

Company Number SP02382R
Scottish Charity Number SC031773

ORE VALLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2021

C |
— |
T

ORE VALLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

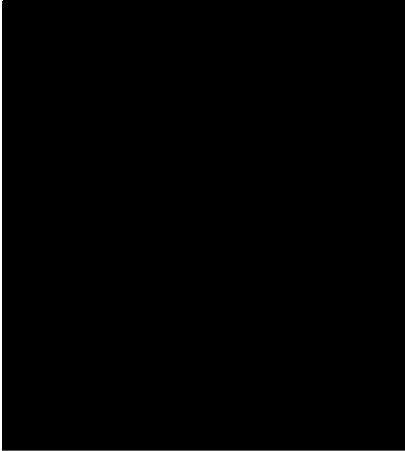
For the year ended 31 March 2021

	Page
Members, executives and advisers	1
Report of the management committee	2 - 5
Report of the auditors	6 - 8
Statement of comprehensive income	9
Statement of changes in reserves	10
Statement of financial position	11
Statement of cash flows	12 - 13
Notes to the financial statements	14 - 26

ORE VALLEY HOUSING ASSOCIATION LIMITED

MEMBERS, EXECUTIVES AND ADVISERS

Management Committee



Registered Office

114-116 Station Road
Cardenden
Fife
KY5 0BW

Finance Agents

Chiene + Tait LLP
Chartered Accountants
61 Dublin Street
Edinburgh
EH3 6NL

Auditors

Bird Simpson & Company
144 Nethergate
Dundee
DD1 4EB

Bankers

Royal Bank of Scotland
23/25 Rosslyn Street
Kirkcaldy
KY1 3HW

Solicitors

TC Young
7 West George Street
Glasgow
G2 1BA

Chief Executive

A Saunders

Registration Information

Financial Conduct Authority No: 2382R(S)
The Scottish Housing Regulator No: 236
Scottish Charity No: SC031773

ORE VALLEY HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE

For the year ended 31 March 2021

The Management Committee present their report and the audited financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the Association is to provide affordable rented housing and related housing services.

Review of the business and future developments

The Association continues to be an active participant in the Fife Housing Association Alliance along with the three other Fife based Housing Associations. During the year we have continued our work aimed at delivering a number of future new housing development projects. New homes will contribute towards meeting the housing needs of people living in communities located in Central Fife. To this end work has commenced on two sites, one in Lochgelly and one in Cardenden. The first phase of properties at Hugh Place in Lochgelly were handed over with a further phase to follow early next financial year.

It is anticipated that the combined impacts of Covid and Brexit will impact on the availability and costs of both labour and materials which could affect both our new build and property maintenance programmes.

Ore Valley HA through its subsidiary Ore Valley Enterprises Ltd. will continue to consider alternative approaches to providing new houses that will allow us to continue to meet the housing needs and demands of local communities.

During the course of the year 31 properties at Rosewell drive in Lochore which had been leased by Ore Valley Enterprise Ltd. from the developer were bought by Ore Valley Housing Association, the Association has stepped into the lease as owner, with the intention of the lease being reviewed in the coming year.

During Covid restrictions, the Association's annual planned maintenance programme was disrupted and it was not possible to complete all planned works, work that has been delayed has been assessed and will be rolled into programmes for following years.

Through the delivery of maintenance and repair works we continue to ensure that our homes meet a high standard and the requirements of the Scottish Housing Quality Standard (SHQS), subject to any permitted exemption or abeyance.

In addition to SHQS the Energy Efficiency Standard for Social Housing (EESH) has been introduced by the Scottish Government. All social landlords were expected to meet the new standard by the end of 2020. We have ensured that every effort was made to meet the EESH standard by the target date and in the small number of cases where the standard has not been made work is progressing to ensure as much as possible is done to ensure that these homes are as energy efficient as possible.

The introduction of new standards for fire detection in all homes was introduced during the year, Ore Valley HA obtained an interest free loan from the Scottish Government and a contract was delivered to ensure that all homes met the new standard.

During the last year Covid restrictions and impacts have led to increased demand for tenancy support services. It is anticipated that this demand will continue to increase during the new financial year.

During the year our subsidiary wind project company was able to make a significant gift aid contribution to OVHA which is being used to support a range of community initiatives.

During the course of the year the Association implemented the final year of phasing in of the new rental structure.

Measures continued to be adopted to address the COVID-19 global pandemic and these restrictions have had a very significant impact on how we work. During the course of working restrictions we have been able to keep the whole staff team working and have adapted to the circumstances with increasing focus on the provision of support to our tenants.

ORE VALLEY HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2021

We are anticipating that the impacts from the pandemic will be long lasting and we will consider our structures and the most appropriate ways to progress as we move forward.

During the year we commenced a significant organisational review, focusing resources on core services to tenants and other customers and also on the development of a strong corporate core to ensure that statutory and regulatory requirements are met along with the provision of analysis and insight to ensure that our services continue to improve.

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. We will introduce new lead indicators as part of our development of a strong corporate core.

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.

The principal risks facing the Association are:

- Covid-19 Pandemic Recovery
- Brexit issues relating to labour and materials
- Government policy
- Welfare reform
- Business continuity and disaster recovery
- Development and growth
- Economic and Financial impacts

Governance

The Committee of Management are listed on page 1. The Committee of Management meet at least three times a year where they are advised by the Chief Executive and Finance Agents.

The Chief Executive is in charge of the day to day management of the Association, with the support of the management team and the Finance Agents. He advises the Management Committee on strategy. The Management Committee are ultimately in charge of decision making. The financial systems have an additional level of assurance through the accounting support from the Finance Agents.

Changes in fixed assets

Details of fixed assets are set out in notes 10 to 12 on pages 19 to 20.

The Management Committee and Executive Officer

The Management Committee and Executive Officers of the Association are listed on page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officer of the Association holds no interest in the Association's share capital and acts as an executive within the authority delegated by the Committee.

ORE VALLEY HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2021

Statement of Committee's responsibilities

Housing Association legislation requires the Committee 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 the year ended on that date. In preparing those Financial Statements the Committee are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. The Committee 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 of internal financial control

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

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

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

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

1. Formal policies and procedures are in place for the appointment of suitably qualified and experienced senior staff members and consultants. These policies and procedures also detail duties and levels of authority for Committee Members, staff and agents.
2. A system of budgetary control is implemented with investigation of variances and reporting to the Committee on a quarterly basis.
3. A strategic plan and medium-term projections have been prepared and approved by the Committee. These will be reviewed annually.
4. The Committee reviews reports from Management Agents and from the auditors to provide reasonable assurance that control procedures are in place and are being followed.
5. All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures at full Committee level.

The Committee has reviewed the effectiveness of the system of internal financial controls in existence for the year ended 31 March 2021. 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.

ORE VALLEY HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2021

Disclosure of information to auditors

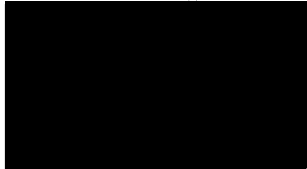
As far as each of the members of the management committee, at the time the report is approved, are aware:

- there is no relevant information of which the auditors are unaware; and
- the members of the management committee have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant information and to establish that the auditors are aware of the information.

Auditors

Following a tender process for audit services, a resolution to re-appoint Bird Simpson & Co as auditors will be proposed at the annual general meeting.

BY ORDER OF THE COMMITTEE



21st September 2021

ORE VALLEY HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

Opinion

We have audited the financial statements of Ore Valley Housing Association for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 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 2019 issued by the Scottish Housing Regulator.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Management Committee are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, 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.

ORE VALLEY HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

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

Responsibilities of the Management Committee

As explained more fully in the Statement of the Management Committees Responsibilities set out on page 3, the Management Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee 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 Management Committee are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

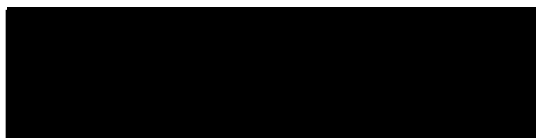
We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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. This description forms part of our auditors report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the company's members, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**For and on behalf of
Bird Simpson & Co
Chartered Accountants and
Registered Auditors
144 Nethergate
Dundee DD1 4EB**

21st September 2021

ORE VALLEY HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

In addition to our audit of the financial statements, we have reviewed the Committee's statement on internal financial controls set out on page 3. The object of our review is to draw attention to any non-compliance with Scottish Homes Guidance Note 2001/10.

We carried out our review in accordance with guidance issued by the Auditing Practices Board. The guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures.

With respect to the Committee's statements on internal control on page 3 in our opinion the Committee have provided the disclosures required under Scottish Homes Guidance Note 2001/10 referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain committee members and officers of the Association and examination of relevant documents, in our opinion, the Committee's statement on page 3 appropriately reflects the Association's compliance with the Scottish Homes Guidance Note 2001/10 specified for our review.



**For and on behalf of
Bird Simpson & Co
Chartered Accountants and
Registered Auditors
144 Nethergate
Dundee DD1 4EB**

21st September 2021

ORE VALLEY HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021	2020
		£	£
Turnover	2	3,645,705	3,498,830
Operating expenditure	2	(2,830,245)	(2,766,593)
Operating surplus		<u>815,460</u>	<u>732,237</u>
Interest receivable		17,177	22,870
Interest and financing costs	8	(561,162)	(619,445)
(Deficit)/Surplus before tax		<u>271,475</u>	<u>135,662</u>
Tax on ordinary activities	9	-	-
(Deficit)/Surplus		<u>271,475</u>	<u>135,662</u>
Re-measurement caused by pension valuation		(335,216)	344,508
Total comprehensive income for the year		<u><u>(63,741)</u></u>	<u><u>480,170</u></u>

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

The notes on pages 14 to 26 form part of these financial statements.

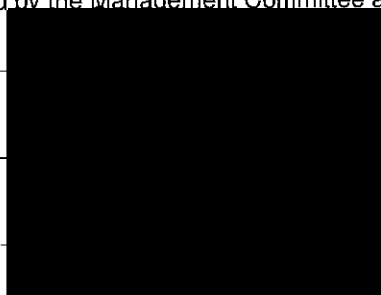
ORE VALLEY HOUSING ASSOCIATION LIMITED**STATEMENT OF CHANGES IN RESERVES****For the year ended 31 March 2021**

	Share Capital	Revenue Reserves	Total Unrestricted Funds
	£	£	£
Balance at 1 April 2020	74	825,046	825,120
Share capital cancelled in year	(1)	-	(1)
Share capital issued in year	5	-	5
Deficit from statement of total comprehensive income	-	(63,741)	(63,741)
	-----	-----	-----
Balance at 31 March 2021	78	761,305	761,383
	=====	=====	=====
Prior year			
Balance at 1 April 2019	75	344,876	344,951
Share capital cancelled in year	(1)	-	(1)
Share capital issued in year	-	-	-
Surplus from statement of total comprehensive income	-	480,170	480,170
	-----	-----	-----
Balance at 31 March 2020	74	825,046	825,120
	=====	=====	=====

ORE VALLEY HOUSING ASSOCIATION LIMITED**STATEMENT OF FINANCIAL POSITION****As at 31 March 2021**

	Notes	2021 £	2020 £
Fixed assets			
Housing properties	10	36,913,227	31,467,075
Other fixed assets	11	864,378	883,409
Investments	12	2	2
		<u>37,777,607</u>	<u>32,350,486</u>
Current assets			
Debtors (amounts falling due within one year)	13	372,902	392,151
Debtors (amounts falling due after one year)	13	443,890	405,835
Cash and cash equivalents		4,111,117	2,006,130
		<u>4,927,909</u>	<u>2,804,116</u>
Creditors: amounts falling due within one year	14	<u>(1,315,240)</u>	<u>(1,233,108)</u>
Net current assets		<u>3,612,669</u>	<u>1,571,008</u>
Total assets less current liabilities		<u>41,390,276</u>	<u>33,921,494</u>
Creditors: amounts owed after more than one year	15	<u>(40,628,893)</u>	<u>(33,096,374)</u>
Net assets		<u>761,383</u>	<u>825,120</u>
Capital and reserves			
Share capital (non-equity)	16	78	74
Revenue reserves	17	761,305	825,046
		<u>761,383</u>	<u>825,120</u>

Approved by the Management Committee and signed on its behalf by:



Chair

Secretary

Management Committee Member

21st September 2021

The notes on pages 14 to 26 form part of these financial statements.

ORE VALLEY HOUSING ASSOCIATION LIMITED**STATEMENT OF CASH FLOWS****For the year ended 31 March 2021**

	2021	2020
	£	£
Net cash generated from operating activities	1,130,236	1,582,853
Cash flows from investing activities		
Purchase of tangible fixed assets	(6,234,399)	(480,392)
Receipts from sale of tangible fixed assets	4,964	-
Housing Grants received	2,495,800	80,000
Interest received	17,177	22,870
Cash flows from financing activities		
Interest paid	(561,162)	(619,445)
New Loans	9,410,000	202,120
Repayment of borrowings	(4,157,633)	(449,676)
Share capital issued	5	-
Share capital cancelled	(1)	(1)
Net change in cash and cash equivalents in year	2,104,987	338,329
Cash and cash equivalents at beginning of year	2,006,130	1,667,801
Cash and cash equivalents at end of year	4,111,117	2,006,130
Net cash flow generated from operating activities		
Surplus/(deficit) for the year	(63,741)	480,170
Depreciation and loss on disposal of tangible fixed assets	802,316	784,378
Government grants utilised in the year	(371,788)	(361,788)
Release of other grants	(3,158)	(2,896)
Decrease/(increase) in debtors	(18,806)	443,332
(Decrease)/increase in creditors	241,428	(356,918)
Adjustments for investing or financing activities:		
Interest and financing costs	561,162	619,445
Interest receivable	(17,177)	(22,870)
Net cash inflow from operating activities	1,130,236	1,582,853

The notes on pages 14 to 26 form part of these financial statements.

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	At 31 March 2020 £	Cash Flows £	Non-Cash Flows £	At 31 March 2021 £
Analysis of changes in debt				
Cash at bank and in hand	2,006,130	1,015,750	1,089,237	4,111,117
Debt due within one year	(499,115)	499,115	(479,257)	(479,257)
Debt due after one year	(13,724,268)	(5,252,367)	(19,858)	(18,996,493)
	-----	-----	-----	-----
	(12,217,253)	(3,737,502)	590,122	(15,364,633)
	=====	=====	=====	=====

Reconciliation of net cash to movement in net debt	2021 £	2020 £
Increase/(decrease) in cash	2,104,987	338,329
Loans repaid	4,157,633	449,676
Loans received	(9,410,000)	(202,120)
	-----	-----
Change in net debt	(3,147,380)	585,885
Net debt at 1 April 2020	(12,217,253)	(12,803,138)
	-----	-----
Net debt at 31 March 2021	(15,364,633)	(12,217,253)
	=====	=====

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. Principal Accounting Policies

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice for social housing providers "Housing SORP 2018 and the Determination of Accounting Requirements 2019".

Legal Status

Ore Valley Housing Association Limited is registered under the Co-operative and Community Benefit Societies Act 2014 No.2382RS and is a registered Scottish charity No.SC031773. Ore Valley 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 114-116 Station Road, Cardenden, KY8 0BW.

The principal accounting policies of the Association are set out below.

Basis of Accounting

The Financial Statements are prepared on the historical cost basis of accounting.

The Financial Statements have been presented in Pound Sterling as this is the functional and presentational currency of the Company.

Consolidation

Ore Valley Housing Association Limited has Group Accounts Exception under Section 99 of the Co-operative and Community Benefit Societies Act 2014.

Turnover

The Association's turnover represents rental income (net of voids) and revenue based grants.

Tangible Fixed Assets – Housing Properties

Housing properties including developments in progress are stated at cost less aggregate depreciation.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

Social Housing Grant

Social Housing Grant (SHG) is receivable in respect of qualifying development costs as determined by Communities Scotland from time to time. SHG is repayable under certain circumstances, primarily following the sale of a property but will normally be restricted to the net proceeds of sale.

Capital grants are accounted for using the accrual model and are recognised in income on a systematic basis over the useful life of the related housing asset. The Association uses the useful lives of all housing components on a pro-rata basis to calculate the annual amortisation.

Other social housing grants received in respect of revenue expenditure are credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Depreciation and impairment of fixed assets

a. Housing properties

Depreciation is provided on a straight-line basis over the estimated useful economic lives of component categories.

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

1. Principal Accounting Policies (continued)

Depreciation and impairment of fixed assets (continued)

Useful economic lives for identified components are as follows:

Component	Useful economic life
Structure	75 years
Roof	50 years
Windows and doors	25 years
Bathrooms	30 years
Kitchens	20 years
Boilers	15 years
Pipework and radiators	15 years
Electrical systems	30 years
External wall insulation	30 years

In the case of properties with an expected useful economic life of more than 50 years, impairment reviews are carried out on an annual basis in accordance with section 27 of FRS102. Where impairment reduces the economic value of a group of properties to an amount less than the net book value, the impairment is charged to the Statement of Comprehensive Income. Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost less residual value of such assets over their expected useful life as follows:

Land	nil
Properties	2% per annum - straight line
Office equipment	20% per annum - straight line
Computer equipment	20% per annum - straight line
Motor vehicles	20% per annum - straight line

Assets in the course of construction are not depreciated.

Works to existing housing properties

Where works to existing housing properties enhance the economic benefit of owning the properties, the cost of such works is capitalised. An enhancement of economic benefits will be recognised where the works will result in increased rental income, a reduction in maintenance costs or an extension of the expected useful life of the properties.

The cost of all other works to existing housing properties is written off to the Income and Expenditure Account in the year in which it is incurred.

Capitalisation of development overheads

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

Development interest

Interest on borrowings specifically financing a development programme is capitalised to the extent that it accrues in respect of the period during which development activities are in progress. All other interest is written off to the Income and Expenditure Account in the period in which it accrues.

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

1. Principal Accounting Policies (continued)

Sale of Housing Properties

The surplus or deficit on the disposal of housing properties is shown as the difference between net proceeds and net book value. The net book value is reduced by the amount of any Housing Association Grant which does not require to be repaid.

Grants

Grants are recognised in the period in which they are received. Any grants received for the purchase of specific fixed assets are recognised over the estimated useful economic life of the asset.

Pensions

The Association operates a defined benefits Pension Scheme, the costs of which are expressed on an accruals basis. The assets of the Scheme are held separately from those of the Association in an independently administered Fund.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Taxation

The Association has obtained charitable status and no liability to tax has accrued to date. Ore Valley Enterprises Limited, Ore Valley Energy Limited and Ore Valley Heating Limited, subsidiary companies are liable to tax.

Going concern

The financial statements have been prepared on the going concern basis. The Board have assessed the Association's ability to continue as a going concern and have reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements. The Board are aware of the material uncertainties posed by the COVID-19 pandemic as it continues to influence the lives of tenants and the Association. The Board have been prudent in ensuring the Association is in position to deal with this outbreak and provisions have been made for this impact.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Particulars Turnover, operating costs and operating surplus

	Turnover	Operating Costs	2021 Operating Surplus	2020 Operating Surplus
	£	£	£	£
Affordable letting activities (note 3)	3,405,866	2,773,797	632,069	812,675
Other activities (note 4)	239,839	56,448	183,391	(80,438)
Total 2021	3,645,705	2,830,245	815,460	732,237
Total 2020	3,498,830	2,766,593	732,237	

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

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

	General Needs Housing and Total	
	2021	2020
	£	£
Income from lettings		
Rent receivable net of service charges	3,044,804	2,971,962
Service charges receivable	-	-
	-----	-----
Gross income from rents and service charges	3,044,804	2,971,962
Less: Voids	(25,617)	(13,089)
	-----	-----
Net income from rents and service charges	3,019,187	2,958,873
Grants released from deferred income	371,788	361,788
Other revenue grants	14,891	47,567
	-----	-----
Total turnover from affordable letting activities	3,405,866	3,368,228
Expenditure on letting activities		
Management and maintenance admin costs	1,272,798	1,134,438
Service costs	5,095	2,842
Planned and cyclical maintenance including major repairs costs	482,639	354,189
Reactive maintenance costs	232,035	260,339
Bad debts – rents and service charges	19,977	53,430
Depreciation and loss on disposal of affordable housing properties	761,253	750,315
	-----	-----
Operating costs for affordable letting activities	2,773,797	2,555,553
	-----	-----
Operating surplus for affordable letting activities	632,069	812,675
	=====	=====
Operating surplus for affordable letting activities for previous year	812,675	
	=====	

There is no other accommodation except for General Needs Housing.

	2021	2020
	No.	No.
Number of homes in management	720	674
	=====	=====

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

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

	Grants from Scottish Ministers £	Other Supporting revenue grants £	Other Supporting people income £	Other income £	Total turnover £	Operating costs - bad debts £	Other operating costs £	Operating surplus or deficit 2021 £	Operating surplus or deficit 2020 £
Wider role activities undertaken to support the community, other than the provision, construction improvements and management of housing	-	3,158	-	-	3,158	-	56,448	(53,290)	(201,381)
Other activities	-	-	-	236,681	236,681	-	-	236,681	120,943
Total from other activities 2021	-	3,158	-	236,681	239,839	-	56,448	183,391	(80,438)
Total from other activities 2020	-	9,659	-	120,943	130,602	154,001	57,039	(80,438)	

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

ORE VALLEY HOUSING ASSOCIATION**NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2021**

5. Surplus on ordinary activities before taxation	2021	2020
	£	£
Surplus on ordinary activities before taxation is stated after:		
Depreciation and loss on disposal	802,316	784,378
Auditors' remuneration for audit services (incl VAT)	4,493	4,360
	=====	=====

6. Officers' emoluments

An officer of an Association is defined by the Registered Housing Association (Accounting Requirements) (Scotland) Order 2007 as the Chief Executive and any other person reporting directly to the Chief Executive or directly to the Board and whose total emoluments exceed £60,000 per year.

No emoluments were paid to any Member of the Committee of Management and the emoluments of the Chief Executive were:

	2021	2020
	£	£
Total emoluments (including pension contributions of £6,850 (2020: £6,742))	76,753	75,544
	=====	=====
Total expenses reimbursed to Committee Members and the Chief Executive	-	519
	=====	=====

The Chief Executive is an ordinary member of the Association's pension scheme described in note 18. No enhanced or special terms apply and he has no other pension arrangements to which the Association contributes.

There are no staff costs within the subsidiary companies.

7. Employee information	2021	2020
	£	£
Staff costs (including Chief Executive)		
Wages and salaries	632,974	573,291
Social security costs	60,516	55,403
Pension costs	50,275	44,815
Group Life Cover	2,781	2,624
	=====	=====
	746,546	676,133
	=====	=====

The average number of persons (full time equivalents) employed by the Association during the year	21	19
	=====	=====

8. Interest and financing costs	2021	2020
	£	£
Interest payable on loans	562,162	611,445
Net interest payable – pension liability	(1,000)	8,000
	=====	=====
	561,162	619,445
	=====	=====

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

9. Taxation on ordinary Activities	2021	2020
	£	£
Current year corporation tax	-	-
	=====	=====

10. Tangible fixed assets	Held for Letting	Under Construction	Total 2021	Total 2020
	£	£	£	£
Housing Properties				
Cost				
As at 1 April 2020	39,892,049	239,181	40,131,230	39,774,863
Additions	5,944,225	263,180	6,207,405	414,386
Transfer	-	-	-	-
Disposals	(53,247)	-	(53,247)	(58,019)
At 31 March 2021	45,783,027	502,361	46,285,388	40,131,230
Depreciation				
As at 1 April 2020	8,664,155	-	8,664,155	7,971,860
Charge for year	745,050	-	745,050	731,269
On disposals	(37,044)	-	(37,044)	(38,974)
At 31 March 2021	9,372,161	-	9,372,161	8,664,155
Net book value				
At 31 March 2021	36,410,866	502,361	36,913,227	31,467,075
At 31 March 2020	31,227,894	239,181	31,467,075	

11. Tangible fixed assets	Land & Buildings	Computer Equipment	Office Equipment	Motor Vehicles	Total
	£	£	£	£	£
Other fixed assets					
Cost or valuation:					
As at 1 April 2020	1,016,055	88,589	59,381	52,134	1,216,159
Additions during year	-	-	-	26,994	26,994
Disposals	-	-	-	(32,308)	(32,308)
At 31 March 2021	1,016,055	88,589	59,381	46,820	1,210,845
Depreciation					
As at 1 April 2020	198,594	80,709	23,735	29,712	332,750
Charge for year	18,363	3,321	8,870	7,785	38,339
Disposals	-	-	-	(24,622)	(24,622)
At 31 March 2021	216,957	84,030	32,605	12,875	346,467
Net book value					
At 31 March 2021	799,098	4,559	26,776	33,945	864,378
At 31 March 2020	817,400	7,880	35,646	22,422	883,409

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

12. Investments	2021	2020
	£	£
Cost		
As at 1 April 2020	2	2
Additions during year	-	-
	-----	-----
At 31 March 2021	2	2
	=====	=====

Ore Valley Housing Association Limited owns one share which is 100% of the share capital of Ore Valley Enterprises Limited and one share which is 100% of the share capital of Cardenden Heat and Power Limited. Cardenden Heat and Power Limited has two 100% owned subsidiaries, Ore Valley Energy Limited and Ore Valley Heating Limited.

The Association also owns 100% of Ore Valley Community Initiatives Limited, a company limited by guarantee and therefore the investment is shown at nil cost.

Aggregate capital and reserves	2021	2020
	£	£
Ore Valley Community Initiatives Limited	1,492,190	1,487,250
Ore Valley Enterprises Limited	(86,239)	(185,574)
Cardenden Heat and Power Limited (as at 31/12/2020)	(112)	(4,826)
Ore Valley Energy Limited (as at 31/12/2020)	12,108	(10,615)
Ore Valley Heating Limited (as at 31/12/2020)	(75,203)	(66,186)
	=====	=====

Profit/(loss) for the year	2021	2020
	£	£
Ore Valley Community Initiatives Limited	4,940	(2,464)
Ore Valley Enterprises Limited	99,335	20,172
Cardenden Heat and Power Limited (for the year ended 31/12/2020)	4,714	5,025
Ore Valley Energy Limited (for the year ended 31/12/2020)	72,723	(4,121)
Ore Valley Heating Limited (for the year ended 31/12/2020)	(9,017)	(10,913)
	=====	=====

13. Debtors	2021	2020
	£	£
Due within one year		
Amounts owed by group undertakings	188,165	225,062
Other debtors and prepayments	133,061	105,702
Rental debtors	189,544	179,278
Provision for doubtful debts	(137,868)	(117,891)
	-----	-----
	372,902	392,151
	=====	=====
Due after one year		
Amounts owed by group undertakings	366,515	366,515
Other debtors	77,375	39,320
	-----	-----
	443,890	405,835
	=====	=====

Included in 'Amounts owed by group undertakings' of the Association are two loans of £366,615 due from Ore Valley Community Initiatives Limited of which £366,515 is due after one year.

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

14. Creditors: Amounts falling due within one year	2021	2020
	£	£
Other creditors	265,437	251,244
Taxation and social security	20,605	27,043
Prepayment of rent	123,841	93,916
Bank loans	479,257	499,115
Deferred Housing Association Grant	426,100	361,790
	-----	-----
	1,315,240	1,233,108
	=====	=====

15. Creditors: Amounts falling due after one year	2021	2020
	£	£
Bank loans	18,996,493	13,724,268
Deferred Housing Association Grant	21,431,808	19,372,106
Pension deficit contributions	200,592	-
	-----	-----
	40,628,893	33,096,374
	=====	=====

The property loans are repayable in instalments over a period ranging up to 30 years.

Loans totalling £15,360,894 at 31 March 2021 carry interest at rates fixed for periods of up to 30 years. Loans totalling £3,892,099 at 31 March 2021 carry interest at variable rates or periods up to 30 years. At the balance sheet date, the loans were at rates between 0.95% and 6.87%. At the balance sheet date, there were two interest free loans of £222,757.

All loans are secured over the housing properties owned by the Association.

	Association	
	2021	2020
	£	£
Loan instalments are due as follows:		
Within one year	479,257	499,115
Between one and two years	495,802	862,518
Between two and five years	1,676,989	1,498,175
After more than five years	16,843,763	11,363,575
	-----	-----
	19,495,811	14,223,383
	=====	=====

	2021	2020
	£	£
Deferred Housing Association Grant		
Due within one year	426,100	361,790
Due between one and two years	432,600	361,790
Due between three and five years	1,450,777	1,345,831
Due after 5 years	19,548,434	17,664,485
	-----	-----
	21,857,908	19,733,896
	-----	-----
Less: included in current liabilities above	426,100	361,790
	-----	-----
	21,431,808	19,372,106
	=====	=====

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

16. Share capital (not equity)	2021	2020
	£	£
Allotted, issued and fully paid		
At 1 April 2020	74	75
Issued in year	5	-
	-----	-----
	79	75
Cancelled in the year	(1)	(1)
	-----	-----
At 31 March 2021	78	74
	=====	=====

Each member of the Association holds one share and all shares carry equal voting rights. Under the rules of the Association, members are not entitled to dividends nor can they participate in any distribution on the winding up of the Association.

17. Revenue reserves	2021	2020
	£	£
At 1 April 2020	825,046	344,876
Surplus/(loss) for year	(63,741)	480,170
	-----	-----
At 31 March 2021	761,305	825,046
	=====	=====

18. Pensions

The Pensions Trust – Scottish Housing Associations' Pension Scheme (SHAPS)

Ore Valley Housing Association participates in 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 is subject to the 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 pension 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 will run to either 30 September 2022 or 31 March 2023 (depending on funding levels) 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.

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation for the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive.

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

18. Pensions (continued)

Similarly, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year-ends from 31 March 2021 to 28 February 2022 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Present values of defined benefit obligation, fair value of assets and defined benefit asset/(liability)

	2021 £	2020 £
Fair value of plan assets	2,486,000	2,256,000
Present value of defined benefit obligation	(2,757,000)	(2,259,000)
	-----	-----
Surplus/(Deficit) in plan	(271,000)	(3,000)
	=====	=====

Reconciliation of opening and closing balances of the defined benefit obligation	2021 £
Defined benefit obligation at start of period	2,259,000
Expenses	2,000
Interest expense	53,000
Actuarial losses due to scheme experience	(55,000)
Actuarial gains due to changes in demographic assumptions	..
Actuarial gains due to changes in financial assumptions	518,000
Benefits paid and expenses	(20,000)

Defined benefit obligation at end of period	2,757,000
	=====

Reconciliation of opening and closing balances of the fair value of plan assets	2021 £
Fair value of plan assets at start of period	2,256,000
Interest income	54,000
Experience on plan assets (excluding amounts included in interest income) - gain	123,000
Contributions by the employer	73,000
Benefits paid and expenses	(20,000)

Fair value of plan assets at end of period	2,486,000
	=====

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £177,000.

Defined benefit costs recognised in statement of comprehensive income	2021 £
Expenses	2,000
Net interest expense	(1,000)

Defined benefit costs recognised in statement of comprehensive income	1,000
	=====

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

18. Pensions (continued)	2021 £
Defined benefit costs recognised in other comprehensive income	
Experience on plan assets (excluding amounts included in net interest cost) – gain	123,000
Experience gains and losses arising on the plan liabilities – loss	55,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	(518,000)

Total amount recognised in other comprehensive income - gain	(340,000)
	=====

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 benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed 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 currently participating 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.

Ore Valley Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2019. As of this date the estimated employer debt for Ore Valley Housing Association Limited was £1,803,643.

19. Related party transactions

Some members of the Management Committee 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.

At 31 March 2021, there was an amount due from Ore Valley Enterprises Limited of £127,239 (2020: £129,274), and £2,906 (2020: £3,821) of interest was charged on the inter-company current account during the year at a commercial rate.

At 31 March 2021, £213,927 (2020: £249,489) was due from Ore Valley Community Initiatives Limited, and £5,533 (2020: £5,620) of interest was charged on the inter-company current account during the year at a commercial rate.

Also, at 31 March 2021 there was a loan of £234,195 (2020: £234,195) due from Ore Valley Community Initiatives Limited. The loan is to be repaid by 31 March 2034 and interest is charged at Bank of England base rate with a margin of 1.25% and is secured over the Miners Institute.

Also, at 31 March 2021 there was another loan of £132,320 (2020: £132,320) due from Ore Valley Community Initiatives Limited. The loan is a 10-year loan and interest is charged at Bank of England base rate with a margin of 1.50%.

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

19. Related party transactions (continued)

Ore Valley Community Initiatives Limited rented a room in the business centre to the Association at a cost of £3,826 (2020: £3,826). Ore Valley Housing Association also rented a space in the Miners Institute at a cost of £7,029 (2020: £7,029). Nothing was outstanding at the year-end.

At 31 March 2021, £1,000 (2020: £300) was due from Ore Valley Heating Limited on the inter-company current account.

Chief Executive, A W W Saunders is also a director of Ore Valley Enterprises Limited, Ore Valley Community Initiatives Limited, Cardenden Heat and Power Limited, Ore Valley Heating Limited and Ore Valley Energy Limited.

Committee members G Smith and J Flynn are also directors of Ore Valley Enterprises Limited and Ore Valley Community Initiatives Limited.