



**YORKHILL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

**Registered with the Financial Conduct Authority
Co-operative and Community Benefit Societies Act 2014 No. 02302RS**

**Registered Housing Association - Housing (Scotland) Act 2010 Registered Number HCB 209
Registered Scottish Charity Number SC040346**

YORKHILL HOUSING ASSOCIATION LIMITED

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**REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2021**

Risk and uncertainties

Covid-19

The most significant risk to the Association during 2020-21 was the impact of Covid-19.

Risk mitigation strategies were developed in March 2021 and regularly reviewed throughout the year.

All risk registers were updated in accordance with the Association's Risk Management Policy, with covid related risks included as appropriate. Specific risk assessments were undertaken in relation to:

- Staff safety
- Service provision
- Governance arrangements
- Arrears management
- Planned cyclical and major projects
- Financial planning and viability

The Management Committee received regular update reports on covid management issues to inform their decisions on policy and practice during 2020-21.

Financial and non-financial key performance indicators

The Association's current strategic plan covering a 3 year period contains the following 7 organisational objectives:

- To be genuinely controlled by local residents and accountable to the community;
- To provide good quality rented accommodation to those in greatest housing need;
- To provide a responsive effective property management service to tenants and owners;
- To maintain the organisation's long-term viability and financial effectiveness;
- To ensure that all customers of the organisation are given the same high quality of service and that no sector of the community suffers from adverse discrimination; and
- To ensure that all customers of the organisation are consulted on projects, advised regularly on performance and continually asked how satisfied they are with service provided.
- To ensure the Association is fully compliant with its constitutional, regulatory and legal obligations.

These core objectives underpin all business and planning activities undertaken by committee and staff.

2020-21 Strategic Outcomes and Impact of Covid-19

- **Local Control and Accountability** – The Management Committee continued to manage the Association's business affairs by holding virtual meetings via the Zoom platform.
- **Provision of Affordable Housing** – The Association has continued to process housing applications and allocate property within strict covid guidelines. Void periods have increased which in turn have led to increased void rent loss compared to pre-covid.
- **Effective Service Provision**- The office has been closed to the public since March 2020 in accordance with national guidance. All staff have been working on a combined home/office basis with restricted numbers in the office. All non-urgent repairs were suspended, and investment projects paused. The cash balances have increased accordingly. Backcourt inspections continued and staff arranged bulk refuse clearances where required.
- **Viability and Value** – The Management Committee and sub-committees has received regular reports on a wide range of value indicators, including: financial plans, budget monitoring, performance outcomes, procurement processes, arrears management and maintenance expenditure.

**REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2021**

Statement of management committee's responsibilities (continued)

- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

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

Related party transactions

Some members of the Management Committee are tenants or owner occupiers, however, the policies, procedures and agreements in place do not allow them to use their position on the committee to their personal advantage.

Related party transactions are documented at note 24.

Internal financial control

The Committee is responsible for the Association's system of internal financial control, and has reviewed its effectiveness from information provided by management staff.

Any system can only provide reasonable and not absolute assurance against material mis-statement or loss.

The financial control system within the Association is fundamentally simple and appropriate to the size and complexity of the organisation. It includes a combination of regular review of financial results compared with an agreed budget and authorisation of all expenditure by senior staff and Committee.

During 2020, the Association's internal processes for payments and payroll were reviewed by the Internal Auditor and confirmed as satisfactory. Development points were included in the report and have been adopted.

Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are members of the Management Committee at the time the report is approved:

- So far as the Committee members are aware, there is no relevant information of which the Association's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Committee member in order to make himself/herself aware of any relevant information, and to establish that the Association's auditor is aware of the information.

YORKHILL HOUSING ASSOCIATION LIMITED

**MANAGEMENT COMMITTEE'S STATEMENT ON INTERNAL FINANCIAL CONTROLS
FOR THE YEAR ENDED 31 MARCH 2021**

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the various business environments in which it operates.

These controls are designed to give reasonable assurance with respect to:

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

It is the Management Committee's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include ensuring that:

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the 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 regularly, which allow the Management Committee and staff to monitor the key business risks and progress towards financial plans set for the year and medium term; regular management accounts are prepared timeously, providing relevant, reliable and up to date financial and other information and significant variances from budget are investigated where appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures;
- the Management Committee reviews reports from the Chief Executive, staff and the external and internal auditor to provide reasonable assurance that control procedures are in place and are being followed; and
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Management Committee has confirmed the existence of the system of internal financial control in the Association for the year ended 31 March 2021.

By order of the Management Committee

A large, dark, horizontal redaction mark covering the signature of the Chairperson.

Dr M Green
Chairperson

Dated: 12 August 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YORKHILL HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Management Committee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YORKHILL HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we 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. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Association through discussions with the Management Committee members and the senior management team, and from our knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Management Committee and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

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

YORKHILL HOUSING ASSOCIATION LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 £
Turnover	4	2,220,160	2,181,922
Operating Expenditure	4	(2,070,638)	(2,055,776)
Operating surplus	4	149,522	126,146
Interest receivable	10	5,683	13,339
Interest payable and financing costs	11	(34,738)	(45,476)
Surplus for the year before taxation		120,467	94,009
Taxation	12	-	-
Surplus for the year		120,467	94,009
Other comprehensive income			
Actuarial gain in respect of pension scheme	23	(353,000)	215,000
Gain on revaluation of investment properties	14b	75,952	-
Total comprehensive Income for the year		(156,581)	309,009

The results for the year relate wholly to continuing activities.

The notes on pages 16 to 36 form part of these financial statements.

YORKHILL HOUSING ASSOCIATION LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

	Notes	2021 £	2020 £
Tangible fixed assets			
Housing properties	14a	7,220,876	7,596,723
Other fixed assets	14b	408,640	462,725
		<u>7,629,516</u>	<u>8,059,448</u>
Current assets			
Debtors	15	250,944	241,877
Cash at bank and in hand	16a	210,844	272,355
Investments	16b	2,082,412	1,939,232
		<u>2,544,200</u>	<u>2,453,464</u>
Creditors			
Amounts falling due within one year	17	(1,148,131)	(1,262,655)
Net current assets		<u>1,396,069</u>	<u>1,190,809</u>
Total assets less current liabilities		<u>9,025,585</u>	<u>9,250,257</u>
Creditors			
Amounts falling due after more than one year	18	(5,688,521)	(6,018,605)
Pension – defined benefit liability	23	(360,000)	(98,000)
Net Assets		<u>2,977,064</u>	<u>3,133,652</u>
Capital and reserves			
Called up share capital	20	115	122
Revenue reserves	21	2,976,949	3,133,530
		<u>2,977,064</u>	<u>3,133,652</u>

The financial statements were authorised for issue by the Management Committee on 12 August 2021 and signed on its behalf by:



Dr M Green
Chairperson



R Winning
Secretary



H Fitzgerald
Treasurer

The notes on pages 16 to 36 form part of these financial statements.

YORKHILL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the Association's transactions are denominated. They comprise the financial statements of Yorkhill Housing Association drawn up for the year ended 31 March 2021.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities. The Association is a registered social landlord in Scotland and its registered number is HCB 209.

The Association's Scottish Charity number is SC040346. The address of the Association's registered office is: 1271 Argyle Street, Glasgow, G3 8TH.

2. Accounting policies

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Housing Requirements 2020 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see note 3).

Basis of preparation

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards.

The effect of events relating to the year ended 31 March 2021, which occurred before the date of approval of the financial statements by the Board of Management have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2021 and of the results for the year ended on that date.

Going Concern

The Management Committee anticipate that a deficit will be generated in the year to 31 March 2022 and the year to 31 March 2023. However, the Association has a healthy cash balance and net current asset position and thus the Management Committee is satisfied that there are sufficient resources in place to continue operations in the foreseeable future. The Committee members have assessed the impact of COVID-19 on its going concern status and after consideration, do not believe that this will affect the Association's ability to continue operating. Thus, the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover represents rental and service charge income, factoring service income, and fees or revenue grants receivable from Glasgow City Council and from the Scottish Government.

Income from rental and service charges, factoring and commercial letting activities is recognised when the association is entitled to it, it is probable it will be received and it can be measured reliably.

Income from revenue grants receivable have been covered in a separate accounting policy below.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the accounts for the year, provided that the dates of issue or valuation are prior to the year-end.

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

Depreciation

1. Housing properties

Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected useful economic life. The following major components and useful lives have been identified by the Association:

Land	- not depreciated
Kitchens	- over 18 years
Bathrooms	- over 18 years
Structure	- over 50 years
Boilers	- over 15 years
Central heating	- over 24 years
Gutters	- over 20 years
Windows	- over 20 years
Tiles	- over 40 years
Lifts	- over 15 years
Flashings	- over 30 years

2. Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used:

Furniture, Fittings & Equipment	- 20% straight line
Office Property	- over 50 years

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

Investment property

Investment properties are initially recorded at cost. Thereafter investment properties are held at market value with any changes in market value recognised in the Statement of Comprehensive Income. The investment properties are not depreciated.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors 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.

YORKHILL HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

3. Judgements in applying policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Management Committee consider the following to be critical judgements in preparing the financial statements:

- The categorisation of housing properties as property, plant and equipment in line with the requirements of the SORP;
- The amount disclosed as 'operating profit' is representative of activities that would normally be regarded as 'operating'; and
- The identification of a cash generating unit for impairment purposes.

The Management Committee are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

<u>Estimate</u>	<u>Basis of estimation</u>
Useful lives of property, plant and equipment	The useful lives of property, plant and equipment are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.
The main components of housing properties and their useful lives	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.
The obligations under the SHAPs pension scheme	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

4. Particulars of turnover, operating expenditure and operating surplus

	Notes	Turnover £	Operating Expenditure £	2021 Operating Surplus £	Turnover £	Operating Expenditure £	2020 Operating Surplus £
Affordable lettings	5	2,126,186	(1,978,714)	147,472	2,093,300	(1,995,833)	97,467
Other activities	6	93,974	(91,924)	2,050	88,622	(59,943)	28,679
Total		2,220,160	(2,070,638)	149,522	2,181,922	(2,055,776)	126,146

YORKHILL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

6. Particulars of turnover, operating expenditure and operating surplus/(deficit) from other activities

	Grants from Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Turnover 2021 Total	Turnover 2020 Total	Operating Expenditure Bad Debts	Other Operating Expenditure	2021 Surplus/ (deficit)	2020 Surplus/ (deficit)
	£	£	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	-	-	-	-	20,252	(20,252)	-
Commercial rent	-	-	-	12,252	12,252	12,000	-	-	12,252	12,000
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	81,722	81,722	76,622	361	71,311	10,050	16,679
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSL's	-	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-	-
Development for sale to RSL's	-	-	-	-	-	-	-	-	-	-
Development and improvements for sale to non RSL's	-	-	-	-	-	-	-	-	-	-
Commercial properties	-	-	-	-	-	-	-	-	-	-
Disabled adaptations	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-
Total from other activities, 2021	-	-	-	93,974	93,974	88,622	361	91,563	2,050	
<i>Total from other activities, 2020</i>	-	-	-	<i>88,622</i>	<i>88,622</i>	<i>88,622</i>		<i>59,943</i>		<i>28,679</i>

YORKHILL HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

9. Employee information	2021 Number	2020 Number
The average number of full time equivalent employees during the year was:	17	17
	<u>17</u>	<u>17</u>
	2021 £	2020 £
Wages and salaries	618,935	588,756
Social security costs	58,134	56,991
Pension contributions	68,513	40,459
Service cost adjustment	(2,440)	45,000
	<u>743,142</u>	<u>731,206</u>
	<u>743,142</u>	<u>731,206</u>
10. Interest receivable	2021 £	2020 £
Interest receivable on deposits	5,683	13,339
	<u>5,683</u>	<u>13,339</u>
11. Interest payable and financing costs	2021 £	2020 £
On private loans	33,738	37,476
Defined benefit pension liability – interest charge (Note 23)	1,000	8,000
	<u>34,738</u>	<u>45,476</u>
	<u>34,738</u>	<u>45,476</u>

12. Taxation

The Association is a registered charity and as a result no corporation tax is due on any surplus generated from charitable activities. No corporation tax is due on its non-charitable activities.

YORKHILL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

14b. Other fixed assets

	Office Properties £	Furniture Fittings & Equipment £	Total £
Cost:			
At 1 April 2020	535,054	54,784	589,838
Additions during year	-	35,842	35,842
Revaluations during the year	75,952	-	75,952
Impairment during the year	(145,996)	-	(145,996)
Disposals during year	-	(14,710)	(14,710)
As at 31 March 2021	<u>465,010</u>	<u>75,916</u>	<u>540,926</u>
Depreciation:			
At 1 April 2020	95,010	32,103	127,113
Provided during the year	4,700	15,183	19,883
Disposals during the year	-	(14,710)	(14,710)
As at 31 March 2021	<u>99,710</u>	<u>32,576</u>	<u>132,286</u>
Net book value:			
As at 31 March 2021	<u>365,300</u>	<u>43,340</u>	<u>408,640</u>
As at 31 March 2020	<u>440,044</u>	<u>22,681</u>	<u>462,725</u>

Included within office properties are investment properties held at valuation totalling £135,000 (2020 - £60,000). Valuations were provided by DM Hall Chartered Surveyors on 10 November 2020. As a result of the valuations 1271 Argyle Street has been impaired by £145,996 included above.

The company's interest in investment properties was valued at 31 March 2021 on an open market basis by the directors of the company.

If the investment properties had not been included at valuation they would have been included under the historical cost convention as follows:

	2021 £	2020 £
Cost	70,952	70,952
Accumulated depreciation	-	-
	<u>70,952</u>	<u>70,952</u>

YORKHILL HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

18. Creditors: Amounts falling due after more than one year	2021	2020
	£	£
Deferred capital grants (Note 19)	4,803,293	5,083,440
Housing loans	885,228	935,165
	5,688,521	6,018,605

Housing loans are secured by specific charges on the Association's properties. The net book value of housing properties secured at the year end was £1,236,263 (2020 - £1,317,455). There is 1 bank loan (2020:1 bank loan), which is repayable at a fixed interest rate of 5.04%. These loans are repayable within the next 30 years as follows:-

	2021	2020
	£	£
Within one year	48,413	46,889
Between one and two years	48,413	46,889
Between two and five years	145,236	140,666
After five years	691,579	747,610
	933,641	982,054
Recognised within amounts falling due in less than 1 year (Note 17)	(48,413)	(46,889)
	885,228	935,165

19. Deferred capital grants	2021	2020
	£	£
Deferred capital grants 1 April	5,370,841	5,641,191
Grants received in year	4,180	20,978
Released to income in the year on disposal	-	(3,927)
Released to income in year	(285,864)	(287,401)
Deferred capital grants at 31 March	5,089,157	5,370,841
Liability split as:		
Within one year	285,864	287,401
Between one and two years	285,864	287,401
Between two and five years	857,591	862,203
After five years	3,659,838	3,933,836
	5,089,157	5,370,841

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

22. Net cash flow from operating activities	2021 £	2020 £
Surplus for the year	120,467	94,009
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	485,568	494,559
Impairment of tangible fixed assets	145,996	-
(Increase) in debtors	(9,067)	(20,575)
(Decrease)/ Increase in creditors	(114,511)	157,463
Interest charge in respect of the defined benefit pension liability	4,000	11,000
Staff service costs in respect of the defined benefit liability	(2,440)	45,000
Adjustments for investing and financing activities:		
Interest payable	34,738	45,476
Interest received	(5,683)	(13,339)
Release of deferred Government capital grants	(285,864)	(291,328)
Forfeited share capital	(8)	(5)
	<u>373,196</u>	<u>522,260</u>

23. Pension obligations

General

Yorkhill Housing Association Limited participates in the Scottish Housing Pension Scheme (the Scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme offers six benefit structures to employers, namely;

- Final salary with a 1/60th accrual rate
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate contracted in Defined Contribution

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

Yorkhill Housing Association Limited has elected to close the defined benefit scheme as at 01 July 2020 with all staff transferred over to the defined contribution scheme. Prior to this, the Association operated the final salary with a 1/60th accrual rate for staff employed prior to 1 April 2011. All staff employed from 1 April 2011 were previously eligible to join the CARE 1/120th scheme including staff auto-enrolled from the staging date of 1 August 2016.

YORKHILL HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

23. Pension obligations (continued)

The Trustee's view is that a new recovery plan is required from 1 April 2020 with a past service deficit contribution rate of £92,560, increasing by 3% per annum until the scheme is assessed for 30 September 2022. If the results show no deficit is identified, then deficit contributions will cease from that date. If, however the results show the deficit has not been cleared then these deficit contributions will continue until 31 March 2023, or until such time that the deficit has been cleared.

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

	31 March 2021 £'000	<i>31 March 2020 £'000</i>
Fair value of plan assets	3,356	3,000
Present value of defined benefit obligations	(3,716)	(3,098)
Defined benefit liability to be recognised	<u>(360)</u>	<u>(98)</u>

YORKHILL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

23. Pension obligations (continued)

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Experience on plan assets (excluding amounts included in net interest cost – (loss)/gain	261	(203)
Experience gains and losses arising on the plan liabilities – (loss)/gain	(38)	93
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	-	21
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)/ gain	(576)	304
Total amount recognised in other comprehensive income – gain	(353)	215

Fund allocation for employer's calculated share of assets

	31 March 2021 £'000	31 March 2020 £'000
Global Equity	519	413
Absolute Return	165	184
Distressed Opportunities	115	55
Credit Relative Value	97	72
Alternative Risk Premia	135	240
Fund of Hedge Funds	-	-
Emerging Markets Debt	135	107
Risk Sharing	120	95
Insurance-Linked Securities	70	80
Property	60	56
Infrastructure	187	177
Private Debt	79	59
Opportunistic Illiquid Credit	86	73
High Yield	88	-
Opportunistic Credit	92	-
Cash	1	-
Corporate Bond Fund	253	219
Liquid credit	58	79
Long Lease Property	78	73
Secured Income	184	167
Over 15 Year Gilts	2	38
Liability Driven Investment	807	790
Net Current Assets	25	23
Total Assets	3,356	3,000

23. Pension obligations (continued)

Employer debt on withdrawal

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by TPT of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2018. The employer debt on withdrawal based on the valuation as at 30 September 2020 was £2,169,464.

GMP equalisation

Guaranteed Minimum Pension (GMP) is the minimum pension which an occupational pension scheme in the UK has to provide for those employees who were contracted out of the State Earnings-Related Pension Scheme (SERPS).

Both pension scheme members and sponsoring employers paid lower National Insurance contributions at the time of accrual given the lower benefits being accrued for the member by the state.

Women can currently receive their GMP benefits at age 60 compared to age 65 for men. GMP also accrued at a faster rate for women than men. Historically some defined benefit schemes had different retirement ages for men and women. Therefore schemes are required to "equalize" pension ages and overall benefit scales between males and females. The Scheme actuary is therefore required to estimate the impact of GMP and include an allowance for the increase in calculated liabilities.

24. Payments to members and key management personnel

Some members of the Management Committee are tenants of the Association. The tenancies of these Committee Members are on normal terms and the members cannot use their position to their advantage.

The total rent and service charge payable in the year relating to tenant Board members is £28,624 (2020 - £32,674). The prepaid rent relating to tenant Board members included within debtors at the year-end is £1,279 (2020 - £1,188). The total rental arrears relating to tenant Board members included within creditors at the year-end is £392 (2020 - £490).

The total remuneration (including pension contributions and benefits in kind) paid to Key Management who are deemed to be the Executive Officers as noted on the Association's information page was £389,919 (2020 - £373,898).