



Alexander Sloan
Accountants and Business Advisers

Abertay Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2020

Registered Social Landlord No. HAL297

FCA Reference No. 2517R(S)

Scottish Charity No. SCO30152

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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ABERTAY HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2020

Management Committee

Kathleen Mands	Chairperson
Ron Neave	Vice Chairperson
Dorothy Taylor	Resigned 17 September 2019
Andrew Black	Appointed 24 April 2019
Kenneth Brannan	Resigned 12 August 2020
Denis Brown	
Vicki Culter	
Gordon Edwards	
Gavin High	Resigned 9 August 2020
Paul Hocking	
Andy Low	Appointed 24 April 2019, Resigned 24 September 2019
Rhona McLeod	
Colin McNally	Appointed 24 April 2019, Resigned 23 September 2019
Helen Reeves	Resigned 20 March 2020
Rebecca Wilson	Resigned 15 January 2020

EXECUTIVE OFFICERS

Ian Thomson	Chief Executive to 5 April 2019
Barry Moore	Chief Executive from 8 July 2019
Marjorie Sloan	Corporate Services Director and Secretary

REGISTERED OFFICE

147 Fintry Drive
Dundee
DD4 9HE

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

Quinn Internal Audit
55 Lady Place
Livingston
EH54 6TB

BANKERS

Royal Bank of Scotland
3 High Street
Dundee
DD1 9LY

SOLICITOR

Thorntons WS
33 Yeaman Shore
Dundee
DD1 4BJ

ABERTAY HOUSING ASSOCIATION LIMITED

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

The Management Committee presents its report and the Financial Statements for the year ended 31 March 2020.

Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No.2517R(S)), the Scottish Housing Regulator as a registered social landlord (No.HAL297) and as a registered Scottish Charity with the charity number SCO30152.

Principal Activities

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

Strategy and Objectives

Abertay Housing Association's overall aim is to enhance the quality of life in our communities.

The Association's structure should be whatever best serves the long term interests of its tenants and communities. The Association believes that, for the foreseeable future, these interests are best served by the Association being run by a strong, independent, locally focussed Management Committee, which includes tenants and other members of its communities within its membership. In early 2019, an Options Appraisal was carried out which confirmed this position.

It is an overriding objective that the Association remains financially viable into the long term future. This will be achieved through effective financial and treasury management. The Association's long term (30 year) financial forecasts give confidence that the Association can afford to maintain and improve its housing stock to meet all known future quality standards, while remaining financially viable.

Risk is an integral part of everything the Association does. The Association will seek to identify the risks it faces and take a prudent approach to managing them.

A focus on providing the best possible value for money is a key consideration for the Association. The Association participates in Scotland's Housing Network's Value for Money benchmarking group. The Association uses this information to inform its decision making, and report on how value for money is being achieved.

The Association's key objectives in setting rent levels are as follows:

1. To keep rents affordable for tenants, without risking the Association's long term financial viability or ability to maintain our housing stock to a good standard.
2. To maintain stability and predictability from year to year, (i.e. to favour small steady rises each year, rather than having low rises one year with excessively high rises the following year).
3. To maintain its rents at levels which are reasonably in line with other social landlords in the local area.

ABERTAY HOUSING ASSOCIATION LIMITED

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

The Association aims to maintain and improve its properties to a standard which ensures they continue to make desirable homes, so long as it is cost effective over the long term to do so. With all properties now meeting the Scottish Housing Quality Standard (SHQS), the Association is now looking ahead to future standards including the Energy Efficiency Standard for Social Housing (ESSH). ESSH will be mandatory from December 2020, with the strong likelihood that targets will be increased at intervals thereafter. Achieving this objective as cost effectively as possible depends on excellent asset management planning, informed by detailed and up to date knowledge of the Association's stock.

Abertay Housing Association Limited aims to deliver excellent, customer focussed, value for money services in all its core areas. This includes:

- letting homes which are in good condition, to those in greatest need, as effectively as possible;
- supporting tenants to maintain their tenancies. The Association will do this through proactive, sensitive, and effective action to help avoid tenants falling into rent arrears, and dealing effectively with neighbourhood problems;
- providing a high quality, cost effective, repairs service;
- maintaining its neighbourhoods to a good standard; and
- providing a good quality factoring service to owners in communities.

The Association aims to provide high quality and effective services in these areas, and for this to be recognised by its regulators and other key decision makers in the sector.

The Association desires to acquire new homes, to improve both the quality and age profile of its stock, and increase our rental income. Ideally, the Association would wish to have a development programme of 30 – 50 new homes per year, which could be managed with its existing staff team.

Review of business and future developments

The Association continued to provide affordable rented accommodation and to maintain and improve our properties to a high standard during 2019/20.

The Management Committee, in consultation with tenants, applied a rent increase of 3.4% taking effect from 1 April 2019 (2018 – 4.0%). The Association strives to ensure that its rents remain competitive and affordable for its tenants.

The Association owned 1,796 properties at the end of the year. Of these, 271 were used to provide retirement housing. During the year two properties were sold and three were purchased under the Association's Acquisition and Disposal Strategy. The Association has one new development which commenced during 2017/18. It is of 56 properties at Finavon Street, a site in Abertay's ownership which previously held Orlit houses. Of these, 41 were completed in 2018/19 with the remaining 15 due to be completed in 2020/21. The Association is currently progressing further developments in two former Primary School sites in Dundee.

ABERTAY HOUSING ASSOCIATION LIMITED

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

The Association's priorities are to provide the best standard of homes for affordable let, and the best standard of service it can. The Association undertook a programme of improvements and planned maintenance during the year with a total spend of £2.3m. Throughout its stock, externally, the Association carried out re-roofing, chimney repair or removal, replacement of windows and doors, footpath repairs, works to balconies and our maintenance paint work programme. Internally the focus was on rewiring and electrical testing. The Association will continue to spend heavily on improving its stock over the coming years.

Details of movements of the Association's fixed assets during the year are set out in note 12.

No further loan agreements were entered into during the year. £9m of borrowing from previous agreements remained to be drawn down at the year end. Regular payments on the existing loans decreased the total bank borrowings from £21.56m to £21.09m at the year end. The Association's bank balances decreased over the year, from £2.1m to £1.8m.

The Association's Risk Management Framework consists of three documents: Risk Management Policy, Risk Management Register and Risk Assurance Register. The Management Committee and the Senior Management Team review strategic and operational risks on a regular basis using a score mechanism which considers the likelihood and probability of the risk and the significance of the impact if the risk were to materialise.

No risks are currently classified as intolerable. There are ten significant risks, significant in that without efficient and effective monitoring, management and mitigation they would have a significant severity of impact on the Association's Business Plan.

- 1 Breach of the SHR Regulatory Framework and consequential regulatory intervention.
- 2 Serious health and safety breach.
- 3 Breaching loan covenants.
- 4 Suitable and sufficient procedures and resources not in place to maximise income collection.
- 5 Cash flow difficulties with borrowing facilities not being in place when needed.
- 6 Bank increasing margins on previously agreed loans.
- 7 Welfare reform changes.
- 8 Asset management – failure to invest in maintaining the existing housing stock.
- 9 Development contractor failure.
- 10 Significant breach of procurement legislation.

In addition to the ten significant risks, efficient and effective control mechanisms are also in place to monitor, manage and mitigate all strategic and operational risks.

This review of business concerns our activities in the year ended 31 March 2020. Under normal circumstances, we would not make reference to the year that will end in March 2021. However, we cannot ignore the current and continuing global Covid-19 pandemic and the impact that this is having on the economy. This began towards the end of March 2020 and the impact on the 2019/20 accounts has therefore been minimal. Since then, however, we have seen rent arrears begin to increase and many of our tenants are facing severe financial hardship through furlough, reduced hours and increased unemployment. We are monitoring the possible impact on the business against what is an ever-changing and uncertain backdrop for all RSLs. All of this should be borne in mind when considering these accounts and the statements made herein.

The Association's key priorities for 2020/21 include effectively managing the Covid-19 pandemic across all the Association's strategic objectives and operational activities.

ABERTAY HOUSING ASSOCIATION LIMITED

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

The Association has an abundance of strength in terms of financial capacity and the human resource competence and capability to tolerate the worst case scenario, the perfect storm, and navigate its path through the storm. We will effectively monitor, manage and mitigate not only the financial risks associated with income, but also other strategic and operational risks too. Additional scenario planning exercises and sensitivity and stress testing exercise will be carried out periodically to enable us to adapt to the circumstances that the Covid-19 pandemic presents.

We have therefore had a very successful year but are acutely aware of the additional challenges that the global pandemic brings.

Key performance indicators

In accordance with the Scottish Social Housing Charter, the Association submits an Annual Return on the Charter to the Scottish Housing Regulator. This consists of a number of performance indicators. Some of these are included in a separate annual report to members. The key indicators, including some which are non Charter indicators, are reported to the Management Committee on a quarterly basis.

Housing Quality and Maintenance

- 97.3% of the Association's stock met the Scottish Housing Quality Standard (SHQS) in 2019/20, (all other properties are classed as "exempt" or "abeyances" under the SHQS guidelines, where tenants or sharing owners have not allowed work to be carried out);
- The average length of time the Association took to complete emergency repairs in 2019/20 was 2.21 hours;
- The average length of time the Association took to complete non-emergency repairs in 2019/20 was 5.7 days;
- 89.8% of repairs carried out in the last year were completed right first time;
- 98.9% of the Association's repairs appointments were kept; and
- 98.7% of the Association's tenants who had repairs carried out in the last 12 months were satisfied with the service.

Satisfaction

The Association's satisfaction figures come from a survey of all tenants carried out in autumn 2019. We plan to carry out satisfaction surveys every two years.

- 88.4% of tenants are satisfied with the overall service provided by the Association;
- 83.0% of tenants feel that Abertay was good at keeping them informed about services and outcomes; and
- 72.6% of tenants were satisfied with the opportunities given to them to participate in the Association's decision making process.

ABERTAY HOUSING ASSOCIATION LIMITED

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

Getting Good Value from Rents and Service Charges

- 0.3% of rent was lost in 2019/20 through properties being empty;
- The average length of time the Association took last year to relet properties was 15.4 days; and
- 100.4% of the rent due was collected from tenants in 2019/20.

Neighbourhood and Community

- 21.4 cases of anti-social behaviour were reported per 100 homes in 2019/20; and
- 92.7% of anti-social behaviour cases were resolved within locally agreed targets in 2019/20.

Governance

The Association's governing body is its Management Committee which is responsible to the wider membership. The Management Committee serves in a voluntary capacity and the Association recognises this puts more onus on the Senior Management Team to ensure that they achieve high standards of professionalism in their work.

The Management Committee is elected from among the members at the AGM. There are up to 15 places on the Committee which are split as follows:

- At least 2 tenants
- At least 2 service users (owner occupiers)
- Up to 11 drawn from all three categories (tenants, service users and others with appropriate skills or expertise).

It is possible for people to be invited to join the Management Committee provided co-options do not exceed one third of the number of elected members.

The Management Committee met monthly during the year, with strategy days held between meetings. Sub-committees can be set up to deal with particular aspects of the Association's affairs.

The Management Committee is responsible for the Association's strategies and policies which cover areas such as housing management, maintenance, finance, employment and governance.

Management Committee members act in a voluntary capacity and do not receive payment for their work beyond reasonable out-of-pocket expenses. They do not benefit from their position and cannot receive favourable treatment in any way – neither can their close relatives.

The Association currently has an engagement plan with the Scottish Housing Regulator, issued following concerns they have raised in relation to Abertay's financial health, governance and development. The Association commissioned an external report on Governance, Financial Management and Procurement in 2018/19 and Committee and staff are currently implementing the resulting recommendations. Abertay is working closely with the Scottish Housing Regulator to provide the information required in the engagement plan and to assure them that issues raised are being addressed.

ABERTAY HOUSING ASSOCIATION LIMITED

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

The Association's former Chief Executive, Ian Thomson retired on 5 April 2019. The Association carried out an options appraisal, considering various options for future directions, including the possibility of a merger or constitutional partnership. Management Committee agreed that the best option was for the Association to remain as an independent organisation. Barry Moore was appointed as Chief Executive and started with the Association on 8 July 2019.

The Association has appointed internal auditors who carried out seven reviews during 2019/20. These are an important resource in demonstrating compliance with legislation and regulatory standards. They made 10 recommendations which, where agreed, have been or will be implemented over the coming months.

Related Party Transactions

The tenants who sit on the Management Committee have entered into tenancies on the Association's normal terms and conditions and they cannot use their position to their advantage.

Management Committee and Executive Officers

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

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

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

Statement of Management Committee's Responsibilities

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

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. It is responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

ABERTAY HOUSING ASSOCIATION LIMITED

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

Going Concern

Based on its budgetary and forecasting processes the Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Statement on Internal Financial Control

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

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

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

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

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

Donations

During the year the Association made charitable donations amounting to £680 (2019 - £311).

ABERTAY HOUSING ASSOCIATION LIMITED

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

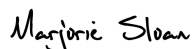
Disclosure of Information to the Auditor

The members of the Management Committee at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to auditors.

Auditors

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

By order of the Management Committee



MARJORIE SLOAN

Secretary

26 August 2020

ABERTAY HOUSING ASSOCIATION LIMITED

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

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

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 8 has provided the disclosures required by the relevant Regulatory Standards contained within the publication 'Our Regulatory Framework' and associated Regulatory Advice 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 enquiry of certain members of the Management Committee, and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls within the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

Alexander Sloan

ALEXANDER SLOAN

Accountants and Business Advisers
Statutory Auditors
GLASGOW
26 August 2020



Alexander Sloan
Accountants and Business Advisers

ABERTAY HOUSING ASSOCIATION LIMITED

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

Opinion

We have audited the financial statements of Abertay Housing Association Limited (the 'Association') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, 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.

ABERTAY HOUSING ASSOCIATION LIMITED

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

Matters on which we are required to report by exception

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

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities as set out on page 7, the Management Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our Report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alexander Sloan

ALEXANDER SLOAN

Accountants and Business Advisers
Statutory Auditors
GLASGOW
26 August 2020



Alexander Sloan
Accountants and Business Advisers

ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	£	2020 £	£	2019 £
Revenue	2		8,870,125		8,473,665
Operating costs	2		7,105,932		6,674,887
OPERATING SURPLUS			1,764,193		1,798,778
Gain on sale of housing stock	7	106,532		179,249	
Interest receivable and other income		5,240		1,980	
Interest payable and similar charges	8	(936,919)		(905,159)	
Other Finance income/(charges)	11	(349,904)		(259,016)	
			(1,175,051)		(982,946)
SURPLUS FOR THE YEAR			589,142		815,832
Other comprehensive income					
Actuarial gains/(losses) on defined benefit pension plan	18		128,610		147,291
TOTAL COMPREHENSIVE INCOME			717,752		963,123

The results relate wholly to continuing activities.

The notes on pages 17 to 32 form an integral part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020	2019
		£	£
NON-CURRENT ASSETS			
Housing properties - depreciated cost	12a	49,956,496	49,362,817
Other tangible assets	12b	141,737	169,259
		<u>50,098,233</u>	<u>49,532,076</u>
CURRENT ASSETS			
Receivables	13	513,584	537,398
Cash and cash equivalents	14	1,821,945	2,082,534
		<u>2,335,529</u>	<u>2,619,932</u>
CREDITORS: Amounts falling due within one year	15	<u>(1,857,358)</u>	<u>(1,976,358)</u>
NET CURRENT ASSETS		<u>478,171</u>	<u>643,574</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		50,576,404	50,175,650
CREDITORS: Amounts falling due after more than one year	16	(20,359,958)	(20,853,954)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES			
Tayside pension fund	18	<u>(964,766)</u>	<u>(743,472)</u>
		(964,766)	(743,472)
DEFERRED INCOME			
Social housing grants	19	(15,201,485)	(15,240,847)
Other grants	19	<u>(30,177)</u>	<u>(35,102)</u>
		<u>(15,231,662)</u>	<u>(15,275,949)</u>
NET ASSETS		<u>14,020,018</u>	<u>13,302,275</u>
EQUITY			
Share capital	20	152	161
Revenue reserves		14,984,632	14,045,586
Pension reserves		<u>(964,766)</u>	<u>(743,472)</u>
		<u>14,020,018</u>	<u>13,302,275</u>

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on 26 August 2020.

Kathleen Mands
Committee Member

Gordon Edwards
Committee Member

Marjorie Sloan
Secretary

The notes on pages 17 to 32 form an integral part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	£	2020 £	£	2019 £
Surplus for the Year			589,142		815,832
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets		2,172,318		2,099,826	
Amortisation of capital grants	19	(337,539)		(337,610)	
Gain on disposal of tangible fixed assets		(106,532)		(179,249)	
Non-cash adjustments to pension provisions		349,904		259,016	
Share capital written off	20	(17)		(18)	
			2,078,134		1,841,965
Interest receivable			(5,240)		(1,980)
Interest payable	8		936,919		1,164,175
Operating cash flows before movements in working capital			3,598,955		3,819,992
Change in debtors		23,814		(37,445)	
Change in creditors		(142,093)		(673,359)	
			(118,279)		(710,804)
Net cash inflow from operating activities			3,480,676		3,109,188
Investing Activities					
Acquisition and construction of properties		(2,760,821)		(5,150,415)	
Purchase of other fixed assets		(4,929)		(5,184)	
Social housing grant received		282,188		552,891	
Social housing grant repaid		-		(43,021)	
Proceeds on disposal of housing properties		133,593		261,690	
Net cash outflow from investing activities			(2,349,969)		(4,384,039)
Financing Activities					
Loan Advances Received		-		3,310,000	
Interest received on cash and cash equivalents		5,240		1,980	
Interest paid on loans		(936,919)		(1,164,175)	
Loan principal repayments		(459,625)		(564,599)	
Share capital issued	20	8		5	
Net cash (outflow) / inflow from financing activities			(1,391,296)		1,583,211
(decrease)/increase in cash	21		(260,589)		308,360
Opening cash & cash equivalents			2,082,534		1,774,174
Closing cash & cash equivalents			1,821,945		2,082,534
Cash and cash equivalents as at 31 March					
Cash	21		1,821,945		2,082,534
			1,821,945		2,082,534

The notes on pages 17 to 32 form an integral part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED**STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2020**

	Share Capital	Tayside Pension Reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 1 April 2018	174	(631,747)	12,970,738	12,339,165
Issue of Shares	5	-	-	5
Cancellation of Shares	(18)	-	-	(18)
Other comprehensive income	-	147,291	-	147,291
Other movements	-	(259,016)	259,016	-
Surplus for the year	-	-	815,832	815,832
Balance as at 31 March 2019	161	(743,472)	14,045,586	13,302,275
Balance as at 1 April 2019	161	(743,472)	14,045,586	13,302,275
Issue of Shares	8	-	-	8
Cancellation of Shares	(17)	-	-	(17)
Other comprehensive income	-	128,610	-	128,610
Other movements	-	(349,904)	349,904	-
Surplus for the year	-	-	589,142	589,142
Balance as at 31 March 2020	152	(964,766)	14,984,632	14,020,018

The notes on pages 17 to 32 form an integral part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice for social housing providers 2018. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods beginning on or after 1 January 2019. They comply with the Determination of Accounting Requirements 2019. A summary of the principal accounting policies is set out below

Revenue

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

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

Government grants are released to income over the expected useful life of the asset to which they relate. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

Retirement Benefits

The Association participates in the Tayside Pension Scheme which provides benefits on final pensionable salary, up to 31 March 2015, thereafter, these are based on a career average. The assets of the scheme are held and invested separately from those of the Association.

The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. Contributions to the scheme are charged to the Statement of Comprehensive Income so as to spread the costs of pensions over the employees' working lives with the Association.

The difference between the actual and expected return on assets during the year, including changes in actual assumptions, is recognised in the Statement of Comprehensive Income.

Going Concern

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

ABERTAY HOUSING ASSOCIATION LIMITED

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

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Housing Properties

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

<i>Component</i>	<i>Useful Economic Life</i>
Land	Not Depreciated
Structure	Over 50 years
Roofs	Over 40 years
Windows and Doors	Over 20 years
Bathrooms	Over 15-20 years
Kitchens	Over 15 years
Central Heating	Over 15-20 years

Depreciation and Impairment of Other Tangible Assets

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

<i>Asset Category</i>	<i>Depreciation Rate</i>
Office Premises	4%
Housing Stock Improvements	5%
Machinery & Equipment	6.67%
Furniture & Fittings	10-20%
Computer Hardware & Software	25%

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

Social Housing Grants and Other Capital Grants

Social housing grants and other capital grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which they relate.

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

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

Sales Of Housing Properties

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

Taxation

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

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property, a material reduction in future maintenance costs, or a significant extension of the life of the property.

Capitalisation Of Development Overheads

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

Borrowing Costs

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

Property Development Cost

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

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

Financial Instruments - Basic

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

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

Cash and Liquid Resources

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

Impairment

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

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

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

ABERTAY HOUSING ASSOCIATION LIMITED

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

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

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

Key Judgements

a) Categorisation of Housing Properties

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

b) Identification of cash generating units

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

c) Financial instrument break clauses

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

Estimation Uncertainty

a) Rent Arrears - Bad Debt Provision

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

b) Life Cycle of Components

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

c) Useful life of properties, plant and equipment

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

d) Defined pension liability

In 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 the administration of the multi employer pension schemes and estimations performed by the Tayside Pension Fund.

ABERTAY HOUSING ASSOCIATION LIMITED

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

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

		2020			2019		
	Notes	Turnover	Operating costs	Operating surplus / (deficit)	Turnover	Operating costs	Operating surplus / (deficit)
		£	£	£	£	£	£
Affordable letting activities	3	8,366,489	6,757,603	1,608,886	8,003,613	6,331,112	1,672,501
Other Activities	4	503,636	348,329	155,307	470,052	343,775	126,277
Total		8,870,125	7,105,932	1,764,193	8,473,665	6,674,887	1,798,778

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

	General Needs Housing	2020 Total	2019 Total
	£	£	£
Revenue from Lettings			
Rent receivable net of service charges	7,736,060	7,736,060	7,349,893
Service charges receivable	283,770	283,770	284,991
Gross income from rent and service charges	8,019,830	8,019,830	7,634,884
Less: Rent losses from voids	40,663	40,663	45,250
Income from rents and service charges	7,979,167	7,979,167	7,589,634
Grants released from deferred income	337,753	337,753	337,610
Other revenue grants	49,569	49,569	76,369
Total turnover from affordable letting activities	8,366,489	8,366,489	8,003,613
Expenditure on affordable letting activities			
Management and maintenance administration costs	2,121,622	2,121,622	2,074,211
Service costs	153,462	153,462	159,710
Planned and cyclical maintenance, including major repairs	486,803	486,803	452,209
Reactive maintenance costs	1,764,333	1,764,333	1,497,272
Bad Debts - rents and service charges	91,302	91,302	83,289
Depreciation of affordable let properties	2,140,081	2,140,081	2,064,421
Operating costs of affordable letting activities	6,757,603	6,757,603	6,331,112
Operating surplus on affordable letting activities	1,608,886	1,608,886	1,672,501
2019		1,672,501	

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Grants from Scottish Ministers	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating surplus / (deficit) 2020	Operating surplus / (deficit) 2019
	£	£	£	£	£	£	£
Care and repair	101,138	62,825	163,963	-	91,981	71,982	44,860
Factoring	-	200,224	200,224	(3,231)	204,458	(1,003)	(5)
Support activities	-	139,449	139,449	-	55,121	84,328	81,422
Total From Other Activities	101,138	402,498	503,636	(3,231)	351,560	155,307	126,277
2019	74,544	395,508	470,052	(6,068)	349,843	126,277	

ABERTAY HOUSING ASSOCIATION LIMITED

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

5. OFFICERS' EMOLUMENTS

	2020 £	2019 £
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	126,145	145,807
Pension contributions made on behalf on Officers with emoluments greater than £60,000	19,539	22,989
Emoluments payable to Chief Executive (excluding pension contributions)	60,296	91,380
Pension contributions paid on behalf of the Chief Executive	9,115	12,810
Total emoluments payable to the Chief Executive	69,411	104,190
Total emoluments paid to key management personnel	145,684	168,796

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

	Number	Number
£60,001 to £70,000	1	1
£70,001 to £80,000	1	-
£80,001 to £90,000	-	1

6. EMPLOYEE INFORMATION

	2020 No.	2019 No.
Average monthly number of full time equivalent persons employed during the year	38	40
Average total number of employees employed during the year	45	48
Staff costs were:	£	£
Wages and salaries	1,185,725	1,220,770
National insurance costs	112,815	110,096
Pension costs	186,247	191,323
Temporary, agency and seconded staff	59,145	120
	1,543,932	1,522,309

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. GAIN ON SALE OF HOUSING STOCK

	2020	2019
	£	£
Sales proceeds	133,593	261,690
Cost of sales	<u>27,061</u>	<u>82,441</u>
Gain on sale of housing stock	<u>106,532</u>	<u>179,249</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2020	2019
	£	£
On bank loans and overdrafts	<u>936,919</u>	<u>905,159</u>

9. SURPLUS FOR THE YEAR

	2020	2019
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	2,099,495	2,050,125
Auditors' remuneration - audit services	8,505	8,100
Gain on sale of other non-current assets	<u>(106,532)</u>	<u>(179,249)</u>

10. CORPORATION TAX

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)

	2020	2019
	£	£
Net interest on pension obligations	<u>(349,904)</u>	<u>(259,016)</u>

ABERTAY HOUSING ASSOCIATION LIMITED

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

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
COST			
At 1 April 2019	65,729,224	2,261,678	67,990,902
Additions	1,967,599	793,222	2,760,821
Disposals	(202,363)	-	(202,363)
At 31 March 2020	67,494,460	3,054,900	70,549,360
DEPRECIATION			
At 1 April 2019	18,628,085	-	18,628,085
Charge for Year	2,067,044	-	2,067,044
Disposals	(102,265)	-	(102,265)
At 31 March 2020	20,592,864	-	20,592,864
NET BOOK VALUE			
At 31 March 2020	46,901,596	3,054,900	49,956,496
At 31 March 2019	47,101,139	2,261,678	49,362,817

	2020		2019	
	Component replacement	Improvement	Component replacement	Improvement
Expenditure on Existing Properties	£	£	£	£
Amounts capitalised	1,297,720	483,048	993,835	285,354
Amounts charged to the statement of comprehensive income	-	2,251,136	-	1,949,481

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carry value of £38,299,362 (2019 - £43,177,026).

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Machinery & Equipment £	Computer Equipment £	Total £
COST					
At 1 April 2019	380,133	80,587	41,076	175,493	677,289
Additions	-	-	-	4,929	4,929
Eliminated on disposals	-	(1,200)	-	-	(1,200)
At 31 March 2020	380,133	79,387	41,076	180,422	681,018
DEPRECIATION					
At 1 April 2019	263,043	73,835	10,249	160,903	508,030
Charge for year	15,205	2,433	4,471	10,342	32,451
Eliminated on disposals	-	(1,200)	-	-	(1,200)
At 31 March 2020	278,248	75,068	14,720	171,245	539,281
NET BOOK VALUE					
At 31 March 2020	101,885	4,319	26,356	9,177	141,737
At 31 March 2019	117,090	6,752	30,827	14,590	169,259

13. RECEIVABLES

	2020 £	2019 £
Gross arrears of rent and service charges	233,854	222,388
Less: Provision for doubtful debts	(95,293)	(104,931)
<i>Net arrears of rent and service charges</i>	138,561	117,457
Other receivables	375,023	419,941
	513,584	537,398

14. CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash at bank and in hand	1,821,945	2,082,534

ABERTAY HOUSING ASSOCIATION LIMITED

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

15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans	504,731	470,360
Trade payables	366,703	379,455
Social housing grant in advance	241,663	252,941
Other taxation and social security	29,077	29,556
Other payables	227,973	227,470
Accruals and deferred income	487,211	616,576
	<u>1,857,358</u>	<u>1,976,358</u>

At the statement of financial position date there were pensions outstanding of £22,856 (2019 - £22,506).

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

	2020	2019
	£	£
Bank loans	20,359,958	20,853,954
	<u>20,359,958</u>	<u>20,853,954</u>

17. DEBT ANALYSIS - BORROWINGS

	2020	2019
	£	£
Bank Loans		
Amounts due within one year	504,731	470,360
Amounts due in one year or more but less than two years	529,110	492,353
Amounts due in two years or more but less than five years	1,743,849	1,632,998
Amounts due in more than five years	18,086,999	18,728,604
	<u>20,864,689</u>	<u>21,324,315</u>

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

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable or Fixed
Royal Bank of Scotland	1,519	6.25%	2037	Variable
Royal Bank of Scotland	-	5.6%	2039	Variable
Royal Bank of Scotland	-	1.97%	2026	Fixed
Royal Bank of Scotland	-	2.6%	2028	Variable
CAF Bank	109	2.37%	2042	Fixed
CAF Bank	-	2.37%	2043	Fixed

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

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

	2020	2019
	£	£
Due to lenders at 31 March 2020	21,088,986	21,558,782
Effective interest rate adjustment	<u>(224,297)</u>	<u>(234,467)</u>
	<u>20,864,689</u>	<u>21,324,315</u>

ABERTAY HOUSING ASSOCIATION LIMITED

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

18. RETIREMENT BENEFIT OBLIGATIONS

The pension cost figures used in these accounts comply with the Financial Reporting Standard 102 (FRS 102).

The Association is an admitted body to the Tayside Pension Fund, a fund administered by Dundee City Council. The fund is a funded defined benefit pension scheme providing benefits based on the final pensionable salary to 31 March 2015, thereafter benefits are based on career average basis. Contributions to the fund are determined by the scheme's actuary using the projected unit method and are charged to the Statement of Comprehensive Income as they are incurred. The pension costs for the period were £186,532 (2019 - £191,562).

The table below compares the present value of the scheme's liabilities, based on the Actuary's assumptions with the estimated employer assets.

Net pension liability as at:	2020 £	2019 £
Estimated employer assets (A)	8,880,426	9,379,431
Present value of scheme liabilities	9,845,192	10,122,903
Total value of liabilities (B)	9,845,192	9,500,683
Net pension liabilities (A-B)	(964,766)	(743,472)

The movement in the defined benefit obligation over the year is as follows:

	2020 £	2019 £
Opening defined benefit obligation	10,122,903	9,500,683
Current service cost	431,969	432,985
Interest costs	240,886	239,839
Change in financial assumptions	(863,252)	462,975
Change in demographic assumptions	-	(321,928)
Past service costs, including curtailment	85,689	-
Estimated benefits paid net of transfers in	(243,315)	(264,365)
Contributions by scheme participants	70,312	72,714
Closing defined benefit obligation	9,845,192	10,122,903

The movement in the fair value of fund assets in the year is as follows:

	2020 £	2019 £
Opening fair value of funds	9,379,431	8,868,936
Interest on assets	225,268	226,157
Return on assets less interest	(734,642)	288,338
Administration expenses	(3,160)	(3,911)
Contributions by employer including unfunded	186,532	191,562
Contributions by fund participants	70,312	72,714
Estimated benefits paid plus unfunded net of transfers in	(243,315)	(264,365)
Closing fair value of fund assets	8,880,426	9,379,431

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

The amounts recognised in the Statement of Comprehensive Income are as follows:

Analysis of amount recognised in the Statement of Comprehensive Income	2020 £	2019 £
Service cost	517,658	432,985
Net interest on the defined liability (asset)	15,618	13,682
Administration expenses	3,160	3,911
Total loss (profit)	536,436	450,578

The aggregate assets of the defined pension scheme are comprised as follows:

	Value at 31 March 2020 £	Value at 31 March 2019 £
Equities	5,871,193	6,478,850
Gilts	123,189	134,301
Bonds	1,569,134	1,407,299
Property	1,092,282	1,170,911
Cash	268,565	165,705
Alternatives	(43,937)	22,365
Total	8,880,426	9,379,431

The total return on the fund assets for the year to 31 March 2020 was (£509,374) (2019 - £514,495).

The principal actuarial assumptions used in valuing the defined benefit pension scheme were as follows:

	2020 £	2019 £
Discount Rate	2.4%	2.4%
Pension increases	1.9%	2.4%
Salary increases	2.9%	3.4%

The net asset/(defined liability) recognised in other comprehensive income:

	2020 £	2019 £
Return on fund asset in excess of interest	(734,642)	288,338
Change in demographic assumptions	-	321,928
Changes in financial assumptions	863,252	(462,975)
Re-measurement of the net assets	128,610	147,291

Mortality Rates

Life expectancy is based on the S2PA tables with a multiplier of 130%. These base tables are then projected using the CMI 2018 Model, allowing for the long-term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current pensioners	19.7	21.7
Future pensioners	21.4	23.5

ABERTAY HOUSING ASSOCIATION LIMITED

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

19. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Total £
Capital grants received			
At 1 April 2019	18,257,363	115,220	18,372,583
Additions in the year	293,466	-	293,466
Eliminated on disposal	-	(1,427)	(1,427)
At 31 March 2020	<u>18,550,829</u>	<u>113,793</u>	<u>18,664,622</u>
Amortisation			
At 1 April 2019	3,016,516	80,118	3,096,634
Amortisation in year	332,828	4,711	337,539
Eliminated on disposal	-	(1,213)	(1,213)
At 31 March 2020	<u>3,349,344</u>	<u>83,616</u>	<u>3,432,960</u>
Net book value			
At 31 March 2020	<u>15,201,485</u>	<u>30,177</u>	<u>15,231,662</u>
At 31 March 2019	<u>15,240,847</u>	<u>35,102</u>	<u>15,275,949</u>

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

	2020 £	2019 £
Amounts due within one year	337,539	337,610
Amounts due in more than one year	14,894,123	14,938,339
	<u>15,231,662</u>	<u>15,275,949</u>

20. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2020 £	2019 £
At 1 April	161	174
Issued in year	8	5
Cancelled in year	(17)	(18)
At 31 March	<u>152</u>	<u>161</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.

ABERTAY HOUSING ASSOCIATION LIMITED

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

21. CASH FLOWS

Reconciliation of net cash flow to movement in net debt

	2020	2019
	£	£
(Decrease) / increase in cash	(260,589)	308,360
Cashflow from change in net debt	459,625	(2,745,401)
Movement in net debt during the year	199,036	(2,437,041)
Net debt at 1 April	(19,241,780)	(16,804,739)
Net debt at 31 March	(19,042,744)	(19,241,780)

	At 1 April 2019	Cashflows	Other Changes	At 31 March 2020
	£	£	£	£
Cash and cash equivalents	2,082,534	(260,589)	-	1,821,945
Debt: Due within one year	2,082,534	(260,589)	-	1,821,945
Due after more than one year	(470,360)	459,625	(493,996)	(504,731)
	(20,853,954)	-	493,996	(20,359,958)
Net debt	(19,241,780)	199,036	-	(19,042,744)

22. CAPITAL COMMITMENTS

	2020	2019
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	1,476,196	3,104,422

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

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 147 Fintry Drive, Dundee, DD4 9HE.

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

24. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £1,911 (2019 - £1,231) in the year by way of reimbursement of expenses. No remuneration is paid to members in respect of their duties to the Association.

ABERTAY HOUSING ASSOCIATION LIMITED

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

25. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2020 No.	2019 No.
General needs	1,519	1,514
Community projects block	6	6
Retirement housing	271	275
	<u>1,796</u>	<u>1,795</u>

26. RELATED PARTY TRANSACTIONS

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

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

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

	2020 £	2019 £
Rent received from tenants on the Management Committee and their close family members	<u>9,637</u>	<u>9,357</u>
Factoring charges received from factored owners on the Management Committee and their close family members	<u>455</u>	<u>341</u>

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £703 (2019 - £693).

Members of the Management Committee who were tenants during the year	<u>2</u>	<u>2</u>
Members of the Management Committee who were owner occupiers during the year	<u>4</u>	<u>4</u>

27. EVENTS AFTER THE REPORTING DATE

At the time of approving the Financial Statements the United Kingdom is impacted by the Coronavirus pandemic. While the Association's strong financial position means that it is well placed to manage the impact on operations, it continues to monitor the position and update its plans accordingly. Like most businesses, however, the virus is likely to have some impact in the forthcoming year.