

Registered Housing Association No. 173
FCA Reference No. 1825R(S)
Scottish Charity No. SC044023

REIDVALE HOUSING ASSOCIATION LIMITED
REPORT and FINANCIAL STATEMENTS
For the year ended 31 March 2022

REIDVALE HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2022

CONTENTS

Page

Members of the Management Committee, Executives and Advisers	2
Report of the Management Committee	3 – 5
Management Committee Statement on Internal Financial Controls	6
Report by the Auditors on Corporate Governance Matters	7
Report of the Auditors	8 - 10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Cash Flows	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15 - 28

REIDVALE HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS

For the year ended 31 March 2022

MANAGEMENT COMMITTEE

E Marley	Chairperson
H Moore	Vice Chair
I McInnes	Secretary
M Dunn	(resigned September 2021)
L McGowan	(resigned September 2021)
J Marley	
D Boyle	(resigned November 2021)
E McVey	
P McCrudden	
C Lowe	(co-opted September 2021)
A Firth	(appointed September 2021)
G Sherriff	(resigned February 2022)
I Brodie	(appointed September 2021)
V Willan	(appointed September 2021)
R Anderson	(co-opted April 2022)

EXECUTIVE OFFICERS

Jill Cronin	(Interim Director – appointed 1 December 2021)
Susan McDonald	(Interim Director – resigned 30 November 2021)
Gerry Shepherd	(Finance Manager – retired 31 March 2022)

REGISTERED OFFICE

13 Whitevale Street
Glasgow
G31 1QW

EXTERNAL AUDITORS

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

BANKERS

Lloyds Bank plc
177 Ingram Street
Glasgow
G1 1DL

SOLICITORS

T C Young
7 West George Street
Glasgow
G2 1BA

REIDVALE HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE

For the year ended 31 March 2022

The Management Committee presents its report and the Financial Statements for the year ended 31 March 2022.

Legal Status

Reidvale Housing Association Limited is a registered non-profit making organisation under the Co- operative and Community Benefit Societies Act 2014 No.1825R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC044023.

Principal Activities

The principal activity of the Association is the provision of affordable rented housing to people in most need in the East end of Glasgow. The Association owns and manages 897 rented properties; factors 232 owner occupied properties; and owns 9 commercial properties which are either leased out or vacant.

Review of Business and Future Developments

The Association's most recent engagement plan published by the Scottish Housing Regulator informs that the Association is working towards compliance with the Regulatory Standards of Governance and Financial Management. We have made progress with our Governance Improvement Plan, however, as we have assessed our position and carried out our Strategic Option appraisal we have continued to identify areas of concern in terms of our aim of becoming compliant with all regulatory requirements within the next 12 months. Following the Strategic Option Appraisal Management Committee has agreed to seek expressions of interest for a partner housing association with a view to transferring engagements, if a better deal can be secured for tenants. It is anticipated that this process will take a minimum of 12 months.

The Association is financially stable in its day to day operation and delivers a range of housing management services which benchmark well against peer organisations. This situation changes as we look to the future and plan our investment, and move towards achieving energy efficiency standards, as well as ensuring we are able to carry out essential maintenance to our sandstone tenements.

The impact of the coronavirus pandemic and Brexit has continued to present challenges to Reidvale. Our investment programme delivering improvements to our properties has been significantly impacted by rising costs; supply of materials and the capacity of our contractors and our staff to deliver the services our tenants need during this time. Rising costs of materials, fuel and the overall cost of living mean that plans for future investment are at best fluid. The impact of the rising cost of living on our tenants is of concern, and we continue to provide advice and support for those people finding it difficult to pay their rent and heat their home.

Customer dissatisfaction with the quality of the local environment continues to be high and relates directly to the removal of bulk uplift services by Glasgow City Council; increase in fly tipping; and an increase in rodent infestations. RHA is making provision within budget to tackle pest control issues and bulk uplift, but this is an added cost to the Association.

Financial Review

The Management Committee is of the opinion that the state of affairs of the Association, are satisfactory. The surplus for the year, pre pension remeasurement, was £66,666 (2021 - £331,373). Total Net Assets stand at £4,122,108 (2021: £3,498, 461).

REIDVALE HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (Continued)

For the year ended 31 March 2022

Structure, governance and management

The Association is controlled by a Management Committee. 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.

Risk management

The Association has a comprehensive range of policies and procedures in place to ensure that all aspects of risk are managed and mitigated as far as is possible in the interests of business continuity. The key elements of our risk management are:

- a detailed Risk Management Policy which aims to identify, manage and minimise risks which may prevent the Association from achieving its objectives. The identification and management of risk is a continuous process as changes are made to how the Association operates and to the internal/external environment in which it operates.
- a Risk Register which is subject to regular review and update, identifying changes in risk since last considered and identifying all key mitigation measures proposed to reduce or manage the risk, financial risk in particular.
- a Business Continuity Policy which sets out the roles and responsibilities of staff and Committee in the event of significant disruption to the normal business of the Association and aims to minimise the disruption and confusion this might cause.
- the defining of our top risks as mitigating the impact of the coronavirus pandemic, ensuring compliance with Regulatory Standards; EESSH compliance; the failure to achieve major reinvestment per the Life Cycle Costing (HUB) programme; tackling our backlog of policy framework reviews; impact of current homelessness policy on community stability and IT systems failure and security breaches.

Maintenance policies

The Association aims to maintain its properties to a high standard. To this end programmes of cyclical maintenance are carried out alongside programmes of major repairs to cover for such works. Key identified components are capitalised when replaced.

Treasury management

The Association, as a matter of policy, does not enter into transactions of a speculative nature. The surplus funds are managed carefully using long established banks or building societies. Committee members attend treasury management training on an annual basis.

Equalities

Applications for employment are given full and fair consideration for all vacancies in accordance with equalities legislation and information is collected and reported on the protected characteristics. It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

Training

The Committee members are aware of their responsibilities and have undertaken a range of training to ensure that they have the updated skills to make decisions in the best interests of the Association. Training has included insurance and risk, practical governance and regulation. Each Committee member undertakes an annual review to discuss and plan training requirements.

Reserves

The Association needs to have reserves to ensure the organisation can function into the future and meet its future liabilities, including the major repairs and investment needs of its properties. The revenue reserve of £4.12m reflects primarily the past investment in the housing stock and reserves for future major repairs. The Association has a cash level of £2.68m to support its future plans and operating requirements. The Association reviews its maintenance spending plans regularly and re-assesses them in relation to reserves and cash flows.

REIDVALE HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (Continued)

For the year ended 31 March 2022

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Act 2014 require 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;
- 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 2014 and the Determination of Accounting Requirements – 2019. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

Disclosure of information to the auditor

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

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

The Report of the Management Committee has been approved on behalf of the Management Committee by



I McInnes
Secretary

Date: 06/09/22

REIDVALE HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2022

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; and
- the safeguarding of assets against unauthorised use or disposition.

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

- 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 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 Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2022. 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.

BY ORDER OF THE MANAGEMENT COMMITTEE


I McInnes
Secretary

Date: 06/09/22

**REPORT by the AUDITORS to the MEMBERS OF
REIDVALE HOUSING ASSOCIATION LIMITED on
CORPORATE GOVERNANCE MATTERS**



In addition to our audit of the Financial Statements, we have reviewed your statement on page 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication '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 Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 6 has provided the disclosures required by the relevant Regulatory Standards 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.



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

Date: 7/9/2022

Opinion

We have audited the financial statements of Reidvale Housing Association Limited (the 'Association') for the year ended 31 March 2022 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 2022 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

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

REIDVALE HOUSING ASSOCIATION LIMITED (continued)



Matters on which we are required to report by exception

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

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 accounting 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 need 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 3, 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.

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:

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
REIDVALE HOUSING ASSOCIATION LIMITED (continued)**



Use of our report

This report is made solely to the Association's members, as a body, in accordance with 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.



CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Date: 7/9/2022

REIDVALE HOUSING ASSOCIATION LIMITED

STATEMENT of COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	£	2022 £	£	2021 £
Revenue	2		3,998,449		3,859,671
Operating Costs	2		(3,916,759)		(3,527,777)
Operating surplus			81,690		331,894
Interest receivable and other income		1,086		3,988	
Interest payable and similar charges	7	(16,000)		(4,000)	
Other finance charges		(110)		(509)	
			(15,024)		(521)
Surplus before other comprehensive income			66,666		331,373
Other Comprehensive Income					
Actuarial gain/(losses) in respect of pension scheme	21		557,000		(818,653)
Surplus/(deficit) for the year	8		623,666		(487,280)

All amounts relate to continuing operations.

The notes on pages 15 to 28 form part of these financial statements


REIDVALE HOUSING ASSOCIATION LIMITED


STATEMENT of FINANCIAL POSITION


As at 31 March 2022

	Notes	£	2022 £	£	2021 £
Non-current assets					
Housing properties – depreciated cost	10(a)		18,032,531		18,748,166
Other non-current assets	10(b)		99,874		158,319
			-----		-----
			18,132,405		18,906,485
Current assets					
Receivables	11	408,952		380,349	
Cash at bank and in hand		2,686,686		2,557,232	
			-----		-----
		3,095,638		2,937,581	
Creditors: amounts falling due within one year	12	(915,959)		(729,294)	
			-----		-----
Net current assets			2,179,679		2,208,287
			-----		-----
Total assets less current liabilities			20,312,084		21,114,772
			-----		-----
Creditors: amounts falling due after more than one year	13		(155,070)		(860,101)
			-----		-----
Deferred income					
Social Housing grants	15		(16,034,906)		(16,756,210)
			-----		-----
Net assets			4,122,108		3,498,461
			=====		=====
Equity					
Share capital	16		490		509
Revenue reserves			4,121,618		3,497,952
			-----		-----
			4,122,108		3,498,461
			=====		=====

The financial statements were approved by the management Committee and authorised for issue and signed on their behalf on 06/09/22

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Chairperson – E Marley

Committee member – H Moore

Secretary – I McInnes

The notes on pages 15 to 28 form part of these financial statements.

REIDVALE HOUSING ASSOCIATION LIMITED

STATEMENT of CASH FLOWS

For the year ended 31 March 2022

	Notes	2022	2021
		£	£
Net cash inflow from operating activities	14	311,872	404,381
Investing activities			
Acquisition and construction of properties	(183,485)	(154,661)	
Purchase of other fixed assets	-	(9,564)	
Net cash outflow from investing activities		(183,485)	(164,225)
Financing activities			
Interest received on cash and cash equivalents	1,086	3,988	
Share capital cancelled	(19)	-	
Net cash inflow from financing activities		1,067	3,988
Increase in cash		129,454	244,144
Opening cash and cash equivalents		2,557,232	2,313,088
Closing cash and cash equivalents		2,686,686	2,557,232
Cash and cash equivalents as at 31 March			
Cash		2,686,686	2,557,232

Analysis of Changes in Net Debt

	2021	Non-cash Changes			2022
		Cash Flows	Finance Leases	Other Changes	
	£	£	£	£	£
Cash and cash equivalents	2,557,232	129,454	-	-	2,686,686
Total net debt	2,557,232	129,454	-	-	2,686,686

The notes on pages 15 to 28 form part of these financial statements.

REIDVALE HOUSING ASSOCIATION LIMITED**STATEMENT of CHANGES IN EQUITY****As at 31 March 2022**

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2021	509	3,497,952	3,498,461
Issue of shares	-	-	-
Cancellation of shares	(19)	-	(19)
Surplus for the year	-	623,666	623,666
Balance as at 31 March 2022	<u>490</u>	<u>4,121,618</u>	<u>4,122,108</u>
	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2020	1,525	3,985,232	3,986,757
Issue of shares	-	-	-
Cancellation of shares	(1,016)	-	(1,016)
Surplus for the year	-	(487,280)	(487,280)
Balance as at 31 March 2021	<u>509</u>	<u>3,497,952</u>	<u>3,498,461</u>

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. Principal accounting policies

Statement of Compliance

The financial statements of have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS102) (United Kingdom Generally Accepted Accounting Practice), the Housing SORP 2018 'Statement of Recommended Practice for Registered Housing Providers' and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention, modified to include certain financial instruments at fair value.

The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102. These financial statements represent the results of the Association only and are presented in Pounds Sterling (GBP).

Going concern

The Management Committee anticipate that a surplus will be generated in the year to 31 March 2022. The Association has healthy cash and net current asset position and thus the Management Committee are satisfied that there are sufficient resources in place to continue operating for the foreseeable future. The Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue

The Association recognises rent receivable net of losses from voids.

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' Pension Scheme (SHAPS) and retirement benefits to employees of the Association are funded by 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 Associations taken as a whole.

It has become possible to identify the share of underlying assets and liabilities belonging to individual participating employers as at 31 March 2022 and the scheme is now accounted for as a defined benefit plan, as opposed to defined contribution, for the benefit of its employees. No new benefits have been introduced and there is no change to the benefits themselves.

A liability for the Association's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

1. Principal accounting policies (continued)

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 10. 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
Structure	50 years
Windows	30 years
Central Heating	15 years
Kitchens	15 years

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	15 years straight line
Commercial premises	15 years straight line
Fixtures and fittings	20 years reducing balance
Office equipment	5 years straight line

The carrying values of non-current assets are reviewed for impairment at the end of each reporting period. Other fixed assets with a cost of £10,000 or more are capitalised and depreciated in accordance with the policy noted above.

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 they relate.

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.

Taxation

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

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

1. Principal accounting policies (continued)

Estimation Uncertainty

The preparation of financial statements requires the use of certain 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.

Works to Existing Properties

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

Capitalisation of Development Overheads

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

Development Interest

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

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) Financial instrument break clauses

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

d) Pension Liability

This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

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.

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

2. Particulars of turnover, operating costs and operating surplus or deficit from affordable letting and other activities

	Turnover £	Operating Costs £	2022 Operating surplus/ (deficit) £	Turnover £	Operating Costs £	2021 Operating surplus/ (deficit) £
Affordable letting activities (note 3)	3,954,259	(3,875,371)	78,888	3,798,854	(3,488,204)	310,650
Other activities (note 4)	44,190	(41,388)	2,802	60,817	(39,573)	21,244
	<u>3,998,449</u>	<u>(3,916,759)</u>	<u>81,690</u>	<u>3,859,671</u>	<u>(3,527,777)</u>	<u>331,894</u>

3. Particulars of income and expenditure from affordable letting activities

	General Needs Housing £	Supported Housing Accom'n £	Total 2022 £	Total 2021 £
Rent receivable net of service charges	2,967,237	143,440	3,110,677	3,086,865
Service charges	9,531	79,345	88,876	86,319
Gross income from rents and service charges	<u>2,976,768</u>	<u>222,785</u>	<u>3,199,553</u>	<u>3,173,005</u>
<u>Less: Voids</u>	<u>(24,519)</u>	<u>(1,265)</u>	<u>(25,784)</u>	<u>(58,965)</u>
Net income from rents and service charges	<u>2,952,249</u>	<u>221,520</u>	<u>3,173,769</u>	<u>3,114,040</u>
Grants released from deferred income	688,932	32,372	721,304	660,055
Other revenue grants	59,186	-	59,186	24,759
Total turnover from social letting	<u>3,700,367</u>	<u>253,892</u>	<u>3,954,259</u>	<u>3,798,854</u>
Management and administration costs	1,475,998	74,551	1,550,549	1,353,016
Service costs	3,746	105,332	109,078	75,144
Planned and cyclical maintenance including major repairs costs	652,716	29,509	682,225	593,176
Reactive maintenance costs	561,517	44,324	605,841	550,129
Bad debts – rents and service charges	56,380	2,908	59,288	39,217
Depreciation of affordable let properties	825,793	42,597	868,390	877,522
Operating costs for social letting	<u>3,576,150</u>	<u>299,221</u>	<u>3,875,371</u>	<u>3,488,204</u>
Operating surplus/(deficit) on social letting	<u>124,217</u>	<u>(45,329)</u>	<u>78,888</u>	<u>310,650</u>

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

4. Particulars of revenue, operating costs and operating surplus or deficit from other activities

	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating surplus/ (deficit) 2022 £	Operating surplus/ (deficit) 2021 £
Wider role activities	-	-	-	(28,673)	(28,673)	-
Factoring	26,420	26,420	-	(9,502)	16,918	12,226
Commercial rent	17,770	17,770	-	(3,213)	14,557	8,407
Agency/management services	-	-	-	-	-	611
Rechargeable repairs	-	-	-	-	-	-
	-----	-----	-----	-----	-----	-----
	44,190	44,190	-	(41,388)	2,802	21,244
	=====	=====	=====	=====	=====	=====
2021	60,817	60,817	-	(39,573)	21,244	
	=====	=====	=====	=====	=====	

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. Key management personnel consist of the Management Committee and the Director. Emoluments for this period are included in total emoluments for key management personnel.

No officer of the Association received emoluments greater than £60,000

	2022 £	2021 £
Emoluments payable to Director (excluding pension contributions)	30,640	40,092
	=====	=====
Total emoluments paid to key management personnel	30,640	40,092
	=====	=====

6. Employee information

	2022 No.	2021 No.
Average number of full time equivalent persons employed during the year	18	16
	=====	=====
Staff costs	£	£
Wages and salaries	707,121	784,977
Social Security costs	78,350	84,675
Other pension costs	108,164	97,527
	-----	-----
	893,635	967,179
	=====	=====

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

7. Interest payable and similar charges	2022	2021
	£	£
Defined benefit pension charge	16,000	4,000
	-----	-----
	16,000	4,000
	=====	=====
 8. Surplus for the year	 2022	 2021
	£	£
Surplus for the year is stated after charging:		
Depreciation – tangible owned fixed assets	926,835	939,225
Auditors' remuneration – audit services	7,200	10,440
Other services	10,560	-
	-----	-----
	=====	=====

9. 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.

10. Non-current assets	Housing Properties Held for letting £	Housing Properties in course of con- struction £	Total £
(a) Housing properties			
Cost			
At 1 April 2021	35,181,540	52,234	35,233,774
Additions	183,485	-	183,485
Disposals	(158,000)	-	(158,000)
	-----	-----	-----
As at 31 March 2022	35,207,025	52,234	35,259,259
Depreciation			
As at 1 April 2021	16,485,608	-	16,485,608
Additions	868,390	-	868,390
Disposals	(127,270)	-	(127,270)
	-----	-----	-----
As at 31 March 2022	17,226,728	-	17,226,728
Net book value			
As at 31 March 2022	17,980,297	52,234	18,032,531
	=====	=====	=====
As at 31 March 2021	18,695,932	52,234	18,748,166
	=====	=====	=====

Additions to housing properties include capitalised major repair costs to existing properties of £183,485 (2021: £132,536). All land and housing properties are heritable.

The Association is currently in the process of converting a store into letting accommodation.

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

	Office Premises/Land £	Commercial Premises £	Furniture & Fittings £	Total £
(b) Other tangible assets				
Cost				
At 1 April 2021	1,153,215	145,896	360,085	1,659,196
Additions	-	-	-	-
As at 31 March 2022	1,153,215	145,896	360,085	1,659,196
Aggregate depreciation				
As at 1 April 2021	1,035,828	145,896	319,153	1,500,877
Additions	49,859	-	8,586	58,445
As at 31 March 2022	1,085,687	145,896	327,739	1,559,322
Net book value				
As at 31 March 2022	67,528	-	32,346	99,874
As at 31 March 2021	117,387	-	40,932	158,319

11. **Receivables:** Amounts falling due within one year

	2022 £	2021 £
Arrears of rent and service charges	286,590	261,889
<u>Less:</u> Provision for doubtful debts	(154,328)	(54,359)
Other receivables	132,262	207,530
	276,690	172,819
	408,952	380,349

12. **Payables:** amounts falling due within one year

	2022 £	2021 £
Trade payables	262,819	201,014
Rent received in advance	32,210	26,817
Other payables	50,664	71,949
Accruals and deferred income	570,266	429,514
	915,959	729,294

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

13. Payables: amounts falling due after more than one year	2022	2021
	£	£
Liability for past service contributions	151,000	841,000
	-----	-----
	151,000	841,000
	=====	=====

14. Statement of cash flows	2022	2021
	£	£
Operating surplus	81,690	331,894
Depreciation	926,835	939,225
Amortisation of capital grants	(655,680)	(660,055)
Change in debtors	(28,603)	(1,635)
Change in creditors	186,665	47,661
Net pension liability movement	(199,016)	(251,693)
Cancelled shares	(19)	(1,016)
	-----	-----
Net cash inflow from operating activities	311,872	404,381
	=====	=====

15. Deferred income	£
Social housing grants	
As at 1 April 2021	16,756,210
Additions in the year	-
Eliminated on disposal of components	(65,624)
Amortisation in the year	(655,680)

As at 31 March 2022	16,034,906

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

	2022	2021
	£	£
Amounts due within one year	655,680	660,055
Amounts due in one year or more	15,379,226	16,096,155
	-----	-----
	16,034,906	16,756,210
	=====	=====

16. Share capital	2022	2021
	£	£
Shares of £1 each issued and fully paid		
As at 1 April 2021	509	1,525
Issued in year	-	-
Cancelled in year	(19)	(1,016)
	-----	-----
At 31 March 2022	490	509
	=====	=====

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.

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

17. Housing stock

	2022	2021
	No.	No.
The number of units of accommodation in management at the year end was:		
General needs – new build	128	128
General needs – rehabilitation	725	725
Supported housing	44	44
	-----	-----
	897	897
	=====	=====

18. Related party transactions

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

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

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:

	2022	2021
	£	£
Rent charged to tenants on the Management Committee and their close family Members	11,538	24,476
	=====	=====
Factoring charges to factored owners on the Management Committee	846	1,840
	=====	=====

At the year end total arrears owed by the tenant members on the Management Committee and their close family were £nil (2021: £nil).

	2022	2021
	No.	No.
Members of the Management Committee who are tenants	4	11
Members of the Management Committee who are factored owners	1	3
	=====	=====

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

19. 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 13 Whitevale Street, Glasgow, G31 1QW.

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

20. Management Committee Member emoluments

Management Committee members received £nil (2021: £nil) 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.

21. Retirement benefit obligations

General

Reidvale Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which runs to 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

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

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

	2022 £	2021 £
Fair value of plan assets	7,761,000	7,197,000
Present value of defined benefit obligation	(7,912,000)	(8,038,000)
Defined benefit liability	<u>(151,000)</u>	<u>(841,000)</u>

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

21. Retirement benefit obligations (cont.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2022
	£
Defined benefit obligation at start of period	8,038,000
Current service cost	159,000
Expenses	7,000
Interest expense	173,000
Member contributions	101,000
Actuarial gains due to scheme experience	178,000
Actuarial losses due to changes in demographic assumptions	26,000
Actuarial (gains) due to changes in financial assumptions	(617,000)
Benefits paid & expenses	(153,000)

Defined benefit obligation at end of period	7,912,000
	=====

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

	2022
	£
Fair value of plan assets at start of period	7,197,000
Interest income	157,000
Experience on plan assets (excluding amounts included in interest income) - gain	144,000
Employer contributions	315,000
Member contributions	101,000
Benefits paid & expenses	(153,000)

Fair value of plan assets at end of period	7,761,000
	=====

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £301,000.

Defined benefit costs recognised in statement of comprehensive income

	2022
	£
Current service cost	159,000
Expenses	7,000
Net interest expense	16,000

Defined benefit costs recognised in statement of comprehensive income	182,000
	=====

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

21. Retirement benefit obligations (cont.)

Defined benefit costs recognised in other comprehensive income

	2022 £
Experience on plan assets (excluding amounts included in net interest cost) - gain	144,000
Experience gains and losses arising on the plan liabilities - loss	(178,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – loss	(26,000)
Actuarial gain due to changes in financial assumptions	617,000
Rounding	-
Total amount recognised in other comprehensive income - gain	----- 557,000 =====

In May 2021 the Scheme Trustee (TPT Retirement Solutions) notified employers of a review of historic scheme benefit changes, and this review has raised legal questions regarding whether and when some historic benefit changes should take effect, the outcome of which could give rise to an increase in liabilities for some employers. The Scheme Trustee has determined that it is prudent to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before late 2024 at the earliest.

On 4 May 2022 the Scheme Trustee issued an update to employers which included an estimate of the potential total additional liabilities at total scheme level, on a Technical Provisions basis. However, until Court directions are received, it is not possible to calculate the impact of this issue on an individual employer basis with any accuracy. As a result of this no allowance will be made for this within the accounting disclosures included in this note.

Scheme: The Growth Plan

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

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

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2022 to 31 January 2025:	£3,312,000 per annum	(payable monthly)
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Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

REIDVALE HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2022****21. Retirement benefit obligations (cont.)**

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2025:	£11,243,000 per annum increasing by 3% each on 1st April)	(payable monthly and
---	--	----------------------

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the Association has agreed to a deficit funding arrangement the Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present Values of Provision

	31 March 2022 (£s)	31 March 2021 (£s)	31 March 2020 (£s)
Present value of provision	4,070	19,101	22,632

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2022 (£s)	Period Ending 31 March 2021 (£s)
Provision at start of period	19,101	22,632
Unwinding of the discount factor (interest expense)	110	509
Deficit contribution paid	(4,834)	(4,693)
Remeasurements - impact of any change in assumptions	(94)	653
Remeasurements - amendments to the contribution schedule	(10,213)	-
Provision at end of period	4,070	19,101

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

21. Retirement benefit obligations (cont.)

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2022 (£s)	Period Ending 31 March 2021 (£s)
Interest expense	110	509
Remeasurements – impact of any change in assumptions	(94)	653
Remeasurements – amendments to the contribution schedule	(10,213)	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

ASSUMPTIONS

	31 March 2022 % per annum	31 March 2021 % per annum	31 March 2020 % per annum
Rate of discount	2.35	0.66	2.53

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.