



Alexander Sloan
Accountants and Business Advisers

Dunbritton Housing Association

Report and Financial Statements

For the year ended 31 March 2020

Registered Social Landlord No. HAL260

FCA Reference No. 2421R(S)

Scottish Charity No. SC036518

DUNBRITTON HOUSING ASSOCIATION

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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DUNBRITTON HOUSING ASSOCIATION

BOARD OF MANAGEMENT , EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2020

Board of Management

Sephton MacQuire	Chair
Alistair Tuach	Vice Chair
Sonja Aitken	Board Member
Michael Appleton	Board Member
George Morrison	Board Member
Julie Smillie	Board Member
Councillor Gary Mulvaney	Co-optee
Councillor Brian Walker	Co-optee
Anthony Davey BEM	Resigned 13/03/20
Darren Clark	Resigned 28/01/20
William Clark	Resigned 22/07/19

EXECUTIVE OFFICERS

Allan Murphy	Chief Executive Officer
Tricia McShane	Operations Manager
Paul Sweeney	Asset Manager
Heather Maitz	Finance Manager
Daniel Wilson	Corporate Services Manager

REGISTERED OFFICE

1 Hatters Lane
Dumbarton

G82 1AW

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

Quinn Internal Audit & Business
Support Services Limited
55 Lady Place
Livingston
EH5 1

FINANCE AGENTS

FMD Financial Services Limited
Unit 29, Ladyloan Place
Drumchapel
G15 8LB

BANKERS

Bank of Scotland
94/104 High Street
Dumbarton
G82 1PQ

SOLICITOR

Harper McLeod
Ca'd'oro Building
45 Gordon Street
Glasgow
G1 3PE

DUNBRITTON HOUSING ASSOCIATION

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

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

Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No.2421R(S)), the Scottish Housing Regulator as a registered social landlord (No.HAL260) and as a registered Scottish Charity with the charity number SC036518.

Principal Activities

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

Review of Business and Future Developments

As with previous years the Board is pleased to report we continue to perform well in meeting the challenges in a rapidly changing environment.

Allan Murphy, Chief Executive Officer and the Management Team had supported the Board and completed a thorough review of the Association's Business Plan. In addition to all the other key objectives there were two main areas of focus for Allan and the team during 2019/20:

Risk - To consider the current and emerging risks and how these aligned with the Associations Strategic Objectives.

Assurance Statement - To submit the Associations Assurance statement to the Scottish Housing Regulator.

Risk

As with all organisations there is an inextricable link between objectives and risks, and it is therefore imperative for organisations to be able to respond and mitigate against these risks.

The Board and the Management Team received training by our insurers – Zurich - to ensure that we had a good grasp of our operating environment and an understanding of how associated risks could impact on the Association. As an organisation we recognise the need to look beyond housing risk and consider the wider environmental risks to the Association.

We have in place an extensive control framework established by the Management Team in relation to the control and monitoring of the risk management process within the organisation. In considering all risks we have developed a Strategic Risk map that identifies high strategic risks to the Association, how they align to our strategic objectives and the measures in place to mitigate against these risks.

We engaged the services of our internal auditor – Quinn Internal Audit – to review the design, effectiveness and efficiency of the Risk Management controls we have in place. The Board is delighted to report that the audit was completed with full assurance in relation to our Risk Management policy and controls.

Assurance Statement

The Scottish Housing Regulator advised that Social landlords must submit to them an Annual Assurance Statement providing assurance that their organisation complies with the relevant requirements of chapter 3 of the Regulatory Framework. This includes regulatory requirements that apply to all social landlords and the Standards of Governance and Financial Management that apply to Registered Social Landlords (RSLs).

The Annual Assurance Statement is a way for governing bodies and committees to assure firstly themselves and then tenants, people who are homeless or threatened with homelessness, Gypsy/Travellers and other service users that they comply with regulatory requirements, or to disclose areas where they need to improve.

The Association arranged a Board away day in September 2019, which was supported by a housing consultant – Linda Ewart - to discuss the requirements of the Assurance statement and the supporting documentation that was required to be completed by the organisation.

DUNBRITTON HOUSING ASSOCIATION

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

Review of Business and Future Developments (Continued)

At the Board Away Day the Board were given an understanding of the reason why Assurance statements were introduced for Registered Social landlord. Specific areas were discussed and explored to ensure we met with the requirements contained within guidelines. Following the Away Day, the Management Team developed an action plan and the staff ensured that the necessary evidence was available for inspection by the Housing Regulator. The external consultant was also asked to complete an audit of our evidence and supporting documents.

Following our Board meeting in October 2019 the Board confirmed, to the Scottish Housing Regulator, that we had reviewed and assessed a comprehensive bank of evidence to support our Statement that Dunbritton Housing Association is compliant with the Regulatory Standards of Governance, Financial Management and the requirements of Chapter Three of the Regulatory Framework

During 2019/20 we have remained focused on our strategic objectives and our Business needs.

The Board is pleased to report that like previous financial years the Association has ended 2019/20 with a healthy balance sheet. The Association generated total comprehensive income of £1,562m and net assets totalling £10m.

During 19/20 in pursuance of Value for Money we continued our procurement journey. I am pleased to report that we did a successful joint procurement exercise with another Housing Association for development services. We have continued to work closely with our procurement specialist and the next area for our focus will be the provision of legal and financial services.

We also took the opportunity to use the free service offered by Scotland Excel to audit our procurement processes. This was an invaluable exercise and we have responded positively to the suggestions to further improve our procurement processes. To further enhance our efficiency and effectiveness we signed Framework Agreements to with Scotland Excel and hub West Scotland.

DHA continues to demonstrate it is a viable and ambitious organisation, with a good reputation locally and across the housing sector in Scotland.

Our Vision and Purpose are core and fundamental to our activities and are integral to our strategic objectives. We have reviewed all policies and are developing robust procedures to ensure that we can deliver our key strategic objectives, whilst ensuring that we embrace a risk aware culture within the organisation.

Our Vision

'Dunbritton Housing Association's Vision is thriving, diverse, healthy and safe communities that enhance quality of life for our customers.'

Our Purpose

Dunbritton Housing Association's Purpose is to:

- Support our customers to sustain their homes and have a better quality of life.
- Work with our customers, staff and partners to achieve our vision.
- Provide good quality housing and services that are affordable and accessible to all.
- Support the physical, social and economic and environmental regeneration of our estates and the communities in our area.
- Enhance quality of life in diverse communities that are safe, sustainable and attractive.

We are pleased to report that the Association has remained in the low engagement category with the Scottish Housing Regulator.

We continued in our 'Journey to Excellence' in line with the Quality Scotland EFQM (European Foundation of Quality Management) business model. Having already achieved 'Committed to Excellence – 2- Star' in 2016. We made our final submission for Recognised for Excellence in December 2018 and were subjected to a very robust assessment in April 2019. I am delighted to confirm at the Scottish Awards for Business Excellence awards ceremony in Glasgow on 19 June 2019 we were awarded 3-star recognition. This is a prestigious award as it is recognised as a quality mark in the private, public, and voluntary sector. The Board and staff were delighted and proud of this achievement.

DUNBRITTON HOUSING ASSOCIATION

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

Review of Business and Future Developments (Continued)



Governance is key and fundamental in all Housing Associations and during 19/20 we continued to bed in our new Governance structure, which has assisted the Board to focus on Strategic matters. The Board Away days have been useful to focus on matters such as the Annual Assurance Statement and any other key areas they may impact on the organisation in the short or long term.

Last year I reported that our development of 26 units of affordable housing was completed in Succoth in October 2018. This would not have been possible without the support of the Scottish Government, Argyll & Bute Council and CAF bank.

The Board and staff were delighted to learn at the annual conference of the Rural & Islands Housing Association Forum (RIHAF) Bruce Court won the development of the year.



During 2019/20 we were advised of delays and increased costs to our largest development project of 150 affordable homes and our new office at Dumbarton Harbour. Unfortunately, due to unforeseen circumstances the development expected to be completed during 2019/20 will now be delayed until Autumn 2020.

Given the seriousness of the situation Allan Murphy, Chief Executive Officer arranged a Special meeting of the Board of Management, which was attended by the Management Team, and our Financial and Development consultants. The Board learned that as well as the potential delay there were increased costs of £620,000.

Following full discussion, the Board agreed to meet the increased costs. Allan confirmed that in terms of good governance the matter would be reported to the Scottish Housing Regulator (SHR) as a notifiable event. I am pleased to report the SHR was pleased with our intended action plan to mitigate against this risk.

He also confirmed that the Association would submit a claim to the Scottish Government for additional funding as the increased costs were due to unforeseen circumstances. I am delighted to confirm that the Scottish Government awarded the Association £281,000 and a further claim can be submitted when the development is completed.

Welfare Reform is a major risk for all Associations and we continue to monitor the current environment to ensure that we are in a position to respond accordingly. We are delighted to report that despite a sharp hike in Universal Credit cases we have further improved our arrears management performance from last year and remain below 3%.

DUNBRITTON HOUSING ASSOCIATION

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

Review of Business and Future Developments (Continued)

With the support of Community Links Scotland (CLS) we secured funding to operate our Plot to Pot service. The project involves the development of 4 small community growing spaces in Lochgoilhead, Churchill, Alexandria and Haldane. The application was successful, and an Offer of Grant made for £72,446 to run from April 2018 – March 2020. Although the project finished in March 2020 it has left a log lasting legacy for the communities we serve.

Across the two years of the project, Plot to Pot has achieved:

- Project savings of 55t Co₂e in relation to changing food attitudes and behaviour and growing food
- A Lifetime saving of 34.4t Co₂e in relation to changing food attitudes and behaviour and growing food. This is 237% of the lifetime target.
- 88 events have been delivered, engaging with 441 individuals

The Dunbritton staff team took part in information sessions and surveys on reducing food waste and recycling to increase their understanding an awareness of climate change.

The Association was successful in a bid for £35,400 to Heritage Lottery Funding. to run a project in our new build housing development at Dumbarton Harbour. With the support of Community Links Scotland (CLS) we have started a project, which aims to increase residents' understanding of the harbour's heritage and activities which celebrate that heritage.

We have appointed a community artist to facilitate workshops with the aim of creating artefacts such as benches, etched paving stones, door plaques and a viewing frame for waterside views of Dumbarton Castle.

In partnership with the development Architects we are running a schools 'competition to find the house for the future. The winning entry will receive a monetary prize for the school and a two-week work placement at the Architects office.

Our Community Support Fund remains popular within our communities and we continue to fund and support local clubs and community initiatives such as The Brownies, football teams, dance schools and foodbanks.

Tenant consultation is of paramount importance to the Association and our Tenant Scrutiny Panel is now embedded in to our culture. Their key purpose is to look at how the Association works and what we can do to improve how we deliver the services and provide value for money to our tenants. The panel has received training from the Tenants Information Service (TIS) and is supported by our Housing Officers. During 2019/20 they reviewed aspects of our Asset management service.

Another good year for the Association, however we are not complacent and remain focused in an ever-changing environment. Our performance figures continue to improve in all aspects of our business, and I am delighted to report that satisfaction levels with the overall service remain in extremely high at 92%. In relation to keeping tenants informed about their services we achieved an outstanding 98%.

Towards the end of the financial year the Association and the rest of commerce had to respond to the impact of a worldwide pandemic. The Association immediately recognised this as a major strategic risk and updated our risk register accordingly. Despite the impact of Covid 19 and the associated lockdown measures we have continued to maintain services to our tenants, good governance, and financial management. Despite the economic downturn we have actively supported tenants and maintained our arrears management performance. In addition, we made a successful application for £47,000 to the Covid crisis fund. This award has enabled the Association to provide food vouchers and fuel payments to vulnerable tenants. We have also donated £5,000 to each of the main foodbanks in our areas of operation. Hot meals have been delivered to key workers and residents in local care establishments and activity packs to our tenants' children.

Overall, another excellent year for the Association and I am confident that the continuing work by the Board and staff will serve us well with the challenges we face in the coming year.

DUNBRITTON HOUSING ASSOCIATION

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

Board of Management and Executive Officers

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

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

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

Statement of Board of Management 's Responsibilities

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

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

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

Going Concern

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

DUNBRITTON HOUSING ASSOCIATION

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

Statement on Internal Financial Control

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

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

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

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
 - experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
 - forecasts and budgets are prepared which allow the management team and the Board of Management 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 Board of Management ;
 - the Board of Management receives reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
 - formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

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

Donations

During the year the Association made charitable donations amounting to £3,000 (2019 - £3,000).

Disclosure of Information to the Auditor

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

Auditors

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

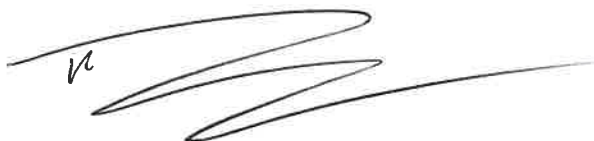
DUNBRITTON HOUSING ASSOCIATION

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

By order of the Board of Management

DANIEL WILSON

Secretary
26 August 2020

A handwritten signature in black ink, consisting of several fluid, overlapping loops and a long horizontal stroke extending to the right. A small, stylized mark resembling a 'W' or 'D' is visible at the start of the signature.

DUNBRITTON HOUSING ASSOCIATION

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

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

Basis of Opinion

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

Opinion

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



ALEXANDER SLOAN

Accountants and Business Advisers
Statutory Auditors
GLASGOW
26 August 2020



Alexander Sloan
Accountants and Business Advisers

DUNBRITTON HOUSING ASSOCIATION

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUNBRITTON HOUSING ASSOCIATION

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Management 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 Board of Management 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.

DUNBRITTON HOUSING ASSOCIATION

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

Matters on which we are required to report by exception

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

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

Responsibilities of the Board of Management

As explained more fully in the Statement of Board of Management's Responsibilities as set out on page 6, the Board of Management 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 Board of Management 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 Board of Management 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 Board of Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our Report

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



ALEXANDER SLOAN

Accountants and Business Advisers
Statutory Auditors
GLASGOW
26 August 2020



Alexander Sloan
Accountants and Business Advisers

DUNBRITTON HOUSING ASSOCIATION

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020	2019
		£	£
Revenue	2	5,302,342	5,113,862
Operating costs	2	3,801,862	3,933,727
OPERATING SURPLUS		1,500,480	1,180,135
Gain on sale of housing stock	7	53,203	109,701
Interest receivable and other income		8,084	3,615
Interest payable and similar charges	8	(333,458)	(341,119)
Other Finance income/(charges)	10	(8,605)	(9,000)
		(280,776)	(236,803)
Surplus on ordinary activities before taxation	9	1,219,704	943,332
SURPLUS FOR THE YEAR		1,219,704	943,332
Other comprehensive income			
Adjustment relating to opening pension liability	18	-	(94,000)
Actuarial gains/(losses) on defined benefit pension plan	18	342,000	(111,000)
TOTAL COMPREHENSIVE INCOME		1,561,704	738,332

The results relate wholly to continuing activities.

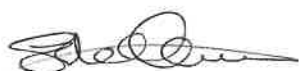
The notes on pages 16 to 36 form an integral part of these financial statements.

DUNBRITTON HOUSING ASSOCIATION

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020	2019
		£	£
NON-CURRENT ASSETS			
Housing properties - depreciated cost	11	73,501,592	67,100,552
Other tangible assets	11	73,754	24,530
Investments	12	68,002	72,502
		<u>73,643,348</u>	<u>67,197,584</u>
CURRENT ASSETS			
Receivables	14	464,239	418,360
Investments	-	-	750,000
Cash and cash equivalents	14	1,962,083	1,422,527
		<u>2,426,322</u>	<u>2,590,887</u>
CREDITORS: Amounts falling due within one year	15	<u>(2,326,061)</u>	<u>(2,558,396)</u>
NET CURRENT ASSETS		<u>100,261</u>	<u>32,491</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>73,743,609</u>	<u>67,230,075</u>
CREDITORS: Amounts falling due after more than one year	16	(18,126,953)	(12,048,607)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES			
Scottish housing association pension scheme	18	<u>(37,000)</u>	<u>(440,000)</u>
		(37,000)	(440,000)
DEFERRED INCOME			
Social housing grants	19	(44,727,736)	(45,445,673)
Other grants	19	<u>(858,957)</u>	<u>(864,539)</u>
		<u>(45,586,693)</u>	<u>(46,310,212)</u>
NET ASSETS		<u>9,992,963</u>	<u>8,431,256</u>
EQUITY			
Share capital	20	91	88
Revenue reserves		10,024,372	8,861,168
Revaluation reserve		5,500	10,000
Pension reserves		<u>(37,000)</u>	<u>(440,000)</u>
		<u>9,992,963</u>	<u>8,431,256</u>

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



Committee Member



Committee Member



Secretary

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

DUNBRITTON HOUSING ASSOCIATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Surplus for the Year		1,219,704	943,332
<i>Adjustments for non-cash items:</i>			
Depreciation of tangible fixed assets	11	1,597,069	1,537,772
Amortisation of capital grants	19	(1,119,162)	(1,131,294)
Transfer of interest to financial activities		325,374	372,876
Gain on disposal of tangible fixed assets		(53,203)	(109,701)
Non-cash adjustments to pension provisions		(61,000)	(60,000)
Change in market value of investments		4,500	-
Share capital written off	20	(5)	(4)
		<u>693,573</u>	<u>609,649</u>
Operating cash flows before movements in working capital		1,913,277	1,552,981
Change in debtors		13,315	(16,504)
Change in creditors		(98,955)	(610,263)
		<u>(85,640)</u>	<u>(626,767)</u>
Net cash inflow from operating activities		1,827,637	926,214
Investing Activities			
Acquisition and construction of properties		(8,126,387)	(7,357,551)
Purchase of other fixed assets		(80,477)	(25,122)
Social housing grant received		681,538	6,438,932
Social housing grant repaid		(136,399)	-
Changes on short term deposits with banks		750,000	(500,000)
Proceeds on disposal of housing properties		212,734	180,368
Net cash outflow from investing activities		(6,698,991)	(1,263,373)
Financing Activities			
Loan Advances Received		6,683,367	939,619
Interest received on cash and cash equivalents		8,084	3,615
Interest paid on loans		(333,458)	(358,805)
Loan principal repayments		(947,091)	(902,616)
Share capital issued	20	8	13
Net cash inflow / (outflow) from financing activities		5,410,910	(318,174)
Increase/(decrease) in cash	21	539,556	(655,333)
Opening cash & cash equivalents		1,422,527	2,077,860
Closing cash & cash equivalents		<u>1,962,083</u>	<u>1,422,527</u>
Cash and cash equivalents as at 31 March			
Cash	21	1,962,083	1,422,527
		<u>1,962,083</u>	<u>1,422,527</u>

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

DUNBRITTON HOUSING ASSOCIATION

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2020

	Share Capital	Revaluation Reserve	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£	£
Balance as at 1 April 2018	79	-	-	7,682,836	7,682,915
Issue of Shares	13	-	-	-	13
Cancellation of Shares	(4)	-	-	-	(4)
Other comprehensive income	-	-	(205,000)	-	(205,000)
Revaluation in year	-	10,000	-	-	10,000
Other movements	-	-	(235,000)	235,000	-
Surplus for the year	-	-	-	943,332	943,332
Balance as at 31 March 2019	88	10,000	(440,000)	8,861,168	8,431,256
Balance as at 1 April 2019	88	10,000	(440,000)	8,861,168	8,431,256
Issue of Shares	8	-	-	-	8
Cancellation of Shares	(5)	-	-	-	(5)
Other comprehensive income	-	-	342,000	-	342,000
Revaluation in year	-	(4,500)	-	4,500	-
Other movements	-	-	61,000	(61,000)	-
Surplus for the year	-	-	-	1,219,704	1,219,704
Balance as at 31 March 2020	91	5,500	(37,000)	10,024,372	9,992,963

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

DUNBRITTON HOUSING ASSOCIATION

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

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

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

Revenue

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

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

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

Retirement Benefits

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS) a multi-employer defined benefit scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

Going Concern

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

DUNBRITTON HOUSING ASSOCIATION

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

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Housing Properties

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

<i>Component</i>	<i>Useful Economic Life</i>
Kitchens	16 Years
Bathrooms	30 Years
Boilers	18 Years
Radiators	36 Years
Windows	30 Years
Internal Doors	35 Years
Rewiring	40 Years
Structures	50 Years

Depreciation and Impairment of Other Tangible Assets

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

<i>Asset Category</i>	<i>Depreciation Rate</i>
Furniture & Fittings	25% Straight Line
Office Improvements	25% Straight Line
Office Equipment	25% Straight Line

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

Social Housing Grants and Other Capital Grants

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

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

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

Sales Of Housing Properties

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.

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

DUNBRITTON HOUSING ASSOCIATION

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

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Taxation

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

Leases

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 or the term of the lease whichever is shorter.

Works to Existing Properties

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

Capitalisation Of Development Overheads

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

Borrowing Costs

scheme. All other borrowing costs are expensed to the statement of comprehensive income using the effective interest rate method.

Property Development Cost

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

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

Housing Property Managed By Agents

Where a third party manages the Association's housing property the accounting treatment reflects the substance of the transactions. The property is only excluded if the rights and obligations associated with the scheme has been transferred to the third party.

VAT

The Association is VAT registered but the substantial proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.

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.

DUNBRITTON HOUSING ASSOCIATION

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

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Cash and Liquid Resources

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

Impairment

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

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

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

DUNBRITTON HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the the Association to exercise judgement in applying the it'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.

Key Judgements

a) Categorisation of Housing Properties

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

d) Pension Liability

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method.

Estimation Uncertainty

a) Rent Arrears - Bad Debt Provision

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

b) Life Cycle of Components

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

c) Useful life of properties, plant and equipment

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

d) Costs of shared ownership

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

e) Defined pension liability

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

DUNBRITTON HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Notes	Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	5,228,920	3,716,620	1,512,300	5,029,220	3,864,163	1,165,057
Other Activities	4	73,422	85,242	(11,820)	84,642	69,564	15,078
Total		5,302,342	3,801,862	1,500,480	5,113,862	3,933,727	1,180,135

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2020 Total £	2019 Total £
Revenue from Lettings					
Rent receivable net of service charges	3,605,736	257,309	123,986	3,987,031	3,802,583
Service charges receivable	-	45,978	6,630	52,608	55,776
Gross income from rent and service charges	3,605,736	303,287	130,616	4,039,639	3,858,359
Less: Rent losses from voids	1,444	-	-	1,444	(1,067)
Income from rents and service charges	3,604,292	303,287	130,616	4,038,195	3,859,426
Grants released from deferred income	1,026,204	68,637	50,884	1,145,725	1,136,622
Revenue grants from Scottish Ministers	45,000	-	-	45,000	33,172
Total turnover from affordable letting activities	4,675,496	371,924	181,500	5,228,920	5,029,220
Expenditure on affordable letting activities					
Management and maintenance administration costs	1,190,235	93,614	53,494	1,337,343	1,500,831
Service costs	-	45,978	6,630	52,608	55,776
Planned and cyclical maintenance, including major repairs	373,615	11,295	-	384,910	412,290
Reactive maintenance costs	345,804	17,514	-	363,318	387,452
Bad Debts - rents and service charges	12,625	-	-	12,625	(14,433)
Depreciation of affordable let properties	1,431,522	85,841	48,453	1,565,816	1,522,247
Operating costs of affordable letting activities	3,353,801	254,242	108,577	3,716,620	3,864,163
Operating surplus on affordable letting activities	1,321,695	117,682	72,923	1,512,300	1,165,057
2019	811,280	232,492	121,285		

DUNBRITTON HOUSING ASSOCIATION

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

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

	Grants from Scottish Ministers	Other revenue grants	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating surplus / (deficit) 2020	Operating surplus / (deficit) 2019
	£	£	£	£	£	£	£	£
Wider role activities	26,925	3,156	-	30,081	-	42,445	(12,364)	3,145
Chargeable repairs	-	-	-	-	-	-	-	9,298
Investment property activities	-	-	12,383	12,383	-	-	12,383	8,423
Factoring	-	-	21,554	21,554	639	20,915	-	-
Other activities	-	-	9,404	9,404	14,157	-	(4,753)	3,105
Managed Association	-	-	-	-	-	-	-	1,230
Tenant Participation	-	-	-	-	-	7,086	(7,086)	(10,123)
Total From Other Activities	26,925	3,156	43,341	73,422	14,796	70,446	(11,820)	15,078
2019	-	-	84,642	84,642	(9,950)	79,514	15,078	

DUNBRITTON HOUSING ASSOCIATION

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

5. OFFICERS' EMOLUMENTS

	2020 £	2019 £
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of Management , managers and employees of the Association. Emoluments excludes social security costs.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	74,628	71,070
Pension contributions made on behalf on Officers with emoluments greater than £60,000	5,607	5,484
Emoluments payable to Chief Executive Officer (excluding pension contributic	74,628	71,070
Pension contributions paid on behalf of the Chief Executive Officer	5,607	-
Total emoluments payable to the Chief Executive Officer	80,235	71,070
Total emoluments paid to key management personnel	303,041	291,382
The number of Officers, including the highest paid Officer, who received emoluments, including pension contributions, over £60,000 was in the following ranges:-		
	Number	Number
£60,001 to £70,000	1	1
£70,001 to £80,000	-	1
£80,001 to £90,000	1	-

6. EMPLOYEE INFORMATION

	2020 No.	2019 No.
Average monthly number of full time equivalent persons employed during the year	20	21
Average total number of employees employed during the year	25	27
Staff costs were:	£	£
Wages and salaries	765,571	771,727
National insurance costs	70,955	64,107
Pension costs	75,757	69,682
	912,283	905,516

During the year the Association made contributions of £78,853 towards the past service deficit of the Scottish Housing Association's Defined Benefit Pension Scheme.

DUNBRITTON HOUSING ASSOCIATION

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

7. GAIN ON SALE OF HOUSING STOCK

	2020	2019
	£	£
Sales proceeds	102,898	180,368
Cost of sales	49,695	70,667
Gain on sale of housing stock	<u>53,203</u>	<u>109,701</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2020	2019
	£	£
On bank loans and overdrafts	381,740	358,805
Less: Interest Capitalised on developments	<u>(48,282)</u>	<u>(17,686)</u>
	<u>333,458</u>	<u>341,119</u>

9. SURPLUS FOR THE YEAR

	2020	2019
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	1,597,069	1,543,100
Auditors' remuneration - audit services	8,280	8,000
Gain on sale of other non-current assets	<u>-</u>	<u>(109,701)</u>

10. OTHER FINANCE INCOME / (CHARGES)

	2020	2019
	£	£
Net interest on pension obligations	<u>(8,605)</u>	<u>(9,000)</u>

DUNBRITTON HOUSING ASSOCIATION

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

11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
COST				
At 1 April 2019	70,864,840	12,431,568	2,937,198	86,233,606
Additions	543,208	7,583,179	-	8,126,387
Disposals	(230,416)	-	(260,492)	(490,908)
At 31 March 2020	<u>71,177,632</u>	<u>20,014,747</u>	<u>2,676,706</u>	<u>93,869,085</u>
DEPRECIATION				
At 1 April 2019	17,983,536	-	1,149,518	19,133,054
Charge for Year	1,517,363	-	48,453	1,565,816
Disposals	(230,416)	-	(100,961)	(331,377)
At 31 March 2020	<u>19,270,483</u>	<u>-</u>	<u>1,097,010</u>	<u>20,367,493</u>
NET BOOK VALUE				
At 31 March 2020	<u>51,907,149</u>	<u>20,014,747</u>	<u>1,579,696</u>	<u>73,501,592</u>
At 31 March 2019	<u>52,881,304</u>	<u>12,431,568</u>	<u>1,787,680</u>	<u>67,100,552</u>

	2020		2019	
Expenditure on Existing Properties	<i>Component replacement</i> £	<i>Improvement</i> £	<i>Component replacement</i> £	<i>Improvement</i> £
Amounts capitalised	543,208	-	-	-
Amounts charged to the statement of comprehensive income	-	748,228	-	799,742

All land and housing properties are heritable.

Additions to housing properties include capitalised development administration costs of £21,452 (2019-£0)

The Association's lenders have standard securities over housing property with a carry value of £42,686,140 (2019 - £43,766,419)

DUNBRITTON HOUSING ASSOCIATION

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

11. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Changing Facilities £	Office Equipment £	Furniture & Fittings £	Office Improvements £	Total £
COST					
At 1 April 2019	137,855	207,605	59,179	23,169	427,808
Additions	-	10,105	70,372	-	80,477
Eliminated on disposals	(137,855)	-	-	-	(137,855)
At 31 March 2020	-	217,710	129,551	23,169	370,430
DEPRECIATION					
At 1 April 2019	137,855	188,161	54,093	23,169	403,278
Charge for year	-	11,167	20,086	-	31,253
Eliminated on disposals	(137,855)	-	-	-	(137,855)
At 31 March 2020	-	199,328	74,179	23,169	296,676
NET BOOK VALUE					
At 31 March 2020	-	18,382	55,372	-	73,754
At 31 March 2019	-	19,444	5,086	-	24,530

12. FIXED ASSET INVESTMENTS

	2020 £	2019 £
Subsidiary undertakings	2	2
Investment properties	68,000	72,500
	<u>68,002</u>	<u>72,502</u>

Subsidiary Undertakings

Dunbritton Housing Association has the following wholly owned subsidiary undertakings. The registered office of the subsidiary is 1 Hatters Lane, Dumbarton,.

Investment Properties

	2020 £	2019 £
At 1 April 2019 and 31 March 2020	68,000	72,500
	<u>2020</u>	<u>2019</u>
	£	£
At 1 April 2019	72,500	72,500
Revaluations taken to the statement of comprehensive income	(4,500)	-
At 31 March 2020	<u>68,000</u>	<u>72,500</u>

DUNBRITTON HOUSING ASSOCIATION

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

13. RECEIVABLES

	2020	2019
	£	£
Gross arrears of rent & service charges	105,884	112,809
Less: Provision for doubtful debts	(49,376)	(49,282)
<i>Net arrears of rent and service charges</i>	56,508	63,527
Social housing grant receivable	317,057	257,863
Other receivables	90,674	96,970
	<u>464,239</u>	<u>418,360</u>

14. CASH AND CASH EQUIVALENTS

	2020	2019
	£	£
Cash at bank and in hand	1,962,083	1,422,527
	<u>1,962,083</u>	<u>1,422,527</u>

15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans	603,817	945,887
Trade payables	233,684	777,460
Rent received in advance	124,480	134,274
Social housing grant in advance	208,690	-
Other payables	622,258	664,894
Accruals and deferred income	533,132	35,881
	<u>2,326,061</u>	<u>2,558,396</u>

DUNBRITTON HOUSING ASSOCIATION

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

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

	2020	2019
	£	£
Bank loans	18,126,953	12,048,607
	<u>18,126,953</u>	<u>12,048,607</u>

17. DEBT ANALYSIS - BORROWINGS

	2020	2019
	£	£
Bank Loans		
Amounts due within one year	603,817	945,887
Amounts due in one year or more but less than two years	607,371	1,032,002
Amounts due in two years or more but less than five years	1,843,759	3,120,035
Amounts due in more than five years	15,675,823	7,896,570
	<u>18,730,770</u>	<u>12,994,494</u>

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

Type	Effective Interest Rate	Maturity (Year)	Variable or Fixed
Fixed	Circa 2.5% all in rate	2027	Fixed
Fixed	Circa 5% all in rate	2027	Fixed
Variable	Circa 0.74% all in rate	2028	Variable
Variable	Circa 1.85% all in rate	2029	Variable
Variable	Circa 2.1% all in rate	2030	Variable
Variable	Circa 3.05% all in rate	2028	Variable
Variable	Circa 1.85% all in rate	2043	Variable

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

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

	2020	2019
	£	£
Due to lenders At 31 March 2020	18,774,384	13,035,577
Effective interest rate adjustment	(43,614)	(41,083)
	<u>18,730,770</u>	<u>12,994,494</u>

DUNBRITTON HOUSING ASSOCIATION

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

18. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Dunbritton Housing Association participates in the Scottish Housing Association 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.

In September 2020 the Association will withdraw from the defined benefit scheme with all remaining members moving to the Scottish Housing Association defined contribution pension 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 pensions schemes in the UK.

The last valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). A recovery plan is in place to eliminate the past service deficit which runs to 28 February 2022.

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

In 2019 the Pensions Trust, the administrator of the Scheme developed a method of determining the share of assets and liabilities for individual employers. This method was adopted by the Association in 2019 and resulted in an adjustment to the opening pension liability recognised in the statement of financial position of £-94000.

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

	2020	2019
	£	£
Fair value of plan assets	2,497,000	2,401,000
Present value of defined benefit obligation	2,534,000	2,841,000
Surplus / (deficit) in plan	(37,000)	(440,000)
Defined benefit asset / (liability) to be recognised	(37,000)	(440,000)

DUNBRITTON HOUSING ASSOCIATION

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

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2020 £	2019 £
Defined benefit obligation at the start of period	2,840,640	2,613,000
Current service cost	19,000	17,000
Expenses	2,000	2,000
Interest expense	65,000	67,000
Contributions by plan participants	11,000	9,640
Actuarial losses (gains) due to scheme experience	(9,000)	(17,000)
Actuarial losses (gains) due to changes in demographic assumptions	(16,000)	7,000
Actuarial losses (gains) due to changes in financial assumptions	(308,000)	190,000
Benefits paid and expenses	(71,000)	(48,000)
Defined benefit obligation at the end of period	2,533,640	2,840,640

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

	2020 £	2019 £
Fair value of plan assets at start of period	2,400,640	2,224,000
Interest income	56,000	58,000
Experience on plan assets (excluding amounts included in interest income)		
- gain (loss)	9,000	69,000
Contributions by the employer	91,000	88,000
Contributions by plan participants	11,000	9,640
Benefits paid and expenses	(71,000)	(48,000)
Fair value of plan assets at the end of period	2,496,640	2,400,640

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £65,000

DUNBRITTON HOUSING ASSOCIATION

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

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

	2020 £	2019 £
Current service cost	19,000	17,000
Expenses	2,000	2,000
Net interest expense	9,000	9,000
	<u>30,000</u>	<u>28,000</u>
Defined benefit costs recognised in statement of comprehensive income	30,000	28,000

Defined benefit costs recognised in the other comprehensive income

	2020 £	2019 £
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	9,000	69,000
Experience gains and losses arising on plan liabilities - gain /(loss)	9,000	17,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	16,000	(7,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	308,000	(190,000)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	<u>342,000</u>	<u>(111,000)</u>
Total amount recognised in other comprehensive income - gain (loss)	<u>342,000</u>	<u>(111,000)</u>

DUNBRITTON HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets

	2020	2019	2018
	£	£	£
Absolute Return	153,000	203,000	264,000
Alternative Risk Premia	200,000	134,000	84,000
Corporate Bond Fund	182,000	168,000	155,000
Credit Relative Value	60,000	42,000	-
Distressed Opportunities	46,000	41,000	10,000
Emerging Markets Debt	89,000	77,000	76,000
Fund of Hedge Funds	-	7,000	64,000
Global Equity	343,000	386,000	400,000
Infrastructure	147,000	101,000	41,000
Insurance-Linked Securities	67,000	62,000	61,000
Liability Driven Investment	658,000	854,000	783,000
Long Lease Property	61,000	29,000	-
Net Current Assets	19,000	2,000	4,000
Over 15 Year Gilts	32,000	62,000	72,000
Private Debt	49,000	31,000	21,000
Property	47,000	48,000	88,000
Risk Sharing	79,000	70,000	20,000
Secured Income	139,000	84,000	81,000
Opportunistic Illiquid Credit	61,000	-	-
Liquid Credit	65,000	-	-
Total assets	<u>2,497,000</u>	<u>2,401,000</u>	<u>2,224,000</u>

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

Key Assumptions

	2020	2019	2018
Discount Rate	2.3%	2.3%	2.6%
Inflation (RPI)	2.6%	3.3%	3.2%
Inflation (CPI)	1.6%	2.3%	2.2%
Salary Growth	2.6%	3.3%	3.2%

Allowance for commutation of pension for cash at retirement 75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 years (years)
Male retiring in 2020	21.5
Female retiring in 2020	23.2
Male retiring in 2040	22.8
Female retiring in 2040	<u>24.5</u>

DUNBRITTON HOUSING ASSOCIATION

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

19. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Total £
Capital grants received			
At 1 April 2019	45,445,673	864,539	46,310,212
Additions in the year	532,042	-	532,042
Eliminated on disposal	(136,399)	-	(136,399)
At 31 March 2020	<u>45,841,316</u>	<u>864,539</u>	<u>46,705,855</u>
Amortisation			
At 1 April 2019	-	-	-
Amortisation in year	1,113,580	5,582	1,119,162
At 31 March 2020	<u>1,113,580</u>	<u>5,582</u>	<u>1,119,162</u>
Net book value			
At 31 March 2020	<u>44,727,736</u>	<u>858,957</u>	<u>45,586,693</u>
At 31 March 2019	<u>45,445,673</u>	<u>864,539</u>	<u>46,310,212</u>

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

	2020 £	2019 £
Amounts due within one year	1,145,725	1,131,294
Amounts due in more than one year	<u>44,440,968</u>	<u>45,178,918</u>
	<u>45,586,693</u>	<u>46,310,212</u>

20. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2020 £	2019 £
At 1 April	88	79
Issued in year	8	13
Cancelled in year	(5)	(4)
At 31 March	<u>91</u>	<u>88</u>

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

DUNBRITTON HOUSING ASSOCIATION

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

21. CASH FLOWS

Reconciliation of net cash flow to movement in net debt

	2020	2019
	£	£
Increase / (decrease) in cash	539,556	(655,333)
Change in liquid resources	(750,000)	-
Cashflow from change in net debt	(5,736,276)	462,997
Movement in net debt during the year	(5,946,720)	(192,336)
Net debt at 1 April	(10,821,967)	(10,629,631)
Net debt at 31 March	(16,768,687)	(10,821,967)

	At 01 April 2019	Cashflows	Other Changes	At 31 March 2020
	£	£	£	£
Cash and cash equivalents	1,422,527	539,556	-	1,962,083
Bank overdrafts	-	-	-	-
	1,422,527	539,556	-	1,962,083
Liquid resources	750,000	(750,000)	-	-
Debt: Due within one year	(945,887)	(5,736,276)	6,078,346	(603,817)
Due after more than one year	(12,048,607)	-	(6,078,346)	(18,126,953)
Net debt	(10,821,967)	(5,946,720)	-	(16,768,687)

22. CAPITAL COMMITMENTS

	2020	2019
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	2,408,665	7,083,492

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

23. COMMITMENTS UNDER OPERATING LEASES

	2020	2019
	£	£
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
Land and Buildings		
Expiring in the next year	3,500	3,500
Other		
Expiring in the next year	2,808	-
Expiring later than one year and not later than five years	7,721	-
Expiring later than five years	-	-

DUNBRITTON HOUSING ASSOCIATION

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

24. 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 1 Hatters Lane, Dumbarton, , G82 1AW.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in West Dunbartonshire & Argyll & Bute.

25. BOARD OF MANAGEMENT MEMBER EMOLUMENTS

Board of Management members received £5,385 (2019 - £5,105) in the year by way of reimbursement of expenses. No remuneration is paid to Board of Management members in respect of their duties to the Association.

DUNBRITTON HOUSING ASSOCIATION

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

26. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2020 No.	2019 No.
General needs	584	584
Supported housing	228	228
Shared ownership	46	51
Shared ownership	23	23
	<u>881</u>	<u>886</u>

27. RELATED PARTY TRANSACTIONS

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

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

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

	2020 £	2019 £
Rent received from tenants on the Board of Management and their close family members	<u>9,508</u>	<u>15,997</u>
Members of the Board of Management who are tenants	2	4
Members of the Board of Management who are local councillors	2	2