

Fit for the future

2018/19 Review and Accounts





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Tenants from East Kirk Court in Greenock

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Review from Our Chair



At the end of my third year as Chair of the Board, I feel a great satisfaction that Trust is in a strong position – delivering on our strategy and with still more exciting opportunities and plans for the future. I have seen Trust go from strength to strength over the years, and this is down to a dedicated, ambitious and talented Board and Management Team, one that I am proud to be part of.

Partnerships

Trust has been looking for opportunities to grow for a number of years, to help us to remain a thriving and sustainable organisation that is big enough to cope with the challenges we face, whilst still having as our priority delivering personal service, focussed on each individual tenant.

This year we were delighted to be chosen by Wishaw & District Housing Association as their preferred strategic partner in a proposed ‘transfer of engagements’ which would see Wishaw & District become part of Trust. We went through a tough competitive selection

process to achieve this and, subject to a positive ballot of Wishaw tenants, expect to see the transfer complete in the 2019/20 financial year.

A growth opportunity such as this delivers positive outcomes for all tenants and for our staff team. These include:

- more financial headroom enabling us to increase investment in homes
- economies of scale, delivering better value for money for all tenants
- greater opportunities for our staff
- the chance to provide a wider range of services for tenants and customers

New Homes

We are aiming to deliver 150 new homes, with Scottish Government grant assistance, in different locations across Scotland by March 2021. This year has seen significant progress with:

- 16 flats for mid-market rent in Bishopbriggs: completion October 2019
- 19 flats for general needs in Torrance: completion October 2019
- 49 new homes in the Scottish Borders at Duns – comprising of 30 extra care flats and 19 amenity cottages with completion expected in July 2020.

A number of other projects are in the earlier stages of development.

New Services

This year we are proud to have commenced a further 3 Housing with Care Services at our developments in Thornliebank, Calton and Pollok. Working together with local Health and Social Care Partnerships we have also introduced a new hub and spoke Housing with Care service at Galashiels and 2 new care at home services in Edinburgh and on Mull.

Excellent Customer Service and Influence

We continue to achieve high levels of satisfaction in the eyes of our customers, this year it increased to 92% of tenants satisfied overall with the service they receive from us.

Our Care Inspectorate results have been awarded at the highest grades of 'excellent' and 'very good', further consolidating our achievements at these grades over the last 5 years. We are delighted to be recognised as outstanding and sector leading by the Care Inspectorate for our quality of care and support and quality of staffing. These grades are not easy to achieve, and they reflect the hard work and dedication of Trust staff and the high levels of tenant satisfaction with our care and support services.

Our Customer Panel is continuing to scrutinise different areas of the business to improve customers' experience. Our Tenants' Value-for-Money Working Group, known as Team 13, are working closely with staff to help us understand how we can best measure and deliver value for money, which is a priority for us all.

Going Digital

We continue to progress with our digital plans for tenants and staff. Forty developments are now equipped with Wi-Fi as part of the digital participation programme, and it is great to see our tenants benefit from this.

For our office based staff teams we have established a new digital workspace – iTrust – which (amongst other benefits) gives more flexibility for our staff to be able to work across our many locations and connect more readily with their colleagues. The next phase of the rollout will see iTrust become available to all development staff.

Investment

£6.4 million has been invested in our housing stock during the year. Successfully delivering our maintenance and investment programmes has included 140 new bathrooms, 265 new kitchens and 282 medical adaptations to enable people to remain safely in their homes.

What does the future hold?

The Board has commenced work with the senior team to shape our new three-year business strategy which will be launched in 2020. Key themes emerging are around delivering future growth; a strong programme of investment in our homes and looking to work in more agile ways- making the most of technology to ensure we have value for money administration processes. For our tenants, customers and staff team we want more time to deliver personalised services and more time to care.

This coming year will be my last as Chair. I had initially planned to step down at our 2019 Annual General Meeting, however at the request of the Board I will remain as Chair to see the planned strategic partnership with Wishaw & District Housing Association through to conclusion. When I step down as Chair I will be leaving an organisation which has not just increased significantly in overall size and financial strength but maintains the interests of its tenants and customers at the heart of its strategy. This next year will be one of continued hard work for the Board and the Trust staff team, as we look to deliver on our plans for the future, and I thank them all for what has been achieved so far and their continued support and commitment.



Trust Housing Association Limited

A Registered Scottish Charity

Board of Management and Directors as at 31 March 2019

Chair:

Heather Pearson LLB, DipLP, NP

Vice-Chair:

John Burke FRICS

Board Members:

Ian Crawford MA (Hons) MHSM

Gordon Laurie

Karen Cawte

Paul McFarlane

Wendy Wilkinson BSc Math Science, MBA (Dist)

Doreen Inskip

Sister Jenny Lindsay

Desiree McLennan MCIPD

Kenny McDonald MA (Hons) MCIPR

Audit and Performance Committee Members:

Convener:

Ian Crawford MA (Hons) MHSM

Vice Convener:

Paul McFarlane

Board Members:

John Burke FRICS

Gordon Laurie

Sister Jenny Lindsay

Directors:

Rhona McLeod MA – Chief Executive

David McIndoe MRICS – Director of
Asset Management
Services

Gail Gourlay BA MCIH – Director of
Customer Services

Fiona Beattie ACMA – Director of Finance
& Business Services

Company Secretary:

Mary Strathearn BA (Hons)

Auditors:

Armstrong Watson Audit Ltd, 1st Floor
24 Blythswood Square, Glasgow, G2 4BG
(External Auditor)

Wylie & Bisset, 168 Bath Street, Glasgow,
G2 4TP (Internal Auditor)

Bankers:

The Royal Bank of Scotland plc,
36 St Andrew Square, Edinburgh EH2 2YB

Unity Trust Bank, Nine Brindleyplace,
Birmingham, B1 2HB

Nationwide Building Society, Northampton
Admin Centre, Kings Park Road, Moulton Park,
Northampton, NN3 6NW

Bank of Scotland, PO Box 1000, BX2 1LB

Santander, Customer Service Centre, Bootle,
Merseyside, L30 4GB

Solicitors:

T C Young, 7 West George Street,
Glasgow G2 1BA

Registered under the Co-operative
& Community Benefit Societies Act 2014

Registered by the Scottish Housing Regulator
HEP 143

Trust Housing Association Limited is a
Registered Scottish Charity No. SC009086

Registered Office: 12 New Mart Road,
Edinburgh EH14 1RL

Board of Management Report

Overview of Business and Activities

Trust Housing Association is a charitable Registered Social Landlord formed in 1973 to provide “quality homes and services that promote independent living”. Trust is a registered society with the Financial Conduct Authority in accordance with the Co-operative and Community Benefit Societies Act 2014. Trust is also a charity under the Charity and Trustee Investment (Scotland) Act 2005 and is registered under Section 3 of the Housing Associations Act 1985 by The Scottish Housing Regulator.

Trust’s main housing services are:

- General Needs Housing
- Amenity Housing
- Retirement Housing
- Sheltered Housing
- Very Sheltered Housing
- Housing with Care

Our strategic objectives and achievements

Trust has an overarching business strategy covering the period 2014-2019 (Bright Future, a new chapter for Trust). It sets out three key strategic objectives to be delivered over this period:

Strategic Aim A – to understand and exceed customer expectations.

Strategic Aim B – to provide quality homes and maintain a viable asset base.

Strategic Aim C – to continuously develop and grow Trust as a thriving and sustainable business.

The financial year to 31 March 2019 has seen further change and development at Trust as we work towards improving the way we deliver our core business and develop new products and services for the future.

Highlights during the year have included:

- Growth is a key part of Bright Future and we have several projects underway with this aim including a significant strategic partnership opportunity and various new build projects. We have also been developing new service models to ensure we remain well placed to meet changing customer needs.
- We were successfully appointed as Wishaw and District Housing Association’s (WDHA) ‘preferred strategic partner’ in December 2018 following a competitive process. The proposed transfer of engagements (ToE) would see Trust add 973 ‘general needs’ homes to our portfolio and grow by c40%. The ToE is expected to complete, subject to a positive tenants’ ballot in summer 2019, during the 2019/20 financial year.
- As part of our new build growth strategy, we have sought additional development opportunities, and with Scottish Government grant assistance have progressed the following projects on site:
 - 16 flats mid-market rent – Bishopbriggs: target completion October 2019
 - 19 flats general needs – Torrance: target completion October 2019
 - 30 extra care flats and 19 amenity cottages – Duns: target completion July 2020.
- Achievement of 92% overall customer satisfaction was confirmed by our latest tenant survey.

-
- Our Customer Panel has scrutinised Repairs and Maintenance in the past year, making recommendations to improve our customers' experience. Our Tenants' Value-for-Money Working Group, known as Team 13, have significantly influenced our rent consultation processes and have gained significant insight into our finances. Their definition of what "value-for-money" means for them is now being measured to ensure that we continue to meet tenants' priorities.
 - Our digital participation programme has just entered phase 3 of 4 and we have now passed the halfway stage of the four-year project. Wi-Fi installations at developments are progressing well and are slightly ahead of schedule with our 40th development nearing completion from a total of 67 developments. We also now have a more effective reporting mechanism which will assist us to work better with developments with low Wi-Fi usage.
 - We achieved a significant milestone in our digital transformation journey with the implementation of our new digital workspace – iTrust – to almost 100 staff across our offices in Edinburgh, Glasgow and Arran. Phase 2 of the project will deliver iTrust to all staff across our 'satellite' sites across the length and breadth of Scotland.
 - We have invested around £6.4 million in our stock during the year, and have successfully delivered our annual/reactive maintenance and investment programmes including:
 - Bathroom replacement programme to 140 properties
 - Kitchen replacement programme to 265 properties
 - Heating plant and replacement upgrades to 272 properties
 - Fire alarm upgrades to 157 properties
 - Warden call replacements to 92 properties
 - 3 lift replacements servicing 85 properties
 - Completed 282 medical adaptations to properties
 - External insulation measures to 14 properties
 - External decoration to 11 developments covering 233 properties
 - Internal decoration to 8 developments covering 214 properties
 - As part of our core data and systems reimplementation strategic project we have continued to implement and review modules covering:
 - Contract management
 - Repairs and maintenance
 - Servicing
 - Trust has contracts with a number of local authorities across Scotland to provide housing and support services. As the economic climate remains challenging, these contracts are subject to change and in some cases has led to some reduction in the services that are able to be provided. In such circumstances Trust undertakes a review of the service model provided, in consultation with tenants and housing development staff. The best possible service continues to be provided within the funding available. We continue to develop the different ways in which our care and support services can be provided and working with Health and Social Care Partnerships to determine where we can provide innovative solutions to local needs. Over the past year we have had delivered three new Housing with Care Services, one new hub and spoke Housing with Care service, and two new Care at Home services.
 - Work at our two strategy away days with the Board has shaped our new three-year business strategy which will be launched in 2020.

Board of Management Report

Governance

Trust is governed by a dedicated voluntary Board of Management who operate in accordance with the Scottish Federation of Housing Association's Model Governing Rules. Board membership is drawn from a broad range of skills and experience, including a mix of professional backgrounds and tenant service users which promotes equality, diversity and inclusion and further strengthens good governance. The skills mix on the Board is regularly reviewed, with an annual training programme conducted together with strategy days delivered to develop skills and expertise which enables Board Members to fully execute their role.

The Board continues to work closely with the Scottish Housing Regulator to ensure we comply with all aspects of the regulatory requirements expected of us. At the end of 2018/19, the Scottish Housing Regulator confirmed they would continue their low level of engagement with Trust.

The key responsibilities of the Board are:

- Responsibility for the overall leadership of Trust
- Approval of Trust's business strategy, annual budget and plans to achieve Trust's objectives
- Approving the Annual Report and Accounts
- Establishing effective systems of good governance, implementing internal control and the annual review of their effectiveness
- Authorising material acquisitions, disposals, investments, capital projects and other significant transactions
- Monitoring Trust's overall performance in relation to its strategies, plans, budgets and decisions
- Providing support and guidance to the Chief Executive and Executive Team and ensuring staff on the ground are supported to deliver high quality procedures and services in line with Trust's objectives

Financial Performance 2018/19

We are pleased to report a strong financial performance in 2018/19. Trust has continued to deliver positive results with growth in revenue and net assets. This provides a solid foundation on which to build and allows greater financial sustainability to meet the growth strategy in delivering our Bright Future agenda.

Summarised financial performance:

	2018/19	2017/18	Movement
Turnover £m	26.6	25.3	1.3
Operating Surplus £m	2.8	3.0	(0.2)
Operating Surplus %	10.6%	13.2%	(2.6%)
Net Surplus £m	2.0	2.2	(0.2)
Net Surplus %	7.5%	8.6%	(1.1%)
Pension Loss/Gain £m	(1.5)	0.0	(1.5)
Surplus after pension adjustment £m	0.5	2.2	(1.7)
Interest Cover	3.9	4.1	(0.2)
Net Assets £m	22.0	21.5	0.5

Turnover has remained broadly in line with budget projections. Operating surplus remains sound generating 10.6% of turnover. This has decreased from the previous year, but through our strategy and operational delivery, we are actively engaged in mitigating the impact of increasing operating costs on our surplus.

These results include the impact of the change in treatment of our defined benefit pension scheme as detailed in Note 1.7, Contribution to Pension.

Net assets have grown strongly as a result of the financial performance during the year.

Interest cover is strong and covenant compliance has been met for all indicators set by lenders.

Board of Management Report

Managing Risk

We have a risk management policy and procedure in place and risks are actively managed through the Leadership Team, Audit & Performance Committee and Board.

Our strategic risk register shows key themes for risk management. These include the impact of welfare benefits reform, the decline in customer demand for current and commissioned services, the potential for costs to fail to represent value-for-money and the significant investment required to ensure our homes continue to meet regulatory standards and business needs.

These risks are mitigated by proactive interventions, including active lobbying of government and policy makers; ongoing customer research and feedback; financial modelling and scrutiny of value-for-money, as well as updated analysis of the need for investment in our stock.

Treasury Management Policy

We have in place an effective treasury management policy which follows the CIPFA standard, as recommended by the Scottish Housing Regulator. This policy is actively followed during the year and is reviewed annually as an integral part of the business and financial planning process.

Our Performance

Strategic Aim	Performance
<p>A:</p> <p>To understand and exceed customer expectations</p>	<ul style="list-style-type: none"> • 92% of our customers are satisfied with the overall service provided by Trust. • 89% of our customers agree that living with Trust has improved their quality of life. • 83% of tenants think the rent they pay is good value-for-money. • We resolved 93% of all complaints within the timescale and 95% of all Anti-Social Behaviour cases. • We have Investors in People ‘Gold’ accreditation. • We have Leaders in Diversity accreditation.
<p>B:</p> <p>To provide quality homes and maintain a viable asset base</p>	<ul style="list-style-type: none"> • 94% of our customers are satisfied with the quality of their homes. • 97% of our homes achieved the Scottish Housing Quality Standard. • 89% of our customers who had repairs or maintenance carried out in the last 12 months are satisfied with the repairs and maintenance service. • We completed 91% of our repairs ‘right first time’.
<p>C:</p> <p>To continuously develop and grow Trust as a thriving and sustainable business</p>	<ul style="list-style-type: none"> • We achieved our target of maintaining an annual minimum cash balance of £2m and met our loan covenants. • Our gross rent arrears as a % of rent due was 2.8%. • We took on average 56 days to re-let our vacant properties. • 2.3% of rent due was lost as a result of empty properties. • We have EFQM ‘2 star’ committed to excellence accreditation.

Board of Management Report

People

We firmly believe that our people are our greatest asset and we aim to recruit, train, develop and support each member of staff to achieve their personal and our organisational goals.

Trust has held Investors in People accreditation since 1998. Our achievement of the prestigious Investors in People Gold accreditation in 2015 and reaffirmed through our assessment in 2018, is external validation of the highly developed training & development programme and the positive, supportive culture that is embedded throughout Trust.

Trust is both an Investor in Diversity and also a Leader in Diversity. Living up to the title, we continue to hold a high-ranking place in the National Centre for Diversity's top 100 organisations in the UK.

Our people strategy aims to deliver on a number of people-related projects, ensuring we remain competitive, provide excellent opportunities for those who work for us, and continue to be a great place to work.

We have a significant training and development programme to support our people to learn and develop skills and expertise. This in turn enables us to provide the best possible service to our customers.

Our people are continually encouraged during team meetings, one-to-one meetings and appraisals to take the lead in contributing ideas and feedback. The results from our 2018 Employee Engagement Survey were very positive and reflect the culture throughout Trust. Engagement across all offices, developments and staff groups is a focus for Trust as we continue to be inclusive in all areas of our business.

Health, Safety and Wellbeing

Ensuring a high standard of health, safety and wellbeing for both staff and stakeholders remains a key priority for Trust, with outcomes delivered through an active staff Health, Safety and Wellbeing Committee including:

- On going review of our health and safety control manual.
- An on going programme of both general risk and fire risk assessments to relevant properties.
- Compliance with annual gas safety appliance inspection legislation.
- Business continuity planning procedures in place.
- On going health and safety training for staff including load management, first aid, hoists and fire safety.
- On going review of our fire detection systems, following updated regulation from the Scottish Government following the Grenfell Tower fire in England.

Trust Audit and Performance Committee 2018/19

The Committee met as scheduled four times this year. It was chaired by Ian Crawford, and membership is shown elsewhere in the Annual Report. The Committee works to a three-year audit plan and this year's areas of activity examined included, the General Data Protection Regulations, a major issue for all organisations. Other topics have included payroll, human resources and performance management. The plan for next year will look at areas including IT and cyber security, new build developments and treasury management. All audit reports this year were excellent with many areas of good practice recognised and no major or significant deficiencies identified. The Committee meets with the Auditors once a year without the officers to allow it to be satisfied that audits are thorough and independent.

The Committee also importantly looks at Trust's performance against standards, in areas such as complaints, how long it takes to let properties, and customer satisfaction and these key performance indicators were very satisfactory over the course of the year.

The Committee are pleased to commend the Trust managers and directors involved in the areas we looked at.

Board of Management Report

Internal Financial Controls

The Board of Management acknowledge their ultimate responsibility for ensuring that Trust has in place a system of controls that is appropriate to the various business environments in which it operates.

The system of internal financial controls is designed to manage risks that may impede the achievement of the business objectives rather than to eliminate those risks entirely. The systems of internal financial control therefore provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board of Management has established the following key measures to provide effective internal financial control:

- (i) A comprehensive budget is prepared annually and is approved by the Board.
- (ii) The Board meet regularly to review actual results and investigate any significant variance from Trust's budget.
- (iii) A Business Plan that forecasts 30 years ahead is updated annually and is approved by the Board.
- (iv) Written standing orders and a Financial Control Framework including details of delegated authority are in place and are reviewed regularly.
- (v) Trust's external auditors have attended meetings of the Audit & Performance Committee, as well as attending the AGM.
- (vi) The Audit & Performance Committee reviews the system of internal controls and reports to the Board thereon. It receives reports from the internal and external auditors and Executive Team which assess the efficiency of internal control and make recommendations for any improvements. The Convenor of the Audit & Performance Committee reports the outcome of committee meetings to the Board and provides minutes of the meetings.

The Board of Management has reviewed the effectiveness of the system of internal financial controls for the year ended 31 March 2019 and is satisfied that the existing controls and the resources in place to improve these controls are sufficient to safeguard the assets and prevent material loss. If weaknesses are found in the system of internal financial controls, appropriate action is put in place.

Going Concern

After making enquiries of the Executive Team, the Board has a reasonable expectation that Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Disclosure of Information to the Auditor

Each person who is a Board Member at the date of approval of this report confirms that:

- so far as the Board Member is aware, there is no relevant audit information of which Trust's auditors are unaware; and
- each Board Member has taken all the steps that he/she ought to have taken as a Board Member to make himself/herself aware of any relevant audit information and to establish that Trust's auditors are aware of that information.

On behalf of the Board



25 July 2019

Board of Management Report

Appendix 1 a

Membership

Membership of the Association is open to all who are interested in the work of Trust Housing Association Limited. Every member, on payment of £1.00, is entitled to one share in the Association. Trust Housing Association Limited has a membership which now stands at 317 members (2018 – 346).

Relations with our Membership

All Association members are invited to attend our Annual General Meeting (AGM), held in September each year. This event allows the Chair and Chief Executive, on behalf of the organisation, to report to our membership on an annual basis. The Board, together with the senior management team and other staff members attend the AGM. Association members are encouraged to ask questions during the meeting and to speak with Board Members and staff throughout the event.

Board members continue to conduct their annual schedule of development visits to meet with tenants to seek their views on the work of Trust and learn about specific tenant issues.

Project Funding for 2018/19

The Equality, Diversity and Inclusion Programme received funding for the following project:

Older People Services Development

Project – has been developed in joint partnership with Hanover (Scotland) and Bield Housing Associations to help and support black and minority ethnic older people gain access to benefits and services.

The project is funded by the Big Lottery Fund for three years by restricted grant funding of £336,896. The project started in April 2017 and will run until March 2020. The project received £108,594 in the financial year 2018/19.

Related Parties

During the year, there were 2 (2018 – 2) members of the Management Committee (including former members and co-opted members) who were also Trust tenants. All tenancies are on normal secure tenancy terms and their position as a Board Member cannot be used to their advantage.

During the year, Board Member Wendy Wilkinson continued her employment with the Scottish Government. All transactions with the Scottish Government are made on normal commercial terms, and as a Board Member, she cannot use her position to any advantage.

Independent Auditor's Report

To the Members of Trust Housing Association Limited

Opinion

We have audited the financial statements of Trust Housing Association Limited (the 'association') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 company's members, as a body, in accordance with Section 87 of the Co-Operative Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit 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, Schedule 7 of Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Overview of Business and Activities but does not include the financial statements and our Report of the Auditors thereon.

Independent Auditor's Report

To the Members of Trust Housing Association Limited

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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 the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Overview of Business and Activities.

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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Our 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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of Our Report

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



Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
Floor 1
24 Blythswood Square
Glasgow
G2 4BG

Date: 12 August 2019

Statement of Comprehensive Income

For the year ended 31 March 2019

		2019	2018
	Notes	£'000	£'000 (as restated)
Turnover	2	26,598	25,343
Less: operating costs		(23,768)	(22,329)
Operating surplus	7	2,830	3,014
Profit/(Loss) on sale of fixed assets		(119)	(166)
Profit/(Loss) on impairment of fixed asset investment	10	(50)	0
Interest receivable and other income		4	11
Interest payable and other charges	8	(675)	(691)
Surplus for the year		1,990	2,168
Initial recognition of multi-employer defined benefit scheme	21	(521)	0
Actuarial Gain/(Loss) on the Pension Schemes	21	(939)	0
Total Comprehensive income for the year		530	2,168

All operations are continuing

The only recognised gain/(loss) was the surplus for the year.

The notes on pages 26 to 46 form part of these Financial Statements

Statement of Financial Position

As at 31 March 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Tangible fixed assets					
Housing properties	9		101,947		97,314
Other	9		3,232		3,324
Investments	10		0		50
Total fixed assets			105,179		100,688
Current assets					
Trade and other receivables	11	1,762		1,599	
Cash at bank and in hand		2,531		2,257	
Total current assets		4,293		3,856	
Creditors: amounts falling due within one year	12	7,963		7,528	
Net current assets/ (liabilities)			(3,670)		(3,672)
Total assets less current liabilities			101,509		97,016
Creditors: amounts falling due after more than one year	13		(16,903)		(18,046)
Deferred Capital Grants	14		(58,606)		(57,473)
Provision for Pension Liability	21		(3,970)		0
Net assets			22,030		21,499
Capital and reserves					
Share capital	16		0		0
Development reserves			90		94
Revenue reserve			21,940		21,405
			22,030		21,499

The Financial Statements were approved and authorised for issue by the Board of Management and signed on its behalf on 25 July 2019:

25 July 2019

The notes on pages 26 to 46 form part of these Financial Statements

Statement of Changes in Equity

As at 31 March 2019

	Development reserve	Revenue reserve	Total
	£'000	£'000	£'000
Current Year			
Balance at 1 April 2018	94	21,405	21,499
Surplus/(deficit) from statement of Comprehensive income	0	531	531
Transfer of Development reserve expenditure from Revenue reserve	(5)	5	0
Balance at 31 March 2019	89	21,941	22,030

	Development reserve	Revenue reserve	Total
	£'000	£'000	£'000
Prior Year			
Balance at 1 April 2017	101	19,230	19,331
Surplus/(deficit) from statement of Comprehensive income	0	2,168	2,168
Transfer of Development reserve expenditure from Revenue reserve	(7)	7	0
Balance at 31 March 2018	94	21,405	21,499

The Development Reserve is made up of donations from tenants, families and organisations. It is utilised for the benefit of tenants and the developments in which they stay.

Statement of Cash Flows

For the year ended 31 March 2019

	2019	2018
	£'000	£'000
Cash flows from operating activities		
Surplus for the year	1,991	2,168
Depreciation of property, plant and equipment	3,847	3,421
Utilised government housing grants	(2,478)	(2,184)
Proceeds from Sale of Assets	(1)	(35)
Interest Paid	675	691
Interest Received	(4)	(11)
Decrease/(Increase) in trade and other receivables	(164)	(104)
Increase/(decrease) in trade payables	1,443	627
Pension costs less contributions payable	(726)	(780)
Net cash inflow/(outflow) from operating activities	4,583	3,793
Cash flows from investing activities		
Proceeds from Sale of Property	1	35
Purchase of property, plant and equipment	(8,508)	(5,658)
Disposal of property, plant and equipment	120	287
Purchase of other Fixed Assets	50	(50)
Receipt of social housing grant	3,613	714
Disposal of social housing grant	(1)	(40)
Interest received	4	11
Net cash from investing activities	(4,721)	(4,701)
Cash flows from financing activities		
Interest Paid	(675)	(691)
Repayments of borrowings	(1,713)	(1,472)
Borrowings acquired	2,800	2,600
Net cash used in financing activities	412	437
Net increase/(decrease) in cash and cash equivalents	274	(471)
Cash and cash equivalents at beginning of year	2,257	2,728
Cash and cash equivalents at end of year	2,531	2,257

	2019	2018
	£'000	£'000
Components of cash and cash equivalents		
Cash	2,531	2,257
Cash Equivalents	0	0
	2,531	2,257

	2019	2018
	£'000	£'000
Reconciliation of Net Debt		
Net Debt as at 1st April 2018	17,577	16,449
Loans received	2,800	2,600
Loan repayments	(1,713)	(1,472)
Net Debt as at 31st March 2019	18,664	17,577

Notes to the Financial Statements

For the year ended 31 March 2019

1. Accounting Policies

1.1 Basis of Accounting

These Financial Statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2015 issued by the Scottish Social Housing Regulator and the Statement of Recommended Practice (SORP) Accounting for social housing providers issued in 2014.

The financial statements are prepared in Sterling (£) and are rounded to the nearest £'000.

The accounting treatment relating to the Scottish Housing Association defined benefit pension has not been consistently applied. For further details of the change in treatment refer to accounting policy (1.7) – Contribution to Pension.

The principal accounting policies that have been applied consistently to all periods presented in these financial statements are set out below.

Trust Housing Association is a Public Benefit Entity (PBE).

1.2 Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Useful Lives of Properties

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on industry averages and review of current housing stock. Uncertainties in these estimates relate to the length of time certain components in our homes will last, with varying levels of use potentially lengthening or shortening the lives of these components.

(ii) Recoverability of Debtors

Management considers the reasonable likelihood of rent arrears and debtors being recoverable based on past experience. While every effort is made not to over-estimate the amounts which will be recovered by the Association in the future, the actual amounts which might be received are often out with the Association's control.

(iii) Present Value of Pension Scheme

The present value of the SHAPS Defined Benefit Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Any changes in these assumptions, which are disclosed in note 21 will impact the carrying amount of the pension liability. GMP equalisation has also been considered within the current year valuation however this has not made a significant impact to the net pension deficit. The latest full actuarial valuation was dated 31 March 2019.

1.3 Turnover

Turnover represents rental and service charge income receivable from tenants and owner occupiers, fees and revenue-based grants receivable from local authorities and the Scottish Government's Housing and Investment Division.

Rental income is recognised from the point properties become available for letting, net of any voids.

Revenue-based grants are receivable when the conditions for receipt of agreed grant funding have been met.

Other income is recognised when invoices are raised.

1.4 Housing Properties

Housing properties are stated at cost, are split by component category and include the cost of acquiring the land, site clearance costs and construction. In addition to this, the costs also include replacement components and medical adaptations.

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

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

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

The major components of properties are deemed to be structure, kitchens, windows, central heating systems, roofs, windows, lifts, electrics, doors, common facilities, bathrooms and external fabric. Each component has a substantially different economic life and is depreciated over this individual life. Depreciation rates are shown in note (1.6).

Notes to the Financial Statements

For the year ended 31 March 2019

1.5 Housing Association Grant

For developments under the 1988 Housing Act, Housing Association Grant is paid directly to Trust as required to meet liabilities during the development process.

Housing Association Grant is repayable under certain circumstances, primarily following the sale of property, but will normally be restricted to net proceeds of sale.

Housing Association Grant is received as a contribution towards the capital cost of a housing development and is recognised in line with the accrual model. The accrual model results in the grant being recognised over the expected useful life of the housing property structure and its individual components.

1.6 Depreciation

(i) Housing Properties

Housing properties are stated at cost less accumulated depreciation.

Depreciation is charged on the original cost of properties (after deducting land costs) on a straight-line basis over the expected useful life of the property.

Housing properties held for letting;

Structure	50 years
Kitchens	20 years
Central heating systems	20 to 30 years
Roofs	50 years
Windows	30 years
Lifts	30 years
Electrics	30 years
Doors	30 years
Common facilities	15 to 30 years
Bathrooms	30 years
External fabric	35 years
Shared Ownership	50 years

(ii) Impairment

Annual reviews are undertaken to confirm that no financial impairment has arisen to reduce the value of any class of property to an amount less than the carrying value in the financial statements.

(iii) Other Fixed Assets

Other Fixed Assets include office properties, office equipment, furniture and computer hardware and software. Depreciation is charged from the date of purchase to the date of disposal.

Office properties	50 years
Office equipment	5 years
Computer hardware & software	5 years
Motor vehicles	4 years
Furniture & equipment	10 years

These Other Fixed Assets are depreciated on a straight-line basis over the expected useful life of the asset.

1.7 Contribution to Pension

Following changes to our pension arrangements in 2013/14 we now have the following arrangements in place:

1. SHAPS DC scheme – comprised mainly of former SHAPS DB scheme members with employer contributions of 6% of salary + employee contributions.
2. A small number of personal pensions where the contributions are as in point 1 above.
3. Our auto-enrolment scheme with the Peoples Pension which is an entry level scheme with contributions at 3% for employee contribution and 2% for employer contribution. This increased from the 1st April 2019 to 5% employee contribution and 3% employer contribution.

None of the schemes create any liability to Trust beyond the contribution payments outlined above.

The Association also has obligations with respect to the former SHAPS Defined Benefit Pension Scheme which is a multi-employer defined benefit scheme but which is no longer open to applicants. Retirement benefits to employees of the Association are funded by contributions from all participating employers and employees in the Scheme. Contributions are charged to the income and expenditure account so as to spread the cost of pensions over the employees' working lives within the Company.

Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations taken as a whole.

The cost of the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases.

The previous treatment of the Association's scheme complied with FRS 102 sections 28.11 and 28.11A which due to a lack of sufficient information being available allowed the Association to account for the multi-employer defined benefit scheme as though it were a defined contribution scheme. The Association therefore previously recognised a liability in respect of its annual committed deficit reduction contributions.

Due to sufficient information becoming available the association will be early adopting Amendments to FRS 102 Multi-employer defined benefit plans (9 May 2019). The relevant date for this new information to be applied was 1 April 2018. During this transitional period, the Association has disclosed within Other Comprehensive Income, the de-recognition of the deficit funding agreement liability and

the recognition of the net pension deficit to reflect the impact of this change in accounting treatment.

1.8 Development Reserves

The Development Reserve has been created mainly from charitable donations and bequests and is used for development specific projects. Amounts utilised in respect of development specific projects are transferred from Revenue Reserves to Development Reserves as incurred.

1.9 Equalisation Accounts

Charges for landlord services and heating are made to tenants at a level that is expected to recover expenditure on services for the year. Any over or under charges which are carried forward in these equalisation accounts are taken into account when the landlord service and heating charge is calculated for the following year.

1.10 Interest Payable

All interest payable in the year in connection with the development, construction or acquisition of housing properties is charged to the income and expenditure account in the period in which it falls due for payment. The basis of the interest payable is by using the effective interest rate over the life of the loan.

1.11 Shared Ownership Properties

All properties are split between fixed and current assets in line with the expectation relating to the first tranche sale percentage. The expected first tranche proportion is classified as a current asset until the point of the first tranche sale. The current asset is then transferred to cost of sales and matched against sales proceeds within the operating surplus in the Statement of Comprehensive Income. Any operating surplus is restricted

Notes to the Financial Statements

For the year ended 31 March 2019

to the overall surplus which takes account of the Existing Use Value – Social Housing (EUV-SH) of the remaining fixed asset element.

The remaining element of the asset is classified as a fixed asset and included in housing properties at cost less any provision for depreciation or impairment.

1.12 Trade and other receivables

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.13 Trade and other payables

Short-term payables are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method.

1.14 Financial Instruments

Trust only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables are measured initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the date of the Statement of Financial Position.

Financial assets and liabilities are offset, and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

	Turnover	Operating Costs	Operating Surplus or (Deficit) 2018/19	Operating Surplus or (Deficit) for Previous Period of Account) 2017/18
	£'000	£'000	£'000	£'000
Social Letting	24,341	21,487	2,854	2,990
Other activities	2,257	2,281	(24)	24
Total	26,598	23,768	2,830	3,014

3. Lettings and Other Related Information

Particulars of turnover, operating costs and surplus before taxation.

	Other revenue grants	Supporting people income	Other income	Total Turnover	Other operating costs	Operating surplus or (Deficit) 2018/19	Operating surplus or (Deficit) 2017/18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Support Activities							
Support activities	0	2,080	0	2,080	2,080	0	0
Other activities							
Other activities: Equal Opportunities	0	0	1	1	57	(56)	(29)
Other activities: Older People's Project	109	0	21	130	109	21	6
Other activities: Never too Old to Learn Project	2	0	0	2	24	(22)	1
Other activities: Never too Late to Learn Project	2	0	0	2	0	2	3
Other activities: Training Grant	0	0	0	0	0	0	17
Other activities: Arran Care and Repair	0	0	10	10	11	(1)	6
Other activities: Income Recharge	0	0	24	24	0	24	15
Other activities: Donations	0	0	8	8	0	8	5
Total from other activities	113	2,080	64	2,257	2,281	(24)	24
Total from other activities for the previous period of account 2017/18	171	2,206	41	2,418	2,394	24	

Notes to the Financial Statements

For the year ended 31 March 2019

4. Income from Lettings

				2018/19	2017/18
					(as restated)
	General Needs Housing £'000	Supported Housing Accommodation £'000	Shared Ownership £'000	Total £'000	Total £'000
Rent receivable net of identifiable service charges	1,353	14,804	30	16,187	15,777
Service charges receivable eligible for Housing Benefit	4	849	0	853	385
Service charges receivable not eligible for Housing Benefit	9	5,235	0	5,244	4,809
Gross rents receivable	1,366	20,888	30	22,284	20,971
Less: Rent losses from voids	(8)	(412)	(1)	(421)	(496)
Net rents receivable	1,358	20,476	29	21,863	20,475
Grants Released from deferred income	438	2,034	6	2,478	2,450
Total income from social lettings activities	1,796	22,510	35	24,341	22,925
Expenditure on letting activities					
Services Costs	47	5,800	1	5,848	4,933
Planned and cyclical maintenance	52	357	0	409	489
Management	696	4,593	8	5,297	5,005
Reactive Maintenance	112	1,935	1	2,048	1,863
Rent debts – rents and service charges	0	194	0	194	10
Depreciation and Impairment of Social Housing	505	3,046	20	3,571	3,442
Major Repairs expenditure	0	371	0	371	283
Stock Condition surveys	0	43	0	43	36
Rent/Landlord Staff Costs	0	1,890	0	1,890	1,882
Development Services	0	1,571	0	1,571	1,591
Concierge Service	0	133	0	133	271
Void Costs	0	51	0	51	50
Development Sundries	0	61	0	61	80
Total operating costs for social letting activities	1,412	20,045	30	21,487	19,935
Operating Surplus for Social Lettings	384	2,465	5	2,854	2,990
Prior year Operating Surplus	379	2,626	(15)	2,990	

5. Officers' Emoluments

	2018/19 £'000	2017/18 £'000
Aggregate emoluments payable to Officers. (Excluding pension contributions and benefits in kind). Officers are defined as members of the Leadership Team	585	548
Total emoluments (Including pension contributions and benefits in kind)	658	612
Emoluments (excluding pension contribution) of the Chief Executive Officer amounted to:	115	111
Pension Contributions of the highest paid Officer amounted to:	0	0
The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) in the following ranges were:	Number of Officers	Number of Officers
£60,001 to £70,000	0	1
£70,001 to £80,000	3	2
£80,001 to £90,000	0	0
£90,001 to £100,000	0	0
£100,001 to £115,000	1	1
Number of Officers to whom pension benefits are accruing:	8	7
<p>The Officers are ordinary members of the pension schemes described in Notes 1.7 and 21. No enhanced or special terms apply to membership and they have no other pension arrangements to which the Association contributes. The Association's pension contributions for the Officers in the year amounted to £28,095 (2018 £25,820).</p>		
No emoluments were paid to the Board of Management during the year.	£'000	£'000
Total expenses reimbursed to the Board of Management in so far as not chargeable to United Kingdom income tax.	4	7

Officers are considered to be key management personnel of the association.

Notes to the Financial Statements

For the year ended 31 March 2019

6. Employee Information

The average number of full-time equivalent persons employed during the year was:	2018/19	2017/18
	Number of staff	Number of staff
Office staff	87	87
Development based staff	260	240
	347	327
The average number of staff employed during the year was:		
Office staff	94	93
Development based staff	499	464
	593	557
	£'000	£'000
Staff costs (including directors emoluments):		
Wages and salaries	9,779	9,342
Social security costs	622	639
Pension costs	252	203
	10,653	10,184

7. Operating Surplus

Operating surplus is stated after charging:	£'000	£'000
Depreciation	3,847	3,569
Amortisation of Grants	(2,478)	(2,446)
Repairs: cyclical, planned and day-to-day	2,828	2,690
Auditors' remuneration – audit services	13	15

8. Interest Payable and Other Charges

	£'000 2018/19	£'000 2017/18
On loans payable wholly or partly in more than five years:		
Amounts payable to Banks and Building Societies	657	680
Pension deficit unwinding of the discount factor (interest expense)	18	39
Pension deficit re-measurement – impact of any change in assumption	-	(28)
	675	691

9. Tangible Fixed Assets

	Housing Properties held for letting £'000	Shared Ownership Housing Properties £'000	Housing Properties in the course of construction £'000	2018/19 Total £'000	2017/18 Total £'000
Cost					
At beginning of year	151,004	441	1,653	153,098	148,646
Additions	3,519	0	4,637	8,156	5,072
Disposal	(662)	0	0	(662)	(620)
Transfers	1,096	(92)	(1,004)	0	0
At end of year	154,957	349	5,286	160,592	153,098
Depreciation					
At beginning of year	55,682	102	0	55,784	52,798
Charge for year	3,395	7	0	3,402	3,319
Transfers	23	(23)	0	0	0
Disposals during year	(541)	0	0	(541)	(333)
At end of year	58,559	86	0	58,645	55,784
Net Book Value					
At beginning of year	95,322	339	1,653	97,314	95,848
At end of year	96,398	263	5,286	101,947	97,314

Notes to the Financial Statements

For the year ended 31 March 2019

9. Tangible Fixed Assets (continued)

	Office Properties £'000	Motor Vehicles £'000	Office Equipment £'000	Development Furniture £'000	2018/19 Total £'000	2017/18 Total £'000
Cost						
At beginning of year	3,691	40	2,979	1,349	8,059	7,543
Additions during year	0	0	325	27	352	516
Disposals during year	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
At end of year	3,691	40	3,304	1,376	8,411	8,059
Depreciation						
At beginning of year	1,876	40	2,167	652	4,735	4,367
Charge for year	74	0	228	142	444	368
Disposals during year	0	0	0	0	0	0
At end of year	1,950	40	2,395	794	5,179	4,735
Net Book Value						
At beginning of year	1,815	0	812	697	3,324	3,107
At end of year	1,741	0	909	582	3,232	3,324

Total expenditure on existing properties in the year amounted to £6,348,000 (2018 – £5,692,000). The amount capitalised is £3,519,000 (2018 – £3,419,000) with the balance charged to the statement of comprehensive income. Capitalised amounts are related to component replacement.

During the year, Trust purchased outright 2 of their 6 Shared Ownership properties leaving 4 Shared Ownership properties remaining at March 19.

10. Investments

During the year the Trust Board of Management took the decision to fully impair the Our Power Community Benefit Society Ltd. Bond (£50k). Subsequently Our Power Community Benefit Society Ltd ceased to trade and entered liquidation proceedings.

11. Trade and other receivables

Amounts falling due within one year:	2018/19 £'000	2017/18 £'000
Rent and Service Charge Arrears	791	735
Less: bad debt provision	(137)	(139)
	654	596
Other debtors	705	776
Prepayments and accrued income	403	227
	1,762	1,599

12. Creditors due within one year

	2018/19 £'000	2017/18 £'000
Rent in advance	255	208
Housing loans	1,761	1,955
Pension Deficit	0	815
Other taxation and social security	162	154
Creditors and accruals	3,840	2,344
Service Equalisation Account	1,945	2,052
	7,963	7,528

Notes to the Financial Statements

For the year ended 31 March 2019

13. Creditors due after more than one year

	2018/19 £'000	2017/18 £'000
Housing loans	16,903	15,623
Pension deficit	0	2,423
	16,903	18,046
Housing loans:		
In one year or less	1,761	1,955
Between one and two years	1,753	1,955
Between two and five years	5,857	5,864
In five years or more	9,293	7,804
	18,664	17,578

Loans are secured by legal charges against certain housing properties. Loan debt at 31 March 2019 comprised:

- Loans from Nationwide with a balance of £3.267m, with repayments concluding from 2019 to 2035, at fixed interest rates for the duration of the loans.
- Loans from The Royal Bank of Scotland, with a total balance of £12.303m, with repayments concluding from 2019 to 2031, at both fixed and variable rates for the duration of the loans.
- A loan with Unity Trust Bank of £3.094m, with repayments concluding in 2035, at a variable interest rate.

Pension Deficit:	2018/19 £'000	2017/18 £'000
In one year or less	0	815
Between one and two years	0	839
Between two and five years	0	1,584
In five years or more	0	0
	0	3,238

14. Deferred Capital Grants

	Housing Properties held for letting £'000	Shared Ownership £'000	WIP £'000	2018/19 Total Housing Properties £'000	2017/18 Total Housing Properties £'000
At beginning of year	56,767	290	416	57,473	59,249
Additions	719	0	2,893	3,612	714
Transfers	61	(61)	0	0	0
Disposals	(1)	0	0	(1)	(40)
Grant Amortisation	(2,472)	(6)	0	(2,478)	(2,450)
Grants at end of year	55,074	223	3,309	58,606	57,473

15. Rent Arrears and Rent

	2018/19	2017/18
Rent arrears	£425,869	£563,743
Average monthly rent	£543	£532
Average rental increase	3.5%	2.0%

16. Called Up Share Capital

	2018/19	2017/18
Shares of £1 each issued and fully paid:	£	£
At beginning of year	346	371
Movement during year	(29)	(25)
At end of year	317	346

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.

Notes to the Financial Statements

For the year ended 31 March 2019

17. Units in Management

	2018/19	2017/18
	Number of Units	Number of Units
Housing accommodation	276	351
Supported accommodation	2,296	2,219
Shared ownership	4	6
Total number of units	2,576	2,576

18. Accommodation Managed by Others

Name of Managing Body	2018/19	2017/18
Leonard Cheshire Foundation	16	16
Southbank	40	40
Glasgow (Pollock) Bield	0	15
Total number of units	56	71

19. Investments in Subsidiary

Trust Housing Association Limited has set up a wholly-owned trading subsidiary named Trust Enterprises Limited; the subsidiary will be used to separate our core charitable activities from those likely to generate commercial trading income and incur related expenditure. Any surpluses generated through the subsidiary will be gift-aided back to Trust Housing Association Limited.

On 13 June 2008, Trust Housing Association Limited purchased 1 Ordinary Share of £1 at par.

The subsidiary has not been consolidated in these results. In accordance with section 13 of the Co-Operative & Community Benefit Societies Act 2014 the consent of the regulator has been obtained on the basis that it would be of no real value to members of the society in view of the insignificant amounts involved.

During the year, the subsidiary generated revenue of £109k and incurred costs of £101k, resulting in a profit of £8k. Gross assets of the subsidiary as at 31 March 2019 were £87k and the subsidiary had net liabilities of £97k. The capital and reserves in the current year amounted to a liability of £97k (2018: £105k)

In the year the Association paid expenses of £80k (2018: £75k) on behalf of the subsidiary, purchased services totalling £15k (2018: £15k) from the subsidiary.

At the year end, an amount of £181k (2018: £132k) was owed to Trust Housing Association by the subsidiary.

Financial statements in compliance with the Companies Act 2006 will be prepared and submitted to Companies House.

20. Capital and Other Commitments

	2019	2018
	£'000	£'000
Capital Expenditure that has been contracted for but has not been provided for in the accounts	523	1,461

21. Pensions

Defined contribution pension scheme

The Association maintains a SHAPS defined contribution pension scheme and also an auto-enrolment pension scheme through the Peoples Pension. The schemes provide benefits directly determined by the value of the contributions paid in respect of each member. Employer contributions to these schemes during the year under review totalled £252k (2018: £203k) and are charged to the Statement of Comprehensive Income in that year as incurred.

Defined benefit pension scheme

The Association also has obligations with respect to the former SHAPS Defined Benefit Pension Scheme which is a multi-employer defined benefit scheme but which is no longer open to applicants. The scheme is a defined benefit scheme in the UK.

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

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

The nature of the change in the pension treatment within the accounts is detailed within accounting policy 1.7.

The adjustments required to the financial statements in order to apply the change in accounting treatment were as follows:

De-recognition of the deficit funding agreement as at 1 April 2018

£3.238m was removed from Creditors within the Statement of Financial Position and recognised in Other Comprehensive Income.

Recognition of the net pension deficit as at 1 April 2018

£3.759m was recognised within Other Comprehensive Income.

The net effect of the change in accounting treatment was therefore a decrease to the surplus of £521k recognised within Other Comprehensive Income and an increase to Total Liabilities within the Statement of Financial Position.

Notes to the Financial Statements

For the year ended 31 March 2019

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

	31 March 2019 (£000s)	31 March 2018 (£000s)
Fair value of plan assets	24,004	22,876
Present value of defined benefit obligation	27,974	26,635
Surplus (deficit) in plan	(3,970)	(3,759)
Unrecognised surplus	0	0
Defined benefit asset (liability) to be recognised	(3,970)	(3,759)
Deferred tax	0	0
Net defined benefit asset (liability) to be recognised	0	0

Reconciliation of opening and closing balances of the defined benefit obligation

	Period ended 31 March 2019 (£000s)
Defined benefit obligation at start of period	26,635
Current service cost	0
Expenses	25
Interest expense	663
Contributions by plan participants	0
Actuarial losses (gains) due to scheme experience	155
Actuarial losses (gains) due to changes in demographic assumptions	84
Actuarial losses (gains) due to changes in financial assumptions	1,494
Benefits paid and expenses	(1,082)
Liabilities acquired in a business combination	0
Liabilities extinguished on settlements	0
Losses (gains) on curtailments	0
Losses (gains) due to benefit changes	0
Exchange rate changes	0
Defined benefit obligation at end of period	27,974

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

	Period ended 31 March 2019 (£000s)
Fair value of plan assets at start of period	22,876
Interest income	578
Experience on plan assets (excluding amounts included in interest income) – gain (loss)	794
Contributions by the employer	838
Contributions by plan participants	0
Benefits paid and expenses	(1,082)
Assets acquired in a business combination	0
Assets distributed on settlements	0
Exchange rate changes	0
Fair value of plan assets at end of period	24,004

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £1,372,000.

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

	Period from 31 March 2018 to 31 March 2019 (£000s)
Current service cost	0
Expenses	25
Net interest expense	85
Losses (gains) on business combinations	0
Losses (gains) on settlements	0
Losses (gains) on curtailments	0
Losses (gains) due to benefit changes	0
Defined benefit costs recognised in statement of comprehensive income (SoCl)	110

Notes to the Financial Statements

For the year ended 31 March 2019

Defined benefit costs recognised in other comprehensive income

	Period ended 31 March 2019 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	794
Experience gains and losses arising on the plan liabilities – gain (loss)	(155)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	(84)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	(1,494)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain (loss)	(939)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain (loss)	0
Total amount recognised in other comprehensive income – gain (loss)	(939)

Assets

	31 March 2019 (£000s)	31 March 2018 (£000s)
Global Equity	3,861	4,115
Absolute Return	2,033	2,715
Distressed Opportunities	410	104
Credit Relative Value	417	0
Alternative Risk Premia	1,341	866
Fund of Hedge Funds	67	657
Emerging Markets Debt	769	783
Risk Sharing	696	208
Insurance-Linked Securities	623	626
Property	477	904
Infrastructure	1,006	417
Private Debt	310	212
Corporate Bond Fund	1,683	1,597
Long Lease Property	291	0
Secured Income	837	838
Over 15 Year Gilts	617	739
Index Linked All Stock Gilts	0	0
Liability Driven Investment	8,541	8,052
Net Current Assets	25	43
Total assets	24,004	22,876

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

Key assumptions

	31 March 2019 % per annum	31 March 2018 % per annum
Discount Rate	2.28%	2.54%
Inflation (RPI)	3.30%	3.20%
Inflation (CPI)	2.30%	2.20%
Salary Growth	3.30%	3.20%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2019	21.7
Female retiring in 2019	23.4
Male retiring in 2039	23.1
Female retiring in 2039	24.7

22. Financial Instruments

	2019 £'000	2018 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	1,762	1,599
	1,762	1,599
Financial assets		
Financial assets measured at fair value	2,531	2,257
	2,531	2,257
Financial liabilities		
Financial liabilities measured at amortised cost	28,836	25,574
	28,836	25,574

Financial assets measured at amortised cost comprise of trade and other debtors.

Financial liabilities measured at amortised cost comprise of trade, other creditors and accruals.

Notes to the Financial Statements

For the year ended 31 March 2019

23. Taxation

Trust Housing Association is a Registered Charity and is therefore exempt from Corporation Tax on its charitable activities.

24. Post Balance Sheet Events

The ballot of Wishaw and District Housing Association tenants for the proposed transfer of engagements to Trust is scheduled to begin during August 2019.

25. Controlling Party

In the opinion of the Board of Management there is no individual controlling party.

26. Restatement of Comparatives

A restatement of comparatives has been made to the 2018 Statement of Comprehensive Income and Note 4 of the financial statements in order to reclassify the release of the deferred government grant in line with the guidance from the determination of accounting requirements 2014.

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Registered under the Co-operative and
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No. 1778 R (S)

The Scottish Housing Regulator Registered
No. HEP 143

Trust Housing Association is a Registered
Scottish Charity No. SC009086

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Housing, Care and Support Provider

Version: 08/19

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