



**Alexander Sloan**  
Accountants and Business Advisers

# **Southside Housing Association Limited**

Report and Financial Statements

For the year ended 31 March 2020

Registered Social Landlord No. HCB186

FCA Reference No. 1694R(S)

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**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS  
YEAR ENDED 31 MARCH 2020**

**Management Committee**

Margaret McIntyre	Chairperson
Betty MacNeil	Vice Chairperson
Iain Dyer	Secretary
Kenneth Ross	
Surjit Singh Chowdhary	
Alan Ferguson	Resigned 29 August 2019
Jonah Chireka	
Alex Cameron	
Lucy A Cowan	Resigned 29 August 2019
Bob Turnbull	Resigned 25 June 2020
Munir Choudry	
Alison Devlin	Appointed 29 August 2019
Ruth McCluskey	Appointed 29 August 2019
Lisa Peebles	Appointed 29 August 2019, resigned 30 January 2020

**EXECUTIVE OFFICERS**

Patrick McGrath	Director
Allan Forfar	Head of Housing Management
Norma Taylor	Deputy Director
Manda Wright	Head of Finance & Commercial
Donna Reilly	Head of Investment & Development

**REGISTERED OFFICE**

135 Fifty Pitches Road  
Glasgow  
G51 4EB

**EXTERNAL AUDITORS**

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

**INTERNAL AUDITORS**

BDO LLP  
4 Atlantic Quay  
70 York Street  
Glasgow

**BANKERS**

Bank of Scotland  
236 Albert Drive  
Glasgow  
G41 2NL

**SOLICITOR**

TC Young  
7 West George Street  
Glasgow  
G2 1BA

## **REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2020**

The Management Committee presents its report and the Financial Statements for the year ended 31<sup>st</sup> March 2020

### **Legal Status**

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.1694R (S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SCO36009.

### **Principal Activities**

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

### **Review of Business and Future Activities**

The Association reported an operating surplus of £984,799 (2019: £346,497)

The reserves balance of £43,166,696 (2019: £41,729,829) reported in the Statement of Financial Position (page 15) is, in part earmarked to support the continued investment in transferred stock.

### **Governing Body**

The Association's Governing Body is the Management Committee, which meets monthly. All meetings of the Committee were quorate in 2019/20 and 11 of the 12 places were filled at the AGM. A third of the Management Committee stood down in accordance with our rules and any members who had served for more than nine consecutive years were subject to a review in accordance with the rules of the Association. All Committee members underwent an annual appraisal. The Association delegates some management functions to local Neighbourhood Committees and operates its Factoring and Mid-Market Rented business through a commercial subsidiary, Southside Factoring and Related Services Ltd. An Inter-Company Agreement sets out the relationship between the parent and the subsidiary.

The Association has a complex network of Regulators. The principal regulator, the Scottish Housing Regulator (SHR), engaged with the Association on the scale of its Development activity and a copy of this Regulation plan is available to view on the SHR website. The Care Inspectorate, which regulates housing support services, continued to classify services as "Good" or "Very Good". Other regulatory bodies, the Financial Conduct Authority and the Office of the Scottish Charity Regulator, had no significant engagement with the Association.

### **Performance as a Registered Landlord**

The Association continues to show strong patterns of performance on key service areas, a dip in some areas of activity in 2018/19 has recovered over the past year.

Due to Covid-19 the Association did not submit its Annual Report on the Scottish Social Housing

REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

Table 1 –Summary of Performance Outputs Reported in the ARC.

Indicators	2017/18	2018/19	2019/20	Scottish Average 2018/19
Gross Rent Arrears as a percentage of rent due (Indicator 27)	5.79	6.58	5.91	5.67
Average days to re-let properties (Indicator 30)	18.56	21.07	12.19	31.89
Percentage of rent due lost through empty properties (Indicator 34)	0.46	0.5	0.33	0.88
Percentage of tenancy offers refused (Indicator 18)	43.21	43.55	30.85	36.32
Percentage of New tenancies sustained for more than a year (Indicator 20)	92.61	93.1	93.57	88.58
Percentage of tenants satisfied with the quality of their home (Indicator 9)	94.14	84.57	96.00	88.00
Average hours taken to complete emergency repairs (Indicator 8)	1.93	1.97	1.72	3.65
Average length of time taken to complete non-emergency repairs (Indicator 9)	4.33	4.25	3.98	6.56
Percentage of homes with gas safety record renewed by anniversary date (Indicator 11)	100	99.6	100	99.93
Percentage of reactive repairs completed right first time (Indicator 10)	96.35	97.24	91.05	92.23
Satisfaction with repairs service (Indicator 12)	97.2	93.7	90.60	92.00
Percentage of self-contained properties that meet SHQS (Indicator 6)	78.53	85.02	81.35	94.09
Percentage of stage 1 complaints resolved within SPSO timeframes (Indicator 3)	88.52	86.54	89.04	86.39
Percentage of stage 2 complaints resolved within SPSO timeframes (Indicators 4)	72.22	78.26	80.95	83.78

**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)**

**Investment in our Homes**

The table below details where the Association has spent over £1.6m in the past year making improvements to tenants' homes. In addition to the significant investment in improving homes, the Association also carried out a major piece of research into the condition of the housing stock and this shows a requirement for increased investment in the coming years, rising to an average £4m per annum.

<b>Capital and Revenue Improvement Projects 2019-2020</b>			
<b>Project ID</b>	<b>Address</b>	<b>No of Properties</b>	<b>Spend</b>
<b>Kitchen Replacement</b>	284 Maxwell Road	7	£124,857
	198 Darnley Street	1	
	144 -146 McCulloch Street	3	
	1704 - 1744 Paisley Road West	6	
	Ad-hoc Properties	12	
	46 Melville St	2	
<b>Bathroom Replacement</b>	284 Maxwell Road	7	£248,874
	198 Darnley Street	1	
	144 -146 McCulloch Street	5	
	103 - 115 McCulloch St	19	
	12 Lincluden Path	1	
	86 Craigie Street, 6 Allison Place	7	
	1704 - 1744 Paisley Road West	10	
	Ad- Hoc Properties	5	
<b>Heating System Replacement</b>	Invergyle Drive & Swinton Place	59	£876,198
	St Andrews Drive / Crescent	13	
	Ad- Hoc Heating Upgrade	3	
<b>Smoke and Heat Detector Replacement</b>	27, 29 , 31 St Andrews Drive	68	£202,050
	21, 27, 33 & 39 St Andrews Crescent	90	
	4 - 14 St Andrews Crescent	36	
	Maxwell Grove, Maxwell Gardens, St Andrews Dr	88	
<b>Common Water system upgrade( As part of ASHP)</b>	30 Invergyle Drive	30	£53,400
<b>Common Stair lighting &amp; Backcourt Upgrade</b>	2 Maxwell Gardens	Common Area	£26,424
	44, 52 Maxwell Drive		
	5, 10, 16, 17 Maxwell Grove		
	42 St Andrews Drive		

**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)**

**Building New Homes**

Table three below sets out the scale of the Association's development commitments over the year, to address local community housing needs. In the past year, we have spent approximately £8.9m on new homes which includes.

<b>Development Projects for 2019/20</b>							
<b>No</b>	<b>Projects</b>	<b>Rent</b>	<b>MMR</b>	<b>Other</b>	<b>Grant Funding (£ millions)</b>	<b>SHA Funding (£ millions)</b>	<b>Complete</b>
1	St Andrews Phase 1	36		13	-	0.6	May 2019
2	St Andrews Phase 2 & 3				-	0.2	Sept 2022
3	Strathbungo Tenements		26		1.9	2.8	Dec 2020
4	43 Allison Street	33	16	1	2.0	0.2	Feb 2022
5	166 Gorbals Street		6	1	0.3	0.9	June 2019
	<b>TOTALS</b>	<b>69</b>	<b>48</b>	<b>15</b>	<b>4.2</b>	<b>4.7</b>	

The Association also carried out major improvement works to the grounds around Moss Heights Avenue, and prepared a similar improvement plan for Queensland Court and Gardens.

**Advice Services**

Southside Housing Association funds three posts in the Advice Team to provide specialist advice and support to Tenants to help them maximise their income, reduce unmanageable debt, and protect them from the impact of welfare reform. The Big Lottery funded a further two posts to provide the service to the wider community, this included an additional Welfare Rights Officer (WRO) and a Money Advice Officer (MAO) this funding was due to end 7<sup>th</sup> December 2019.

The WRO funded by the Big Lottery (BL) left post in November 2019. We sought and were granted permission from BL to use the underspend to extend the post of Money Adviser to the end of March 2020. We have made agreements to provide the service from the 1<sup>st</sup> April 2020 to the following Housing Associations (HA's), which allows us to retain and share the Money Advice Service:

- Cathcart & District Housing Association;
- Craigdale Housing Association
- New Gorbals Housing Association
- The Well

We have made an application to Glasgow Communities Fund and we should know the outcome in October 2020. If successful, it will fund the continuation of a wider community service.

In 2019/2020, the Advice Team achieved financial gains for clients of over £2.9 million, provided over 4000 face-to-face appointments, and currently manages over £2 million in debt, in addition over £30k of client debt was written off.

**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)**

To help sustain tenancies, 27 starter packs were issued to new tenants, 150 successful applications for Scottish Welfare Fund grants were awarded, to assist tenants to set up home, replace essential items or assist with financial crisis. Seven tenancies were provided with direct support from the Tenancy Sustainment budget, to supply goods and services to exceptionally vulnerable tenants in need.

<b>Case Funding Sources Funding Source</b>	<b>Case Details Count Number of Cases</b>	<b>Financial Gains Sum Calculated Financial Gain</b>
Cathcart	149	£386,996.69
Community	519	£1,013,023.63
Southside	771	£1,530,983.90
<b>Report Total</b>	<b>1439</b>	<b>£2,931,004.22</b>

**Southside Factoring and Related Services Ltd. (SFARS Ltd.)**

The Association continues to operate a commercial subsidiary, SFARS Ltd. As a charity, the Association strives to ensure that this commercial subsidiary is a net contributor to the financial health of the Association. In most years, the subsidiary delivers a small profit and the Association has the option to receive this surplus as a tax-deductible distribution. In 2019/20 SFARS made a profit of £1,046.

Highlights of SFARS activity over the past year include:

- Our Factoring Customer Satisfaction Survey reported that 77% of residential customers were overall satisfied with the service they received from SFARS. This was an increase of 6% since the survey was carried out in 2016.
- Worked closely with Glasgow City Council (GCC) Direct Related Services team to obtain funding on behalf of owners for small repair projects and missing shares to improve and repair factored buildings.
- Factoring arrears have gone down by 0.6% over the year.
- Mid-Market Rent (MMR) properties continue to be extremely popular with 62 flats allocated through the year. These included 14 new build flats at Stanley Street, 6 refurbished properties at 166 Gorbals Street and 35 GCC funded acquisitions in the Strathbungo and Govanhill area. Southside Letting holds a waiting list of 1,000 applicants for MMR and Private Letting.
- A further 10 flats were re-let throughout the year, this being a low turnover of MMR flats (5%)
- MMR arrears have reduced by 1.08% over the year.
- 93% of tenants were satisfied with the service provided by SFARS.
- SFARS has continued to expand the Private Letting Service.
- Five flats were converted from social housing to MMR within the year allowing a mix of tenure at a scheme.
- Continued with our policy to buy back shared ownership properties and convert to MMR
- Registered as a Letting Agent in April 2019



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**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)**

**Care and Repair**

The Association continues to manage Glasgow Care and Repair for the city with funding support from Glasgow City Council and the Health and Social Care Partnership. The range of services provided:

- Basic advice work for private householders aged over 65,
- A handyman service for elderly or disabled homeowners,
- A handyman service for a number of different housing associations,
- A Home and Hospital Service to aid hospital discharge and reduce hospital admissions,
- A Scottish Government funded Home Equity Release scheme.

During 2019/20, the partnership with housing associations to deliver handyman services to vulnerable tenants included:

- Southside Housing Association
- Linthouse Housing Association
- Glen Oaks Housing Association
- Thenue Housing Association
- New Gorbals Housing Association
- Govanhill Housing Association
- Blackwood Housing Association

During the year both Rosehill Housing Co-operative, Whiteinch HA and Scotstoun HA also took up the Handyman Service. This service has continued to operate throughout the pandemic situation providing urgent and essential jobs citywide. During the Covid-19 crisis, the Handyman Service has also been assisting Glasgow Mutual Aid with the collection and delivery of prescriptions.

# REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2020

## **Management Committee and Executive Officers**

The members of the Management Committee and the Executive Officers are listed on Page 1.

Each member of the Management Committee 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 Management Committee.

The members of the Management Committee are also Trustees of the charity. Members of the Management Committee are appointed by the members at the Association's Annual General

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

The Co-operative and Community Benefit Act 2014 requires the Management 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 surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements 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 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 Management Committee 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 2010 and the Determination of Accounting Requirements 2019. It is responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

## **Going Concern**

Based on its budgetary and forecasting processes the Management Committee 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

## **Statement on Internal Financial Control**

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

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

It is the Management Committee'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 management team and the Management Committee 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 Management Committee;
- the Management Committee 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 Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2020. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

## **Donations**

During the year the Association made charitable donations amounting to £2,630 (2019 - £6,037).

## **Disclosure of Information to the Auditor**

The members of the Management Committee 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

**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2020**

**Auditors**

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

**By order of the Management Committee**

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

In addition to our audit of the Financial Statements, we have reviewed your statement on page 10 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 relating 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 reasons given for non-compliance.

**Opinion**

In our opinion the Statement on Internal Financial Control on page 10 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes 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 Management Committee, and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee'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 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

30 July 2020



**Alexander Sloan**  
Accountants and Business Advisers

## Opinion

We have audited the financial statements of Southside Housing Association Limited (the 'Association') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of 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 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

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

## Other information

The Management Committee 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 or omissions, we are required to report on them in our report.

### **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 Management Committee**

As explained more fully in the Statement of Management Committee's Responsibilities as set out on page 8, 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 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 Management Committee 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 Management Committee either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorresponsibilities>. This 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



	Notes	2020		2019	
		£	£	£	£
Revenue	2		13,996,191		12,603,926
Operating costs	2		13,011,392		12,257,429
<b>OPERATING SURPLUS</b>			<u>984,799</u>		<u>346,497</u>
Gain on sale of housing stock	7	-		52,115	
Release of negative goodwill	13	111,000		111,000	
Exceptional item	27	(663,305)		-	
Interest receivable and other income		51,787		86,254	
Interest payable and similar charges	8	(161,419)		(70,082)	
Other Finance income/(charges)	10	<u>(39,000)</u>		<u>(30,000)</u>	
			<u>(700,937)</u>		<u>149,287</u>
<b>SURPLUS FOR THE YEAR</b>			<b>283,862</b>		<b>495,784</b>
<b>Other comprehensive income</b>					
Adjustment relating to opening pension liability	20		-		(284,057)
Actuarial gains/(losses) on defined benefit pension plan	20		1,153,000		(476,000)
<b>TOTAL COMPREHENSIVE INCOME</b>			<b><u>1,436,862</u></b>		<b><u>(264,273)</u></b>

The results relate wholly to continuing activities.

The notes on pages 18 to 42 form an integral part of these financial statements.



Housing properties - depreciated cost	11		103,634,389	100,052,602
Other tangible assets	11		2,332,445	2,379,378
Intangible assets	11		180,676	-
Investments	12		1	1
			<u>106,147,511</u>	<u>102,431,981</u>
Negative goodwill	13		(4,553,824)	(4,664,824)
<b>CURRENT ASSETS</b>				
Receivables	14	2,107,270		1,110,380
Shared equity properties	15	544,500		-
Cash and cash equivalents	16	5,105,604		9,847,652
		<u>7,757,374</u>		<u>10,958,032</u>
<b>CREDITORS: Amounts falling due within one year</b>	17	(4,830,847)		(4,311,198)
<b>NET CURRENT ASSETS</b>			<u>2,926,527</u>	<u>6,646,834</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			104,520,214	104,413,991
<b>CREDITORS: Amounts falling due after more than one year</b>	18		(1,607,818)	(2,572,471)
<b>PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES</b>				
Scottish housing association pension scheme	20	(107,956)		(813,000)
Strathclyde pension fund	20	(387,000)		(763,000)
			<u>(494,956)</u>	<u>(1,576,000)</u>
<b>DEFERRED INCOME</b>				
Social housing grants	21	(59,172,129)		(58,454,456)
Other grants	21	(78,615)		(81,235)
		<u>(59,250,744)</u>		<u>(58,535,691)</u>
<b>NET ASSETS</b>			<u>43,166,696</u>	<u>41,729,829</u>
<b>EQUITY</b>				
Share capital	22		208	203
Revenue reserves			43,661,444	43,305,626
Pension reserves			(494,956)	(1,576,000)
			<u>43,166,696</u>	<u>41,729,829</u>

<b>Surplus for the Year</b>		283,862	495,784
<i>Adjustments for non-cash items:</i>			
Depreciation of tangible fixed assets	11	2,933,016	2,509,949
Amortisation of intangible assets	11	-	180
Amortisation of capital grants	21	(1,742,791)	(1,600,251)
Gain on disposal of tangible fixed assets		58,925	(54,815)
Release of negative goodwill	13	(111,000)	(111,000)
Non-cash adjustments to pension provisions		71,956	(52,000)
Share capital written off	22	(5)	(3)
		<u>1,210,101</u>	<u>692,060</u>
Interest receivable		(51,787)	(86,254)
Interest payable	8	161,419	32,692
		<u>1,603,595</u>	<u>1,134,282</u>
<b>Operating cash flows before movements in working capital</b>			
Change in properties developed for resale		-	17,700
Change in debtors		(996,890)	(437,450)
Change in creditors		658,227	(98,543)
		<u>(338,663)</u>	<u>(518,293)</u>
<b>Net cash inflow from operating activities</b>		<u>1,264,932</u>	<u>615,989</u>
<b>Investing Activities</b>			
Acquisition and construction of properties		(9,184,013)	(15,063,093)
Purchase of other fixed assets		(22,892)	(6,273)
Social housing grant received		4,336,781	6,551,709
Social housing grant repaid		(80,631)	-
Proceeds on disposal of housing properties		242,000	72,127
Proceeds on disposal of other tangible assets		-	2,700
		<u>(4,889,431)</u>	<u>(8,442,830)</u>
<b>Net cash outflow from investing activities</b>			
<b>Financing Activities</b>			
Loan arrangement fees		-	(250,000)
Interest received on cash and cash equivalents		51,787	86,254
Interest paid on loans		(161,419)	(32,692)
Loan principal repayments		(1,007,927)	(245,640)
Share capital issued	22	10	-
		<u>(1,117,549)</u>	<u>(442,078)</u>
<b>Net cash outflow from financing activities</b>			
<b>Decrease in cash</b>	23	<u>(4,742,048)</u>	<u>(8,268,919)</u>
<b>Opening cash &amp; cash equivalents</b>		9,847,652	18,116,571
<b>Closing cash &amp; cash equivalents</b>		<u>5,105,604</u>	<u>9,847,652</u>

# IDE HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2020

	Share Capital	Strathclyde Pension Reserve	Scottish Housing Association Pension Reserve	Revenue Reserve	Total
	£	£	£	£	£
1 April 2018	203	(399,000)	-	42,392,899	41,994,102
Shares diversive income its /year	-	-	-	-	-
	-	(316,000)	(444,057)	-	(760,057)
	-	(48,000)	(368,943)	416,943	-
	-	-	-	495,784	495,784
31 March 2019	<u>203</u>	<u>(763,000)</u>	<u>(813,000)</u>	<u>43,305,626</u>	<u>41,729,829</u>
1 April 2019	203	(763,000)	(813,000)	43,305,626	41,729,829
Shares diversive income its /year	10	-	-	-	10
	(5)	-	-	-	(5)
	-	551,000	602,000	-	1,153,000
	-	(175,000)	103,044	71,956	-
	-	-	-	283,862	283,862
31 March 2020	<u>208</u>	<u>(387,000)</u>	<u>(107,956)</u>	<u>43,661,444</u>	<u>43,166,696</u>

Pages 18 to 42 form an integral part of these financial statements.

## **1. PRINCIPAL ACCOUNTING POLICIES**

### **Statement of Compliance and Basis of Accounting**

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 for social housing providers 2018. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2019. They comply with the Determination of Accounting Requirements 2019. A summary of the principal accounting policies is set out below

### **Revenue**

Revenue comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sales of properties built for sale, other services provided, revenue grants receivable and government grants released to income in the period.

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it 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 asset to which they relate. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

### **Retirement Benefits**

The Association participates in the Strathclyde Pension Fund a multi-employer defined benefit scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

The Association previously participated in the Scottish Housing Association Pension Scheme (SHAPS) a multi-employer defined benefit scheme where retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. The Association moved to the SHAPS defined contribution scheme on leaving the defined benefit scheme. A number of members of the Association's staff are also members of a Defined Contribution Pension Scheme administered by Scottish Windows. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

### **Going Concern**

On the basis that the Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

## 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

### Housing Properties

Housing properties are held for the provision of social housing. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Association depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

<i>Component</i>	<i>Useful Economic Life</i>
Windows	30 years
Kitchen	15 years
Bathroom	20 years
Central Heating	20 years
Boilers	15 years
Rewiring	25 years
Lift Installation	25 years
Structure	50 years
CCTV	10 years

### Depreciation and Impairment of Other Tangible Assets

Non-current assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected economic useful lives of the assets at the following annual rates:

<i>Asset Category</i>	<i>Depreciation Rate</i>
Office Premises	2%
Furniture and Fittings	33%
Computer & Office Equipment	20%-33%
Motor vehicles	20%

The carrying values of non-current assets are reviewed for impairment at the end of each reporting period.

### Social Housing Grants and Other Capital Grants

Social housing grants and other capital grants are accounted for using the Accrual 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 they relate.

Social housing grant attributed to individual components is written off to the statement of comprehensive income when these components are replaced.

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.

### Sales Of Housing Properties

Disposals under shared equity schemes are accounted for in the statement of comprehensive income.

## **1. PRINCIPAL ACCOUNTING POLICIES (continued.)**

### **Leases**

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

### **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, a material reduction in future maintenance costs, or a significant extension of the life of the property.

### **Capitalisation Of Development Overheads**

Directly attributable development administration costs relating to ongoing development activities are capitalised.

### **Borrowing Costs**

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme. All other borrowing costs are expensed to the statement of comprehensive income using the effective interest rate method.

### **Property Development Cost**

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a non-current asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income.

Property developments that are intended for resale are included in current assets until disposal.

### **Negative Goodwill**

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

### **VAT**

The Association is VAT registered but the substantial proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.

## **1. PRINCIPAL ACCOUNTING POLICIES (Continued.)**

### **Financial Instruments - Basic**

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

### **Cash and Liquid Resources**

Cash comprises cash at bank and in hand, deposits repayable on demand less overdrafts. Liquid resources are current asset investments that can't be disposed of without penalty and are readily convertible into amounts of cash at their carrying value.

### **Impairment**

The Association assesses at the end of each accounting period whether there are indications that a non-current asset may be impaired or that an impairment loss previously recognised has fully or partially reversed.

Where the carrying value of non-current assets is less than their recoverable amounts the shortfall is recognised as an impairment loss in the Statement of Comprehensive Income. The recoverable amount is the higher of the fair value less costs to sell and value-in-use of the asset based on its service potential.

Impairment losses previously recognised are reversed if the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income.

## 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

### Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the the Association to exercise judgement in applying the it'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.

#### Key Judgements

##### *a) Categorisation of Housing Properties*

In the judgement of the Management Committee 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 Management Committee considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

##### *c) Financial instrument break clauses*

The Management Committee has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In their judgement these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

##### *d) Pension Liability*

The Association participated in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method.

#### Estimation Uncertainty

##### *a) 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.

##### *b) 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.

##### *c) Useful life of properties, plant and equipment*

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

##### *d) Costs of shared ownership*

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

##### *e) Defined pension liability*



## 2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

	Notes	2020			2019		
		Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	11,903,011	10,788,514	1,114,497	11,477,711	10,797,953	679,758
Other Activities	4	2,093,180	2,222,878	(129,698)	1,126,215	1,459,476	(333,261)
<b>Total</b>		<b>13,996,191</b>	<b>13,011,392</b>	<b>984,799</b>	<b>12,603,926</b>	<b>12,257,429</b>	<b>346,497</b>

## 3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	Shared Ownership £	2020 Total £	2019 Total £
<b>Revenue from Lettings</b>					
Rent receivable net of service charges	8,624,925	980,105	196,021	9,801,051	9,315,637
Service charges receivable	227,518	15,300	3,060	245,878	364,169
<b>Gross income from rent and service charges</b>	<b>8,852,443</b>	<b>995,405</b>	<b>199,081</b>	<b>10,046,929</b>	<b>9,679,806</b>
Less: Rent losses from voids	132,993	-	-	132,993	71,538
<b>Income from rents and service charges</b>	<b>8,719,450</b>	<b>995,405</b>	<b>199,081</b>	<b>9,913,936</b>	<b>9,608,268</b>
Grants released from deferred income	1,822,791	-	-	1,822,791	1,677,691
Other revenue grants	150,841	12,869	2,574	166,284	191,752
<b>Total turnover from affordable letting activities</b>	<b>10,693,082</b>	<b>1,008,274</b>	<b>201,655</b>	<b>11,903,011</b>	<b>11,477,711</b>
<b>Expenditure on affordable letting activities</b>					
Management and maintenance administration	4,028,850	448,925	89,785	4,567,560	4,373,288
Service costs	574,887	65,347	13,069	653,303	744,559
Planned and cyclical maintenance, including major repairs	588,372	66,879	13,376	668,627	1,508,431
Reactive maintenance costs	1,591,064	167,076	33,415	1,791,555	1,577,645
Bad Debts - rents and service charges	163,106	18,540	3,708	185,354	69,679
Depreciation of affordable let properties	2,922,115	-	-	2,922,115	2,524,351
<b>Operating costs of affordable letting activities</b>	<b>9,868,394</b>	<b>766,767</b>	<b>153,353</b>	<b>10,788,514</b>	<b>10,797,953</b>
<b>Operating surplus on affordable letting activities</b>	<b>824,688</b>	<b>241,507</b>	<b>48,302</b>	<b>1,114,497</b>	<b>679,758</b>
<b>2019</b>	<b>486,762</b>	<b>160,830</b>	<b>32,166</b>		

# DE HOUSING ASSOCIATION LIMITED

STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020  
 FINANCIAL STATEMENTS (continued)

## ANALYSIS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants from Scottish Ministers		Other revenue grants		Supporting people income		Other income		Total Turnover		Operating costs - bad debts		Other operating costs		Operating surplus / (deficit) 2020	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Utilities	-	9,978	-	-	-	-	-	-	9,978	-	-	-	71,050	(61,072)		
Rent	-	225,178	-	64,418	-	289,596	-	-	289,596	-	-	-	318,026	(28,430)		
Leases	-	60,038	-	1,472	-	61,510	-	1,472	61,510	-	-	-	137,122	(75,612)		
Sales	524,940	-	-	242,000	-	766,940	-	242,000	766,940	-	-	-	766,940	-		
Leases	-	-	-	867,052	-	867,052	-	867,052	867,052	-	-	-	531,787	335,265		
Other costs	-	56,752	-	16,895	-	73,647	-	16,895	73,647	-	-	-	87,048	(13,401)		
	-	-	24,457	-	24,457	-	-	-	24,457	-	-	-	310,905	(286,448)		
<b>Other Activities</b>	<b>524,940</b>	<b>351,946</b>	<b>24,457</b>	<b>1,191,837</b>	<b>24,457</b>	<b>2,093,180</b>	<b>548,084</b>	<b>1,191,837</b>	<b>2,093,180</b>	<b>-</b>	<b>-</b>	<b>2,222,878</b>	<b>(129,698)</b>			
	-	340,284	237,847	548,084	237,847	1,126,215	548,084	548,084	1,126,215	-	-	1,459,476	(333,261)			

**5. OFFICERS' EMOLUMENTS**

	2020	2019
	£	£
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association. Emoluments includes social security costs.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	<u>188,845</u>	<u>60,605</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>69,705</u>	<u>41,142</u>
Emoluments payable to Director (excluding pension contributions)	65,303	59,381
Pension contributions paid on behalf of the Director	<u>36,898</u>	<u>41,142</u>
Total emoluments payable to the Director	<u>102,201</u>	<u>100,523</u>
Total emoluments paid to key management personnel	<u>386,146</u>	<u>370,450</u>

The number of Officers, including the highest paid Officer, who received emoluments, including pension contributions, over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	2	1
£70,001 to £80,000	1	2
£80,001 to £90,000	1	-
£100,001 to £110,000	<u>1</u>	<u>1</u>

**6. EMPLOYEE INFORMATION**

	2020	2019
	No.	No.
Average monthly number of full time equivalent persons employed during the year	<u>85</u>	<u>86</u>
Average total number of employees employed during the year	<u>109</u>	<u>111</u>
Staff costs were:	£	£
Wages and salaries	2,927,661	3,080,853
National insurance costs	268,011	292,461
Pension costs	221,215	122,552

**7. GAIN ON SALE OF HOUSING STOCK**

	2020	2019
	£	£
Sales proceeds	-	72,127
Cost of sales	-	20,012
Gain on sale of housing stock	<u>-</u>	<u>52,115</u>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2020	2019
	£	£
On bank loans and overdrafts	161,419	70,082
	<u>161,419</u>	<u>70,082</u>

**9. SURPLUS FOR THE YEAR**

	2020	2019
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	2,933,016	2,550,228
(Loss) on component disposals	58,925	109,273
Auditors' remuneration - audit services	12,960	12,600
Operating lease rentals - other	17,402	17,402
Gain on sale of other non-current assets	-	(54,815)
	<u>-</u>	<u>(54,815)</u>

**10. OTHER FINANCE INCOME / (CHARGES)**

	2020	2019
	£	£
Net interest on pension obligations	<u>(39,000)</u>	<u>(30,000)</u>

## 11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
<b>COST</b>				
At 1 April 2019	112,236,560	23,449,880	4,549,996	140,236,436
Additions	-	8,942,599	53,858	8,996,457
Disposals	(240,500)	-	-	(240,500)
Transfers	13,916,773	(13,708,755)	(208,018)	-
Transferred to Shared Equity		(2,492,554)		(2,492,554)
At 31 March 2020	<u>125,912,833</u>	<u>16,191,170</u>	<u>4,395,836</u>	<u>146,499,839</u>
<b>DEPRECIATION</b>				
At 1 April 2019	39,576,230	-	607,604	40,183,834
Charge for Year	2,775,274	-	87,917	2,863,191
Transfers	17,856	-	(17,856)	-
Disposals	(181,575)	-	-	(181,575)
At 31 March 2020	<u>42,187,785</u>	<u>-</u>	<u>677,665</u>	<u>42,865,450</u>
<b>NET BOOK VALUE</b>				
At 31 March 2020	<u>83,725,048</u>	<u>16,191,170</u>	<u>3,718,171</u>	<u>103,634,389</u>
At 31 March 2019	<u>72,660,330</u>	<u>23,449,880</u>	<u>3,942,392</u>	<u>100,052,602</u>

Expenditure on Existing Properties	2020		2019	
	Component replacement £	Improvement £	Component replacement £	Improvement £
Amounts capitalised	396,526	876,198	788,205	-
Amounts charged to the statement of comprehensive income	-	2,460,182	-	2,297,871

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carry value of £36,093,127 (2019 - £15,206,844)

**11. NON CURRENT ASSETS (continued)**

<b>(b) Other tangible assets</b>	<b>Office Premises</b>	<b>Furniture &amp; Equipment</b>	<b>Motor Vehicles</b>	<b>Computer Equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>COST</b>					
At 1 April 2019	2,528,643	49,287	88,033	425,552	3,091,515
Additions	1,746	21,146	-	-	22,892
Eliminated on disposals	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2020	2,530,389	70,433	88,033	425,552	3,114,407
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>DEPRECIATION</b>					
At 1 April 2019	471,485	38,773	35,571	166,308	712,137
Charge for year	53,243	(9,475)	17,607	8,450	69,825
Eliminated on disposals	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2020	524,728	29,298	53,178	174,758	781,962
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET BOOK VALUE</b>					
At 31 March 2020	2,005,661	41,135	34,855	250,794	2,332,445
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2019	2,057,158	10,514	52,462	259,244	2,379,378
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**11. (c) Intangible assets**

	<b>Website &amp; Software</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>COST</b>		
At 1 April 2019	540	540
Additions	180,676	180,676
Eliminated on disposals	(540)	(540)
	<u>          </u>	<u>          </u>
At 31 March 2020	180,676	180,676
	<u>          </u>	<u>          </u>
<b>AMORTISATION</b>		
At 1 April 2019	540	540
Charge for year	-	-
Eliminated on disposal	(540)	(540)
	<u>          </u>	<u>          </u>
At 31 March 2020	-	-
	<u>          </u>	<u>          </u>
<b>NET BOOK VALUE</b>		
At 31 March 2020	180,676	180,676
	<u>          </u>	<u>          </u>

**12. FIXED ASSET INVESTMENTS**

	2020	2019
	£	£
Subsidiary undertakings	1	1
	<u>1</u>	<u>1</u>

**Subsidiary Undertakings**

Southside Housing Association Limited has the following wholly owned subsidiary undertakings. The registered office of the subsidiary is ,135 Fifty Pitches Road,Glasgow.

	2020		2019	
	<i>Reserves</i>	<i>Profit / (Loss)</i>	<i>Reserves</i>	<i>Profit / (Loss)</i>
	£	£	£	£
Southside Factoring and Related Services Ltd	<u>(6,078)</u>	<u>1,046</u>	<u>(7,124)</u>	<u>(27,236)</u>

**13. NEGATIVE GOODWILL**

	2020	2019
	£	£
At 1 April 2019	4,664,824	4,775,824
Released during the year to the statement of comprehensive income	<u>(111,000)</u>	<u>(111,000)</u>
At 31 March 2020	<u>4,553,824</u>	<u>4,664,824</u>

**14. RECEIVABLES**

	2020	2019
	£	£
Gross arrears of rent and service charges	640,472	592,865
Less: Provision for doubtful debts	<u>(490,055)</u>	<u>(424,090)</u>
<i>Net arrears of rent and service charges</i>	150,417	168,775
Other receivables	1,916,295	863,377
Amounts due from group undertakings	40,558	78,228
	<u>2,107,270</u>	<u>1,110,380</u>

**15. SHARED EQUITY PROPERTIES**

	2020	2019
	£	£
Shared equity properties	544,500	-

**16. CASH AND CASH EQUIVALENTS**

	2020	2019
	£	£
Cash at bank and in hand	5,105,604	9,847,652
	<u>5,105,604</u>	<u>9,847,652</u>

**17. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Bank loans	175,500	218,774
Trade payables	1,120,448	894,883
Rent received in advance	238,620	227,416
Social housing grant in advance	986,242	893,990
Other taxation and social security	89,370	95,301
Other payables	763,394	980,950
Accruals and deferred income	1,457,273	999,884
	<u>4,830,847</u>	<u>4,311,198</u>

**18. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020	2019
	£	£
Bank loans	1,607,818	2,572,471
	<u>1,607,818</u>	<u>2,572,471</u>



**19. DEBT ANALYSIS - BORROWINGS**

	2020	2019
	£	£
<b>Bank Loans</b>		
Amounts due within one year	175,500	218,774
Amounts due in one year or more but less than two years	118,135	218,688
Amounts due in two years or more but less than five years	409,676	592,304
Amounts due in more than five years	1,080,007	1,761,479
	<u>1,783,318</u>	<u>2,791,245</u>

The Association has a number of bank loans the principal terms of which are as follows:

<i>Lender</i>	<i>Number of Properties Secured</i>	<i>Interest Rate</i>	<i>Maturity (Year)</i>	<i>Variable or Fixed</i>
Bank of Scotland	26	0.6%	2029	Variable
Nationwide Building Society	150	0.7%	2034	Variable
Nationwide Building Society	82	0.7%	2038	Variable
Handelsbanken	733	1.6%	2024	Variable

All the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

In accordance with FRS 102 the Association's bank borrowings are valued at amortised cost using the effective interest rate method.

	2020	2019
	£	£
Due to lenders At 31 March 2020	2,025,874	3,068,112
Effective interest rate adjustment	(242,556)	(276,867)
	<u>1,783,318</u>	<u>2,791,245</u>

## 20. RETIREMENT BENEFIT OBLIGATIONS

### Scottish Housing Association Pension Scheme

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

The Association moved to a defined contribution scheme but has a net liability for the past service deficit in the defined benefit 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 pensions schemes in the UK.

The last valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). A recovery plan is in place to eliminate the past service deficit which runs to 28 February 2022.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, then the liability of the withdrawing employer is reapportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

In 2019 the Pensions Trust, the administrator of the Scheme developed a method of determining the share of assets and liabilities for individual employers. This method was adopted by the Association in 2019 and resulted in an adjustment to the opening pension liability recognised in the statement of financial position of £-284057.

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

	2020	2019
	£	£
Fair value of plan assets	4,255,000	4,008,000
Present value of defined benefit obligation	4,363,000	4,821,000
Surplus / (deficit) in plan	(108,000)	(813,000)
Unrecognised surplus	-	-
Defined benefit asset / (liability) to be recognised	(108,000)	(813,000)

**20. RETIREMENT BENEFIT OBLIGATIONS (continued)****Scottish Housing Association Pension Scheme (continued.)****Reconciliation of opening and closing balances of the defined benefit obligation**

	2020	2019
	£	£
Defined benefit obligation at the start of period	4,821,000	4,462,000
Expenses	4,000	4,000
Interest expense	110,000	114,000
Actuarial losses (gains) due to scheme experience	84,000	(17,000)
Actuarial losses (gains) due to changes in demographic assumptions	(27,000)	12,000
Actuarial losses (gains) due to changes in financial assumptions	(487,000)	296,000
Benefits paid and expenses	(142,000)	(50,000)
Defined benefit obligation at the end of period	<u>4,363,000</u>	<u>4,821,000</u>

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

	2020	2019
	£	£
Fair value of plan assets at start of period	4,008,000	3,709,000
Interest income	92,000	96,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	172,000	131,000
Contributions by the employer	125,000	122,000
Benefits paid and expenses	(142,000)	(50,000)
Fair value of plan assets at the end of period	<u>4,255,000</u>	<u>4,008,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £264,000

**20. RETIREMENT BENEFIT OBLIGATIONS (continued)****Scottish Housing Association Pension Scheme (continued.)****Defined benefit costs recognised in the statement of comprehensive income**

	2020	2019
	£	£
Current service cost	-	-
Expenses	4,000	4,000
Net interest expense	18,000	18,000
	<u>          </u>	<u>          </u>
Defined benefit costs recognised in statement of comprehensive income	22,000	22,000
	<u>          </u>	<u>          </u>

**Defined benefit costs recognised in the other comprehensive income**

	2020	2019
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	172,000	131,000
Experience gains and losses arising on plan liabilities - gain /(loss)	(84,000)	17,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	27,000	(12,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	487,000	(296,000)
	<u>          </u>	<u>          </u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	602,000	(160,000)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	-	-
	<u>          </u>	<u>          </u>
Total amount recognised in other comprehensive income - gain (loss)	602,000	(160,000)
	<u>          </u>	<u>          </u>

**20. RETIREMENT BENEFIT OBLIGATIONS (continued)****Scottish Housing Association Pension Scheme (continued.)****Assets**

	2020	2019	2018
	£	£	£
Absolute Return	261,000	339,000	440,000
Alternative Risk Premia	341,000	224,000	140,000
Corporate Bond Fund	311,000	281,000	259,000
Credit Relative Value	102,000	70,000	-
Distressed Opportunities	78,000	68,000	17,000
Emerging Markets Debt	151,000	128,000	127,000
Fund of Hedge Funds	-	11,000	107,000
Global Equity	585,000	645,000	667,000
Infrastructure	251,000	168,000	68,000
Insurance-Linked Securities	114,000	104,000	101,000
Liability Driven Investment	1,121,000	1,426,000	1,305,000
Long Lease Property	104,000	49,000	-
Net Current Assets	32,000	4,000	7,000
Over 15 Year Gilts	54,000	103,000	120,000
Private Debt	84,000	52,000	34,000
Property	79,000	80,000	147,000
Risk Sharing	135,000	116,000	34,000
Secured Income	236,000	140,000	136,000
Opportunistic Illiquid Credit	104,000	-	-
Liquid Credit	112,000	-	-
Total assets	<u>4,255,000</u>	<u>4,008,000</u>	<u>3,709,000</u>

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

**Key Assumptions**

	2020	2019	2018
Discount Rate	2.4%	2.3%	2.6%
Inflation (RPI)	2.6%	3.3%	3.2%
Inflation (CPI)	1.6%	2.3%	2.2%
Salary Growth	2.6%	3.3%	3.2%

Allowance for commutation of pension for cash at retirement	<u>75% of maximum allowance</u>
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The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

**Life expectancy at age  
65 years  
(years)**

## 20. RETIREMENT BENEFIT OBLIGATIONS (continued)

### Strathclyde Pension Fund Defined Benefit Scheme Defined Benefit

Pension Fund Defined Benefit Scheme, the assets of which are held in a separate trustee administered fund.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

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 31 March	2020	2019	2018
	%p.a.	%p.a.	%p.a.
Price increases	-	-	-
Pension Increase Rate (CPI)	1.90	2.50	2.40
Salary Increase Rate	3.00	3.70	3.60
Discount Rate	2.30	2.40	2.70

### Mortality Rates

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2016 model with an allowance for smoothing of recent mortality experience and long term rates of 1.5% p.a. for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
	(Years)	(Years)
Current Pensioners	20.7	22.9
Future Pensioners	22.2	24.6

**20. RETIREMENT BENEFIT OBLIGATIONS (continued)****Strathclyde Pension Fund Defined Benefit Scheme Defined Benefit Scheme (continued)****Fair value of scheme assets by category**

	<b>2020</b>	<b>2019</b>
	%	%
Equities	59%	64%
Gilts	26%	24%
Bonds	13%	10%
Property	2%	2%
Cash	0%	0%
	<u>100%</u>	<u>100%</u>

<b>Net Pension Liability</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
	£	£	£
Fair value of employer's assets	5,153,000	5,284,000	4,889,000
Present value of scheme liabilities	(5,540,000)	(6,047,000)	(5,288,000)
Present value of unfunded liabilities	-	-	-
	<u>(387,000)</u>	<u>(763,000)</u>	<u>(399,000)</u>

**Reconciliation of fair value of employer assets**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
	£	£	£
Opening fair value of employer assets	5,284,000	4,889,000	4,649,000
Expected return on assets	128,000	133,000	122,000
Contributions by members	31,000	30,000	29,000
Contributions by the employer	139,000	144,000	117,000
Actuarial gains / (losses)	(354,000)	160,000	37,000
Estimated benefits paid	(75,000)	(72,000)	(65,000)
	<u>5,153,000</u>	<u>5,284,000</u>	<u>4,889,000</u>

**Reconciliation of defined benefit obligations**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
	£	£	£
Opening defined benefit obligation	6,047,000	5,288,000	5,941,000
Current service cost	210,000	180,000	187,000
Interest cost	149,000	145,000	156,000
Contributions by members	31,000	30,000	29,000
Actuarial gains / (losses)	(905,000)	476,000	(960,000)

**20. RETIREMENT BENEFIT OBLIGATIONS (continued)****Strathclyde Pension Fund Defined Benefit Scheme Defined Benefit Scheme (continued)****Analysis of amount charged to the statement of comprehensive income**

	2020	2019	2018
	£	£	£
Charged to operating costs:			
Service cost	210,000	180,000	187,000
Past service cost	83,000	-	-
	<u>293,000</u>	<u>180,000</u>	<u>187,000</u>
	293,000	180,000	187,000

## Charged to other finance costs / (income)

Expected return on employer assets	(128,000)	(133,000)	(122,000)
Interest on pension scheme liabilities	149,000	145,000	156,000
	<u>21,000</u>	<u>12,000</u>	<u>34,000</u>
	149,000	145,000	156,000

**Net charge to the statement of comprehensive income**

	<u>314,000</u>	<u>192,000</u>	<u>221,000</u>
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	2020	2019	2018
	£	£	£
Actuarial gain/(loss) recognised in year	551,000	(316,000)	(70,000)
Cumulative actuarial gains	<u>1,232,000</u>	<u>681,000</u>	<u>997,000</u>

**Analysis of projected amount to be charged to the statement of comprehensive income for the year ended 31 March 2021**

	£	% of pay
Projected current service cost	171,000	36%
Interest on obligation	129,000	27%
Expected return on plan assets	(120,000)	-25%
	<u>180,000</u>	<u>38%</u>

Contributions made by the Association for the year ended 31 March 2021 are estimated to be approximately £156,000.



## 21. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Total £
<b>Capital grants</b>			
At 1 April 2019	58,454,456	81,235	58,535,691
Additions in the year	4,244,529	-	4,244,529
Eliminated on disposal	(80,631)	-	(80,631)
Amortisation	(1,740,171)	(2,620)	(1,742,791)
HAG on Shared Equity Properties - Transfe	(1,706,054)		(1,706,054)
At 31 March 2020	<u>59,172,129</u>	<u>78,615</u>	<u>59,250,744</u>
<b>Total at 31 March 2020</b>	<u>59,172,129</u>	<u>78,615</u>	<u>59,250,744</u>
<b>Total at 31 March 2019</b>	<u>58,454,456</u>	<u>81,235</u>	<u>58,535,691</u>

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

	2020 £	2019 £
Amounts due within one year	1,742,791	1,600,251
Amounts due in more than one year	<u>57,429,338</u>	<u>56,935,440</u>
	<u>59,172,129</u>	<u>58,535,691</u>

## 22. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2020 £	2019 £
At 1 April	203	203
Issued in year	10	-
Cancelled in year	(5)	-
At 31 March	<u>208</u>	<u>203</u>

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

**23. CASH FLOWS***Reconciliation of net cash flow to movement in net funds*

	2020		2019	
	£	£	£	£
Decrease in cash	(4,742,048)		(8,268,919)	
Change in liquid resources	-		-	
Cashflow from change in net debt	1,007,927		844,345	
	<u>          </u>		<u>          </u>	
Movement in net funds in the year		(3,734,121)		(7,424,574)
Net funds at 1 April		7,056,407		14,480,981
		<u>          </u>		<u>          </u>
Net funds at 31 March		3,322,286		7,056,407
		<u>          </u>		<u>          </u>

<i>Analysis of changes in net funds</i>	<i>At</i>	<i>Other</i>	<i>At</i>
	<i>01 April 2019</i>	<i>Cashflows</i>	<i>Changes</i>
	£	£	£
Cash and cash equivalents	9,847,652	(4,742,048)	-
Bank overdrafts	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
	9,847,652	(4,742,048)	-
Liquid resources	-	-	-
Debt: Due within one year	(218,774)	1,007,927	(964,653)
Due after more than one year	(2,572,471)	-	964,653
	<u>          </u>	<u>          </u>	<u>          </u>
Net funds	7,056,407	(3,734,121)	-
	<u>          </u>	<u>          </u>	<u>          </u>

**24. CAPITAL COMMITMENTS**

	2020	2019
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	6,620,850	1,188,470
	<u>          </u>	<u>          </u>

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

**25. COMMITMENTS UNDER OPERATING LEASES**

	2020	2019
	£	£
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
<b>Other</b>		
Expiring in the next year	19,133	19,133
Expiring later than one year and not later than five years	<u>35,728</u>	<u>53,180</u>

**26. DETAILS OF ASSOCIATION**

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

The Association's principal place of business is 135 Fifty Pitches Road, Glasgow, G51 4EB, .

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in South Glasgow, Cardonald, Pollokshields, Halfway, Govanhill, Penilee.

**27. EXCEPTIONAL ITEM**

	2020	2019
	£	£
Halfway Park	<u>663,305</u>	<u>-</u>

This expenditure relates to an initiative undertaken by the Association, in partnership with the Scottish National Heritage (SHN) and Glasgow City Council (GCC), to develop green space in to a community park. While the Association, SHN and GCC were the main funders of the project, a number of other bodies also provided grant funding.

## 28. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2020 No.	2019 No.
General needs	2,302	2,232
Supported housing	64	45
Shared ownership	41	65
	<u>2,407</u>	<u>2,342</u>

## 29. RELATED PARTY TRANSACTIONS

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

Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members (and their close family) were as follows:

	2020 £	2019 £
Rent received from tenants on the Management Committee and their close family members	<u>16,263</u>	<u>14,444</u>
Factoring charges received from factored owners on the Management Committee and their close family members	<u>2,528</u>	<u>3,795</u>

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £526 (2019 - £369).

At the year end total factoring arrears owed by owner occupiers on the Management Committee (and their close family) were £135 (2019 - £190).

Members of the Management Committee who are tenants	3	3
Members of the Management Committee who are owner occupiers	7	7
Members of the Management Committee who are local councillors	1	1