



R E I D V A L E
H O U S I N G A S S O C I A T I O N



Creating a Community - For our Community

ANNUAL ACCOUNTS 2020/2021

**REIDVALE HOUSING ASSOCIATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Registered Housing Association Number: 173
Charity Registration Number: SC044023
FCA Reference Number: 1825R (S)

REIDVALE HOUSING ASSOCIATION

CONTENTS

THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS.....	1
REPORT FROM THE MANAGEMENT COMMITTEE	2
REPORT BY THE AUDITOR ON CORPORATE GOVERNANCE MATTERS	7
INDEPENDENT AUDITOR’S REPORT	8
STATEMENT OF COMPREHENSIVE INCOME	13
STATEMENT OF FINANCIAL POSITION	14
STATEMENT OF CASH FLOWS.....	15
STATEMENT OF CHANGES IN CAPITAL AND RESERVES	16
NOTES TO THE FINANCIAL STATEMENTS	17

**REIDVALE HOUSING ASSOCIATION
THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2021**

MEMBERS OF THE MANAGEMENT COMMITTEE

Mr Edward Marley	(Chairperson)
Ms Helen Moore	(Vice Chair)
Mrs Irene McInnes	(Secretary)
Mrs Mary Dunn	(Committee Member)
Mrs Linda McGowan	(Committee Member)
Mrs Jane Marley	(Committee Member)
Ms Davina Boyle	(Committee Member)
Ms Ellen McVey	(Committee Member)
Mr Paul McCrudden	(Committee Member)
Mr Ernesto Vaz	(Committee Member – resigned September 2020)
Mrs Anne McKelvie	(Committee Member – resigned September 2020)
Mrs Catherine Lowe	(Co-opted 24 th June 2020)
Mr Alastair Firth	(Co-opted 24 th June 2020)
Ms Gail Sherriff	(Co-opted 28 th October 2020)

EXECUTIVE OFFICERS

Susan McDonald	(Interim Director – joined 1 st December 2020)
Jim McAlpine	(Director – retired 31 st December 2020)
Linda Scott	(Depute Director – retired 31 st December 2020)
Gerry Shepherd	(Finance Manager)

REGISTERED OFFICE

13 Whitevale Street
Glasgow
G31 1QW

AUDITOR

French Duncan LLP
Chartered Accountants
Statutory Auditor
133 Finnieston Street
Glasgow
G3 8HB

BANKERS

Lloyds Bank plc
177 Ingram Street
Glasgow
G1 1DL

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

REIDVALE HOUSING ASSOCIATION REPORT FROM THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021

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

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 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 social housing.

Review of business and future developments

The Association is financially stable and delivers quality services with high levels of customer satisfaction (eg. an independent survey carried out in November 2019 found that 95% of our tenants are satisfied with the overall services provided by RHA). The Association has a record of high performance across a wide range of service provision as demonstrated by its Key Performance Indicators relative to its peers. We cannot rest on our laurels, however, and must constantly strive to provide the services that our residents want, in the way they want it, in the most efficient and effective manner possible.

The continuing impact of the coronavirus pandemic has again been the greatest challenge faced by the Association this financial year and whilst restrictions are easing it is likely to continue to have an impact for the foreseeable future. We have continued to rely on our Business Continuity Policy as well as developing a Return to Office Roadmap for our staff. As we move out of Level 0 we will look to increase our staff presence in the office and in the community to ensure that we continue to provide the optimum level of services to our residents and other stakeholders.

The UK Government's welfare reforms, particularly the introduction of universal credit, has impacted on our level of rent arrears and is likely to get worse over the coming year. The pandemic has also had an impact on this with the moratorium on evictions based on rent arrears but we have managed our arrears to have minimal impact on our business. The Association continue to work with other agencies to ensure that our residents are able to obtain every possible assistance to maximise their income/benefit entitlement.

Resident satisfaction surveys have repeatedly shown that the issues that cause the greatest level of dissatisfaction are those that are largely outwith the direct control of the Association – namely, drugs, crime, refuse collection, street litter, dog fouling and car parking problems. These services have also been impacted by the pandemic and local authority funding cuts. The Association continues to work with the community in a constructive manner to enable positive partnerships to be developed with the appropriate agencies in an effort to secure demonstrable improvements for our residents.

The Associations 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. The Association has continued to make progress with its Governance Improvement Plan and aims to be fully compliant with all regulatory requirements within the next 12 months.

The Association recognises the need to embrace technology and thereby maximise the opportunities for people to engage with us and to increase the efficiency and effectiveness of our service provision. Through its Digital Strategy Working Group we have developed a new website which will allow tenants and resident to connect digitally with

REIDVALE HOUSING ASSOCIATION REPORT FROM THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021

the association. We are also improving our telephone system, introducing a new text based resident communication module and reviewing our software and hardware for our staff to access all of our systems while they are in tenants' homes and in our community. This is increasingly important as we continue with some staff working from home to some extent.

Objectives

Our Rules state that the objects of the Association are:

- To provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care
- any other purpose or object permitted under Section 24 of the Housing (Scotland) Act 2010 which is charitable both for the purposes of Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and also in relation to the application of the Taxes Acts
- the permitted activities and powers of the Association will include anything which is necessary or expedient to help the Association achieve these objects; and
- the Association shall not trade for profit

Reidvale Housing Association's Business Plan, covering the period 2019/2023, is the key strategic document communicating the vision, objectives and strategic direction of the Association and provides a framework for implementation. We have carried out an Interim Review of our Business Plan to set fresh operational objectives and to take account of the impact of the global pandemic on our business.

We are in the process of carrying out an Options Appraisal in order to fully assess our long term financial stability and ensure that the Association continues to be financially viable and in a position to deliver high quality properties and services to residents whilst achieving compliance with regulatory standards. Once this process is completed we intend to carry out a full review/rewrite of the Plan during 2021/22.

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 £331,373 (2020 - £227,816). Total Net Assets stand at £3,498,461 (2020 - £3,986,757) with Net Current Assets now standing at £2,208,287 (2020-£2,010,169).

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.

**REIDVALE HOUSING ASSOCIATION
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2021**

- 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.

Committee of Management and Executive Officers

The members of the Management Committee and the Executive Officer are listed on page one. Each member of the Management Committee holds one fully paid share of £1 in the Association. Members of the Management Board are unpaid.

The governance structures are focused on our governing body, the Management Committee. This meets on at least nine occasions during the year with additional meetings being held where the volume of business warrants this.

Due to the increasing demands on the Association in working towards compliance with the Regulatory Standards we have temporarily halted 3 of our Sub-Committees (Housing Services, Community Development and Staff and Training) . The Finance and Audit Sub-Committee has continued and we have also established a number of short term Working Groups to focus on key areas for improvement including Asset Management, Digital Strategy and Rent Affordability.

The Interim Director and other senior managers of the Association are salaried staff. However, they hold no interest in the Association's share capital. Although not having the legal status of Trustees, they act within Financial Regulations and a Scheme of Delegated Authority laid down by the Management Committee.

Statement of Management Committee's responsibilities

The Co-operative and Community Benefit Societies 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 year. 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.

**REIDVALE HOUSING ASSOCIATION
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2021**

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. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

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

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditor is 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 Housing Association's auditor is aware of that information.

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:

- 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;

**REIDVALE HOUSING ASSOCIATION
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2021**

- 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; and
- 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 2021. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Auditor

A resolution to appoint Cheine & Tait LLP as auditors will be proposed at the Annual General Meeting.

By order of Management Committee

Irene McInnes, Secretary
16 August 2021

REIDVALE HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REIDVALE HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2021

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 5 and 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 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 pages 5 and 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes 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.

French Duncan LLP

Chartered Accountants
Statutory Auditor

GLASGOW

August 2021

REIDVALE HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REIDVALE HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2021

OPINION

We have audited the financial statements of Reidvale Housing Association for the year ended 31 March 2021 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in capital and reserves 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 FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with 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 housing association in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

The other information comprises the information contained in the Report from the Management Committee. The Management Committee are responsible for the other information.

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

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 course of our 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

REIDVALE HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REIDVALE HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2021

material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- a satisfactory system of control over transactions has not been maintained; or,
- the Association has not kept proper accounting records; or,
- the financial statements 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 COMMITTEE MEMBERS

As explained more fully in the management committee's responsibilities statement set out on pages 4 and 5, the committee members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the management committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management committee are responsible for assessing the housing 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 committee members either intend to liquidate the housing association or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material

REIDVALE HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REIDVALE HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2021

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the housing association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee members.
- Conclude on the appropriateness of the committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the housing association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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:

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

- the responsible individual ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the association through discussions with management and management committee members and from our sector knowledge;
- we focused on specific laws and regulations, including those specified by the Scottish Housing Regulator, which we considered may have a direct material effect on the financial statements or the operations of the association, including the Co-operative and Community Benefit Societies Act 2014, Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Statement of Recommended Practice for Social Housing Providers 2018 and Determination of Housing Requirements 2019, and data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and management committee members and inspecting legal invoices; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

REIDVALE HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REIDVALE HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2021

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

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

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

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

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- reviewing internal audit reports prepared during the year;
- enquiring of management and management committee members as to actual and potential litigation and claims;
- inspecting any legal invoices; and
- reviewing correspondence with Scottish Housing Regulator.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the management committee and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

REIDVALE HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REIDVALE HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2021

USE OF OUR REPORT

This report is made solely to the Association's members, as a body, in accordance with Section 87 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.

French Duncan LLP

Chartered Accountants and Statutory Auditor
133 Finnieston Street
GLASGOW
G3 8HB

August 2021

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

		2021	2020
	Notes	£	(as restated)
			£
REVENUE	2	3,859,671	3,871,992
Operating costs	2	<u>(3,527,777)</u>	<u>(3,780,494)</u>
OPERATING SURPLUS	2, 9	331,894	91,498
Gain on sale of commercial property	7	-	147,500
Interest receivable and other similar income		3,988	8,165
Interest payable and other similar charges	8	(4,000)	(19,000)
Other Finance Charges	11	<u>(509)</u>	<u>(347)</u>
		<u>(521)</u>	<u>136,318</u>
SURPLUS FOR THE YEAR		331,373	227,816
OTHER COMPREHENSIVE INCOME			
Actuarial (loss)/gain recognised in the retirement benefit scheme	22	(818,653)	566,614
TOTAL COMPREHENSIVE INCOME		<u><u>(487,280)</u></u>	<u><u>794,430</u></u>

The results for the year relate wholly to continuing activities.

The notes on page 17 to 41 form part of these financial statements.

**REIDVALE HOUSING ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

		2021	2020
	Notes	£	(as restated)
			£
NON-CURRENT ASSETS			
Housing properties - depreciated cost	12(a)	18,748,166	19,522,127
Other tangible fixed assets	12(b)	<u>158,319</u>	<u>210,458</u>
		18,906,485	19,732,585
CURRENT ASSETS			
Debtors	13	380,349	378,714
Cash at bank and in hand		<u>2,557,232</u>	<u>2,313,088</u>
		2,937,581	2,691,802
CREDITORS: amounts falling due within one year	14	<u>(729,294)</u>	<u>(681,633)</u>
NET CURRENT ASSETS		<u>2,208,287</u>	<u>2,010,169</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		21,114,772	21,742,754
PROVISIONS FOR LIABILITIES			
retirement benefit scheme deficit	22	(841,000)	(266,000)
Liability for past service contribution arrangements	22	(19,101)	(22,632)
DEFERRED INCOME			
Social Housing Grants	17	<u>(16,756,210)</u>	<u>(17,467,365)</u>
		<u>3,498,461</u>	<u>3,986,757</u>
EQUITY			
Share capital	18	509	1,525
Revenue reserve	18	<u>3,497,952</u>	<u>3,985,232</u>
		<u>3,498,461</u>	<u>3,986,757</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 16 August 2021

Edward Marley
Chairperson

Davina Boyle
Committee Member

Irene McInnes
Secretary

The notes on page 17 to 41 form part of these financial statements.

**REIDVALE HOUSING ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021**

		2021	2020
	Notes	£	(as restated)
			£
NET CASH INFLOW FROM OPERATING ACTIVITIES	15	<u>404,381</u>	<u>565,007</u>
INVESTING ACTIVITIES			
Acquisition and construction of housing properties	(154,661)	(283,651)	
Purchase of other fixed assets	(9,564)	-	
Proceeds of disposals of other fixed assets	-	147,500	
		<u>(164,225)</u>	<u>(136,151)</u>
NET CASH INFLOW BEFORE FINANCING		240,156	428,856
FINANCING ACTIVITIES			
Issue of ordinary share capital	-	44	
Interest received	3,988	8,165	
NET CASH INFLOW FROM FINANCING		<u>3,988</u>	<u>8,209</u>
INCREASE IN CASH		244,144	437,065
OPENING CASH AND CASH EQUIVALENTS		2,313,088	1,876,023
CLOSING CASH AND CASH EQUIVALENTS		<u><u>2,557,232</u></u>	<u><u>2,313,088</u></u>

REIDVALE HOUSING ASSOCIATION
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2021

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2020 (as originally stated)	1,525	4,215,225	4,216,750
Prior year adjustment (note 23)	-	(229,993)	(229,993)
Balance as at 1 April 2020 (as restated)	1,525	3,985,232	3,986,757
Issue of Shares	-	-	-
Cancelled shares	(1,016)	-	(1,016)
Surplus for Year	-	331,373	331,373
Other comprehensive income	-	(818,653)	(818,653)
Balance as at 31 March 2021	<u>509</u>	<u>3,497,952</u>	<u>3,498,461</u>

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2019 (as originally stated)	1,511	3,415,949	3,417,460
Prior year adjustment (note 23)	-	(225,147)	(225,147)
Balance as at 1 April 2019 (as restated)	1,511	3,190,802	3,192,313
Issue of Shares	44	-	44
Cancelled shares	(30)	-	(30)
Surplus for Year	-	227,816	227,816
Other comprehensive income	-	566,614	566,614
Balance as at 31 March 2020	<u>1,525</u>	<u>3,985,232</u>	<u>3,986,757</u>

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Legal status

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered by the Financial Conduct Authority. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

Basis of Accounting

These financial statements have been 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 and comply with the requirements of the Determination of Housing Requirements 2019 as issued by the Scottish Housing Regulator.

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

The following principal accounting policies have been applied:

Going Concern

The financial statements have been prepared on a going concern basis after consideration of the future prospects of the Association, its long term financial forecasts and the certainty of cash flow from rental of social housing stock. The Association continues to take into account the Covid 19 pandemic in its consideration and is satisfied that the Association has adequate resources to manage the impact of the pandemic on an ongoing basis.

Revenue

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

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

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The Association accounts for the pension scheme on a defined benefit basis based on its share of scheme assets and liabilities as determined by the actuary. Defined benefit costs are recognised in the Statement of Comprehensive Income within operating costs. Actuarial gains and losses are recognised in Other Comprehensive Income. Further details are disclosed in note 22.

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Valuation of Housing Properties

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

Component	Useful Economic Life
Kitchens	15 years
Central Heating	15 years
Windows	30 years
Structure	50 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:-

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 value of non-current assets is reviewed for impairment at the end of each reporting year. 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 it relates.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same year 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.

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

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Disposals of housing property under the Right to Buy scheme are treated as non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

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, is disclosed below:

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.

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.

Useful Lives of Other Fixed Assets

The useful lives of other fixed Assets are based on the knowledge of senior management at the Association with reference to expected asset life cycles.

Pension Liabilities

This has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate. Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation.

Costs of Shared Ownership

The Association allocates costs to shared ownership properties on a percentage basis split across the number of properties the Association owns.

Leases/Leased Assets

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

Works to Existing Properties

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

Development Interest

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

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

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

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

b) Identification of cash generating units

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

c) Pension liability

In May 2021 the Association received details from the Pension Trust of its share of assets, liabilities and scheme deficit. The Association has used this information as the basis of the pension defined benefit liability as disclosed in these accounts. The Board consider this is the best estimate of their scheme liability.

d) Financial Instruments – Basic

The Association only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like rents, accounts receivable and payable, loans from banks and related parties.

These are recognised 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
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
 NOTES TO THE FINANCIAL STATEMENTS

2. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS

	Note	2021		2020 (as restated)		Operating surplus/ (deficit) £
		Revenue £	Operating Costs £	Revenue £	Operating Costs £	
Social letting activities	3	3,798,854	(3,488,204)	3,791,915	(3,735,326)	56,589
Other activities	4	60,817	(39,573)	80,077	(45,168)	34,909
Total		<u>3,859,671</u>	<u>(3,527,777)</u>	<u>3,871,992</u>	<u>(3,780,494)</u>	<u>91,498</u>

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing	Supported Social Housing Accommodation	2021 Total	2020 Total (as restated)
	£	£	£	£
Revenue from lettings				
Rent receivable net of identifiable service charges	2,944,523	142,342	3,086,865	2,998,437
Service charges receivable	9,938	76,201	86,139	84,966
Gross rents receivable	<u>2,954,462</u>	<u>218,543</u>	<u>3,173,005</u>	<u>3,083,403</u>
Less rent losses from voids	(51,358)	(7,607)	(58,965)	(10,378)
Net rents receivable	<u>2,903,104</u>	<u>210,936</u>	<u>3,114,040</u>	<u>3,073,025</u>
Amortisation of Social Housing & Other Grants	627,678	32,377	660,055	663,588
Revenue grants from local authorities and other agencies	24,759	-	24,759	55,302
Total income from social letting	<u><u>3,555,541</u></u>	<u><u>243,313</u></u>	<u><u>3,798,854</u></u>	<u><u>3,791,915</u></u>
Expenditure on social letting activities				
Management and maintenance administration costs	1,274,530	78,486	1,353,016	1,534,963
Service costs	2,209	72,935	75,144	90,968
Planned and cyclical maintenance including major repairs	545,569	47,607	593,176	605,674
Reactive maintenance	495,000	55,129	550,129	574,423
Bad debts - rents and service charges	41,296	(2,079)	39,217	27,237
Depreciation of social housing	834,477	43,045	877,522	902,061
Operating costs of social letting	<u><u>3,193,081</u></u>	<u><u>295,123</u></u>	<u><u>3,488,204</u></u>	<u><u>3,735,326</u></u>
Operating surplus / (deficit) on social letting activities	<u><u>362,460</u></u>	<u><u>(51,810)</u></u>	<u><u>310,650</u></u>	<u><u>56,589</u></u>
2020	<u><u>84,540</u></u>	<u><u>(27,951)</u></u>	<u><u>56,589</u></u>	

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

4. PARTICULARS OF INCOME AND EXPENDITURE FROM OTHER ACTIVITIES

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs bad debts	Operating costs other	Operating surplus 2021	Operating surplus 2020 (as restated)
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	26,462	26,462	-	(14,236)	12,226	14,673
Agency/ management services for registered social landlords	-	-	-	12,000	12,000	-	(11,389)	611	325
Commercial rent	-	-	-	22,355	22,355	-	(13,948)	8,407	19,911
Rechargeable Repairs	-	-	-	-	-	-	-	-	-
TOTAL FROM OTHER ACTIVITIES	-	-	-	60,817	60,817	-	(39,573)	21,244	34,909
TOTAL FROM OTHER ACTIVITIES FOR 2020	-	-	-	80,077	80,077	-	(45,168)	34,909	34,909

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

5. BOARD MEMBERS AND 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.

No emoluments have been paid to any member of the management committee.

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

	2021	2020
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	-	72,634
Pension contributions payable to officers with emoluments greater than £60,000	-	9,045
Emoluments payable to the director (excluding pension contributions)	40,092	72,634
Pension contributions paid on behalf of the director	5,802	9,045
	<hr/>	<hr/>
	Number	Number
Total number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:		
£60,001 - £70,000	-	-
£70,001 - £80,000	-	1
	<hr/>	<hr/>

There were no payments to board members during the year for reimbursement of expenses (2020 - £nil).

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

6. EMPLOYEE INFORMATION

	2021	2020
	£	£
Staff costs during the year:		
Wages and salaries	784,977	762,787
Social security costs	84,675	81,973
Other pension costs	97,527	82,755
	<u>967,179</u>	<u>927,515</u>
	Number	Number
The average number of full time equivalent persons employed during the year was	<u>16</u>	<u>16</u>

7. GAIN ON SALE

Gain on sale of commercial property:		
	2021	2020
	£	£
Sales proceeds	-	147,500
Cost of sales	-	-
	<u>-</u>	<u>147,500</u>
Gain on sale	<u>-</u>	<u>147,500</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£	£
Defined benefit pension charge	4,000	19,000
	<u>4,000</u>	<u>19,000</u>

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

9. OPERATING SURPLUS FOR THE YEAR

	2021	2020
	£	£
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	939,225	966,091
Loss on disposal of components	51,100	108,864
Capital grants released on disposal of components	(51,100)	(108,864)
Auditors' remuneration - audit services	10,440	10,140
- other services		
Gain on sale of commercial property	-	147,500
Amortisation of capital grants	<u>660,055</u>	<u>663,588</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is exempt from Corporation Tax on its charitable activities.

11. OTHER FINANCE INCOME/CHARGES

	2021	2020
	£	£
Unwinding of discounted liabilities	<u>509</u>	<u>347</u>

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

12. NON-CURRENT ASSETS

a) Housing Properties

	Housing Properties Held for Letting	Housing Properties in the Course of Construction	Total
	£	£	£
COST			
At start of year	35,151,004	30,109	35,181,113
Additions	132,536	22,125	154,661
Disposals	(102,000)	-	(102,000)
Transfers to stock	-	-	-
At end of year	<u>35,181,540</u>	<u>52,234</u>	<u>35,233,774</u>
DEPRECIATION			
At start of year	15,658,986	-	15,658,986
Charged during year	877,522	-	877,522
Eliminated on disposal	(50,900)	-	(50,900)
At end of year	<u>16,485,608</u>	<u>-</u>	<u>16,485,608</u>
NET BOOK VALUE			
At end of year	<u>18,695,932</u>	<u>52,234</u>	<u>18,748,166</u>
At start of year	<u>19,492,018</u>	<u>30,109</u>	<u>19,522,127</u>

Additions to housing properties includes capitalised development administration costs of £Nil (2020 - £Nil) and capitalised major repair costs to existing properties of £132,536 (2020 - £253,542).

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

All land and housing properties are heritable.

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

b) Other tangible assets	Office Premises £	Land £	Commercial Premises £	Furniture & Fittings £	Total £
COST					
At start of year	1,147,927	5,288	145,896	350,521	1,649,632
Additions	-	-	-	9,564	9,564
Disposals	-	-	-	-	-
At end of year	<u>1,147,927</u>	<u>5,288</u>	<u>145,896</u>	<u>360,085</u>	<u>1,659,196</u>
DEPRECIATION					
At start of year	985,969	-	145,896	307,309	1,439,174
Charged during year	49,859	-	-	11,844	61,703
Disposals	-	-	-	-	-
At end of year	<u>1,035,828</u>	<u>-</u>	<u>145,896</u>	<u>319,153</u>	<u>1,500,877</u>
NET BOOK VALUE					
At end of year	<u>112,099</u>	<u>5,288</u>	<u>-</u>	<u>40,932</u>	<u>158,319</u>
At start of year	<u>161,958</u>	<u>5,288</u>	<u>-</u>	<u>43,212</u>	<u>210,458</u>

13. DEBTORS

	2021 £	2020 £
Arrears of Rent & Service Charges	261,889	286,318
Less: Provision for Doubtful Debts	<u>(54,359)</u>	<u>(69,118)</u>
	207,530	217,200
Other Debtors	80,784	81,240
Prepayments and accrued income	<u>92,035</u>	<u>80,274</u>
	<u>380,349</u>	<u>378,714</u>

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

14. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	(as restated)
		£
Housing Loans	-	-
Trade Payables	201,014	133,545
Rent in Advance	26,817	22,514
Other Payables	52,848	-
Accruals and Deferred Income	448,615	525,574
	<u>729,294</u>	<u>681,633</u>

15. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to cash flows from operating activities

	2021	2020
	£	(as restated)
		£
Operating Surplus	331,894	91,498
Depreciation	939,225	966,091
Amortisation of Capital Grants	(660,055)	(663,588)
Change in debtors	(1,635)	30,101
Change in creditors	47,661	201,036
Movement in Pension Liability	(251,693)	(60,101)
Cancelled Shares	(1,016)	(30)
	<u>404,381</u>	<u>565,007</u>

16. ANALYSIS OF CHANGES IN CASH FLOWS

	As at 1	Cash-	As at 31
	April	flows	March
	2020		2021
	£	£	£
Current accounts	1,059,982	238,976	1,298,958
Deposit accounts	1,253,106	5,168	1,258,274
TOTAL	<u>2,313,088</u>	<u>244,144</u>	<u>2,557,232</u>

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

17. DEFERRED INCOME

	2021	2020
	£	£
Social Housing Grants		
Balance as at 1 April 2020	17,467,365	17,870,617
HAG creditor released	-	-
HAG creditor transferred	-	369,200
Released as the result of property disposal	(51,100)	(108,864)
Amortisation in Year	(660,055)	(663,588)
	<u>16,756,210</u>	<u>17,467,365</u>
Balance as at 31 March 2021	<u>16,756,210</u>	<u>17,467,365</u>

This is expected to be released to the Statement of Comprehensive Income as follows:

Amounts due within one year	660,055	663,588
Amounts due in one year or more	<u>16,096,155</u>	<u>16,803,777</u>
	<u>16,756,210</u>	<u>17,467,365</u>

In the prior year £369,200 was transferred from liabilities in respect of Social Housing Grant that is not repayable.

18. RESERVES

Share Capital	2021	2020
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2020	1,525	1,511
Issued in year	-	44
Cancelled in year	<u>(1,016)</u>	<u>(30)</u>
At 31 March 2021	<u>509</u>	<u>1,525</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends 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.

Active Members at the end of the year were 509 shareholders (2020 - 543 shareholders)

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

18. RESERVES (continued)

Reserves	2021	2020 (as restated)
	£	£
At 1 April 2020 (as originally stated)	4,215,225	3,415,949
Prior year adjustment (note 23)	<u>(229,993)</u>	<u>(225,147)</u>
At 1 April 2020 (as restated)	3,985,232	3,190,802
Surplus for year (as originally stated)	331,373	232,662
Prior year adjustment (note 23)	<u>-</u>	<u>(4,846)</u>
	331,373	227,816
Other comprehensive income	<u>(818,653)</u>	<u>566,614</u>
At 31 March 2021	<u><u>3,497,952</u></u>	<u><u>3,985,232</u></u>

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2021	2020
	No.	No.
General Needs - New Build	128	128
General Needs – Rehabilitation	725	725
Shared Ownership	-	-
Supported Housing	<u>44</u>	<u>44</u>
	<u><u>897</u></u>	<u><u>897</u></u>

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

20. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102. The related party relationships of the members of the Management Committee are summarised as:

- 11 Members are or were tenants of the Association
- 3 Members are or were factored owners
- Management Committee members 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 were or are as follows:

- Rent Received from Tenants on the Committee – £ 24,476
- Factoring income received from Owner Occupiers in the Committee - £ 1,840
- At the year-end total rent arrears owed by the tenant members of the Committee were – £(nil)
- At the year-end total rent arrears owed by Owner Occupiers of the Committee were - £(nil)

21. DETAILS OF ASSOCIATION

The Association is a Registered Society registered within 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 in Glasgow.

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS

SCHEME: TPT Retirement Solutions – Scottish Housing Associations’ Pension Scheme

The Association 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 will run to either 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.

For financial years ending on or before 28 February 2019, it was not possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Association has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive. The liabilities are compared, at the relevant accounting date, with the Association’s fair share of the Scheme’s total assets to calculate the Association’s net deficit or surplus.

Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS (continued)

**PRESENT VALUES OF DEFINED BENEFIT OBLIGATION,
FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)**

	31 March 2021 (£000s)	31 March 2020 (£000s)
Fair value of plan assets	7,197	6,755
Present value of defined benefit obligation	8,038	7,021
Surplus (deficit) in plan	(841)	(266)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(841)	(266)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2021 (£000s)	Period ended 31 March 2020 (£000s)
Defined benefit obligation at start of period	7,021	7,499
Current service cost	75	171
Expenses	7	5
Interest expense	166	171
Contributions by plan participants	105	75
Actuarial losses (gains) due to scheme experience	(262)	-
Actuarial losses (gains) due to changes in demographic assumptions	-	(45)
Actuarial losses (gains) due to changes in financial assumptions	1,273	(737)
Benefits paid and expenses	(347)	(118)
Defined benefit obligation at end of period	8,038	7,021

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period ended 31 March 2021 (£000s)	Period ended 31 March 2020 (£000s)
Fair value of plan assets at start of period	6,755	6,603
Interest income	162	152
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	193	(216)
Contributions by the employer	329	259
Contributions by plan participants	105	75
Benefits paid and expenses	(347)	(118)
Fair value of plan assets at end of period	7,197	6,755

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £355,000.

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS (continued)

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)

	Period from 31 March 2020 to 31 March 2021	Period from 31 March 2019 to 31 March 2020
	(£000s)	(£000s)
Current service cost	75	171
Expenses	7	5
Net interest expense	4	19
Defined benefit costs recognised in statement of comprehensive income (SoCl)	86	195

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2021	Period ended 31 March 2020
	(£000s)	(£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	193	(216)
Experience gains and losses arising on the plan liabilities - gain (loss)	262	-
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-	45
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(1,273)	737
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(818)	566
Total amount recognised in other comprehensive income - gain (loss)	(818)	566

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS (continued)

ASSETS

	31 March 2021 (£000s)	31 March 2020 (£000s)
Global Equity	1,113	929
Absolute Return	355	415
Distressed Opportunities	246	123
Credit Relative Value	207	163
Alternative Risk Premia	289	541
Fund of Hedge Funds	-	-
Emerging Markets Debt	290	240
Risk Sharing	257	214
Insurance-Linked Securities	150	181
Property	129	126
Infrastructure	402	398
Private Debt	170	134
Opportunistic Illiquid Credit	184	164
High Yield	189	-
Opportunistic Credit	197	-
Cash	3	-
Corporate Bond Fund	543	494
Liquid Credit	124	177
Long Lease Property	167	165
Secured Income	395	375
Over 15 Year Gilts	3	86
Liability Driven Investment	1,730	1,779
Net Current Assets	54	51
Total assets	7,197	6,755

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

KEY ASSUMPTIONS

	31 March 2021 % per annum	31 March 2020 % per annum
Discount Rate	2.14	2.39
Inflation (RPI)	3.30	2.65
Inflation (CPI)	2.85	1.65
Salary Growth	3.85	2.65
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS (continued)

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2020	21.5
Female retiring in 2020	23.4
Male retiring in 2040	22.8
Female retiring in 2040	25.0

Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation.

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS (continued)

SCHEME: TPT Retirement Solutions – The Growth Plan

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Association 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 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 has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 31 January 2025:	£11,243,000 per annum	(payable monthly and increasing by 3% each on 1st April)
---------------------------------------	-----------------------	--

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. 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 2016 to 30 September 2025:	£12,945,440 per annum	(payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum	(payable monthly and increasing by 3% each on 1st April)

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 company has agreed to a deficit funding arrangement the company 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.

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS (continued)

PRESENT VALUES OF PROVISION

	31 March 2021 (£s)	31 March 2020 (£s)	31 March 2019 (£s)
Present value of provision	19,101	22,632	27,455

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2021 (£s)	Period Ending 31 March 2020 (£s)
Provision at start of period	22,632	27,455
Unwinding of the discount factor (interest expense)	509	347
Deficit contribution paid	(4,693)	(4,556)
Remeasurements - impact of any change in assumptions	653	(614)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	19,101	22,632

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2021 (£s)	Period Ending 31 March 2020 (£s)
Interest expense	509	347
Remeasurements – impact of any change in assumptions	653	(641)
Remeasurements – amendments to the contribution schedule	-	-
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.

REIDVALE HOUSING ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS (continued)

ASSUMPTIONS

	31 March 2021 % per annum	31 March 2020 % per annum	31 March 2019 % per annum
Rate of discount	0.66	2.53	1.39

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.

23. PRIOR YEAR ADJUSTMENT

In prior years the association has recognised a full months rental income in line with the due date per the tenancy agreements but has not deferred amounts relating to future periods as required by the accruals basis of accounting. The net impact on net assets is to reduce the brought forward revenue reserve in the current year by £229,993 (2020 reduce by £225,147). The net effect on the surplus in 2020 was a decrease of £4,846.

NOTES

