



Alexander Sloan
Accountants and Business Advisers

Thenue Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2019

Registered Housing Association No. HAL193

FCA Reference No. 1933R(S)

Scottish Charity No. SCO32782

THENUE HOUSING ASSOCIATION LIMITED

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THENUE HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2019

BOARD OF MANAGEMENT

Derek Quinn	Chairperson
Pauline Casey	Joint Vice Chairperson
Maureen Dowden	Joint Vice Chairperson
George Alexander	
Jeanette Goode	Appointed 18 September 2018
Abdifatah Hayde	
David Keltie-Armstrong	Appointed 18 September 2018
Foday Keran	
Charlotte Levy	
Nicola McCurdy	
Howard Mole	
Filbert Musau	
Florence O'Hale	
William Redmond	
Owen Stewart	

EXECUTIVE OFFICERS

Charles Turner
Brian Gannon
Elizabeth Reilly
John Russell

REGISTERED OFFICE

423 London Road
Glasgow
G40 1AG

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

Scott-Moncreiff
25 Bothwell Street
Glasgow
G2 6NL

BANKERS

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

THENUE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

The Board of Management presents its report and the Financial Statements for the year ended 31 March 2019.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.1933R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SCO32782.

Principal Activities

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

Review of Business and Future Developments

The association's aim is always to work together to create better homes and stronger communities. That in effect means that Thenue is committed to developing, managing and maintaining a range of affordable quality housing in sustainable communities. Working with partners and people, the aim is to improve all services and grow deep community roots. This past year has been a year of growth and consolidation. Growth came via the building of 56 new houses, the purchase of 10 houses and the construction of a new community centre in Castlemilk.

In June 2018, Kevin Stewart, Minister for Local Government and Housing, on behalf of Thenue, handed the keys to a new house to a family from Franklin Street in Bridgeton. This house was one of a larger development of £10.2 million, (£6.5m grant from Glasgow City Council and £3.7m loan from The Royal Bank of Scotland), that saw 45 houses built in Bridgeton and 22 in Castlemilk, all for social rent. Uniquely, Thenue was able to utilise the economies of scale, by also constructing their second community centre. Netherholm Community Hall was officially opened in August 2018 by the former Lord Provost Sadie Docherty. Thenue's Community Regeneration Team was successful in securing £896k towards the construction costs of the centre from the Big Lottery. The acquisition of the remaining ten houses, all within Thenue's communities, was funded by grant from Glasgow City Council. Overall, that meant that at the end of the year Thenue had a stock base of 2,916 homes.

In addition Thenue owned at the year-end 21 supported properties, accommodating some 108 residents. Phoenix House, one such hostel at Keppochill Road, was demolished during the year as it was not up to twenty-first century standards, and the modernisation costs were too prohibitive. Three 'sharing owners' tranced up to 100% ownership during the year leaving 54 shared ownership properties. Thenue also offer a factoring service to 602 owner occupiers.

With one eye on the future, work progressed on site opposite the entrance of 'The Barras'. This development of both the Monteith Hotel and the surrounding site is on track to yield a further 49 modern flats toward the end of 2019. Initial survey work, site investigations and planning applications was underway for new housing at Landressy Place, (27), Abercromby Street, (77), Dalmarnock Road, (10), Springfield Road, (35) and Craighead Avenue, Blackhill, (19).

By far the largest area of expenditure during the year was on repairs and maintenance on properties. In total this amounted to over £4.6 million, some 35% of total rental income. £1.4 million of this expenditure was capitalised in the year. Most of the major repairs expenditure related to the completion of external wall insulation and associated work to our '1930's Wilson Block tenements, installation of 103 new kitchen units in properties in Blackhill and Cranhill, 175 new central heating boilers and 70 medical adaptations at various locations. £591k was spent on bringing 117 properties up to the 2020 Energy Efficiency Standard for Social Housing.

THENUE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Review of Business and Future Developments (Continued)

Cyclical work involved routine landscape maintenance, gutter cleaning, roof anchor safety work, the upgrading and maintenance of controlled entry systems, close cleaning, painter work and electrical testing. Safety is paramount at Thenue, which resulted in 3,504 out of 3,504 gas safety certificates being in place throughout the year. All of the reactive and void expenditure was focussed on completing 9,418 reactive repairs and re-letting 289 houses that became vacant during the year. This number is around 44% greater than a 'typical' year. Despite the number of re-lets being greater, the rental income lost in between tenancies remained exceptionally low at 0.6%. On average, only 24 days rent is lost during this void period, which is a reduction from what was 26 days.

Satisfaction overall has been either maintained or has been exceeded throughout the year. 95% satisfaction with the reactive repairs service, 92% satisfaction relating to the resolution of anti-social behaviour complaints; 88% satisfaction with neighbourhoods; 96% satisfaction with the standard of a new home; 91% with the quality of a new home, ; 92% satisfaction with being kept informed; 90% overall tenant satisfaction. The percentage of owner-occupiers satisfied with the factoring service increased from 53% to 70% in the year.

Collecting more than 100% of our rental income is always going to yield good results and helps to explain why overall rent arrears have reduced for the fifth consecutive year running. At the year-end gross arrears stood at 3.6%. Universal Credit however was rolled out in all of Thenue communities in December 2018. For a long time anticipating this, Thenue has had in place an Income Maximisation strategy that focusses on early intervention and the use of predictive software. The work of the staff team, yielding this five-year low, will place the association in a good position anticipating the consequential effect going into 2019.

Prior to the full roll out of Universal Credit, the average rent arrear, (per tenant in arrears with rent), was £380. By March 2019 this had nearly doubled to £753. This will be a key area for the association going forward, not only supporting tenants through those difficulties, but at the same time protecting the association's rental income.

Some £238k of grant was secured during the year to support Community Regeneration activities. Towards the very end of the year, great news emerged when the association was told of an award, from the National Lottery Community Fund of £100,000. This was for a highly successful gardening volunteer project, which was initially piloted in Calton. The pilot project was developed in response to local feedback at several community consultations. The feedback told Thenue that that local people had real concerns about the state of local gardens, untidy & overgrown streets and green spaces, communal areas and derelict land. In addition £97,695 was secured for a digital inclusion project; £17,000 for a Youth Project in Castlemilk and £13,470 for a Learning Works project.

Overall, an operating surplus of £4.3million was generated in the year. After accounting for non-operating items, the overall surplus in the 12 months amounted to £2.5 million. Loans with three lenders, (Royal Bank of Scotland, Nationwide Building Society and The Housing Finance Corporation), when combined, totalled some £39 million at the end of the year. Consistently throughout the year the association has satisfied all relevant financial covenants.

THENUE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Review of Business and Future Developments (Continued)

All of this is very welcome news, as it helps prepare for 2019 and beyond. The year ahead will see an extensive programme to retrofit two smoke alarms linked to carbon monoxide detectors, which are all interlinked, in a number of our properties that currently only have one. This is a consequence of the Grenfell Tower fire disaster of June 2017. 2019 is Thenue's 40th year. A milestone that will be celebrated in different ways, with the emphasis on community led initiatives. It will not be 'business as usual' for Thenue. It will be about reacting and responding to the various changes that will be brought about by the difficult situation that many tenants find themselves in, Brexit and all the uncertainties that it has created, a greater use of technologies to equip staff to help more tenants and to help create better homes, stronger communities...making people happy!

THENUE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Board of Management and Executive Officers

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

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

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

Statement of Board of Management's Responsibilities

The Co-operative and Community Benefit Act 2014 requires the Board of Management 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 Board of Management 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;
- prepare a statement on Internal Financial Control.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2010, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Board of Management must in determining how amounts are presented within items in the statement of comprehensive income and statement of financial position, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Board of Management are aware:

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

THENUE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Statement on Internal Financial Control

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

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

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

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

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

Donations

During the year the Association made charitable donations amounting to £0 (2018 - £0).

Auditors

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

By order of the Board of Management

CHARLES TURNER

Secretary

13 August 2019

THENUE HOUSING ASSOCIATION LIMITED

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

In addition to our audit of the Financial Statements, we have reviewed your statement on page 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Regulation of Social Housing in Scotland' 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 Auditing Practices Board. 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 6 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Regulation of Social Housing in Scotland' 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 Board of Management, and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Board of Management'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 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

ALEXANDER SLOAN

Accountants and Business Advisers
Statutory Auditors
GLASGOW
13 August 2019



Alexander Sloan
Accountants and Business Advisers

THENUE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THENUE HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Thenue Housing Association Limited (the 'Association') for the year ended 31 March 2019 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).

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Society Act 2014. Our audit work has been undertaken so that we might state to the Association's members 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2019 and of its 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 Benefits 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 Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Management 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 Board of Management 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

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Management.

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.

THENUE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THENUE HOUSING ASSOCIATION LIMITED (Continued)

Responsibilities of the Board of Management

As explained more fully in the Statement of Board of Management's Responsibilities as set out on Page 5, the Board of Management 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 of Management 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 of Management 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 of Management 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.

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 responsive 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of 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 of Management.
- Conclude on the appropriateness of the Board of Management 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
13 August 2019



THENUE HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
REVENUE	2		16,580,501		15,980,086
Operating Costs	2		(12,304,492)		(11,762,167)
OPERATING SURPLUS			4,276,009		4,217,919
Gain / (Loss) On Sale Of Housing Stock	7	38,774		(4,718)	
Release of Negative Goodwill	24	27,486		27,486	
Interest Receivable and Other Income		16,106		8,154	
Interest Payable and Similar Charges	8	(1,727,949)		(1,680,660)	
Other Finance Income / (Charges)	11	(90,870)		(6,465)	
			(1,736,453)		(1,656,203)
SURPLUS FOR THE YEAR	9		2,539,556		2,561,716
Other comprehensive income					
Adjustment relating to Opening Pension Liability			(686,908)		
Actuarial Gains/ (Losses) on defined benefit Pension Plan			(747,000)		-
TOTAL COMPREHENSIVE INCOME			1,105,648		2,561,716

The notes on pages 14 to 32 form part of these financial statements.

THENUE HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12 (a)		149,102,270		144,377,015
Other Non-current Assets	12 (b)		4,641,738		4,375,386
			<u>153,744,008</u>		<u>148,752,401</u>
Negative Goodwill	24		(679,357)		(706,843)
INVESTMENTS					
Investment in subsidiaries	23	100		100	
			100		100
CURRENT ASSETS					
Receivables	15	1,245,076		1,932,626	
Cash at bank and in hand		4,272,175		2,751,035	
		<u>5,517,251</u>		<u>4,683,661</u>	
CREDITORS: Amounts falling due within one year	16	<u>(3,203,184)</u>		<u>(4,069,243)</u>	
NET CURRENT ASSETS			<u>2,314,067</u>		<u>614,418</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>155,378,818</u>		<u>148,660,076</u>
CREDITORS: Amounts falling due after more than one year	17		<u>(38,170,551)</u>		<u>(38,866,516)</u>
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish Housing Association Pension Scheme	27	(3,142,000)		-	
Other Provision	28	<u>(354,312)</u>		<u>(381,422)</u>	
			<u>(3,496,312)</u>		<u>(381,422)</u>
DEFERRED INCOME					
Social Housing Grants	19	(87,668,491)		(84,720,443)	
Other Grants	19	<u>(3,314,681)</u>		<u>(3,068,540)</u>	
			<u>(90,983,172)</u>		<u>(87,788,983)</u>
NET ASSETS			<u>22,728,783</u>		<u>21,623,155</u>
EQUITY					
Share Capital	20		145		165
Revenue Reserves			25,870,638		21,622,990
Pension Reserves	27		<u>(3,142,000)</u>		<u>-</u>
			<u>22,728,783</u>		<u>21,623,155</u>

The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 13 August 2019.

Chairperson

Board Member

Secretary

The notes on pages 14 to 32 form part of these financial statements.

THENUE HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£	£
Net cash inflow from operating activities	18	6,082,606	5,367,360
Investing Activities			
Acquisition and Construction of Properties	(9,196,082)	(11,322,440)	
Purchase of Other Fixed Assets	(427,754)	(735,998)	
Social Housing Grant Received	5,779,718	7,857,538	
Other Grants Received	351,111	516,532	
Proceeds on Disposal of Properties	115,102	136,730	
Net cash outflow from investing activities		(3,377,905)	(3,547,638)
Financing Activities			
Loan Advances Received	1,500,000	-	
Interest Received on Cash and Cash Equivalents	16,106	8,154	
Interest Paid on Loans	(1,727,949)	(1,680,660)	
Loan Principal Repayments	(971,723)	(788,856)	
Share Capital Issued	5	7	
Net cash outflow from financing activities		(1,183,561)	(2,461,355)
Increase / (decrease) in cash		1,521,140	(641,633)
Opening Cash & Cash Equivalents		2,751,035	3,392,668
Closing Cash & Cash Equivalents		4,272,175	2,751,035
Cash and Cash equivalents as at 31 March			
Cash		4,272,175	2,751,035
		4,272,175	2,751,035

The notes on pages 14 to 32 form part of these financial statements.

THENUE HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 31 March 2017	191	-	19,061,274	19,061,465
Issue of Shares	7	-	-	7
Cancellation of Shares	(33)	-	-	(33)
Surplus for the year	-	-	2,561,716	2,561,716
Balance as at 31 March 2018	165	-	21,622,990	21,623,155
Balance as at 1 April 2018	165	-	21,622,990	21,623,155
Issue of Shares	5	-	-	5
Cancellation of Shares	(25)	-	-	(25)
Other comprehensive income	-	(1,433,908)	-	(1,433,908)
Other movement	-	(1,708,092)	1,708,092	-
Surplus for the year	-	-	2,539,556	2,539,556
Balance as at 31 March 2019	145	(3,142,000)	25,870,638	22,728,783

The notes on pages 14 to 32 form part of these financial statements.

THENUE HOUSING ASSOCIATION LIMITED

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

1. PRINCIPAL ACCOUNTING POLICIES

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 for social housing providers 2014. 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 2015.

Basis of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2019. A summary of the more important accounting policies is set out below.

Basis of Consolidation

The financial statements for Thenue Housing Association Limited present information about it as an individual undertaking and not about the group.

Revenue

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 it relates.

Retirement Benefits

The Association participates in the Scottish Housing Associations Defined Benefit Pension 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 also participates in the Scottish Housing Associations Defined Contribution scheme. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. 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.

Component	Useful Economic Life
Bathrooms	Over 30 years
Boilers	Over 15 years
Cladding	Over 20 years
Doors	Over 30 years
Heating System	Over 30 years
Kitchens	Over 20 years
Structure	Over 50 years
Windows	Over 30 years
Wiring	Over 30 years

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

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:

Asset Category	Sub Category	Depreciation Rate
Office Premises, Community & Learning Centres	Bathrooms	Over 30 years
	Boilers	Over 15 years
	Cladding	Over 20 years
	Doors	Over 30 years
	Heating System	Over 30 years
	Kitchens	Over 20 years
	Structure	Over 50 years
	Windows	Over 30 years
	Wiring	Over 30 years
	Commercial Premises	
Furniture & Fittings		Over 5 years
Computer & Office Equipment		Over 5 years

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

Social Housing Grant and Other Grants in Advance/Arrears

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 it relates.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited 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.

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as non-current asset disposals and any gain or loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

Leases/Leased Assets

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

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.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

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 fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income in accordance with the Statement of Recommended Practice.

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.

Housing Property Managed By Agents

Where a third party manages the Association's housing property the accounting treatment reflects the substance of the transactions. The property is only excluded if the rights and obligations associated with the scheme has been transferred to the third party.

VAT

The Association is VAT registered but a large 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.

Provisions

In accordance with Financial Reporting Standard 12 provision is made for the following items in the accounts: The Association receives service charge income from supported accommodation tenants in relation to the costs of furniture and flooring replacement. The balance of unspent service charge income relating to furniture and flooring is included as a liability where amounts are repayable or contributions reduced.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

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) Financial instrument break clauses

The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Board of Management, 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 participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. This year 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.

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.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Board of Management 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.

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 a percentage basis split across the number of properties the Association owns.

e) Defined pension liability

Determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

f) Allocation of share of assets and liabilities for multi employer schemes

Judgements in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi employer pension schemes and estimations performed by the Pensions Trust.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING AND OTHER ACTIVITIES

	Notes	2019			2018		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	15,908,802	11,637,585	4,271,217	15,065,624	10,868,119	4,197,505
Other Activities	4	671,699	666,907	4,792	914,462	894,048	20,414
Total		16,580,501	12,304,492	4,276,009	15,980,086	11,762,167	4,217,919

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	Shared Ownership £	2019 Total £	2018 Total £
Revenue from Lettings					
Rent receivable net of service charges	12,452,451	680,448	96,510	13,229,409	12,508,649
Service charges receivable	300,722	105,975	-	406,697	399,681
Gross income from rent and service charges	12,753,173	786,423	96,510	13,636,106	12,908,330
Less: Rent losses from voids	57,641	27,282	1,168	86,091	66,154
Net Rents Receivable	12,695,532	759,141	95,342	13,550,015	12,842,176
Grants released from deferred income	2,176,748	175,935	6,104	2,358,787	2,223,448
Total turnover from affordable letting activities	14,872,280	935,076	101,446	15,908,802	15,065,624
Expenditure on affordable letting activities					
Management and maintenance administration costs	3,291,577	172,479	60,170	3,524,226	3,329,408
Service Costs	344,784	80,571	-	425,355	362,808
Planned and cyclical maintenance, including major repairs	1,357,612	69,900	-	1,427,512	1,113,761
Reactive maintenance costs	1,719,667	81,815	-	1,801,482	1,684,715
Bad Debts - rents and service charges	48,651	237	-	48,888	72,315
Depreciation of affordable let properties	4,181,210	207,995	20,917	4,410,122	4,154,068
Impairment of affordable letting activities	-	-	-	-	151,044
Operating costs of affordable letting activities	10,943,501	612,997	81,087	11,637,585	10,868,119
Operating surplus on affordable letting activities	3,928,779	322,079	20,359	4,271,217	4,197,505
2018	4,111,594	62,803	23,108		

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers	Other Revenue Grants	Other Income	Total Turnover	Operating Costs Other	Operating Surplus / (Deficit) 2019	Operating Surplus / (Deficit) 2018
	£	£	£	£	£	£	£
Wider role activities	65,095	172,960	-	238,055	281,056	(43,001)	(48,709)
Factoring	-	-	199,427	199,427	199,939	(512)	30,535
Development administration	-	-	-	-	23,473	(23,473)	(18,989)
Other activities	-	-	234,217	234,217	162,439	71,778	57,577
Total From Other Activities	65,095	172,960	433,644	671,699	666,907	4,792	20,414
2018	104,695	439,675	370,092	914,462	894,048	20,414	

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of Management, managers and employees of the Association.

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

Pension contributions made on behalf of Officers with emoluments greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)

Total Emoluments paid to key management personnel

	2019	2018
	£	£
	206,150	200,545
	25,706	25,042
	79,135	77,092
	<u>329,954</u>	<u>317,299</u>

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

	Number	Number
£60,001 to £70,000	2	2
£70,001 to £80,000	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was:

The average total number of Employees employed during the year was:

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

	2019	2018
	No.	No.
	68	64
	<u>75</u>	<u>74</u>
	£	£
	2,360,223	2,247,275
	227,972	224,399
	289,022	218,192
	<u>2,877,217</u>	<u>2,689,866</u>

Included in the Other Pension Costs of £289,022 is an amount of £61,424 (2018 - £nil) in respect of service charges arising as a result of the change in the accounting for the Scottish Housing Association Pension Scheme (SHAPS).

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN / (LOSS) ON SALE OF HOUSING STOCK

	2019 £	2018 £
Sales Proceeds	115,102	136,730
Cost of Sales	76,328	141,448
Gain / (Loss) On Sale Of Housing Stock	<u>38,774</u>	<u>(4,718)</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2019 £	2018 £
On Bank Loans & Overdrafts	<u>1,727,949</u>	<u>1,680,660</u>

9. SURPLUS FOR THE YEAR

	2019 £	2018 £
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	4,556,804	4,288,234
Auditors' Remuneration - Audit Services	14,800	14,972
Operating Lease Rentals - Land & Buildings	12,313	49,634
Operating Lease Rentals - Other	15,559	13,365
Gain/(Loss) on sale of fixed assets	<u>38,774</u>	<u>(4,718)</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

11. OTHER FINANCE INCOME / CHARGES

	2019 £	2018 £
Unwinding of Discounted Pension Liabilities	25,870	6,465
Net Interest on Pension Obligation	65,000	-
	<u>90,870</u>	<u>6,465</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
COST				
As at 1 April 2018	174,421,723	9,554,662	1,105,326	185,081,711
Additions	2,392,812	6,803,270	-	9,196,082
Disposals	(347,307)	-	(63,271)	(410,578)
Schemes Completed	7,889,949	(7,889,949)	-	-
As at 31 March 2019	<u>184,357,177</u>	<u>8,467,983</u>	<u>1,042,055</u>	<u>193,867,215</u>
DEPRECIATION				
As at 1 April 2018	40,360,755	-	343,941	40,704,696
Charge for Year	4,374,485	-	20,917	4,395,402
Disposals	(317,786)	-	(17,367)	(335,153)
As at 31 March 2019	<u>44,417,454</u>	<u>-</u>	<u>347,491</u>	<u>44,764,945</u>
NET BOOK VALUE				
As at 31 March 2019	<u>139,939,723</u>	<u>8,467,983</u>	<u>694,564</u>	<u>149,102,270</u>
As at 31 March 2018	<u>134,060,968</u>	<u>9,554,662</u>	<u>761,385</u>	<u>144,377,015</u>

Additions to housing properties include capitalised development administration costs of £156,486 (2018 - £126,593) and capitalised major repair costs to existing properties of £1,404,949 (2018 - £2,279,742).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £5,621,806 (2018 - £6,631,295). The amount capitalised is £2,392,812 (2018 - £3,832,819) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £1,404,949 (2018 - £2,279,742) and improvement of £987,863 (2018 - £1,553,077).

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

The Association's Lenders have standard securities over Housing Property with a carrying value of £58,764,695 (2018 - £59,520,738).

Impairment Charges

During the year ended 31 March 2018, an impairment review was carried out on housing land and buildings. As a result of this, the following impairment charges have been recognised and were included within depreciation charges.

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
Impairment Charge	<u>151,004</u>	<u>-</u>	<u>-</u>	<u>151,004</u>

The impairment charge has resulted from a decision to demolish the Phoenix House hostel after the year end.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Commercial Property £	Community & Learning Centres £	Total £
COST					
As at 1 April 2018	3,218,178	309,914	399,397	1,224,209	5,151,698
Additions	3,889	85,845	-	338,020	427,754
Eliminated on Disposals	(16,905)	(178,641)	-	-	(195,546)
As at 31 March 2019	<u>3,205,162</u>	<u>217,118</u>	<u>399,397</u>	<u>1,562,229</u>	<u>5,383,906</u>
AGGREGATE DEPRECIATION					
As at 1 April 2018	425,027	223,222	56,246	71,817	776,312
Charge for year	69,889	47,244	5,342	38,927	161,402
Eliminated on Disposals	(16,905)	(178,641)	-	-	(195,546)
As at 31 March 2019	<u>478,011</u>	<u>91,825</u>	<u>61,588</u>	<u>110,744</u>	<u>742,168</u>
NET BOOK VALUE					
As at 31 March 2019	<u>2,727,151</u>	<u>125,293</u>	<u>337,809</u>	<u>1,451,485</u>	<u>4,641,738</u>
As at 31 March 2018	<u>2,793,151</u>	<u>86,692</u>	<u>343,151</u>	<u>1,152,392</u>	<u>4,375,386</u>

13. CAPITAL COMMITMENTS

	2019 £	2018 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	4,449,000	4,277,000

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

14. COMMITMENTS UNDER OPERATING LEASES

	2019 £	2018 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Other		
Not later than one year	-	11,129
Later than one year and not later than five years	30,437	52,250
Later than five years	16,506	-

15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Arrears of Rent & Service Charges	480,759	459,922
Less: Provision for Doubtful Debts	(297,569)	(283,232)
	<u>183,190</u>	<u>176,690</u>
Social Housing Grant Receivable	410,557	992,383
Other Receivables	625,602	753,229
Amounts Due from Group Undertakings	25,727	10,324
	<u>1,245,076</u>	<u>1,932,626</u>

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Housing Loans	673,379	1,006,442
Trade Payables	1,128,544	991,690
Rent Received in Advance	850,445	769,282
Social Housing Grant in Advance	103,517	142,714
Other Taxation and Social Security	6,648	7,029
Other Payables	86,624	49,705
Liability for Past Service Contributions	1,507	524,049
Accruals and Deferred Income	352,520	578,332
	<u>3,203,184</u>	<u>4,069,243</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Liability for Past Service Contributions	7,575	1,564,880
Housing Loans	38,162,976	37,301,636
	<u>38,170,551</u>	<u>38,866,516</u>
Housing Loans		
Amounts due within one year	673,379	1,006,442
Amounts due in one year or more but less than two years	1,575,830	672,284
Amounts due in two years or more but less than five years	6,647,155	4,234,408
Amounts due in more than five years	29,939,991	32,394,944
	<u>38,836,355</u>	<u>38,308,078</u>
Less: Amount shown in Current Liabilities	673,379	1,006,442
	<u>38,162,976</u>	<u>37,301,636</u>
Liability for Past Service Contributions		
Amounts due within one year	1,507	524,049
Amounts due in one year or more but less than two years	1,552	539,771
Amounts due in two years or more but less than five years	4,942	555,964
Amounts due in more than five years	1,081	469,145
	<u>9,082</u>	<u>2,088,929</u>
Less: Amount shown in Current Liabilities	1,507	524,049
	<u>7,575</u>	<u>1,564,880</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Nationwide	Standard security over 13 properties	1.5%	2029	Fixed
Nationwide	Standard security over 18 properties	1.6%	2031	Fixed
Nationwide	Standard security over 17 properties	1.6%	2033	Fixed
Nationwide	Standard security over 33 properties	1.5%	2035	Fixed
Nationwide	Standard security over 6 properties	1.6%	2030	Fixed
Nationwide	Standard security over 7 properties	1.5%	2028	Fixed
Nationwide	Standard security over 30 properties	1.5%	2029	Fixed
Nationwide	Standard security over 57 properties	1.7%	2034	Fixed
Nationwide	Standard security over 46 properties	1.6%	2031	Fixed
Nationwide	Standard security over 18 properties	1.6%	2031	Fixed
RBS	Standard security over 88 properties	5.5%	2035	Fixed
RBS	Standard security over 74 properties	5.5%	2037	Fixed
RBS	Standard security over 353 properties	6.3%	2035	Fixed
RBS	Standard security over 176 properties	5.9%	2035	Fixed
RBS	Standard security over 55 properties	2.4%	2035	Variable
RBS	Standard security over 333 properties	2.8%	2024	Variable
THFC	Standard security over 153 properties	2.1%	2031	Fixed

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

In 2018, the liability for the past service contributions was previously accounted for in accordance with FRS 102 para 28.13A and represented the present value of the contributions payable. The cash out flows in the prior year were discounted at a rate of 1.51%.

In 2019, the defined benefit obligation is shown under Pension and Other Provisions for Liabilities and Charges in the Statement of Financial Position. Further details are provided in note 27.

SHAPS Growth Fund

The Association remains a member of the Scottish Housing Association Pension Scheme Growth Fund. The amount of £9,082 included in liabilities represents sums due in respect of past service deficits, which are repayable as detailed above.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. STATEMENT OF CASH FLOWS

Reconciliation of surplus for the year to net cash inflow from operating activities

	2019 £	2018 £
Surplus for the year	2,539,556	2,561,716
Depreciation	4,520,677	4,436,668
Gain on disposal	(38,774)	4,718
Change in Provisions for liabilities and charges	(27,110)	(141,227)
Amortisation of Capital Grants	(2,358,787)	(2,279,821)
Change in debtors	105,724	(27,859)
Change in creditors	28,743	(831,822)
Pension movements	(371,755)	-
Release of Negative Goodwill	(27,486)	(27,486)
Net interest payable	1,711,843	1,672,506
Share Capital Written Off	(25)	(33)
Net cash inflow from operating activities	<u>6,082,606</u>	<u>5,367,360</u>

Reconciliation of net cash flow to movement in net debt

	2019 £	2018 £
Increase / (decrease) in cash	1,521,140	(641,633)
Cashflow from change in net debt	(528,277)	2,461,348
Movement in net debt during the year	992,863	1,819,715
Net debt at 1st April 2018	(35,557,043)	(37,376,758)
Net debt at 31 March 2019	<u>(34,564,180)</u>	<u>(35,557,043)</u>

Analysis of changes in net debt

	At 01 April 2018 £	Cashflows £	Other Changes £	At 31 March 2019 £
Cash at bank and in hand	2,751,035	1,521,140	-	4,272,175
Debt: Due within one year	2,751,035	1,521,140	-	4,272,175
Due after more than one year	(1,006,442)	(528,277)	861,340	(673,379)
Net Debt	<u>(37,301,636)</u>	<u>-</u>	<u>(861,340)</u>	<u>(38,162,976)</u>
	<u>(35,557,043)</u>	<u>992,863</u>	<u>-</u>	<u>(34,564,180)</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. DEFERRED INCOME

	2019 £	2018 £
Social Housing Grants		
As at 1 April 2018	107,825,590	99,598,386
Additions in the year	5,237,089	8,283,466
Eliminated on disposal of components and property	(34,547)	(56,262)
As at 31 March 2019	<u>113,028,132</u>	<u>107,825,590</u>
Amortisation		
As at 1 April 2018	23,105,147	20,967,275
Amortisation in year	2,254,494	2,137,872
As at 31 March 2019	<u>25,359,641</u>	<u>23,105,147</u>
Net book value		
As at 31 March 2019	<u>87,668,491</u>	<u>84,720,443</u>
Other Grants		
As at 1 April 2018	3,462,313	2,945,892
Additions in the year	351,111	516,532
Eliminated on disposal of components and property	(677)	(111)
As at 31 March 2019	<u>3,812,747</u>	<u>3,462,313</u>
Amortisation		
As at 1 April 2018	393,773	308,197
Amortisation in year	104,293	85,576
As at 31 March 2019	<u>498,066</u>	<u>393,773</u>
Net book value		
As at 31 March 2019	<u>3,314,681</u>	<u>3,068,540</u>
Total grants net book value as at 31 March 2019	<u>90,983,172</u>	<u>87,788,983</u>

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

	2019 £	2018 £
Amounts due within one year	2,358,787	2,223,448
Amounts due in one year or more	88,624,385	85,565,535
	<u>90,983,172</u>	<u>87,788,983</u>

20. SHARE CAPITAL

	2019 £	2018 £
Shares of £1 each Issued and Fully Paid		
As at 1 April 2018	165	191
Issued in year	5	7
Cancelled in year	(25)	(33)
As at 31 March 2019	<u>145</u>	<u>165</u>

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

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-

General Needs - Built by Association
Shared Ownership
Supported Housing

2019
No.

2,902
54
122
3,078

2018
No.

2,839
57
161
3,057

Supported housing units comprise 14 self contained flats plus 108 bedspaces within 21 non self contained properties. Bedspaces within non self contained properties are counted as units.

22. RELATED PARTY TRANSACTIONS

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

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

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

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

	2019 £	2018 £
Rent received from tenants on the Board of Management and their close family members	<u>34,712</u>	<u>29,120</u>
Factoring charges received from factored owners on the Board of Management and their close family members	<u>474</u>	<u>519</u>

At the year end total rent arrears owed by the tenant members on the Board of Management (and their close family) were £1,291 (2018 - £95).

Members of the Board of Management who are tenants	9	8
Members of the Board of Management who are owner occupiers	1	1

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. INVESTMENTS

Investments in Subsidiaries	2019 £	2018 £
Cost		
As at 1 April and 31 March	100	100
NBV		
As at 31 March	100	100
As at 1 April	100	100

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

The Association has a 100% owned subsidiary named Thenue Housing Services Limited. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The Association incurred costs on behalf of its subsidiary Thenue Housing Services Limited of £54,614 (2018: £4,265). These costs have been recharged to Thenue Housing Services Limited. At the year end, the amount owing by Thenue Housing Services Limited to the Association was £13,498 (2018: £3,321).

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

	2019 £	2018 £
Capital & Reserves	50,904	50,841
Surplus for the year	63	408

The Association has a 100% owned subsidiary named Thenue Communities. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The Association also administers the funds of the Thenue Communities. In the year to 31 March 2019 the Association administered £236,352 of income (2018: £157,703) and £201,812 of expenditure (2018: £166,093) on behalf of the charity. Standard rates are charged to the Association when it makes use of the centre. The rent paid amounted to £11,770 (2018: £3,511). At the year end, the Association was owed £12,229 (2018: £7,010) and owed £12,645 (2018: £1,513). These amounts are interest free and repayable on demand.

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

	2019 £	2018 £
Capital & Reserves	189,972	155,431
Surplus / (Deficit) for the year	34,541	(8,390)

The Association has a 100% owned subsidiary named Thenue Trust. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

During the year Thenue Housing Association Limited administered the funds of the charity. In the year to 31 March 2019 the Association administered income of £5,000 (2018 - £nil) and expenditure of £793 (2018 - £775) on behalf of Thenue Trust.

The aggregate amount of capital and reserves and the results of Thenue Trust for the year ended 31 March 2019 were as follows:

	2019 £	2018 £
Capital & Reserves	5,998	1,791
Surplus / (Deficit) for the year	4,207	(775)

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. NEGATIVE GOODWILL

	2019	2018
	£	£
As at 1 April 2018	706,843	734,329
Release during the year	(27,486)	(27,486)
As at 31 March 2019	<u>679,357</u>	<u>706,843</u>

25. 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 423 London Road, Glasgow, G40 1AG.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Glasgow.

26. BOARD OF MANAGEMENT MEMBER EMOLUMENTS

Board of Management members received £834 (2018 - £2,435) in the year by way of reimbursement of expenses. No remuneration is paid to Board of Management members in respect of their duties to the Association.

27 RETIREMENT BENEFIT OBLIGATIONS

Thenue Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded. The Association is an admitted body under the Scottish Housing Association Fund, the assets of which are held in a separate Trustee administered Fund.

The last valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%). All Scheme members have agreed to make contributions towards the past service deficit.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2016. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341m and indicated an increase in the shortfall of assets compared to liabilities to approximately £207m, equivalent to a past service funding level of 62.2%.

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 re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

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.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 RETIREMENT BENEFIT OBLIGATIONS

Change in Accounting Estimate

The pension fund is administered by the Pensions Trust. Previously only the past service deficit was included as a liability in the financial statements as the Association's share of the pension assets and liabilities could not be determined. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The figures are available at 1 April 2018 and 31 March 2019. 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.

In January 2019, the FRC issued FRED 71 (Draft amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, Multiemployer defined benefit plans) which provides proposed changes to FRS 102 on how to treat the transition from defined contribution to defined benefit accounting. This method has been adopted by the Housing Association as the most appropriate treatment. As a result the change has been accounted for as change in accounting estimate.

Due to the change in accounting estimate the past service deficit liability has been removed as the liability is included in the pension liability now calculated by the actuary and shown under Pension and Other Provisions for Liabilities and Charges in the Statement of Financial Position. The change has been reflected in Other Comprehensive Income as follows:

	£
Opening defined benefit obligation as at 1 April 2018 (per actuary)	2,764,000
Opening past service deficit liability under previous recognition basis	(2,077,092)
Movement to other comprehensive income	<u>686,908</u>

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	2019 %p.a.	2018 %p.a.
Salary increases	3.3%	3.2%
Pension increases	3.3%	3.2%
Discount rate	2.3%	2.6%

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

	2019 £000
Employee members	38
Deferred pensioners	32
Pensioners	39
	<u>109</u>

Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	21.7	23.4
Future Pensioners	23.1	24.7

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 RETIREMENT BENEFIT OBLIGATIONS

Fair value of scheme assets by category

	2019	2018
	£000	£000
Growth Assets	6,949	6,647
Matching Plus	9,135	8,485
Liability Driven Investment	1,285	929
Net Current Assets	18	30
	<u>17,387</u>	<u>16,091</u>

None of the above assets includes any direct involvement in the Association's assets.

Net Pension Liability

	2019
	£000
Fair value of employer's assets	17,387
Present value of scheme liabilities	<u>(20,529)</u>
	<u>(3,142)</u>

Reconciliation of fair value of employer assets

	2019
	£000
Opening fair value of employer assets	16,091
Expected Return on Assets	418
Contributions by Members	119
Contributions by the Employer	695
Actuarial Gains / (Losses)	413
Estimated Benefits Paid	<u>(349)</u>
Closing fair value of assets	<u>17,387</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £1,007,000.

Reconciliation of defined benefit obligations

	2019
	£000
Opening defined benefit obligation	18,855
Current Service Cost	261
Interest Cost	483
Contributions by members	119
Actuarial Gains	1,160
Estimated Benefits Paid	<u>(349)</u>
Closing defined benefit obligation	<u>20,529</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Statement of Comprehensive Income

	2019 £000
Charged to operating costs:	
Service cost	(61)
Charged to Other Finance Costs / (Income)	
Expected Return on employer assets	418
Interest on pension scheme liabilities	(483)
Net interest on pension obligations	(65)
Net Charge to the Statement of Comprehensive Income	(126)

Actuarial Gain / (Loss) recognised in the Other Comprehensive Income

	2019 £000
Experience on plan assets	413
Experience gains and losses arising on the plan liabilities - gain / (loss)	122
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain / (loss)	(55)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(1,227)
Total amount recognised in other comprehensive income -	(747)

28 PROVISIONS FOR LIABILITIES AND CHARGES

Furniture & Flooring Replacement

	2,019 £	2019 £
At 1 April 2018	381,422	522,649
Decrease in provision	(27,110)	(141,227)
Balance at 31 March 2019	354,312	381,422