

Pineview Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2021



Registered Housing Association No. HAC231

FCA Reference No. 2375R(S)

Scottish Charity No. SC038237

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**Members of the Committee of Management, Executives and Advisers
For the Year End 31 March 2021**

Committee of Management

Victoria Phelps	Chairperson
Daniel Martyn	Vice-Chairperson
David Syme	Vice-Chairperson
Josephine McGinty	
Jim O'Connor	(Resigned 28 January 2021)
Jean Black	(Resigned 28 January 2021)
Matthew Dillon	
Myra Frater	
Sharon Kane	(Resigned 14 June 2021)
Winifred McPhail	
Anna Welsh	
Richard Bolton	(Appointed 01 February 2021)
Linda Devlin	(Appointed 01 February 2021)
Fiona Murray	(Appointed 01 February 2021)

Executive Officers

Joyce Orr	Director and Secretary
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Registered Office

5 Rozelle Avenue
Drumchapel
Glasgow
G15 7QR

External Auditors

Chiene & Tait
Chartered Accountants &
Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Internal Auditors

Wylie and Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Finance Agents

FMD Financial Services
KCEDG Commercial Centre 61
Unit 29 Ladyloan Place
Glasgow
G15 8LB

Bankers

Bank of Scotland
19 Roman Road
Bearsden
Glasgow
G61 2SP

Solicitors

TC Young
7 West George Street
Glasgow
G2 1BA

Report of the Committee of Management for the Year End 31 March 2021

The Committee of Management presents its report and the Financial Statements for the year ended 31 March 2021.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2357R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC038237.

Principal Activities

The objects of the Association are:

1. to provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care; and
2. any other purpose or object permitted under Section 24 of the Housing (Scotland) Act 2010 which is charitable both for the purposes of Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and also in relation to the application of the Taxes Acts.

The permitted activities and powers of the Association will include anything which is necessary or expedient to help the Association achieve these objects.

Review of Business and Future Developments

Context

Pineview Housing Association Ltd is a community-based housing association in the Drumchapel area of Glasgow. As at 31 March 2021 the Association owns 853 properties, part owns 22 shared ownership properties and provides factoring services for a further 29 properties. At 31/03/21 the Association has a Committee of Management of 11 members, made up of 9 elected members, 2 members filling casual vacancies and 1 co-optee. Of the 11 members there are 4 tenants, 1 service user and 7 others with an interest in the Association.

The worldwide pandemic of Covid19 obviously had an impact on the Association during the financial year 2020/21. To meet the required Covid19 restrictions we closed our office to the public in March 2020 and it remained closed throughout 2020/21 with services continuing with office-based staff working from home. Throughout the year the Committee of Management continually reviewed the impact of Covid19 on our tenants, customers, staff, stock and business generally. The Association has robust business continuity plans in place which allowed our business to be managed and impact to be minimised. The Committee of Management instructed our Internal Auditors to undertake an internal audit of our response to Covid19 during the first week in July 2020. This allowed the Committee of Management to gain external assurance on how the Association was responding and to consider the effect of our planning and contingency arrangements.

During 2019/20 the Association was selected as preferred bidder to consider a transfer of engagements from Kendoon Housing Association Ltd. The Association undertook due diligence to determine if this would be an opportunity that would be of benefit to the tenants of both Pineview and Kendoon. Statutorily required tenant consultation was undertaken and led on by Kendoon. Following a period of robust consultation and tenants ballot processes, Pineview was selected as the preferred landlord by 88.5% of voting tenants.

Report of the Committee of Management for the Year End 31 March 2021 (Continued)

The Kendoon Housing Association tenants and stock transferred to Pineview on the 1 February 2021, with Kendoon Housing Association being wound up. This transfer resulted in an additional 319 properties becoming part of Pineview's housing stock within the Drumchapel area.

Treasury Management

The Committee of Management follows a prudent approach to the financial affairs of the Association and retains close control of these. Investments are regularly reviewed to ensure that the Association achieves the best return in a climate of low interest rates, whilst spreading the risk of investments across institutions. The Committee of Management also keeps the Association's loan portfolio under review and monitors the impact of financial decisions on the loan covenant conditions that the Association is required to meet. Within a climate of low interest rates for investments, instead of raising our debt profile with the transfer of engagements, the Committee of Management took the decision to repay existing lending attached to the Kendoon stock. This involved negotiation with a number of lenders and a review of some of our existing loan agreements but resulted in a lower debt profile across the enlarged Association post transfer.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. Surplus funds are managed carefully using long-established banks or building societies. The Treasury Management position of the Association is reviewed by the Committee of Management every quarter and the Treasury Management Policy is reviewed by the Committee of Management every year.

Risk Management

The Association has an active risk management process, including policy, matrix register and business continuity planning (disaster recovery). All major risks are considered in order that mitigating action can be planned. Risks are reviewed by staff on an ongoing basis and formally reviewed by the Committee of Management every six months or sooner if required.

Key risks include, for example, Covid19 pandemic; Brexit uncertainty; welfare reform impacts; loss of key personnel; inadequate controls; fraud; health and safety failures; changes in regulatory requirements; data security etc. Risks are mitigated with robust policies, procedures and a range of internal and external audits. The Committee of Management further ensure mitigation by reviewing external information and advice, maintaining active membership of representative and good practice bodies, and through seeking specialist external advice where it is required such as advice on IT security and data protection/freedom of information.

Financial Review

The Association needs to have reserves to ensure that the organisation can function into the future and meet its future liabilities, including the repair, maintenance and replacement investment needs of its properties. In the year to 31 March 2021 the Association made a surplus of £713,615 against a budgeted position of £291,212. The majority of the additional surplus during 2020/21 was due to the impact of Covid19 restrictions preventing us from undertaking much of our planned renewal and maintenance work. These works, and the costs for them, will be picked up as restrictions are removed and it is safe to undertake the works. Any surpluses that the Association makes are set aside within reserves for future business and works.

Report of the Committee of Management for the Year End 31 March 2021 (Continued)

The Association reports an operating margin of 24% (14% 2020). The main driver of the difference from the previous year being lower expenditure on cyclical, planned and reactive repair costs carried out to the Association's properties due to Covid19 restrictions and higher rental income than budgeted due to the increase in stock from the Transfer of Engagement on 1st February 2021.

As at 31 March 2021 the Association has cash to the value of £3,672,011 and has loan debt at a value of £3,039,208, having paid £333,525 off its loan debt during the year (excluding the sums paid for Kendoon secured lending re Transfer of Engagements).

As at 31 March 2021 the Association has a net asset value position of £13,547,202 (this is the assumed net worth of the Association and is not a cash item).

Value for Money

Along with ensuring effective management of the Association's finances, the Committee of Management are committed to ensuring that value for money remains a top priority for the Association. We look to achieve this as an independent RSL and with our local partners. Where it can add value, we work with other local RSLs to procure, purchase and provide. We work closely with the other local RSLs especially in terms of staff and committee training, welfare benefits advice services and some maintenance procurement. We also work with other Associations across Glasgow on common projects, such as the Scottish Housing Connections website consortium. The Association and the other 3 Drumchapel community based registered social landlords worked together during the year to set up reactive maintenance and gas maintenance frameworks and contracts for 2021.

Ensuring the collection of rental income, and supporting tenants to make rent payments, remains a priority for the Association. While working to keep rents affordable we need to ensure that we maximise our collection of rental charges due. This has been a challenge over recent years with the UK Government Welfare Reforms. 2020/21 was an especially difficult year in this regard due to the impact of Covid19 with many of our customers losing their employment or having their hours (and therefore income) cut, along with the Scottish Government restrictions on taking court action. Additionally, the transfer from Kendoon has affected our performance in this area with Kendoon having historically high rent arrears that we have inherited as part of the transfer.

Tenant involvement is crucial to the success of the Association and we are very grateful to our active Resident and Customer Forum for all the work they do with us. Physical meetings were not possible during 2020 but we took meetings online and those who did not want to take part in this format kept in touch and fed into forum work.

It is core to our business that our customers are satisfied with the services we provide and the Association is committed to continually aiming to improve on these. During 2020 we carried out an independent Tenant Satisfaction Survey, in which 87.11% of respondents stated that they were satisfied with the services of the Association; 96.40% were satisfied with being kept informed about services and decisions; and 93.60% were satisfied with opportunities to participate in decision making. The 2020 Covid19 restrictions were implemented one week into our 2020 survey, severely limiting the service and repair delivery that we could provide. This is likely to have affected these results, as these were the areas most affected by the restrictions. We will review these areas again as Covid19 restrictions are lifted and services can return to normal.

Report of the Committee of Management for the Year End 31 March 2021 (Continued)

Donations

During the year the Association made charitable donations of £2,000. An additional £2,774 was given in gifts and hospitality and a further £1,954 of additional contributions were made to local projects and charities through fundraising or Drumcog.

Governance

The Committee of Management continued their annual committee member reviews to ensure that as a committee, and as individual committee members, they meet regulatory and good practice requirements. The committee remains open to new members joining and bringing fresh ideas, skills and approaches.

The Committee of Management developed and submitted their Annual Assurance Statement (AAS) to the Scottish Housing Regulator by the due deadline. This Committee of Management submitted a positive AAS advising of their assurance of the Association's compliance with regulatory requirements.

Committee of Management, Executive Officers

The Association is controlled by a Committee of Management. The members of the Committee of Management and the Executive Officers are listed on Page 1.

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

The members of the Committee of Management are also Trustees of the Charity. Members of the Committee of Management are appointed by the members at the Association's Annual General Meeting or apply to fill casual vacancies in the year or take up co-optee places. The Committee of Management can be no fewer than 7 members and no more than 15, with no more than one third being co-optees.

Statement of Committee of Management's Responsibilities

The Co-operative and Community Benefit Act 2014 require the Committee of Management to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Committee of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

Report of the Committee of Management for the Year End 31 March 2021 (Continued)

The Committee of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the SHR Determination of Accounting Requirements – Statutory Guidance Feb 2019. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Committee of Management must, in determining how amounts are presented within items in the Statement of Comprehensive Income (income and expenditure account) and Statement of Financial Position (balance sheet), have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

Disclosure of Information to the Auditor

In so far as the Committee of Management are aware, at the time this report is approved:

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

Statement on Internal Financial Control

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

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

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

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;

Report of the Committee of Management for the Year End 31 March 2021 (Continued)

- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Committee of Management;
- the Committee of Management receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Committee of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2021. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Auditors

A resolution to re-appoint the auditors Chiene & Tait LLP will be proposed at the Annual General Meeting.

By order of the Committee of Management

Joyce Orr

Secretary

Date

Report by the Auditors to the Members of Pineview Housing Association Limited on Corporate Governance Matters

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 7-8 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Controls on pages 7-8 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

2021

Independent Auditor's Report to the Members of Pineview Housing Association Limited

Opinion

We have audited the financial statements of Pineview Housing Association Limited for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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.

Basis for opinion

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

Conclusions relating to going concern

In auditing the accounts, 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 are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Members of Pineview Housing Association Limited (Continued)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Management Committee

As explained more fully in the Management Committee' responsibilities statement, the Management Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Independent Auditor's Report to the Members of Pineview Housing Association Limited
(Continued)

We gained an understanding of the legal and regulatory framework applicable to the Association and the industry in which it operates and considered the risk of acts by the Association which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Housing SORP 2018, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland) Act 2010.

We focused on laws and regulations that could give rise to a material misstatement in the association's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the members;
- review of minutes of board meetings throughout the period;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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 auditor's report.

Use of our report

This report is made solely to the association's members, as a body. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association, and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Chiene + Tait LLP

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh

EH3 6NL

Statement of Comprehensive Income for the Year End 31 March 2021

	Notes	2021	2020
		£	£
REVENUE	2	3,248,828	2,918,619
Operating Costs	2	(2,488,546)	(2,509,836)
OPERATING SURPLUS		760,281	408,783
Coronavirus Job Retention Scheme Government Grant		15,279	
Interest Receivable and Other Income		26,877	37,949
Interest Payable and Similar Charges	8	(85,822)	(70,669)
Other Finance Charges	11	(3,000)	(11,000)
		(46,666)	(43,720)
SURPLUS FOR THE YEAR	9	713,615	365,063
Other comprehensive income			
Actuarial (Losses)/gains on defined benefit Pension Plan	27	(508,000)	363,000
TOTAL COMPREHENSIVE INCOME		205,615	728,063

The notes on pages 17 to 33 form part of these financial statements.

Statement of Financial Position as at 31 March 2021

	Notes	2021	2020
		£	£
NON-CURRENT ASSETS			
Housing Properties - Depreciated Cost	12 (a)	40,528,994	24,895,688
Other Non-current Assets	12 (b)	<u>66,516</u>	<u>71,752</u>
		40,595,510	24,967,440
CURRENT ASSETS			
Receivables	15	111,243	64,422
Cash at bank and in hand		<u>3,672,011</u>	<u>4,077,032</u>
		3,783,254	4,141,454
CREDITORS: Amounts falling due within one year	16	<u>(843,889)</u>	<u>(640,259)</u>
NET CURRENT ASSETS		<u>2,939,365</u>	<u>3,501,195</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		43,534,875	28,468,635
CREDITORS: Amounts falling due after more than one year	17	(2,746,069)	(2,944,627)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES			
Scottish Housing Association Pension Scheme	26	<u>(490,000)</u>	<u>(45,000)</u>
		(490,000)	(45,000)
DEFERRED INCOME			
Social Housing Grants	19	<u>(26,751,604)</u>	<u>(16,689,790)</u>
		(26,751,604)	(16,689,790)
NET ASSETS		<u>13,547,202</u>	<u>8,789,218</u>
EQUITY			
Share Capital	20	266	171
Revenue Reserves		14,036,936	8,834,047
Pension Reserves		<u>(490,000)</u>	<u>(45,000)</u>
		<u>13,547,202</u>	<u>8,789,218</u>

The Financial Statements were approved by the Committee of Management and authorised for issue and signed on its behalf on 26 August 2021.

Committee Member

Committee Member

Secretary

The notes on pages 17 to 33 form part of these Financial Statements.

Statement of Cash Flows for the Year Ended 31 March 2021

	Notes	2021	2020
		£	£
Net cash inflow from operating activities	18	1,304,859	661,501
Investing Activities			
Improvements to Housing Properties		(95,595)	(270,980)
Purchase of Other Fixed Assets		(5,981)	(22,704)
Net cash outflow from investing activities		(101,576)	(293,684)
Financing Activities			
Coronavirus Job Retention Scheme Government Grant		15,279	
Interest Received on Cash and Cash Equivalents		26,877	37,949
Interest Paid on Loans (inc breakage costs)		(85,822)	(70,669)
Loan Principal Repayments		(333,525)	(289,038)
Share Capital Issued		106	25
Cash movements through Transfer of Engagements 1st Feb 2021		(1,231,219)	-
Net cash outflow from financing activities		(1,608,304)	(321,733)
(Decrease)/increase in cash		(405,021)	46,084
Opening Cash & Cash Equivalents		<u>4,077,032</u>	<u>4,030,948</u>
Closing Cash & Cash Equivalents		<u>3,672,011</u>	<u>4,077,032</u>
Cash and Cash equivalents as at 31 March			
Cash		<u>3,672,011</u>	<u>4,077,032</u>
		<u>3,672,011</u>	<u>4,077,032</u>

The notes on pages 17 to 33 form part of these Financial Statements.

Statement of Changes in Equity as at 31 March 2021

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 1 April 2019	184	(453,000)	8,513,984	8,061,168
Issue of Shares	25	-	-	25
Cancellation of Shares	(38)	-	-	(38)
Other comprehensive income	-	408,000	(45,000)	363,000
Surplus for the year	-	-	365,063	365,063
Balance as at 31 March 2020	171	(45,000)	8,834,047	8,789,218
Balance as at 1 April 2020	171	(45,000)	8,834,047	8,789,218
Issue of Shares	106	-	-	106
Cancellation of Shares	(11)	-	-	(11)
Other comprehensive income	-	(445,000)	(63,000)	(508,000)
Surplus for the year	-	-	713,615	713,615
Acquired through Transfer of Engagements 1st February 2021	-	-	4,552,274	4,552,274
Balance as at 31 March 2021	266	(490,000)	14,036,936	13,547,202

The notes on pages 17 to 33 form part of these Financial Statements.

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2018. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

Going Concern

The Committee of Management is aware of material uncertainties related to Covid-19 that may cast doubt upon the Association's ability to continue as a going concern. However, the Committee of Management are continually developing and implementing mitigating actions and processes to ensure that the Association continues to function and manage future operations and those of its workforce and stakeholders. The Committee of Management is satisfied of the Association's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the asset to which it relates.

Retirement Benefits

The Association participates in the Scottish Housing Associations Defined Benefit Pension Scheme where retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. The Association also participates in the Scottish Housing Associations Defined Contribution scheme as the defined benefit scheme is closed to new members. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Kitchens	15 Years
Bathrooms	30 Years
Boilers	15 Years
Radiators	30 Years
Windows	30 Years
External Doors	30 Years
Internal Doors	40 Years
Rewiring	40 Years
Structures	50 Years

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation and Impairment of Other Non-Current Assets

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

Asset Category	Depreciation Rate
Office Premises	2%
Furniture, Fittings and Equipment	33%
Motor Vehicles	33%

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

Social Housing Grant and Other Grants in Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

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

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

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

Leases/Leased Assets

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

Works to Existing Properties

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

PRINCIPAL ACCOUNTING POLICIES (Continued.)

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

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

b) Identification of cash generating units

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

c) Pension Liability

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has adopted this valuation method in line with FRS102.

Financial Instruments - Basic

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

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Management Committee to exercise judgement in applying the Association's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below.

a) Rent Arrears - Bad Debt Provision

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

b) Life Cycle of Components

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

c) Useful life of properties, plant and equipment

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

d) Defined pension liability

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

e) Allocation of share of assets and liabilities for multi-employer schemes

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

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

	Notes	2020					
		Operating		Operating Surplus / (Deficit) £	Operating		Operating Surplus / (Deficit) £
		Turnover £	Costs £		Turnover £	Costs £	
Affordable letting activities	3	3,240,983	2,459,586	781,396	2,899,463	2,486,187	413,276
Other Activities	4	7,845	28,960	(21,115)	19,156	23,649	(4,493)
Total		3,248,828	2,488,546	760,281	2,918,619	2,509,836	408,783

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General			2021 Total £	2020 Total £
	Needs Housing £	Sheltered Housing £	Shared Ownership £		
Revenue from Lettings					
Rent receivable net of service charges	2,435,257	22,961	40,683	2,498,901	2,190,584
Service charges receivable	922	12,003	13,910	26,835	54,304
Gross income from rent and service charges	2,436,180	34,964	54,593	2,525,736	2,244,888
Less: Rent losses from voids	5,997	-	-	5,997	909
Net Rents Receivable	2,430,183	34,964	54,593	2,519,739	2,243,979
Grants released from deferred income	682,205	-	20,109	702,314	642,490
Other revenue grants	18,929	-	-	18,929	12,994
Total turnover from affordable letting activities	3,131,317	34,964	74,702	3,240,983	2,899,463
Expenditure on affordable letting activities					
Management and maintenance administration costs	848,305		7,403	855,708	829,035
Service Costs	47,307	6,426		53,733	51,473
Planned and cyclical maintenance, including major repairs	222,852			222,852	449,568
Reactive maintenance costs	232,107			232,107	218,798
Bad Debts - rents and service charges	24,053			24,053	7,655
Depreciation of affordable let properties	1,048,883		22,250	1,071,133	929,658
Impairment of affordable letting activities	-			-	-
Operating costs of affordable letting activities	2,423,507	6,426	29,653	2,459,586	2,486,187
Operating surplus on affordable letting activities	707,810	28,538	45,049	781,396	413,276
2020	365,788	17,329	30,159		

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

	Other Income £	Total Turnover £	Operating Costs Other £	Operating Surplus / (Deficit) 2021 £	Operating Surplus / (Deficit) 2020 £
Wider role activities	-	-	21,013	(21,013)	(12,761)
Factoring	7,845	7,845	7,947	(102)	8,268
Total From Other Activities	7,845	7,845	28,960	(21,115)	(4,493)
2020	19,156	19,156	23,649	(4,493)	

5. OFFICERS' EMOLUMENTS

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

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

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

Emoluments payable to Director (excluding pension contributions)

Total Emoluments paid to key management personnel

£60,001 to
£70,000

	2021	2020
	£	£
	<u>65,745</u>	<u>64,710</u>
	<u>10,914</u>	<u>9,448</u>
	<u>65,745</u>	<u>64,710</u>
	<u>76,659</u>	<u>74,158</u>
	Number	Number
	1	1

6. EMPLOYEE INFORMATION

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

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

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

Temporary, Agency and Seconded Staff

	2021	2020
	No.	No.
	<u>12</u>	<u>11</u>
	<u>13</u>	<u>12</u>
	£	£
	416,547	407,066
	38,310	38,127
	45,972	40,964
	<u>88,349</u>	<u>73,280</u>
	<u>589,179</u>	<u>559,437</u>

7. GAIN/ LOSS ON SALE OF HOUSING STOCK

There have been no sales of housing stock during the year.

	2021	2020
	£	£
Sales Proceeds	-	-
Cost of Sales	-	-
Gain/ Loss On Sale Of Housing Stock	-	-

8. INTEREST PAYABLE & SIMILAR CHARGES

On Bank Loans & Overdrafts

	2021	2020
	£	£
On Bank Loans & Overdrafts	<u>(85,822)</u>	<u>70,669</u>
	<u>(85,822)</u>	<u>70,669</u>

9. SURPLUS FOR THE YEAR

Surplus For The Year of £713,615 is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation - Tangible Owned Fixed Assets	1,090,094	946,916
Auditors' Remuneration - Audit Services	7,290	6,350
Operating Lease Rentals - Other	2,743	2,743

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

11. OTHER FINANCE INCOME / CHARGES

Defined Benefit Pension (costs)/income
Recognised in SOCI

	2021	2020
	£	£
Defined Benefit Pension (costs)/income Recognised in SOCI	<u>(3,000)</u>	<u>11,000</u>

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Shared Ownership Completed £	Total £
COST			
As at 1 April 2020	39,361,501	1,259,349	40,620,850
Adjustment in classification per buy back of shared ownership property in 2019/20	71,454	(71,454)	-
Additions	95,595	-	95,595
Disposals	(81,870)	-	(81,870)
Acquired through Transfer of Engagements 1 Feb 2021	<u>27,255,100</u>	<u>-</u>	<u>27,255,100</u>
As at 31 March 2021	<u>66,701,781</u>	<u>1,187,895</u>	<u>67,889,676</u>
DEPRECIATION			
As at 1 April 2020	15,284,314	440,848	15,725,162
Adjustment in classification per buy back of shared ownership property in 2019/20	17,812	(17,812)	-
Charge for Year	1,048,883	22,250	1,071,133
Disposals	(81,842)	-	(81,842)
Acquired through Transfer of Engagements 1 Feb 2021	<u>10,646,228</u>	<u>-</u>	<u>10,646,228</u>
As at 31 March 2021	<u>26,915,396</u>	<u>445,286</u>	<u>27,360,681</u>
NET BOOK VALUE			
As at 31 March 2021	<u>39,786,385</u>	<u>742,609</u>	<u>40,528,994</u>
As at 31 March 2020	<u>24,077,187</u>	<u>818,501</u>	<u>24,895,688</u>

Additions to housing properties include capitalised major repair costs to existing properties of £95,566 (2020 £270,980). Housing properties with a Net Book Value of £16,608,872 acquired through Transfer of Engagements from Kendoon Housing Association on 1 Feb 2021.

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £550,554 (2020 £905,449). This includes the amount capitalised for component additions of £95,595 (2020 £250,540).

The Association's Lenders have standard securities over Housing Property with a carrying value of £17,111,409 (2020 £17,724,140).

12. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Motor Vehicles £	Total £
COST				
As at 1 April 2020	171,590	154,498	30,546	356,634
Additions	-	5,981	-	5,981
Acquired through Transfer of Engagements 1 Feb 2021	-	<u>87,131</u>	-	<u>87,131</u>
As at 31 March 2021	<u>171,590</u>	<u>247,610</u>	<u>30,546</u>	<u>449,746</u>
AGGREGATE DEPRECIATION				
As at 1 April 2020	122,978	131,358	30,546	284,882
Charge for year	3,432	15,529	-	18,961
Acquired through Transfer of Engagements 1 Feb 2021	-	<u>79,387</u>	-	<u>79,387</u>
As at 31 March 2021	<u>126,410</u>	<u>226,274</u>	<u>30,546</u>	<u>383,230</u>
NET BOOK VALUE				
As at 31 March 2021	<u>45,180</u>	<u>21,336</u>	-	<u>66,516</u>
As at 31 March 2020	<u>48,612</u>	<u>23,140</u>	-	<u>71,752</u>

13. CAPITAL COMMITMENTS

	2021 £	2020 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>298,761</u>	<u>91,492</u>

The above commitments will be financed by the Association's own resources.

14. COMMITMENTS UNDER OPERATING LEASES

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-

Other

Not later than one year

Later than one year and not later than five

Later than five years

2021 £	2020 £
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2,512	3,437
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2,274	4,093
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15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Arrears of Rent & Service Charges	256,944	116,929
Less: Provision for Doubtful Debts	<u>(220,456)</u>	<u>(99,060)</u>
	36,488	17,869
Other Receivables	<u>74,755</u>	<u>46,553</u>
	<u>111,243</u>	<u>64,422</u>

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Housing Loans	293,139	290,106
Trade Payables	157,175	82,691
Rent Received in Advance	215,561	160,877
Other Payables	45,757	48,670
Accruals and Deferred Income	<u>132,257</u>	<u>57,915</u>
	<u>843,889</u>	<u>640,259</u>

At 31st March 2021 there were pension contributions outstanding of £20,197 (2020 £NIL).

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

	2021 £	2020 £
Housing Loans	3,039,208	2,944,627
	-	-
	3,039,208	2,944,627
Housing Loans		
Amounts due within one year	293,139	290,106
Amounts due in one year or more but less than two years	305,237	314,779
Amounts due in two years or more but less than five years	858,510	838,493
Amounts due in more than five years	1,582,322	1,791,355
	-	-
	3,039,208	3,234,733
Less: Amount shown in Current Liabilities	293,139	290,106
	-	-
	<u>2,746,069</u>	<u>2,944,627</u>

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

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Clydesdale Bank	Standard security over Standard security over 29 properties	1.25%	2022	Variable
Clydesdale Bank	Standard security over Standard security over 29 properties	1.25%	2023	Variable
Clydesdale Bank	Standard security over Standard security over 29 properties	2.33%	2025	Fixed
Clydesdale Bank	Standard security over Standard security over 56 properties	1.25%	2029	Variable
Clydesdale Bank	Standard security over Standard security over 38 properties	1.25%	2031	Variable
Nationwide	Standard security over Standard security over 51 properties	1.31%	2031	Fixed
Nationwide	Standard security over Standard security over 36 properties	1.38%	2033	Fixed
Nationwide	Standard security over Standard security over 87 properties	1.38%	2033	Fixed

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

18. STATEMENT OF CASH FLOWS**Reconciliation of surplus for the year to net cash inflow from operating activities**

	2021 £	2020 £
Operating Surplus for the year	760,281	365,063
Depreciation	1,090,094	946,916
Gain on disposal	-	-
Amortisation of Capital Grants	(702,314)	(642,490)
Change in debtors	(46,821)	16,714
Change in creditors	203,630	8,056
Transfer of interest to financial activities	-	(32,720)
Share Capital Written Off	(11)	(38)
Net cash inflow from operating activities	<u>1,304,859</u>	<u>661,501</u>

Analysis of Changes in Net Debt

	2020 £	Cash flows £	Non-cash changes		2021 £
			Finance leases	Other changes	
Long-term borrowings	(2,944,627)	198,558	-	-	(2,452,930)
Short-term borrowings	(290,106)	(3,033)	-	-	(293,139)
Total liabilities	<u>(3,234,733)</u>	195,525	-	-	<u>(3,039,208)</u>
Cash and cash equivalents	4,077,033	-	-	-	4,077,033
Total net debt	<u>842,300</u>	<u>(209,496)</u>	-	-	<u>632,803</u>

19. DEFERRED INCOME	Housing Properties Held for Letting £	Shared Ownership Completed £	Total £
Social Housing Grants			
As at 1 April 2020	28,270,596	1,000,244	29,270,840
Eliminated on disposal of components and property	(29,098)	-	(29,098)
Acquired at Transfer of Engagements 1 Feb 2021	<u>18,652,836</u>	-	<u>18,652,836</u>
As at 31 March 2021	<u>46,894,334</u>	<u>1,000,244</u>	<u>47,894,578</u>
Amortisation			
As at 1 April 2020	12,196,934	384,116	12,581,050
Amortisation in year	682,205	20,109	702,314
Eliminated on disposal	(29,098)	-	(29,098)
Acquired at Transfer of Engagements 1 Feb 2021	<u>7,888,708</u>	-	<u>7,888,708</u>
As at 31 March 2021	<u>20,738,748</u>	<u>404,225</u>	<u>21,142,973</u>
Net book value			
As at 31 March 2021	<u>26,155,585</u>	<u>596,019</u>	<u>26,751,604</u>
As at 31 March 2020	<u>16,073,662</u>	<u>616,128</u>	<u>16,689,790</u>

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

	2021 £	2020 £
Amounts due within one year	702,314	642,490
Amounts due in one year or more	<u>26,049,290</u>	<u>16,047,300</u>
	<u>26,751,604</u>	<u>16,689,790</u>

20. SHARE CAPITAL		
Shares of £1 each Issued and Fully Paid		
	2021 £	2020 £
As at 1 April 2020	171	184
Issued in year	106	25
Cancelled in year	<u>(11)</u>	<u>(38)</u>
As at 31 March 2021	<u>266</u>	<u>171</u>

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

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2021 No.	2020 No.
General Needs - New Build Units	721	426
General Needs - Improved Units Acquired by Association	131	107
Shared Ownership	22	22
Supported Housing	<u>1</u>	<u>1</u>
	875	556
Increase in stock of 319 homes through Transfer of Engagements on 1st February 2021.		

22. RELATED PARTY TRANSACTIONS

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

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

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

	2021 £	2020 £
Rent received from tenants on the Management Committee and their close family members	30,657	30,140

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £14 (2020 £227).

Members of the Management Committee who are tenants	5	5
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23. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 5 Rozelle Avenue, Drumchapel, Glasgow.

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

24. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £45 (2020 £674) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

25. SHAPS PENSION PROVISION

	2021 £	2020 £
As at 1 April 2020	(45,000)	(453,000)
Decrease/(increase) in Provision	<u>(445,000)</u>	<u>408,000</u>
Balance as at 31 March 2021	<u>(490,000)</u>	<u>(45,000)</u>

The pension provision is equal to the deficit in the plan, arrived at by deducting the present value of defined benefit obligation from the fair value of plan assets - as detailed at note 26.

In the year to 31st March 2021 the deficit in the plan has increased due to the impact of actuarial losses on the defined benefit obligation and gains on the plan assets and contributions paid by the employer and members.

26. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Pineview Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme). The assets of which are held in a separate trustee administered fund. The Association has employees in the defined contribution scheme and employees in the defined benefit scheme.

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

The last valuation of the Scheme was performed as at 30th September 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). All Scheme members have agreed to make contributions towards the past service deficit.

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

26. RETIREMENT BENEFIT OBLIGATIONS

Principal Actuarial Assumptions

Assumptions as at 31 March 2021	2021 %p.a.	2020 %p.a.
Pensionable earnings increases	3.9%	2.6%
Inflation RPI	3.3%	2.6%
Inflation CPI	2.9%	1.6%
Discount rate	2.2%	2.4%

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

	2021 Number	2020 Number
Employee members	4	4
Deferred pensioners	11	7
Pensioners	<u>11</u>	<u>8</u>
Increase in pensioners is due to Transfer of Engagements and Flexible Apportionment Agreement	<u>26</u>	<u>19</u>

Mortality Rates

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

	Males (Years)	Females (Years)
Current Pensioners	21.5	23.4
Future Pensioners	22.8	25.0

26. RETIREMENT BENEFIT OBLIGATIONS**Fair value of scheme assets by category**

	2021	2020
	£000	£000
Growth Assets	2,658	1,251
Matching Plus	775	477
Liability Driven Investment	1,100	667
Net Current Assets	<u>36</u>	<u>18</u>
	4,569	<u>2,413</u>

Net Pension Liability

	2021	2020
	£000	£000
Fair value of employer's assets	4,569	2,413
Present value of scheme liabilities	<u>(5,059)</u>	<u>(2,458)</u>
Present value of unfunded liabilities	-	-
	<u>(490)</u>	<u>(45)</u>

Reconciliation of fair value of employer assets

	2021	2020
	£000	£000
Opening fair value of employer assets	2,413	2,236
Expected Return on Assets	57	53
Contributions by Members	25	22
Contributions by the Employer	93	97
Experience on plan assets	2,098	54
Estimated Benefits Paid	<u>(117)</u>	<u>(49)</u>
Closing fair value	<u>4,569</u>	<u>2,413</u>

Reconciliation of defined benefit obligations

	2021	2020
	£000	£000
Opening defined benefit obligation	2,458	2,689
Current Service Cost	29	41
Interest Expense	58	64
Contributions by members	25	22
Actuarial Losses/ (Gains)	2,606	(309)
Estimated Benefits Paid	<u>(117)</u>	<u>(49)</u>
Closing defined benefit obligation	<u>5,059</u>	<u>2,458</u>

26. RETIREMENT BENEFIT OBLIGATIONS**Analysis of amount charged to the Statement of Comprehensive Income**

	2021	2020
	£	£
Charged to operating costs:		
Service cost	<u>15,144</u>	<u>13,071</u>
	<u>15,144</u>	<u>13,071</u>
Charged to Other Finance Costs / (Income)		
Expected Return on employer assets	(57,000)	(43,000)
Interest on pension scheme liabilities	<u>58,000</u>	<u>52,000</u>
	<u>1,000</u>	<u>9,000</u>
	<u>58,000</u>	<u>52,000</u>
Net Charge to the Statement of Comprehensive Income	<u>16,144</u>	<u>22,071</u>
Actuarial Gain / (Loss) recognised in the Statement of Comprehensive Income		
	2021	2020
	£	£000
Actuarial gain/(loss) recognised in year	(508,000)	363,000
Cumulative actuarial gains	(240,000)	268,000

Actuarial gain/(loss) is a non-cash item that occurs due to changes in actuarial assumptions used by The Pensions Trust (TPT) for the Scottish Housing Associations' Pension Scheme (SHAPS). This figure can be subject to significant change year on year.