

PARTICK HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Financial Conduct Authority No. 1824 R (S)
Registered Housing Association No. HAL 168
Scottish Charity No. SC033751

ALEXANDER SLOAN
Statutory Auditors
Glasgow

**PARTICK HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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**PARTICK HOUSING ASSOCIATION LIMITED
BOARD, EXECUTIVE OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 MARCH 2021**

BOARD

Alan Howie	Chair
Iain Mackenzie	Vice Chair
Leslie Milne	
Annette Bonar	
David Downie	
Alastair Firth	
Yvonne MacQuarrie	
Janet Napthine	
Helen Turner	
Jennifer Young	
Patrick McGlinchey	
Jeremy Kemp	

SECRETARY

Stewart MacKenzie

EXECUTIVE OFFICERS

Stewart MacKenzie	Chief Executive
Georgina Kent	Operations Director
Eamonn Hughes	Finance Director (retired 30 June 2020)
John McIntyre	Finance Director (appointed 1 June 2020)
Brian Lochrie	Development & New Business Director (resigned 30 June 2021)

REGISTERED OFFICE

10 Mansfield Street
Glasgow
G11 5QP

EXTERNAL AUDITORS

Alexander Sloan
Accountants and Business Advisers
180 St Vincent Street
Glasgow G2 5SG

INTERNAL AUDITORS

To 31 March 2021:	From 1 April 2021:
Wylie & Bisset	TIAA Limited
168 Bath Street	Artillery House
Glasgow	Newgate Lane
G2 4TP	Fareham PQ14 1AH

BANKERS

Clydesdale Bank
326 Byres Road
Glasgow
G12 8AN

SOLICITORS

BTO Solicitors LLP
48 St Vincent Street
Glasgow
G2 5HS

PARTICK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2021

The Board of Management presents their report and audited financial statements for the year ended 31 March 2021.

Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No.1824 R (S)), the Scottish Housing Regulator as a registered social landlord (No. HAL 168) and as a registered Scottish Charity with the charity number SCO33751.

Principal Activity

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

Financial Review

This year the financial statements show a one-off impairment charge, a result of exceptional costs incurred following delays at one of our developments. With this exception, it has been a strong year in terms of operational performance and the Association continues with its investment programme in its housing stock and new housing supply projects, spending £5.5m in this area during the financial year.

Accounting Policies

The Association's accounting policies comply with UK Generally Accepted Accounting Principles. The major accounting policies in terms of impact on the financial statements are the treatment of capital grants and the calculation of housing property depreciation.

Treasury Policy

The treasury function manages the Association's financial resources to ensure it can meet its financial obligations as they fall due.

Net cash inflows during the year amounted to £32,763 (2020: £187,188 outflow), details of which are shown in the cash flow statement (page 19). Cash inflows included £4.6m from operating activities and £1.0m of social housing grants received. Cash outflows included £5.5m on developments and housing improvements. Total debt increased in the year from £14.7m to £15.2m. The Association currently has a revolving credit facility of £18m with the Clydesdale Bank of which £2.1m was drawn down at 31 March 2021. It also has a £13m bond from Allia C&C which is a 15 year fixed deal repayable in full in 2034 together with rolled up interest charged at 2.74% pa.

The Association continues to apply its Treasury Management policy to maximise the resources available to it and is confident that it will continue to be able to access loan facilities when required.

PARTICK HOUSING ASSOCIATION LIMITED
REPORT OF THE BOARD OF MANAGEMENT (continued)
FOR THE YEAR ENDED 31 MARCH 2021

Revenue

Total revenue increased in the year by £346k to £8.37m. Gross income from social rents and service charges increased in the year by 1.5% to £7.72m mainly due to increased net rental income of £150k, and voids amounted to £77k (1% of gross income). Revenue grants for social letting activities increased in the year by £3k to £82k. Non-social housing income increased by £253k mainly due to a gift aid receipt from the subsidiary this year of £181k.

Operating Costs

Operating costs increased in the year by 35% to £8.3m as a result of a one-off impairment charge of £2.7m. This relates to exceptional costs incurred following delays at the development on the site of the former St Peter's school. Housing reactive maintenance costs decreased by 16% to £870k reflecting the Covid-19 lockdown restrictions, reducing the repair service to emergency repairs only for the majority of the year. Planned and cyclical maintenance costs also decreased in the year by 35% to £709k. In the previous year this figure included the costs for upgrading our properties in line with fire safety guidance. This work has all been completed within the time limit set by the Scottish Government. Housing depreciation increased by 5.5% to £1,832,268. The Association's interest cover for the year was 863% (2020 – 743%).

Statement of Financial Position (Balance Sheet)

The net worth of the Association decreased in the year by £1.8m to £43.8m represented by revenue reserves of £43.8m and issued share capital of £121.

Surplus for the year and transfers

The results for the year are shown in the Statement of Comprehensive Income on page 17. The total comprehensive income for the year of £(1.8)m (2020 - £2.1m) has been transferred to revenue reserves.

Operational Review

During the year the Association completed its latest new housing supply project at Laurel Street providing 24 new homes for social rent. Currently onsite are 2 projects which are projected to complete in 2021. These projects will provide a further 53 new homes for social rent and 21 mid-market properties. We have continued to improve our existing homes spending £351k on kitchens, bathrooms and central heating during the year and £1.6m on cyclical and reactive maintenance. Following a stock condition survey this year, the Association continues to plan what further investment will be required in our stock in the next 5-10 years to ensure compliance with the Scottish Housing Quality Standard (SHQS) and Energy Efficiency Standard for Social Housing (EESH).

PARTICK HOUSING ASSOCIATION LIMITED
REPORT OF THE BOARD OF MANAGEMENT (continued)
FOR THE YEAR ENDED 31 MARCH 2021

Corporate Governance

The Association is the charitable parent of the group and has a clear and separate identity. The members of the group are:

<u>Company Name</u>	<u>Activity</u>
Partick Housing Association Limited	Provision of affordable rented accommodation
Partick Works Limited	Factoring, rental of mid-market and commercial properties

Partick Works Limited is a wholly owned subsidiary of Partick Housing Association Limited. Our governing body is our Board of Management, which is elected by and is responsible to the wider share membership. Board members, who serve in a voluntary capacity, are responsible for determining the overall direction of the Association, its strategy and policy. The Board exercises proper control over our activities and makes decisions in the best interests of the organisation and its service users. Standards of service delivery are set and monitored through regular reporting.

The Association takes governance seriously and reviews its Governance policies and processes routinely. It undertakes regular self-assessment of its performance and ensures that it has the right mix of skills and expertise to meet its responsibilities. The Association operates to high ethical standards and conducts its business in accordance with its Code of Conduct. The Leadership Team is responsible for delivering the strategy set by the Board and undertakes operational activities in line with the policies set. This report details issues that have arisen during the year relating to the main activities undertaken by Partick Housing Association Limited.

Corporate Issues

Engagement with our service users is part of the Association's aims and objectives, as set out in its customer engagement strategy.

The Association is committed to engaging stakeholders in the development of its business planning and ensuring that people have the necessary skills and knowledge to deliver our business objectives.

Best use of resources

The Association has robust risk management processes in place to mitigate risk. It has rolling programmes of major investment in its housing stock and uses updated stock condition information so that its long-term financial planning reflects its future investment requirements. The Association has a value for money strategy and looks for efficiencies and best value in the way that it carries out business processes.

PARTICK HOUSING ASSOCIATION LIMITED
REPORT OF THE BOARD OF MANAGEMENT (continued)
FOR THE YEAR ENDED 31 MARCH 2021

Services

The Association aims to deliver quality services and pursue continuous improvement. It continues to upgrade its housing stock by investing in a major component replacement programme, along with the day to day reactive and cyclical maintenance work, as well as adaptations to meet particular needs.

The Association's focus on effective arrears management continues, with a clear commitment to maximising income while promoting tenancy sustainment.

Risk Management

The Board has a formal risk management process in place to assess business risks and implement risk management strategies. This involves identifying the types of risks the Association faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Board has reviewed the adequacy of the Association's current internal controls. Accordingly they have set policies on internal controls which cover the following:

- consideration of the type of risks the Association faces;
- the level of risks which they regard as acceptable;
- the likelihood of the risks materialising;
- the Association's ability to reduce the incidence and impact on the business of risks that do materialise and the costs of operating particular controls relative to the benefit obtained;
- clarification of the responsibility of management to implement the Board's policies and to identify and evaluate risks for their consideration;
- communication that employees have responsibility for internal control as part of their accountability for achieving objectives;
- embedding the control system in the Association's operations so that it becomes part of the culture of the Association;
- developing systems to respond quickly to evolving risks arising from factors within the Association to changes in the external environment; and
- including procedures for reporting failings immediately to appropriate levels of management and the Board together with details of corrective action being undertaken.

Credit Payment

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is thirty days.

PARTICK HOUSING ASSOCIATION LIMITED
REPORT OF THE BOARD OF MANAGEMENT (continued)
FOR THE YEAR ENDED 31 MARCH 2021

Maintenance policies

The Association seeks to maintain its properties to a modern standard, including day to day repairs and cyclical maintenance to deal with the gradual wear and tear of building components. It is expected that the cost of all these repairs would be charged to the Statement of Comprehensive Income.

In addition, the Association has a long-term programme of major repairs to replace components which have come to the end of their useful lives or to update standards as a result of legislative changes. The cost of these repairs would be charged to the Statement of Comprehensive Income, unless it was agreed they could be capitalised within the terms outlined in the SORP.

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 the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

Employee Engagement and Health & Safety

The Association encourages employee engagement in service delivery and planning, and maintains Health & Safety standards as required.

Quality and Integrity of Personnel

The integrity and competence of personnel are ensured through robust recruitment standards and subsequent training and development. Effective and professional staff are an essential part of the control environment and the standards set out in policies, which are communicated to all by the Chief Executive and wider Leadership Team.

Investment Appraisal

Capital expenditure is regulated by budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Board. Reviews are carried out during the major development projects, to monitor expenditure and performance and a final review is carried out on completion of each such project to determine if any revisions are required to our process having reflected on any lessons learned.

Budgetary Process

Each year the Board approves the annual budget and strategic priorities. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Audit Committee and Board of Management of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

PARTICK HOUSING ASSOCIATION LIMITED
REPORT OF THE BOARD OF MANAGEMENT (continued)
FOR THE YEAR ENDED 31 MARCH 2021

Rental income

The Association's Rent Setting & Service Charge Policy uses a points system reflecting the size, type and facilities of the accommodation. In April 2018 the Board agreed to implement a restructuring of the rent setting process to ensure that the rent charged is affordable, equitable, transparent, consistent and reasonable within the context of the local housing market. This was to be phased in over a number of years and this year was the final year of the process. Rents were increased on 1 April 2021 by an average of 1.0% which was the CPI rate at September 2020 (0.5%) plus 0.5%. The overall rental income increase averaged out at 1.1% although some properties saw a larger increase and others saw their rent decrease.

General Reserves Policy

The Board members have reviewed the reserves of the Association. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. The Board is satisfied that the Association has a sufficient level of reserves to meet future commitments. During the year the Association's general reserve decreased from £45.6m to £43.8m (see note 18).

Home ownership

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements. Following the ending of the Right to Buy Legislation in 2017, the Association did not sell any properties during the year.

New Housing Supply

During the year the Association completed its latest new housing supply project at Laurel Street providing 24 new homes for social rent. Currently onsite are 2 projects which are projected to complete in 2021. One, on the site of the former St Peter's school in Chancellor Street, will provide 39 homes for social rent and 21 homes for mid-market rental. The other, at Purdon Street, is a redevelopment of a 4-storey block into 14 affordable one and two bedroomed new homes for rent.

The Association is currently exploring further potential new housing supply opportunities and plans to build a further 135 flats over the next 4 to 5 years.

PARTICK HOUSING ASSOCIATION LIMITED
REPORT OF THE BOARD OF MANAGEMENT(continued)
FOR THE YEAR ENDED 31 MARCH 2021

Board and Executive Officers

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

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

The members of the Board are also trustees of the charity. Members of the Board 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 to prepare Financial Statements for each financial year which give a true and fair view of affairs of the Association and of the surplus or deficit for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- 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 is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2019. They are responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for ensuring the Association's suppliers are paid promptly.

Going Concern

Based on its budgetary and forecasting processes the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

PARTICK HOUSING ASSOCIATION LIMITED
REPORT OF THE BOARD OF MANAGEMENT(continued)
FOR THE YEAR ENDED 31 MARCH 2021

Statement on Internal Financial Control

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

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

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement 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 Leadership Team and the Board to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board;
- the Board receives reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Board has reviewed the system of internal financial control in the Association during the year ended 31 March 2021. No weaknesses were found in internal financial controls which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

PARTICK HOUSING ASSOCIATION LIMITED
REPORT OF THE BOARD OF MANAGEMENT(continued)
FOR THE YEAR ENDED 31 MARCH 2021

Donations

During the year the Association made charitable donations of £400 (2020 - £316).

Disclosure of Information to the Auditor

The members of the Board at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

A resolution to reappoint the Auditors, Alexander Sloan, Accountants and Business Advisers, will be proposed at the Annual General Meeting.

By order of the Board of Management



S MacKenzie: Secretary

Date: 18 August 2021

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

In addition to our audit of the financial statements, we have reviewed your statement on page 9 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice 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. 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 of Internal Financial Control on page 9 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

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

Alexander Sloan

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
18 August 2021



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARTICK HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 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 Financial Reporting Council'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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARTICK HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- Proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- A satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- The Statement of Comprehensive Income and Statement of Financial Position 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 Statement of the Board's Responsibilities as set out on Page 8, the Board 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 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 has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARTICK HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 based on these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Association to cease to continue as a going concern.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARTICK HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2021 (continued)

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Association through discussions with management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARTICK HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Association's Assurance Statement and associated supporting information; and
- reviewing correspondence with the Scottish Housing Regulator.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. The description forms part of our audit 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.

Alexander Sloan

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW

Date: 18 August 2021



PARTICK HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	£	2021 £	£	2020 £
REVENUE	2		8,367,812		8,021,371
Operating Costs	2		(8,287,751)		(6,119,803)
OPERATING SURPLUS/(DEFICIT)	2		<u>80,061</u>		<u>1,901,568</u>
(Loss)/Gain On Sale Of Housing Stock	10(a)	(32,955)		(7,052)	
Interest Receivable and Other Income		25,040		35,834	
Interest Payable and Similar Charges	7	(499,277)		(454,324)	
Other Finance Charges	8	(41,144)		(40,188)	
			<u>(548,336)</u>	<u>(40,188)</u>	<u>(465,731)</u>
SURPLUS/(DEFICIT) FOR YEAR	6		<u>(468,275)</u>		<u>1,435,837</u>
Other Comprehensive Income -					
Actuarial Gains/ (Losses) on Pension Schemes	22		(1,345,000)		660,000
TOTAL COMPREHENSIVE INCOME			<u>(1,813,275)</u>		<u>2,095,837</u>

The notes on pages 21 to 41 form part of these financial statements.

PARTICK HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	2021 £	2020 £
NON-CURRENT ASSETS			
Housing Properties - Depreciated Cost	10 (a)	73,043,539	72,130,990
Other Non Current Assets	10 (b)	427,200	436,100
		<u>73,470,739</u>	<u>72,567,090</u>
Investments	11	1,000,000	1,000,000
Total Non Current assets		<u>74,470,739</u>	<u>73,567,090</u>
CURRENT ASSETS			
Debtors	12	1,235,856	1,330,626
Cash at bank and in hand		509,090	476,327
		<u>1,744,946</u>	<u>1,806,953</u>
CREDITORS: Amounts falling due within one year	13	<u>(2,705,026)</u>	<u>(2,378,917)</u>
NET CURRENT ASSETS/(LIABILITIES)		(960,080)	(571,965)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>73,510,659</u>	<u>72,995,126</u>
CREDITORS: Amounts falling due after more than one year	14	(15,230,804)	(14,740,479)
Pension liabilities	22	(1,436,000)	(447,000)
DEFERRED INCOME			
Social Housing Grants	16	(13,036,875)	(12,187,383)
NET ASSETS		<u>43,806,980</u>	<u>45,620,264</u>
EQUITY			
Share Capital	17	121	130
Revenue Reserves	18	<u>43,806,859</u>	<u>45,620,134</u>
		<u>43,806,980</u>	<u>45,620,264</u>

The notes on pages 21 to 40 form part of these financial statements.

The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 18th August 2021.



Alan Howie
Chairperson



Annette Bonar
Board Member



Stewart MacKenzie
Secretary

PARTICK HOUSING ASSOCIATION LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	Note	£	2021 £	£	2020 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	15		4,557,088		2,815,407
INVESTING ACTIVITIES					
Acquisition and Construction of Properties		(5,539,099)		(7,094,153)	
Sale of Shared Ownership Tranche		-		39,336	
Social Housing Grant Received		<u>1,032,810</u>		<u>1,744,704</u>	
Net Cash Outflow from Investing Activities			(4,506,289)		(5,310,113)
FINANCING ACTIVITIES					
Interest received on Cash and Cash Equivalents		25,040		35,834	
Interest paid on Loans		(143,076)		(454,324)	
Refinancing Costs		-		(10,103)	
Loan Finance Received		100,000		12,857,576	
Loans Principal Repayments		-		(10,121,468)	
Shares issued/(Cancelled)		<u>-</u>		<u>4</u>	
Net Cash (Outflow) / Inflow from Financing			<u>(18,036)</u>		<u>2,307,518</u>
(Decrease) / Increase in Cash			32,763		(187,188)
Opening Cash & Cash Equivalents			<u>476,327</u>		<u>663,515</u>
Closing Cash & Cash Equivalents			<u>509,090</u>		<u>476,327</u>

The notes on pages 21 to 40 form part of these financial statements.

PARTICK HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2021

	Share Capital £	Revenue Reserves £	Total £
Balance as at 1st April 2020	130	45,620,134	45,620,264
Issue of Shares	-	-	-
Cancellation of Shares	(9)	-	(9)
Surplus/(Deficit) for year	<u>-</u>	<u>(1,813,275)</u>	<u>(1,813,275)</u>
Balance as at 31st March 2021	<u>121</u>	<u>43,806,859</u>	<u>43,806,980</u>

	Share Capital £	Revenue Reserves £	Total £
Balance as at 1st April 2019	151	43,524,297	43,524,448
Issue of Shares	4	-	4
Cancellation of Shares	(25)	-	(25)
Surplus for year	<u>-</u>	<u>2,095,837</u>	<u>2,095,837</u>
Balance as at 31st March 2020	<u>130</u>	<u>45,620,134</u>	<u>45,620,264</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1 PRINCIPAL ACCOUNTING POLICIES

The Association is incorporated under the Co-operative and Community Benefits Societies Act 2014 and is registered by the Financial Conduct Authority. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

1.1 Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the UK and Republic of Ireland” and the Statement of Recommended Practice - Accounting for Registered Social Landlords 2014, and on the historical cost basis.

1.2 Revenue

The Association recognises rent receivable net of losses from voids. Service Charge income (net of voids) is recognised as expenditure is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met. Government Grants are released to income over the expected useful life of the assets to which they relate.

1.3 Accounting Judgements and Estimations

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board to exercise judgement in applying the Association’s Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

Rent Arrears – Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, arrangements in place and court action.

Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

1.4 Going Concern

The Board has assessed the Association’s ability to continue as a going concern and has reasonable expectations that the Association has adequate resources to continue as a going concern and 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.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS(Continued)
FOR THE YEAR ENDED 31 MARCH 2021

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

1.5 Pensions

The majority of employees are members of the Scottish Housing Associations' Pension Scheme (SHAPS), a defined contribution scheme. The contributions paid into this scheme are charged to the Statement of Comprehensive Income as incurred.

The Association previously participated in the SHAPS defined benefit scheme, which provided benefits based on final pensionable salary. The Association closed the defined benefit element of the scheme to current employees on 31 March 2016 but continues to provide for its obligation to previous members. The Association accounts for the scheme as a defined benefit scheme and so the Association's full share of the assets and liabilities are shown separately within the Accounts.

The Association also, in the past, had some employees who participated in the smaller Growth Plan which is similar to a defined benefit scheme. It is not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme. The Association's share of the growth plan liability is not considered material. The discount rate applied to this obligation is that of a yield rate for a high quality corporate bond.

Further details on the schemes are contained in note 21.

1.6 Social Housing Grant and Other Grants in Advance/Arrears

Social Housing Grants and other capital grants are accounted for using the Accruals Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates. Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income in the same period as the expenditure to which it relates. Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

1.7 Sale of Housing Properties

Disposals of housing properties are treated as non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income. The Association did not dispose of any properties during the year.

1.8 Lease Obligations

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

1.9 Valuation of Housing Properties

The Association elected under paragraph 35.10 of FRS 102 to revalue its social housing properties at the date of transition to FRS 102 (April 2014) and to treat this one-off valuation as the 'deemed cost' of the properties. The properties were valued on an Existing Use Value for Social Housing (EUV-SH) basis by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuations.

Additions to Housing properties from 1 April 2014 are stated at cost, less accumulated depreciation. Housing under construction and land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful lives of each identified component. All components are categorised as Housing Properties within note 10(a). Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Kitchen	15 years
Central Heating System	15 years
Bathroom	25 years
Windows	30 years
Structure	50 years

1.10 Depreciation and Impairment of Other Non-Current Assets

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

Office Premises	- 2 %
Office Furniture & Equipment	- 25%

The carrying value of non-current assets is reviewed for impairment at the end of each reporting period. The Association's offices are situated in a wholly owned suite at 10–22 Mansfield Street, Glasgow.

1.11 Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

1.12 Value Added Tax

The Association is VAT registered. However a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT.

1.13 Consolidation

The Association and its subsidiary undertaking comprise a group. The Financial Conduct Authority (FCA) has granted exemption from preparing group accounts. The accounts therefore represent the results of the Association and not of the group.

1.14 Key Judgements made in the application of Accounting Policies

(a) The Categorisation of Housing Properties

In the judgement of the Board of Management the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

(b) Identification of cash generating units

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

(c) Pension Liability

In May 2021 the Association received details from The Pensions Trust of the valuation of the pension scheme at 31 March 2021 and The Pension Trust's estimate of the Association's share of the assets and liabilities of the scheme. The Association has used this to provide the basis of the pension liability in the financial statements. The Board feels this is the best available estimate of the pension assets and liabilities of the scheme.

(d) Covid-19 Pandemic

The COVID-19 pandemic continues to impact on social landlords and on the services they provide to their tenants and service users. The Association continues to monitor the position closely, maintaining regular contact with our lenders, submitting the required COVID19 returns to the Scottish Housing Regulator, updating the 30 year business plan assumptions and performing scenario testing to ensure that the Association can identify any pressures and update its plans accordingly.

1.15 Financial Instruments – Basic

The Association recognises basic financial instruments in accordance with Section 11 of the Financial Reporting Standard. The Association's debt instruments are measured at amortised costs using the effective interest rate method.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

2 PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2021 Revenue £	2021 Operating Costs £	Operating Surplus / (Deficit) £	2020 Revenue £	2020 Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3 (a)	7,911,366	8,109,339	(197,973)	7,817,998	5,912,601	1,905,397
Other Activities	3 (b)	456,446	178,412	278,034	203,373	207,202	(3,829)
Total		<u>8,367,812</u>	<u>8,287,751</u>	<u>80,061</u>	<u>8,021,371</u>	<u>6,119,803</u>	<u>1,901,568</u>

3 (a) PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	Notes	General Needs Housing £	Shared ownership £	2021 Total £	2020 Total £
Revenue from Lettings					
Rent Receivable Net of Identifiable Service Charges		7,599,762	32,300	7,632,062	7,481,588
Service Charges Receivable		90,422	-	90,422	128,256
Gross Rents Receivable		7,690,184	32,300	7,722,484	7,609,844
Less: Rent losses from voids		(76,705)	-	(76,705)	(13,926)
Net Rents Receivable		7,613,479	32,300	7,645,779	7,595,918
Amortisation of Social Housing Grants and Other Grants		183,318	-	183,318	142,926
Revenue Grants from Scottish Ministers		82,269	-	82,269	79,154
Total Income From Social Letting		<u>7,879,066</u>	<u>32,300</u>	<u>7,911,366</u>	<u>7,817,998</u>
Expenditure on Social Letting Activities		£	£	£	£
Service Costs		67,298	-	67,298	98,043
Management and maintenance administration costs		1,967,156	7,723	1,974,879	1,917,026
Reactive Maintenance		870,408	-	870,408	1,036,169
Bad Debts - Rents and Service Charges		(17,857)	-	(17,857)	29,324
Planned and Cyclical Maintenance, including Major Repairs		709,054	-	709,054	1,094,664
Depreciation of Social Housing		1,827,013	5,255	1,832,268	1,737,374
Impairment Charge	3 (c)	2,673,289	-	2,673,289	-
Operating Costs of Social Letting		<u>8,096,361</u>	<u>12,978</u>	<u>8,109,339</u>	<u>5,912,601</u>
Operating Surplus/(Deficit) on Social Letting Activities		<u>(217,295)</u>	<u>19,322</u>	<u>(197,973)</u>	<u>1,905,397</u>
2020		<u>1,887,600</u>	<u>17,797</u>	<u>1,905,397</u>	

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

3(b) PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers £	Other Income £	Total Turnover £	Operating Costs £	Operating Surplus / (Deficit) 2021 £	Operating Surplus / (Deficit) 2020 £
Wider Role Activities	13,300	-	13,300	9,445	3,855	(23,569)
Gift Aid from Trading Subsidiary	-	180,675	180,675	-	180,675	(29,076)
Other Income/Expenditure	-	262,471	262,471	168,967	93,504	48,815
Total From Other Activities	13,300	443,146	456,446	178,412	278,034	(3,829)
2020	2,535	200,838	203,373	207,202	(3,829)	

3 (c) IMPAIRMENT CHARGE

The impairment charge of £2,673,289 is in respect of the ongoing development at the former St Peter's school. This charge reflects the exceptional costs required to complete the project following delays due to lockdown restrictions and the main contractor going in to administration.

4 EMPLOYEE INFORMATION

	2021 Number	2020 Number
The average weekly number of persons employed during the year was:		
- management	4	4
- operational	40	40
	<u>44</u>	<u>44</u>
The average full time equivalent number of persons employed during the year was:		
- management	4	4
- operational	35	35
	<u>39</u>	<u>39</u>
Staff Costs:	2021 £	2020 £
Wages & Salaries	1,404,103	1,352,338
National Insurance Contributions	96,572	93,984
Other Pension Costs	142,114	138,106
	<u>1,642,789</u>	<u>1,584,428</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

5 OFFICERS' EMOLUMENTS

The Officers are defined as the members of the Board of Management, the executive officers and employees of the Association reporting directly to the Chief Executive or Board of Management.

No emoluments have been paid to any member of the Board Of Management.

Four Officers (three in 2019-20) of the Association received emoluments greater than £60,000. Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pensions contributions):

	2021	2020
	£	£
Total Emoluments (excluding pension contributions)	<u>277,112</u>	<u>243,195</u>
Emoluments of Chief Executive (excluding pension contributions)	<u>80,824</u>	<u>78,885</u>

The Chief Executive is an ordinary member of the Association's pension scheme described below. No enhanced or special terms apply to membership and the Chief Executive has no other pension arrangements to which the Association contributes. The Association's contributions for the Chief Executive in the year amounted to £7,950 (2020 - £7,913).

The members of the Board and the Executive officers as detailed on page 1 are considered to be the Key Management Personnel of the Association.

	2021	2020
	£	£
Total emoluments paid to Key Management Personnel	<u>330,949</u>	<u>289,199</u>

The number of Directors, including the Chief Executive, who received emoluments (excluding pension contributions) in the following ranges were as follows:

	2021	2020
	Number	Number
£60,001 - £70,000	-	2
£70,001 - £80,000	3	1
£80,001 - £90,000	<u>1</u>	<u>-</u>

6 SURPLUS FOR YEAR

	2021	2020
	£	£
Operating surplus is stated after charging/(crediting):		
Depreciation	1,929,205	1,834,311
Impairment charge	2,673,289	-
(Gain) / Loss on sale of housing accommodation	32,955	7,052
Auditors remuneration - audit services	9,186	11,111
Operating Lease rentals	<u>836</u>	<u>836</u>

7 INTEREST PAYABLE & SIMILAR CHARGES

	2021	2020
	£	£
On Bank Loans and Overdraft	<u>499,277</u>	<u>454,324</u>
	<u>499,277</u>	<u>454,324</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

8 OTHER FINANCE CHARGES

	2021 £	2020 £
Unwinding of Discounted Liabilities	35,144	10,188
Net Interest on Pension Obligations	<u>6,000</u>	<u>30,000</u>
	<u>41,144</u>	<u>40,188</u>

9 TAXATION

The Association received charitable status on 29 October 2002. There are no corporation tax charges on its charitable activities. Group non charitable activities are carried out by Partick Works Limited.

10 NON-CURRENT ASSETS

(a) Housing Properties

	Housing properties held for letting £	Housing properties under construction £	Shared Ownership housing properties £	Total £
<u>Cost</u>				
At 1 April 2020	67,383,868	14,231,898	368,667	81,984,433
Additions	662,470	4,876,629	-	5,539,099
Schemes completed	4,397,521	(4,397,521)	-	-
Transfers	32,982	-	(32,982)	-
Disposals	<u>(86,593)</u>	<u>-</u>	<u>-</u>	<u>(86,593)</u>
At 31 March 2021	72,390,248	14,711,006	335,685	87,436,939
<u>Depreciation</u>				
At 1 April 2020	9,811,929	-	41,514	9,853,443
Disposals	(53,637)	-	-	(53,637)
Transfers	5,488	-	(5,488)	-
Charge for year	1,915,050	-	5,255	1,920,305
Impairment Charge	<u>-</u>	<u>2,673,289</u>	<u>-</u>	<u>2,673,289</u>
At 31 March 2021	11,678,830	2,673,289	41,281	14,393,400
<u>Net Book Value</u>				
At 31 March 2021	<u>60,711,418</u>	<u>12,037,717</u>	<u>294,404</u>	<u>73,043,539</u>
At 31 March 2020	<u>57,571,939</u>	<u>14,231,898</u>	<u>327,153</u>	<u>72,130,990</u>

Total expenditure on existing properties in the year amounted to £2,241,932 (2020 - £3,525,519), of which £662,470 is capitalised (2020 - £1,394,686) with the balance charged to the Statement of Comprehensive Income. The amount capitalised can be further split between component replacements of £351,111 (2020 - £1,064,686) and new acquisitions and improvements of £311,359 (2020 - £330,000).

The Clydesdale Bank has standard securities over Housing Property with a carrying value of £32,255,000 (2020 - £32,255,000).

In August 2019 the Association secured bond financing in the amount of £13m with Allia C&C. No standard securities are required for the bond but the Association has to guarantee that 130% of the outstanding loan amount is covered by unencumbered housing properties at any time.

The Association does not capitalise development administration costs. All land and housing properties are heritable.

(Loss)/Gain on Sale of Housing Stock

	2021 £	2020 £
Proceeds	-	-
Cost of Sale	<u>(32,955)</u>	<u>(7,052)</u>
	<u>(32,955)</u>	<u>(7,052)</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

10 NON-CURRENT ASSETS

(b) Other Tangible Assets

	Office Premises £	Office Furniture & Equipment £	Total £
<u>Cost</u>			
At 1 April 2020	967,445	141,516	1,108,961
Additions	-	-	-
Disposals	-	-	-
At 31 March 2021	<u>967,445</u>	<u>141,516</u>	<u>1,108,961</u>
<u>Depreciation</u>			
At 1 April 2020	531,345	141,516	672,861
Charge for year	8,900	-	8,900
Disposals	-	-	-
At 31 March 2021	<u>540,245</u>	<u>141,516</u>	<u>681,761</u>
<u>Net Book Value</u>			
At 31 March 2021	<u>427,200</u>	<u>-</u>	<u>427,200</u>
At 31 March 2020	<u>436,100</u>	<u>-</u>	<u>436,100</u>

Total expenditure on other tangible assets during the year was £269,167 (2020 - £310,806). All of this was charged to the Statement of Comprehensive Income.

There are no standard securities held over any of the Association's non housing properties.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

11 INVESTMENTS	2021	2020
	£	£
Partick Works Limited	<u>1,000,000</u>	<u>1,000,000</u>

The Association holds all of the issued share capital in the subsidiary, Partick Works Limited.
Partick Works Limited is a limited company registered in Scotland.

	2021	2020
	£	£
Partick Works Limited	2,526,866	2,566,846
Capital & Reserves		
Profit/(Loss) for Year	<u>140,695</u>	<u>546,929</u>

Activity: Factoring services, rental of mid-market and commercial properties.

12 DEBTORS	2021	2020
	£	£
Gross arrears of rent and service charges	139,510	156,716
Less: bad debt provision	<u>(127,976)</u>	<u>(146,628)</u>
Net arrears of rent and service charges	11,534	10,088
Development funding receivable	-	152,530
Other debtors	1,071,026	1,012,721
Prepayments and accrued income	<u>153,296</u>	<u>155,287</u>
	<u>1,235,856</u>	<u>1,330,626</u>

Other debtors include a balance due from the Association's subsidiary as follows:

	£	£
Partick Works Limited	<u>986,784</u>	<u>937,812</u>

The balance due from Partick Works Limited is receivable after one year.

13 CREDITORS DUE WITHIN ONE YEAR	2021	2020
	£	£
Taxation and social security costs	32,733	31,961
Rent in advance	307,182	253,308
Accruals and deferred income	1,095,662	1,045,948
Liability for Past Pension Service Contributions Growth Plan	1,178	1,144
Trade Creditors	439,916	219,158
Other creditors	<u>828,355</u>	<u>827,398</u>
	<u>2,705,026</u>	<u>2,378,917</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

14 CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	2021	2020
	£	£
Housing loans	15,227,327	14,736,108
Pension Liability:		
Liability for Past Pension Service Contributions - Growth Scheme	3,477	4,371
	<u>15,230,804</u>	<u>14,740,479</u>

Housing Loans are secured by specific charges on the Association's housing properties and are repayable at rates of interest of 1% to 2.74% (2020 - 1% to 2.74%) in instalments due as follows:

	£	£
- between two and five years	23,853	25,000
- in five years or more	<u>15,203,474</u>	<u>14,711,108</u>
	15,227,327	14,736,108
Less: Amount shown in Current Liabilities	<u>-</u>	<u>-</u>
	<u>15,227,327</u>	<u>14,736,108</u>

The Liability of past pension service contributions is payable annually until the deficit is cleared.
The deficit payments are payable in instalments as follows:

Growth Plan	£	£
- within one year	1,178	1,144
- between one and two years	1,213	1,178
- between two and five years	<u>1,086</u>	<u>3,193</u>
	3,477	5,515
Less: Amount shown in Current Liabilities	<u>1,178</u>	<u>1,144</u>
	<u>2,299</u>	<u>4,371</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

15 STATEMENT OF CASH FLOWS

Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

	2021	2020
	£	£
Operating surplus/(Deficit) for the year	80,061	1,901,568
New Shares /(Shares forfeited in year)	(9)	(25)
Social Housing Grant Amortisation	(183,318)	(142,926)
Pension Deficit Provision movement	(362,000)	(467,085)
Growth Plan Pension Deficit Provision movement	(985)	(1,175)
Depreciation	1,929,205	1,834,311
Impairment Charge	2,673,289	-
Decrease / (Increase) in debtors	94,770	323,338
(Decrease) / Increase in creditors	326,075	(632,599)
Net cash inflow from operating activities	<u>4,557,088</u>	<u>2,815,407</u>

Reconciliation of Net Cash Flow to Movement in Net Debt

	2021		2020	
	£	£	£	£
Increase/(decrease) in cash	32,763		(187,188)	
Cash flow from change in net debt	(100,000)		(2,736,108)	
Non cash movements	<u>(391,219)</u>		<u>-</u>	
Movement in net debt during the year		(458,456)		(2,923,296)
Net debt at 1 April 2020		<u>(14,259,781)</u>		<u>(11,336,485)</u>
Net debt at 31 March 2021		<u>(14,718,237)</u>		<u>(14,259,781)</u>

Analysis of Changes in Net Debt

	At		Non Cash	At
	1 April 2020	Cash Flows	Movements	31 March 2021
	£	£	£	£
Cash at bank and in hand	<u>476,327</u>	<u>32,763</u>	<u>-</u>	<u>509,090</u>
	476,327	32,763	-	509,090
Debt: Due after more than one year	<u>(14,736,108)</u>	<u>(100,000)</u>	<u>(391,219)</u>	<u>(15,227,327)</u>
	<u>(14,259,781)</u>	<u>(67,237)</u>	<u>(391,219)</u>	<u>(14,718,237)</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

16 DEFERRED INCOME

	2021	2020
	£	£
<i>Social Housing Grants</i>		
Balance as at 1 April 2020	12,187,383	10,585,605
Additions in Year	1,032,810	1,744,704
Amortisation in Year	<u>(183,318)</u>	<u>(142,926)</u>
Balance as at 31 March 2021	<u>13,036,875</u>	<u>12,187,383</u>

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

	2021	2020
	£	£
Due within one year	302,611	243,873
Due after one more than one year	<u>12,734,264</u>	<u>11,943,510</u>
	<u>13,036,875</u>	<u>12,187,383</u>

17 SHARE CAPITAL

	2021	2020
	£	£
Shares of £1 each issued and fully paid		
At 1 April 2020	130	151
Issued in year	-	4
Cancelled in year	<u>(9)</u>	<u>(25)</u>
At 31 March 2021	<u>121</u>	<u>130</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends or distributions on a winding up. Each member has a right to vote at members' vote at members' meetings. Under the Association's rules, share capital is non refundable if a person ceases to be a member.

18 RESERVES

	2021	2020
	£	£
Revenue Reserves		
At 1 April 2020	45,620,134	43,524,297
Surplus/(Deficit) for year	<u>(1,813,275)</u>	<u>2,095,837</u>
At 31 March 2021	<u>43,806,859</u>	<u>45,620,134</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

19 HOUSING STOCK

The number of units of accommodation owned and managed by the Association at the year end was:

	2021 Units	2020 Units
General Needs Housing	1,816	1,807
Shared Ownership	<u>14</u>	<u>15</u>
	<u>1,830</u>	<u>1,822</u>

The number of units owned by the Association and managed on behalf of the Association by Partick Works Limited was:

Mid Market Rents	<u>40</u>	<u>40</u>
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20 CAPITAL COMMITMENTS

	2021 £	2020 £
Expenditure contracted less certified	<u>3,092,495</u>	<u>4,064,577</u>

The proposed financing of capital commitments is:

	2021 £	2020 £
HAG funded	69,022	-
Private finance	<u>3,023,473</u>	<u>4,064,577</u>
	<u>3,092,495</u>	<u>4,064,577</u>

21 LEASE OBLIGATIONS

At the reporting end date the Association had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	3,346	3,346
Between two and five years	<u>2,509</u>	<u>5,855</u>
Total leasee operating lease commitment	<u>5,855</u>	<u>9,201</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

22 RETIREMENT BENEFIT OBLIGATIONS

Partick Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme (the Scheme). The Association offered a defined benefit option up until 31 March 2016, however this was closed to future accrual at that date and from 1 April 2016 the Association now only offers the Scheme's Defined Contribution option. The Association still has an ongoing obligation for the pension scheme deficit in the Defined Benefit scheme. The Association also, in the past, had some employees who participated in the smaller Growth Plan which is similar to a defined benefit scheme. The Association therefore has a small ongoing obligation in respect of the pension deficit in that plan. The Association now only offers the defined contribution money purchase scheme and has no liability for the performance of this defined contribution scheme.

The Association's share of the two pension deficits on the defined benefit and growth plan schemes are included within the Statement of Comprehensive Income and Financial Position Statement set out on pages 17 and 18 and is detailed in Notes 13 and 14 of these accounts.

Scottish Housing Association Pension Scheme - Defined Benefit Option

Partick Housing Association Limited participates in the Scottish Housing Associations' 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 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 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.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

22 RETIREMENT BENEFIT OBLIGATIONS (Continued)

For accounting purposes, an actuarial valuation of the scheme was carried out as at 30 September 2020 to inform 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 Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus.

The following figures are prepared by the Actuaries in accordance with their understanding of FRS 102 and Guidance Note 36: Accounting for Retirement Benefits under FRS 102 issued by the Institute and Faculty of Actuaries.

Principal Actuarial Assumptions

Assumptions as at:	2021	2020
	%p.a.	%p.a.
Salary increases	3.8%	2.7%
Inflation RPI	3.3%	2.7%
Inflation CPI	2.8%	1.7%
Discount rate	2.1%	2.4%

Allowance for commutation of pension for cash retirement is 75% of maximum allowance for both years.

The defined benefit obligation is estimated to comprise of the following:

	2021
	Number
Employee members	15
Deferred members	31
Pensioners	37

Mortality Rates

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies at age 65:

	Males	Females
	(Years)	(Years)
Retiring in 2021	21.5	23.4
Retiring in 2041	22.8	25.0

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

22 RETIREMENT BENEFIT OBLIGATIONS (Continued)

Fair Value of Scheme Assets by Category

	2021 (£000s)	2020 (£000s)
Absolute Return	648	756
Alternative Risk Premia	527	986
Corporate Bond Fund	991	899
Credit Relative Value	379	296
Distressed Opportunities	449	225
Emerging Market Debt	530	438
Fund of Hedge Funds	-	-
Global Equity	2,033	1,693
Optimistic liquid credit	336	300
High Yield	344	-
Optimistic Credit	359	-
Cash	5	-
Liquid credit	227	323
Infrastructure	734	726
Insurance-Linked Securities	275	330
Liability Driven Investment	3,159	3,241
Long Lease Property	305	301
Net Current Assets	98	93
Over 15 Year Gilts	6	156
Private Debt	310	244
Property	236	323
Risk Sharing	470	390
Secured Income	<u>722</u>	<u>683</u>
Total assets	<u>13,143</u>	<u>12,309</u>

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.

Net Pension Liability

	2021 (£000s)	2020 (£000s)
Fair value of plan assets	13,143	12,309
Present value of defined benefit obligation	<u>(14,579)</u>	<u>(12,756)</u>
Defined Benefit asset (liability) to be recognised	<u>(1,436)</u>	<u>(447)</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

22 RETIREMENT BENEFIT OBLIGATIONS (Continued)

Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	2021 (£000s)
Fair value of plan assets at start of period	12,309
Interest income	290
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	987
Employer contributions	374
Member contributions	-
Benefits paid and expenses	<u>(817)</u>
Fair value of plan assets at end of period	<u>13,143</u>

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2020 to 31 March 2021 was £1,277,000.

Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	2021 (£000s)
Defined benefit obligation at start of period	12,756
Current service cost	-
Expenses	12
Interest expense	296
Member contributions	-
Actuarial losses (gains) due to scheme experience	34
Actuarial losses (gains) due to changes in demographic assumptions	-
Actuarial losses (gains) due to changes in financial assumptions	2,298
Benefits paid and expenses	<u>(817)</u>
Defined benefit obligation at end of period	<u>14,579</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

22 RETIREMENT BENEFIT OBLIGATIONS (Continued)

Defined Benefit Costs Recognised in Statement of Comprehensive Income (SOCl)

	2021 (£000s)
Current service cost	-
Expenses	12
Net interest expense	<u>6</u>
Defined benefit costs recognised in Statement of Comprehensive Income (SOCl)	<u>18</u>

Defined Benefit Costs Recognised in Other Comprehensive Income (OCI)

	2021 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	987
Experience gains and losses arising on the plan liabilities - gain (loss)	(34)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	<u>(2,298)</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain (loss)	(1,345)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain (loss)	<u>-</u>
Total amount recognised in Other Comprehensive Income – gain (loss)	<u>(1,345)</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

22 RETIREMENT BENEFIT OBLIGATIONS (Continued)

The Growth Plan (Former Employees Only)

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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 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.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme.

Only a small number of the Association's staff were in the growth scheme and the Association's share of the deficit is £4.7k, down slightly from £5.5k over the year. The Association pays a small additional deficit payment each year and will continue to do so until the deficit is eliminated which it is estimated could take up to 7 years.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2021

23 RELATED PARTY TRANSACTIONS

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

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 is made at arm's length and is under normal contractual terms.

Transactions during the year with governing body members (and their close family) were as follows:

	2021	2020
	£	£
Rent received from tenants on the Board	9,240	9,090
Factoring Charges received from owners on the Board	1,888	1,733
At the year end total rent arrears owed by the tenant members of the Board	Nil	Nil
At the year end total factoring arrears owed by owner members of the Board	Nil	Nil
	No.	No.
Members of the Board who are tenants	2	2
Members of the Board who are local authority employees	1	1

During the year Partick Works Limited paid funds to the Association. The following related party transactions took place during the year:

Name	Relationship	Transaction	Amount	Balance (to/from) At 31 March 2021
			£	£
Partick Works Limited	Subsidiary	Funds received	(151,703)	
		Interest charged	20,000	
		Gift aid payment	180,675	<u>986,784</u>

The comparatives for the previous year are:

Name	Relationship	Transaction	Amount	Balance (to/from) At 31 March 2020
			£	£
Partick Works Limited	Subsidiary	Funds received	(464,881)	
		Interest charged	31,411	
		Gift aid payment	(29,076)	<u>937,812</u>