies Act 2014 No. 2414R(S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC040979.

#### **Principal Activities**

The principal activities of the Association are the provision and management of affordable rented accommodation.

#### **Financial Review**

The Association made an operating surplus for the year of £156,953 (2019: £356,763). Due to actuarial gains on the pension scheme of £437,332 (2019: £328,132 losses), the total surplus for the year is £593,925 (2019: £28,631) for the financial year ended 31 March 2020. The revenue reserves have increased to £5,999,512 (2019: £5,405,587).

The Association participates in a multi-employer pension scheme, Scottish Housing Associations' Pension Scheme (SHAPS). From 1 April 2018 the share of assets and liabilities per employer is available and the scheme is accounted for on a defined benefit basis.

The defined benefit liability as at 31 March 2020 is £nil (2019: £473,000). The defined benefit liability is based on actuarial assumptions and provided on an annual basis. The movement in the liability represents the volatility of the global markets and can therefore significantly change year on year. The liability figure doesn't represent the actual liability if it was to crystallise, the potential debt if the Association was to cease to participate in the pension scheme or on winding up is included in note 13.

Significant electric heating systems, bathroom replacement and other works have been completed in the year ended 31 March 2020 totalling £524,410. Over the last 4 years, the Association has invested nearly £2.5m on property improvements and around 80% of the housing stock has had at least 1 improvement completed in that period. The Association is currently 99.8% compliant with SHQS and 100% compliant with EESSH. Significant investments have also been made in the replacement of smoke detectors in order to meet Scottish Government legislation, at 31 March 2020 the programme of replacements was 80% complete. This investment is due to continue throughout 2020 to 2021 as part of MHA's ambitious but achievable 30-year asset management plan and 3-year programme of works, however the impact of COVID-19 has resulted in the timing of works being delayed and potentially postponed until 2021-2022.

#### **Going Concern**

The full impact of COVID-19 is yet to be determined, however the Association expects that cash surpluses will continue to be made, subject to our planned major repair programme over the next few years, and we will continue to make efficiency savings in our operational costs wherever possible. The Association continues to monitor income received, review budgets and projections as well as carrying out extensive sensitivity analysis and stress testing of covenants to ensure the accuracy of financial information and reporting to Board and external stakeholders.

Stress testing has been carried out on the impact of cash reserves using scenarios with projected reductions in rental income received ranging from 10% to 60%. Cash balances are all positive other than the 40% - 60% reduction in rental income received, which would result in negative bank balances in certain months of 2020/21, however at this time, this level of reduction is considered extremely unlikely. At the end of July 2020, rental income received was down 4.1% in comparison to the first four months of 2019/20 (inflated for 2020/21 rental increase) and gross rent arrears have increased by 0.47% to 3.39% compared to 2.92% at 31 March 2020. A reduction of over 20% therefore appears extremely unlikely. Consequently, the Board have identified no material uncertainties and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the going concern basis of accounting in preparing the financial statements continues to be applied.

REPORT of the BOARD OF MANAGEMENT (Continued)

For the year ended 31 March 2020

**Budgetary Process**

Each year the Board approves the annual budget, as well as the five-year projections. A new strategic plan is approved on a 3-year basis, the plan is reviewed on an annual basis within the 3 years. Performance is monitored, and relevant action taken throughout the year through quarterly reporting to the Audit & Risk Committee, and Board, of variances from the budget, updated forecasts for the year where necessary together with information for key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

**Treasury Management**

The Association has an active treasury management function, which operates in accordance with the Treasury Management Policy approved by the Board. In this way, MHA manages its borrowing arrangements to ensure that it is always in a position to meet financial obligations as they fall due, whilst managing excess cash and liquid resources held. The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2020, MHA has a mix of fixed and variable rate finance which it considers appropriate currently. During the year, variable loans held were refinanced, at an improved rate, which is anticipated to provide savings on loan interest payments over the period of the loan agreement.

**Review of Business and Future Developments**

The Association continues to review performance to meet the regulatory requirements and participates in benchmarking and good practice events. The Association performs in the top quartile with regard to KPIs reported in the Annual Return of the Charter compared to other RSLs. In 2019/20 the Association achieved improvements in operational performance; and continued to perform well, see KPIs on page 4, with regard to rent control and void management compared to peers. These results support the staff's hard work in the face of continued welfare reform and the implementation of Universal Credit in the year. Membership continues of the Scottish Federation of Housing Associations, Chartered Institute of Housing, Scottish Housing Best Value Network, Housemark, Share etc. Board members, and staff, are encouraged to attend events and conferences organised by similar organisations and utilise online training. The Association continues to develop an annual appraisal process for all Board members and holds an annual Board and Staff strategy day to consider and agree upon values, objectives and the future direction of the Association. The three-year business plan for 2019 to 2021 is now in its third year of use.

The Association continues to work in partnership with the local authority to prioritise the completion of the regeneration of the community and is committed as part of the Association's business plan to be a community anchor, support social enterprise and financial & social inclusion. The Association continued its partnership with Castle Rock Edinvar for the provision of financial, welfare and fuel energy advice.

The Association successfully completed the self-assessment and annual assurance statements work to comply with the new Scottish Housing Regulator's Regulatory Framework introduced in April 2019. This was satisfactorily reported to all stakeholders, and the process was complimented by the Scottish Housing Regulator during an Assurance visit in January 2020.

As part of the Association's community work, and in conjunction with Muirhouse Homes Limited (a 100% owned subsidiary of the Association providing mid-market rent housing), a Community Chest Fund has been in place since 2017. In 2019/20, 5 projects were successful in meeting the criteria and received funds of £24,325 (2019: £33,703). Staff are actively encouraging projects and groups to apply for funding and the Association is optimistic that this will increase during the next few years. In 2019/20, the Association made charitable donations of £25,147 (2019: £14,945), as part of the agreed strategy of, Board and staff, to invest in Muirhouse as a community and provide learning, activities and experiences for tenants. All selected projects support our stated strategic objectives and priorities, improving the neighbourhood and environment, strengthening the community, increasing wealth and opportunities, boosting health and wellbeing, and supporting children and young people.

MHA is also a founding member of The Alliance of Registered Co-operatives & Housing Associations, Independent in Edinburgh (ARCHIE). An alliance of 8 independent Housing Associations in Edinburgh established to share skills, experience and resources to enable an enhanced service to be delivered to customers and the wider community.

## MUIRHOUSE HOUSING ASSOCIATION LIMITED

### REPORT of the BOARD OF MANAGEMENT (Continued)

#### For the year ended 31 March 2020

#### Key Performance Indicators

The Association reports on its performance against a series of indicators laid out in the Scottish Social Housing Charter. Our performance continues to show strong results, with all the indicators at top quartile levels.

Indicators	Targets for 2019/20	Actual 2019/20	Scottish Average 2018/19
Satisfied with overall service (Indicator 1)		93.9%	90.9%
Satisfied being kept informed (Indicator 2)		93.9%	93.4%
Satisfaction property represents good value for money (Indicator 25)		91.7%	83.0%
Average calendar days to re-let properties (Indicator 30)	Less than 5 days	7.6 days	27.8 days
Void Rent Loss (Indicator 18)	Less than 0.5%	0.09%	0.80%
Gross Rent Arrears (Indicator 27)	Less than 3%	2.84%	4.10%
Rent collected as percentage of total rent due (Indicator 26)		99.6%	99.5%
No. of stage 1 complaints responded within timescale (Indicator 3)	100%	100%	98.9%
No. of stage 2 complaints responded within timescale (Indicator 3)	100%	100%	95.2%
Tenants satisfied with quality of home (Indicator 7)	100%	94.2%	89.0%
Reactive Repairs "right first time" (Indicator 10)	95%	95.0%	92.7%
Satisfaction with Repairs Service (Indicator 12)	90%	90.3%	94.0%
Satisfied with contribution to management of neighbourhood (Indicator 13)		82.7%	88%
Average time to complete Emergency Repair (Indicator 8)	Less than 4 hrs	1.93 hrs	3 hrs
Average time to complete non-emergency repairs (Indicator 9)	Urgent 2 days Normal 10 days	2.76 days	5 days
No. of times gas safety requirements not met (Indicator 11)	New indicator	0	N/A
Anti-Social Behaviour cases resolved in target (Indicator 15)	80% within 20 working days	100%	89.4%
SHQS Compliance	100%	99.8%	93.8%
EESSH Compliance	100%	100%	88.5%

The most recent tri-annual tenant satisfaction survey was completed in December 2019.

As part of our interaction with tenants, the Association has developed a tenant's scrutiny panel and ensures that the customer is at the heart of what we do.

#### Principal Risks & Uncertainties

The Association recognises the importance of effective identification, evaluation and management of all key strategic and operational risks, and this is a requirement set out by the Scottish Housing Regulator's Regulatory Standards.

Risk Management covers the whole spectrum of risks and not just those associated with finance, health and safety, business continuity and insurance. It also includes risks associated with service provision, effectiveness and continuity, public image (reputation), compliance with legislation and regulation and environment.

**Principal Risks & Uncertainties (Continued)**

The principal risks facing the Association and their mitigating actions are as follows:

- **COVID-19.** Staff provide Board with a regular update of impact of COVID-19 on finances, KPIs, service delivery, health & safety, staff wellbeing, tenants, governance and regulatory compliance etc. Staff utilise support from SFHA, follow official guidance from Scottish Government, NHS, and other sources.
- **Government policy – National and local.** Board and staff attend relevant conferences and training to ensure knowledge and information is attained of current and future developments. Membership of bodies such as SFHA also provides regular updates and awareness.
- **Risk to income including welfare reform.** Housing management staff, as well as all staff, have received and continue to receive appropriate training (particularly on Universal Credit) to support tenants as well reduce the level of income lost by the Association due to the impact of welfare reform. The services of a Financial Inclusion officer and an energy advisor have also been outsourced to provide additional support over the last year. Tenants are kept informed of relevant changes either individually or via newsletters, social media postings.
- **Business continuity and disaster recovery.** The risk of the loss of information, or access to the office, is managed by having adequate IT support in place, back-ups and anti-virus controls. The business continuity plan has been prepared to put in place procedures to manage against the impact of any potential disasters.
- **Development and growth.** Opportunities for growth when identified are robustly appraised to ensure values of the Association are met as well as the financial implications. Whilst the subsidiary Muirhouse Homes Limited has been successful since incorporation, the relationship between parent and subsidiary is regularly monitored by Board and staff to mitigate the risk of major issues or failure.
- **Financial risk management and governance.** Procedures and policies in place, as well as recent strategies developed have mitigated the risk of governance failures. Project plans and deadlines are in place for current and future requirements. Board and staff have agreed a plan for the upcoming self-assessment, and annual assurance statements, which were discussed at the annual strategy day. External validation, through regular internal audit, is also utilised to assess various strategic and operational matters.
- **Impact of Brexit.** Board and staff have received various information updates throughout the Brexit process, and the impact of Brexit is considered when making strategic/operational decisions such as the potential impact on contractor's costs/labour, staff, etc.
- **UK economy and risk of recession.** Financial management, including treasury management, procedures are in place to identify opportunities for efficiency savings. Annual budgets are prepared, and any significant long-term downturn in the UK economy would result in a review of costs and future developments etc. Sensitivity analysis is prepared when preparing 30-year financial projections, and the impact of recession is considered when these are prepared.
- **Risk to governance.** reducing numbers of Board members and the loss of experience/knowledge on the Board as well as the additional difficulties of recruitment during COVID-19 crisis. Succession planning has been included in the annual Board Member's appraisals and has been included as a topic for the Internal Audit programme for 2020-21. The Association will also utilise the experience of newly appointed Board support consultants.

Risk Management comes under the remit of the Association's Audit & Risk Committee. The risk register, developed and maintained by staff, is reviewed by the Committee on a quarterly basis and significant changes/developments are highlighted to the Board of Management. Risk is assessed by considering how likely it is that an event will occur and what the impact of this would be. The likelihood and severity of each event are multiplied together to identify a rating for each risk. Risks with a score of 17 and above (maximum of 25) are highlighted in Red. A red risk is defined as an unacceptable level of risk exposure which requires constant monitoring and measures to be put in place to reduce exposure.

The Association mitigates the risk by having current controls and measures in place as well as identifying planned controls (i.e. staff training, informing tenants, reviewing policies, investing in technology, internal audit programmes etc.) and timescales for implementation to reduce exposure.

## MUIRHOUSE HOUSING ASSOCIATION LIMITED

### REPORT of the BOARD OF MANAGEMENT (Continued)

#### For the year ended 31 March 2020

##### **Board of Management and Executive Officers**

The members of the Board of Management and the Executive Officers are listed on page 1.

Each member of the Board of Management 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 of Management. The members of the Board of Management are also Trustees of the Charity. Members of the Board of Management are appointed by the members at the Association's Annual General Meeting.

##### **Statement of Board of Management's Responsibilities**

The Co-operative and Community Benefit Societies Act 2014 requires the Board of Management to prepare Financial Statements for each financial year which give a true and fair view of the of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- prepare a statement on Internal Financial Control.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. It 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. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Board of Management must, in determining how amounts are presented within items in the Statement of Comprehensive Income and the Statement of Financial Position, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Members of the Board of Management are aware:

- there is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- the Members of the Board of Management have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.



**REPORT of the BOARD OF MANAGEMENT (Continued)**

**For the year ended 31 March 2020**

**Statement on Internal Financial Control**

The Board of Management 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:

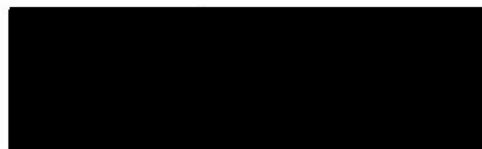
- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Board of Management'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 procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of 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 of Management 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;
- 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 of Management;
- the Board of Management receive 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;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Board of Management have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2020. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

**By Order of the Board of Management**



**BARRY ALLAN**  
**Secretary**

10 August 2020

**MUIRHOUSE HOUSING ASSOCIATION LIMITED**  
**REPORT BY THE AUDITORS TO THE MEMBERS OF**  
**MUIRHOUSE HOUSING ASSOCIATION LIMITED**  
**ON CORPORATE GOVERNANCE MATTERS**

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 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 to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents. 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 page 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.



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4<sup>th</sup> September 2020

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### MUIRHOUSE HOUSING ASSOCIATION LIMITED

#### Opinion

We have audited the financial statements of Muirhouse Housing Association Limited (the 'Association') for the year ended 31 March 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in reserves, statement of cash flows and 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 FRS 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 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

#### 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other 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 opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to 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.

#### 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.

#### Opinion on other matters under the Co-operative and Community Benefit Societies Act 2014

In our opinion, the following continued to apply throughout the year of account:

- the reason given by the Board of Management in respect of a previous year of account for Muirhouse Homes Limited to not be dealt with in the financial statements (having been approved by the FCA under section 99, subsection (3)); and
- the grounds given by the Board of Management for that reason.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### MUIRHOUSE HOUSING ASSOCIATION LIMITED (continued)

#### 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 requires 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 financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of the Board

As explained more fully in the Board's responsibilities statement 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the 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 intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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 Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members 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.



RSM UK Audit LLP  
Statutory Auditor  
Chartered Accountants  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

4<sup>+</sup> September 2020

MUIRHOUSE HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	£	2020 £	£	2019 £
<b>Turnover</b>	2		3,243,533		3,258,176
Operating expenditure	2		(2,717,212)		(2,437,343)
Loss on disposal of fixed assets			(6,629)		(67,915)
<b>Operating surplus</b>	8		519,692		752,918
Interest receivable and other income		3,642		3,505	
Interest payable and similar charges	7	(355,741)		(388,660)	
Other finance costs		(11,000)		(11,000)	
			(363,099)		(396,155)
<b>Surplus before taxation</b>			156,593		356,763
Taxation	9		-		-
<b>Surplus for the year</b>			156,593		356,763
Initial recognition of defined benefit obligation	19		-		(269,908)
Actuarial loss in respect of pension schemes	19		437,332		(58,224)
<b>Total comprehensive income for the year</b>			593,925		28,631

There were no discontinued operations during the year. As a consequence, the results relate wholly to continuing activities.

The notes on pages 15 to 34 form part of these financial statements.

MUIRHOUSE HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN RESERVES

As at 31 March 2020

	Share Capital £	Revenue Reserve £	Total Unrestricted Funds £
Balance at 1 April 2019	56	5,405,587	5,405,643
Movement in share capital	-	-	-
Surplus from statement of total comprehensive income	-	593,925	593,925
<b>Balance at 31 March 2020</b>	<u>56</u> =====	<u>5,999,512</u> =====	<u>5,999,568</u> =====
Balance at 1 April 2018	55	5,376,956	5,377,011
Movement in share capital	1	-	1
Surplus from statement of total comprehensive income	-	28,631	28,631
<b>Balance at 31 March 2019</b>	<u>56</u> =====	<u>5,405,587</u> =====	<u>5,405,643</u> =====

The notes on pages 15 to 34 form part of these financial statements.

MUIRHOUSE HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020	2019
		£	£
<b>Fixed assets</b>			
Housing properties	10a	28,290,049	28,721,772
Other tangible fixed assets	10b	105,218	112,683
Intangible fixed assets	10c	12,294	1,504
		<u>28,407,561</u>	<u>28,835,959</u>
<b>Investment</b>	11	1	1
<b>Current assets</b>			
Debtors	15	152,060	187,595
Cash at bank and in hand	22	1,448,203	1,513,792
		<u>1,600,263</u>	<u>1,701,387</u>
<b>Creditors:</b> amounts falling due within one year	16	(1,192,282)	(1,271,239)
<b>Net current assets</b>		<u>407,981</u>	<u>430,148</u>
<b>Total assets less current liabilities</b>		<u>28,815,543</u>	<u>29,266,108</u>
<b>Creditors:</b> amounts falling due after more than one year	17	(22,815,975)	(23,387,465)
<b>Provisions for liabilities</b>			
SHAPS pension deficit funding	18	-	-
SHAPS defined benefit obligation	19	-	(473,000)
<b>Net assets</b>		<u>5,999,568</u> =====	<u>5,405,643</u> =====
<b>Capital and reserves</b>			
Share capital	22	56	56
Revenue reserves	23	5,999,512	5,405,587
		<u>5,999,568</u> =====	<u>5,405,643</u> =====

The financial statements were approved and authorised for issue by the Board of Management and signed on its behalf on 10 August 2020.

  
Robert McDougall  
Chair

  
James R Douglas  
Board Member

  
Barry Allan  
Secretary

The notes on pages 15 to 34 form part of these financial statements.

**MUIRHOUSE HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CASH FLOWS**

**For the year ended 31 March 2020**

	Notes	2020 £	2019 £
<b>Total cash generated from operating activities</b>	20	886,920	1,409,638
<b>Cash flows (used in) investing activities</b>			
Purchase of tangible fixed assets		(529,021)	(870,916)
Purchase of intangible fixed assets		(14,562)	-
Interest received		3,642	3,505
<b>Total cash flows (used in) investing activities</b>		(539,941)	(867,411)
<b>Cash flows (used in) financing activities</b>			
Interest paid		(355,741)	(388,660)
New loans received		217,937	-
Repayment of borrowings		(274,764)	(348,282)
Share capital issued		-	1
<b>Total cash flows (used in) financing activities</b>		(412,568)	(736,941)
<b>Cash and cash equivalents</b>			
<b><i>Total movement</i></b>			
Operating activities		886,920	1,409,638
Investing activities		(539,941)	(867,411)
Financing activities		(412,568)	(736,941)
<b>Net decrease in cash and cash equivalents</b>		(65,589)	(194,714)
Cash and cash equivalents at the start of the year		1,513,792	1,708,506
Cash and cash equivalents at the end of the year	21	1,448,203	1,513,792

The notes on pages 15 to 34 form part of these financial statements.



# MUIRHOUSE HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS

### For the year ended 31 March 2020

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS102), the Statement of Recommended Practice for social housing providers "Housing SORP 2018" and the Determination of Accounting Requirements 2019.

The financial statements are prepared in Sterling (£) and are rounded to the nearest whole £.

#### **Legal Status**

Muirhouse Housing Association Limited is registered under the Co-operative and Community Benefit Societies Act 2014 No. 2414R(S) and is a registered Scottish charity No.SC040979. Muirhouse Housing Association Limited is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. The principal activity of the Association is the provision of social housing and thus the Association is considered a public benefit entity.

The registered office is 11 Muirhouse Medway, Edinburgh, EH4 4RW.

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is Edinburgh, Scotland.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing properties in Edinburgh, Scotland.

#### **1. Principal accounting policies**

##### **Going Concern**

The Association has a healthy cash position and growing reserves. The Board of Management reviewed budgets and cashflow projections as part of the annual budget discussion for 2020/21, the development and approval of the three-year business plan and the submission to the Scottish Housing Regulator of the five-year financial projections. The Board has also taken account of the impact of COVID 19 by reviewing sensitivity analysis provided by staff which includes updated forecasts, cashflow projections, stress testing of financial covenants. No significant long-term impact on the Association's financial position and no material uncertainties have been identified at this time. On that basis, the Board of Management has a reasonable expectation that the Association has adequate resources to continue for the foreseeable future and that it continues to be appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

##### **Consolidation**

As the parent of Muirhouse Homes Limited (note 11), Muirhouse Housing Association Limited has been exempted from the preparation of consolidated accounts, as granted by the Financial Conduct Authority, on the basis that the amounts involved are not material.

##### **Turnover**

Turnover represents rental and service charge income receivable less voids, fees receivable and revenue grants receivable and is recognised as it falls due.

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

From the year ended 31 March 2019, the Association was able to identify its share of the scheme assets and scheme liabilities and therefore has applied defined benefit accounting. The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

As at the year ended 31 March 2020, the net defined benefit pension deficit liability was £nil (2019: £473,000), which has been included within the provisions for pensions liability in the financial statements.

**For the year ended 31 March 2020**

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

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

In the year ended 31 March 2020, the current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. Refer to Note 19 for more details.

**Fixed Assets – Housing Properties**

Housing Properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent. Housing properties are stated at cost less accumulated depreciation.

Works to existing properties will generally be capitalised under the following circumstances:

- (i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income.

The major components of housing properties are detailed below. Each component has a substantially different economic life and is depreciated over this individual life.

Depreciation is charged on a straight line basis over the expected useful life of each major component, to its estimated residual value, that makes up the housing property as follows:

<i>Component</i>	<i>Useful Economic Life</i>
Land	N/A
Structure	50 years
Roof	50 years
Render	50 years
Windows	30 years
External doors	25 years
Bathrooms	25 years
Electrics	25 years
Heating systems	20 years
Kitchen	15 years
Boiler	15 years

**Capitalised Development and Development Interest**

Costs which are directly attributable to bringing housing properties into working condition are included in housing properties cost. Directly attributable costs include direct labour cost of the Association and incremental costs which would have been avoided only if the property had not been constructed or acquired. All other development costs are written off to the Statement of Comprehensive Income in the period in which it occurs.

For the year ended 31 March 2020

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

Interest charges incurred on the financing of housing properties are capitalised up to the date of practical completion. Interest charges arising after that date are charged to the Statement of Comprehensive Income.

**Impairment of Fixed Assets**

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist Muirhouse Housing Association Limited estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the Statement of Comprehensive Income.

**Other Fixed Assets**

Other fixed assets are stated a 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:

Office premises	50 years
Furniture and fittings	Between 5 - 10 years
Computer equipment	Between 3 - 5 years
Office equipment	Between 5 - 15 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying values may not be recoverable.

**Leases/Leased Assets**

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

**Government Grants**

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset (excluding land) under the accruals model.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant, a liability is included in the Statement of Financial Position to recognise this obligation.

**Other Grants**

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

**Intangibles**

All intangible assets shall be considered to have finite useful life of five years on a straight line basis. The useful life of an intangible assets that arises from contractual or other legal rights shall not exceed the period of the contractual or other legal rights, but maybe shorter depending on the period over which the entity expects to use the asset. Amortisation of intangible assets is shown within operating costs.

## MUIRHOUSE HOUSING ASSOCIATION LIMITED

### NOTES to the FINANCIAL STATEMENTS (continued)

#### For the year ended 31 March 2020

#### 1. Principal accounting policies (continued)

##### **Financial Instruments**

*Debtors and creditors receivable/payable within one year*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at the transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

##### *Loans And Borrowings*

Bank loans provided by Private Lenders are also classed as basic under the requirements of FRS 102, and are therefore also measured at amortised cost.

##### *Payment Arrangements With Tenants*

In the case of payment arrangements that exist with tenants, these are deemed to constitute financing transactions and, where material, are measured at the present value of future payments discounted at a market rate of interest applicable to similar debt instruments.

##### **Judgements in Applying Policies and Key Sources of 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 members of the Board of Management are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied in apportioning the cost of housing properties between constituent components and in determining the depreciation rates which have been deemed to be appropriate for the class of asset or asset component and in determining the appropriate level of bad debt provision for rental arrears and in determining the appropriate level of the pension liability.

##### **Defined Benefit Obligation**

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 19). The net defined benefit pension liability at 31 March 2020 was £nil (2019: £473,000).

##### **Housing Property Disposals**

Disposals of both components and properties are regarded as part of the Association's standard operating activities and therefore losses on disposals recorded in 2020 and 2019 have been reclassified in the Statement of Comprehensive Income as forming part of the Operating Surplus.

MUIRHOUSE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

2. Particulars of turnover, operating costs and operating surplus or deficit

	Turnover £	Operating Costs £	2020 Operating Surplus/ (Deficit) £	2019 Operating Surplus/ (Deficit) £
Affordable lettings activities (Note 3)	2,912,648	2,694,395	218,253	467,319
Loss on disposal of fixed assets	-	6,629	(6,629)	(67,915)
Other activities (Note 4)	330,885	22,817	308,068	353,514
<b>Total</b>	<b>3,243,533</b>	<b>2,723,841</b>	<b>519,692</b>	<b>752,918</b>
	=====	=====	=====	=====
Total for previous reporting period	3,258,176	2,505,258	752,918	
	=====	=====	=====	

3. Particulars of turnover, operating costs, and operating surplus from affordable letting activities

	General Needs Housing £	Supported Housing £	2020 Total £	2019 Total £
<b>Turnover</b>				
Rent receivable net of service charges	2,312,854	-	2,312,854	2,273,607
Service charges receivable	132,984	-	132,984	137,646
<b>Gross income from rents and service charges</b>	<b>2,445,838</b>	<b>-</b>	<b>2,445,838</b>	<b>2,411,253</b>
<u>Less: Voids</u>	<u>(2,293)</u>	<u>-</u>	<u>(2,293)</u>	<u>(1,335)</u>
<b>Net income from rents and service charges</b>	<b>2,443,545</b>	<b>-</b>	<b>2,443,545</b>	<b>2,409,918</b>
Grants released from deferred income	458,470	-	458,470	458,470
Revenue grants from Scottish Ministers	10,633	-	10,633	15,985
<b>Total turnover from affordable letting activities</b>	<b>2,912,648</b>	<b>-</b>	<b>2,912,648</b>	<b>2,884,373</b>
	=====	=====	=====	=====
Management and maintenance administration costs	933,878	-	933,878	837,264
Service costs	135,111	-	135,111	141,628
Planned and cyclical maintenance including major repair costs	472,281	-	472,281	339,272
Reactive maintenance costs	189,947	-	189,947	166,890
Bad debts – rents and service charges	14,699	-	14,699	2,998
Depreciation of affordable let properties	948,479	-	948,479	929,002
<b>Operating costs for affordable letting activities</b>	<b>2,694,395</b>	<b>-</b>	<b>2,694,395</b>	<b>2,417,054</b>
	=====	=====	=====	=====
<b>Operating surplus for affordable letting activities</b>	<b>218,253</b>	<b>-</b>	<b>218,253</b>	<b>467,319</b>
	=====	=====	=====	=====
<b>Operating surplus for affordable letting activities for previous reporting period</b>	<b>467,319</b>	<b>-</b>	<b>467,319</b>	
	=====	=====	=====	

MUIRHOUSE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

4. Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other income £	Total turnover £	Operating costs - bad debts £	Other operating costs £	Operating surplus or deficit 2020 £	Operating surplus or deficit 2019 £
Mid-market rent lease charge	-	-	-	310,339	310,339	-	4,062	306,277	297,356
Mid-market rent management charge	-	-	-	15,120	15,120	-	18,755	(3,635)	(1,225)
Gift aid received from subsidiary	-	-	-	-	-	-	-	-	41,093
Other activities	-	-	-	5,426	5,426	-	-	5,426	16,290
<b>Total from other activities</b>	-	-	-	330,885	330,885	-	22,817	308,068	353,514
<b>Total from other activities for the previous reporting period</b>	-	-	-	373,803	373,803	-	20,289	353,514	

There were no other activities other than the activities shown above.

**MUIRHOUSE HOUSING ASSOCIATION LIMITED**

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

**For the year ended 31 March 2020**

**5. Officers' emoluments**

The officers are defined in Section 149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of Management, managers or servants of the Association.

	<b>2020</b>	<b>2019</b>
	£	£
Emoluments payable to Chief Executive (excluding pension contributions)	64,710	63,255
Employer's pension contributions	6,471	5,060
Total emoluments payable	<u>71,181</u>	<u>68,315</u>
	=====	=====

Key management personnel, in the current and previous year, are considered to be the Chief Executive and the Finance & Corporate Services Manager.

	<b>2020</b>	<b>2019</b>
	£	£
Emoluments payable to key management personnel (excluding pension contributions)	118,581	115,915
Employer's pension contributions	10,781	8,220
Total emoluments payable	<u>129,362</u>	<u>124,135</u>
	=====	=====

The number of key management personnel whose emoluments, excluding pension contributions, were above £60,000 for the year was:

	<b>2020</b>	<b>2019</b>
£60,001 to £70,000	1	1
	=====	=====

**6. Employee information**

	<b>2020</b>	<b>2019</b>
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	11	10
	=====	=====
The average total number of employees employed during the year was	11	10
	=====	=====

	£	£
Staff costs were:		
Wages and salaries	401,857	375,294
Social security costs	38,063	36,157
Other pension costs	40,346	32,749
	<u>480,266</u>	<u>444,200</u>
	=====	=====

**7. Interest payable**

	<b>2020</b>	<b>2019</b>
	£	£
On bank loans and overdrafts	355,741	388,660
	=====	=====

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £nil (2019: £nil).

**MUIRHOUSE HOUSING ASSOCIATION LIMITED**

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

**For the year ended 31 March 2020**

<b>8. Operating surplus before taxation</b>	<b>2020</b>	<b>2019</b>
	£	£
Surplus on ordinary activities before taxation is stated after charging:		
Depreciation - tangible owned fixed assets	961,579	940,984
Amortisation - intangible fixed assets	3,772	859
Amortisation - housing association grant	(458,470)	(458,470)
Auditors' remuneration - audit services	11,640	11,160
Operating lease rentals - other	1,128	1,503
	=====	=====

**9. Tax on surplus on ordinary**

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

<b>10. Fixed assets</b>	<b>Housing Properties held for letting</b>
	£
(a) Housing properties	
<b>Cost</b>	
As at 1 April 2019	41,988,621
Additions	523,385
Disposals	(115,846)
As at 31 March 2020	----- 42,396,160
<b>Depreciation</b>	
As at 1 April 2019	13,266,849
Charge for year	948,479
On disposals	(109,217)
As at 31 March 2020	----- 14,106,111
<b>Depreciated cost</b>	----- 28,290,049
<b>Net book value</b>	
As at 31 March 2020	----- 28,290,049
As at 31 March 2019	----- 28,721,772

<b>Expenditure on works to existing properties</b>	<b>2020</b>	<b>2019</b>
	£	£
Replacement component spend capitalised	523,385	864,594
Amounts charged to income and expenditure	349,549	237,031
Total major repairs spend	----- 872,934	----- 1,101,625
	=====	=====

There were no capitalised interest or development administration costs.

All land and housing properties are freehold. The cost of land included in housing properties is £2,948,774 (2019: £2,948,774).

The net book value of properties held as security is £18,611,874 (2019: £18,895,903).



MUIRHOUSE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

10. Fixed assets (continued)

Housing stock	2020 No.	2019 No.
The number of units of accommodation in management at the year end was:		
General needs - new build	513	513
- rehabilitation	57	57
	<u>570</u>	<u>570</u>
	=====	=====

The table below shows the property we own:

Managed Property Numbers	2020	2019
Tenanted Property	506	506
Properties leased as HMOs	4	4
Properties leased to Muirhouse Homes Limited for Mid-Market Rent	60	60
Total	570	570

(b) Other tangible assets

	Computer Equipment £	Office Premises £	Office F&F and Equip £	Total £
<b>Cost</b>				
As at 1 April 2019	48,149	130,761	28,000	206,910
Additions	5,517	-	118	5,635
	<u>53,666</u>	<u>130,761</u>	<u>28,118</u>	<u>212,545</u>
<b>Aggregate depreciation</b>				
As at 1 April 2019	27,792	44,461	21,974	94,227
Charge for year	9,236	2,347	1,517	13,100
	<u>37,028</u>	<u>46,808</u>	<u>23,491</u>	<u>107,327</u>
<b>Net book value</b>				
As at 31 March 2020	16,638	83,953	4,627	105,218
	=====	=====	=====	=====
As at 31 March 2019	20,357	86,300	6,026	112,683
	=====	=====	=====	=====

**MUIRHOUSE HOUSING ASSOCIATION LIMITED**

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

**For the year ended 31 March 2020**

**10. Fixed assets (continued)**

(c) Intangible assets

	<b>Computer Software</b>	<b>Total</b>
	£	£
<b>Cost</b>		
As at 1 April 2019	27,561	27,561
Additions	14,562	14,562
	-----	-----
As at 31 March 2020	42,123	42,123
	-----	-----
<b>Aggregate amortisation</b>		
As at 1 April 2019	26,057	26,057
Charge for year	3,772	3,772
	-----	-----
As at 31 March 2020	29,829	29,829
	-----	-----
<b>Net book value</b>		
As at 31 March 2020	12,294	12,294
	=====	=====
As at 31 March 2019	1,504	1,504
	=====	=====

**11. Investments**

	<b>2020</b>	<b>2019</b>
	£	£
<b>Cost</b>		
As at 1 April 2019 and 31 March 2020	1	1
	=====	=====

In 2014, Muirhouse Housing Association Limited set up a subsidiary called Muirhouse Homes Limited to collect the rent of properties which are on a mid market basis. It owns one share which is 100% of the share capital. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

	<b>2020</b>	<b>2019</b>
	£	£
<b>Aggregate capital and reserves</b>		
Muirhouse Homes Limited	87,504	61,526
	=====	=====
<b>Profit for the year</b>		
Muirhouse Homes Limited	25,978	41,093
	=====	=====

In the opinion of the Board of Management the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's Statement of Financial Position.

**12. Capital commitments**

	<b>2020</b>	<b>2019</b>
	£	£
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	-	221,524
	=====	=====

For the year ended 31 March 2020**13. Contingent liabilities**

Housing Association Grant received to assist in the funding of the development housing properties is recognised as deferred income and released to the Statement of Comprehensive Income on a systematic basis (as detailed in note 17); nonetheless this grant remains repayable should the associated property be disposed of and therefore a contingent liability exists in respect of the amortised amounts. At 31 March 2020, £8,262,190 (2019: £7,803,720) of grant had been amortised.

As the Association is a member of the Scottish Housing Association Pension Scheme (SHAPS), there is a potential debt on the employer of £1,629,006 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.

**14. Commitments under operating leases*****The company as a lessee:***

The total future minimum lease payments under non-cancellable operating leases are as follows:

	<b>2020</b>	<b>2019</b>
	£	£
Within 1 year	1,128	1,503
Between 1 and 2 years	-	1,128
Between 2 and 5 years	-	-
	=====	=====

***The company as a lessor:***

At the year end, the Association had contracted with its subsidiary Muirhouse Homes Limited, under non-cancellable operating leases, for the following future minimum lease payments:

	<b>2020</b>	<b>2019</b>
	£	£
Within 1 year	318,097	390,251
Between 2 and 5 years	1,272,388	-
	-----	-----
	1,590,485	390,251
	=====	=====

The operating leases represent leases of 60 properties to Muirhouse Homes Limited. The leases are negotiated over terms of 5 years (2019: 1 year) and the lease charge is subject to an annual increase.

**15. Debtors**

	<b>2020</b>	<b>2019</b>
	£	£
Arrears of rent and service charges	87,066	70,410
<u>Less:</u> Provision for doubtful debts	(27,495)	(15,682)
	-----	-----
	59,571	54,728
Prepayments and accrued income	74,283	88,955
Amounts owed by group undertakings	18,206	43,912
	-----	-----
	152,060	187,595
	=====	=====

**MUIRHOUSE HOUSING ASSOCIATION LIMITED**

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

**For the year ended 31 March 2020**

**16. Creditors:** Amounts falling due within one year

	<b>2020</b>	<b>2019</b>
	£	£
Housing loans (Note 17)	330,955	274,764
Trade creditors	124,441	312,834
Rent in advance	105,577	86,386
Other taxation and social security	10,785	10,251
Other creditors	10,882	9,572
Accruals and deferred income	151,172	118,962
Deferred Housing Association Grant (Note 17)	458,470	458,470
	<u>1,192,282</u>	<u>1,271,239</u>
	=====	=====

At the balance sheet date there were pension contributions outstanding of £9,669 (2019: £8,370).

**17. Creditors:** Amounts falling due after more than one year

	<b>2020</b>	<b>2019</b>
	£	£
Housing loans	8,613,120	8,726,140
Deferred Housing Association Grant	14,202,855	14,661,325
	<u>22,815,975</u>	<u>23,387,465</u>
	=====	=====

Housing loans are secured by specific charges on the Association's housing properties and repayable at varying rates of interest in instalments due as follows:

Within one year	330,955	274,764
Between one and two years	341,618	287,368
Between two and five years	1,461,742	916,319
In five years or more	6,809,760	7,522,453
	<u>8,944,075</u>	<u>9,000,904</u>
<u>Less:</u> Amount shown in current liabilities	(330,955)	(274,764)
	<u>8,613,120</u>	<u>8,726,140</u>
	=====	=====

All of the Association's bank borrowings are repayable on a monthly or quarterly basis with the principal being amortised over the term of the loan. All loans are amortised over a maximum of 25 years.

Interest is charged at fixed rates on loans totalling £4,930,775 (2019: £5,112,454) with rates varying between 4.29% and 6.3%. The remainder of the loans are charged at variable rate interest with margins ranging between 0% and 2.85% (2019: 1.10% and 2.85%). The average rate of interest paid in the year is 4.49% (2019: 3.40%).

**MUIRHOUSE HOUSING ASSOCIATION LIMITED**

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

**For the year ended 31 March 2020**

**17. Creditors: Amounts falling due after more than one year (continued)**

	<b>2020</b>	<b>2019</b>
	£	£
Deferred Housing Association Grant		
Balance b/fwd	15,119,795	15,578,265
Released in year	(458,470)	(458,470)
	<u>14,661,325</u>	<u>15,119,795</u>
	=====	=====
Analysis of the Deferred Housing Association Grant is as follows:-		
Within one year	458,470	458,470
Between one and two years	458,470	458,470
Between two and five years	1,375,410	1,375,410
In five years or more	12,368,975	12,827,445
	<u>14,661,325</u>	<u>15,119,795</u>
<u>Less:</u> Amount shown in current liabilities	(458,470)	(458,470)
	<u>14,202,855</u>	<u>14,661,325</u>
	=====	=====

**18. Provisions**

	<b>2020</b>	<b>2019</b>
	£	£
Pension deficit provision	-	179,092
Being de-recognition of pension deficit funding provision	-	(179,092)
	<u>-</u>	<u>-</u>
	=====	=====
The provision for pension deficit contributions is repayable as follows:		
Within one year	-	-
Between one and two years	-	-
Between two and five years	-	-
	<u>-</u>	<u>-</u>
	=====	=====

The liability for the past service contributions in 2019 has been accounted for in accordance with FRS102 para 28.13A and represents the present value of the contributions payable. The cash outflows have been discounted at a rate of nil (2019: nil). The de-recognition of this has been explained in note 19.

**19. Retirement Benefit Obligations**

**General**

Muirhouse Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme offers six benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earning with a 1/120th accrual rate, contracted in
- 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. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Muirhouse Housing Association Limited elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31 March 2012 and the final salary with a 1/80th benefit structure for new entrants from 1 April 2012. From 1 April 2015, the Association has also elected to operate the Defined Contribution option for new entrants. From 1 April 2017, all active members of the final salary scheme were transferred to the Defined Contribution scheme.

The Trustee commissions an actuarial valuation of the Scheme ever 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.

The actuarial valuation of the Scheme's assets at the valuation date is 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.

During the accounting period, Muirhouse Housing Association Limited paid no contributions to the final salary Defined Benefit Scheme and there were no members' contributions. Muirhouse Housing Association paid a maximum of 10% contribution to the Defined Contribution scheme and members' chose to contribute from 3% to 5%.

The Scheme is subject to funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which runs to 30 September 2022 for the majority of employers, although certain employers have different arrangements.

The Scheme is classified as a 'last man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

**MUIRHOUSE HOUSING ASSOCIATION LIMITED**

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

**For the year ended 31 March 2020**

**19. Retirement Benefit Obligations (continued)**

**General (continued)**

**Present values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Asset/(Liability)**

	2020 £	2019 £
Fair value of the plan of assets	1,916,000	1,558,000
Present value of defined benefit obligation	1,904,000	2,031,000
	<u>12,000</u>	<u>(473,000)</u>
Surplus/(deficit) in plan	12,000	(473,000)
Unrecognised surplus	(12,000)	-
	<u>-</u>	<u>(473,000)</u>
Defined benefit asset/(liability) to be recognised	-	(473,000)
Deferred tax	-	-
	<u>-</u>	<u>(473,000)</u>
Net defined benefit asset/(liability) to be recognised	- =====	(473,000) =====

*Reconciliation of the impact of the Asset Ceiling*

	Period from 31 March 2019 to 31 March 2020 £
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in the net interest cost	-
Actuarial losses/(gains) on asset ceiling	12,000
	<u>12,000</u>
Impact of asset ceiling at end of period	12,000 =====

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

	Period from 31 March 2019 to 31 March 2020 £
Defined benefit obligation at start of period	2,031,000
Current service cost	-
Expenses	1,000
Interest expense	48,000
Contributions by plan participants	-
Actuarial losses/(gains) due to scheme experience	73,000
Actuarial losses/(gains) due to changes in demographic assumptions	(11,000)
Actuarial losses/(gains) due to changes in financial assumptions	(237,000)
Benefits paid and expenses	(1,000)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses/(gains) on curtailments	-
Losses/(gains) due to benefit changes	-
Exchange rate changes	-
	<u>1,904,000</u> =====
Defined benefit obligation at end of period	1,904,000 =====

**MUIRHOUSE HOUSING ASSOCIATION LIMITED**

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

**For the year ended 31 March 2020**

**19. Retirement benefit obligations (continued)**

**General (continued)**

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

	Period from 31 March 2019 to 31 March 2020 £
Fair value of plan assets at start of period	1,558,000
Interest income	37,000
Experience on plan assets (excluding amounts included in interest income) – gain/(loss)	274,000
Contributions by the employer	48,000
Contributions by plan participants	-
Benefits paid and expenses	(1,000)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
	-----
Fair value of plan assets at end of the period	1,916,000
	=====

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2019 to 31 March 2020 was £311,000.

*Defined benefit costs recognised in statement of comprehensive income (SOCl)*

	Period From 31 March 2019 to 31 March 2020 £
Current service cost	-
Expenses	1,000
Net interest expense	11,000
Losses/(gains) on business combinations	-
Losses/(gains) on settlements	-
Losses/(gains) on curtailments	-
Losses/(gains) due to benefit changes	-
	-----
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	12,000
	=====

*Defined benefit costs recognised in other comprehensive income*

	Period From 31 March 2019 to 31 March 2020 £
Experience on plan assets (excluding amounts included in net interest cost) – gain/(loss)	274,000
Experience gains and losses arising on the plan liabilities – gain/(loss)	(73,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	11,000
Effects of the changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	237,000
	-----
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain/(loss)	449,000
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain/(loss)	(12,000)
	-----
Total amount recognised in other comprehensive income – gain/(loss)	437,000
	=====



For the year ended 31 March 2020

**19. Retirement benefit obligations (continued)**

**General (continued)**

*Assets*

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Global Equity	263,000	251,000
Absolute Return	118,000	132,000
Distressed Opportunities	35,000	27,000
Credit Relative Value	46,000	27,000
Alternative Risk Premia	154,000	87,000
Fund of Hedge Funds	-	4,000
Emerging Markets Debt	68,000	50,000
Risk Sharing	61,000	45,000
Insurance-Linked Securities	51,000	40,000
Property	36,000	31,000
Infrastructure	113,000	65,000
Private Debt	38,000	20,000
Opportunistic Illiquid Credit	47,000	-
Corporate Bond Fund	140,000	109,000
Liquid Credit	50,000	-
Long Lease Property	47,000	19,000
Secured Income	106,000	54,000
Over 15 Year Gilts	24,000	40,000
Index Linked All Stock Gilts	-	-
Liability Driven Investment	504,000	555,000
Net Current Assets	15,000	2,000
	<hr/>	<hr/>
Total assets	1,916,000	1,558,000
	<hr/>	<hr/>

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions. The principal actuarial assumptions at the year-end were as follows:

	<b>31 March</b>	<b>31 March</b>
	<b>2020</b>	<b>2019</b>
	%	%
Discount rate	2.35	2.35
Inflation (RPI)	2.56	3.25
Inflation (CPI)	1.56	2.25
Salary Growth	2.56	3.25
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65
• Male retiring in 2020	21.5 years
• Female retiring in 2020	23.2 years
• Male retiring in 2039	22.8 years
• Female retiring in 2039	24.5 years

**19. Retirement benefit obligations (continued)**

**Growth Plan**

Muirhouse Housing Association participates in the Pension Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits of this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Growth Plan every 3 years. The purpose of the actuarial valuation is to determine the financial position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Growth Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by way of agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

The Association paid regular contributions of £nil during the accounting period. Members paid contributions of £nil during the accounting period.

As at the Balance Sheet date there were no active members of the Plan employed by the Association. The Association continues to offer membership of the plan to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2017 were completed in 2019 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £794.9 million and the Plan's Technical Provisions (i.e. past service liabilities) were £926.4 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £131.5 million, equivalent to a past service funding level of 86%. The funding deficit has decreased from £176.5m at 30 September 2014 to £131.5m at 30 September 2017, a decrease of approximately 26.7%.

**19. Retirement benefit obligations (continued)**

**Growth Plan (continued)**

The Plan's funding level and deficit has seen a notable improvement since the 2014 valuation. The main reasons for the positive change in the funding level since 30 September 2014 are:

- the deficit contributions and employer debts that have been paid over the period, resulting in a reduction in the deficit;
- membership movements such as transfers out and members taking cash at retirement have been higher than expected, resulting in a reduction in the Plan liabilities;
- a change in assumptions to reflect changes in insurer pricing, resulting in a reduction in the value of Plan liabilities.

These items have been partially offset by a decrease in the gilt yields, reducing expectations for future investment returns, resulting in an increase in the value of the Plan liabilities. The buy-out funding deficit has decreased from £255.4m at 30 September 2014 to £187.2m at 30 September 2017, a decrease of 26.7%.

The buy-out basis is the statutory basis for calculating an employer's debt on withdrawal. The debt on withdrawal is the withdrawing employer's share of the difference between the Plan's assets and the Plan Actuary's estimate of the amount an insurance company would charge to take on responsibility for paying all of the benefits due.

Based on the new recovery plan, the Plan has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals, the Association will make annual payments of £353 from 1 April 2020. Payments are expected to increase by 3% per annum. At the balance sheet date, the present value of this obligation was £1,702 (2019: £2,065). This was calculated by reference to the terms of the provisional valuation and funding plan and discounted liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 2.53% (2019: 1.39%).

The scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The estimated cost to the Association of withdrawal from the Growth Plan is £5,136.

MUIRHOUSE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

20. Statement of Cash Flows	2020	2019
	£	£
<b>Cash flows from operating activities</b>		
Cash generated from operations		
Surplus for the year	593,925	28,631
Adjustment for non-cash items		
Depreciation of tangible fixed assets	965,351	941,842
Decrease/(Increase) in trade and other debtors	35,535	(69,353)
(Decrease)/Increase in trade and other creditors	(135,149)	220,010
(Decrease)/Increase in pension provision	(473,000)	293,908
Adjustments for investing or financing activities:		
Housing Association grants utilised in the year	(458,470)	(458,470)
Loss on sale of tangible fixed assets	6,629	67,915
Interest receivable	(3,642)	(3,505)
Interest payable	355,741	388,660
	-----	-----
Total cash generated from operating activities	886,920	1,409,638
	=====	=====

**21. Cash and cash equivalents**

	At 1 April 2019 £	Movement in year £	At 31 March 2020 £
Cash at bank and in hand	1,513,792	(65,589)	1,448,203
	=====	=====	=====

**Reconciliation of net cash flow to movement in net debt**

	2020 £
Cash movement in the year	65,589
Cash outflow from debt financing	(56,827)
	-----
Change in debt resulting from cash flows	8,762
Net Debt at the start of the year	7,487,112
	-----
<b>Net Debt at the end of the year</b>	<b>7,495,874</b>
	=====

**Analysis of changes in net debt**

	At 1 April 2019 £	Cashflow Changes £	Other Non- Cashflow Changes £	At 31 March 2020 £
<b>Cash and cash equivalents</b>				
Cash at bank and in hand	1,513,792	(65,589)	-	1,448,203
<b>Borrowings</b>				
Debt due within one year	(274,764)	274,764	(330,955)	(330,955)
Debt due after one year	(8,726,140)	(217,937)	330,955	(8,613,122)
	-----	-----	-----	-----
	(9,000,904)	56,827	-	(8,944,077)
	-----	-----	-----	-----
Total	(7,487,112)	(8,762)	-	(7,495,874)
	=====	=====	=====	=====

**22. Share capital**

	Ordinary Shares of £1 each issued and fully paid
	£
At 31 March 2019	56
Issued in the year	-
	-----
At 31 March 2020	56
	=====

Each members of Association holds one share of £1 in the Association. These shares carry no right to dividend or distribution 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. Other debtors includes an amount of £8 in relation to unpaid share capital.

**23. Reserves**

Share capital – represents the nominal value of shares that have been issued.

Revenue reserves – includes all current and previous retained surpluses.

**24. Related party transactions**

Members of the Board of Management are related parties of the Association as defined by the Financial Reporting Standard 102 (FRS102).

Some members of the Board of Management are also tenants of the Association. Their tenancies are all on the same terms as for other tenants and no advantage can be gained from their position.

Governing Body members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body member has a connection with is made at arm's length and is under normal commercial terms.

The Members of the Board of Management can receive a maximum of £15 per month each for internet access and in total members received £1,283 (2019: £2,230) for reimbursement of expenses.

The Association leased 60 properties during the year to Muirhouse Homes Limited, a subsidiary of Muirhouse Housing Association Limited which was set up to accommodate the properties which receive rent on a mid-market basis, receiving £310,339 (2019: £301,300) in respect of these leases. In addition, it provided management services totalling £15,120 (2019: £15,120) to Muirhouse Homes Limited. Muirhouse Homes Limited agreed a gift aid distribution of £nil (2019: £41,093) to the Association. The balance due from Muirhouse Homes Limited at 31 March 2020 was £18,206 (2019: £43,912) and is included in the Association's debtors in note 15.

4 of the Board of Management were tenants of the Association at 31 March 2020. They have standard tenancy agreements and were awarded their tenancies in line with best practice allocations policy. The total rental charge to the tenant Committee Members for the year was £14,390 (2019: £18,255) and the net balance outstanding as at 31 March 2020 was £nil (2019: £263).

Board of Management members J R Douglas, A M Thoronka, and R McDougall are also directors of Muirhouse Homes Limited.

