

Registered Housing Association No. HAC326  
FCA Reference No. 2562R(S)  
Scottish Charity No. SC029908

**HILLHEAD HOUSING ASSOCIATION 2000 LIMITED**

**REPORT and FINANCIAL STATEMENTS**

**For the year ended 31 March 2021**

**HILLHEAD HOUSING ASSOCIATION 2000 LIMITED**

**REPORT and FINANCIAL STATEMENTS**

**For the year ended 31 March 2021**

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**HILLHEAD HOUSING ASSOCIATION 2000 Limited**

**MANAGEMENT COMMITTEE, EXECUTIVES and ADVISERS**

**Year ended 31 March 2021**

**Management Committee**

Claire Taylor	Chairperson
Lisa Scott	Vice Chairperson
Cllr Stewart MacDonald	
Robert Smith	
Mary Docherty	Secretary
David Wilson	
Cllr Susan Murray	
Stuart Niven	Treasurer
Cllr John Jamieson	
Gary Jackson	
Walid Hassan	Co-opted
Peter O'Connell	Co-opted 25 June 2021
Alistair MacPhee	Co-opted 25 June 2021

**Executive Officers**

Stephen Macintyre	Director
Catherine McKiernan	Depute Director

**Registered Office**

2 Meiklehill Road  
Hillhead  
Kirkintilloch  
Glasgow  
G66 1LA

**External Auditors**

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

**Internal Auditors**

Quinn Internal Auditors  
55 Lady Place  
Livingston  
EH54 6TB

**Bankers**

RBS  
116 Cowgate  
Kirkintilloch  
Glasgow  
G66 1JX

**Finance Agents**

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

**Solicitors**

Brechin Tindall Oats  
48 St Vincent Street  
Glasgow  
G2 5HS

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

## REPORT of the MANAGEMENT COMMITTEE

### For the year ended 31 March 2021

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

#### **Legal Status**

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 2562R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC029908.

#### **Principal Activities**

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

#### **Review of Business and Future Developments**

We reported in last year's financial statements that the full impact of the Pandemic would not fully be known until the financial statements to 31 March 2021 were completed. Since March 2020 we have been through 3 lockdowns and currently are still operating in a restricted environment.

Our office remains closed, and most of our staff are still working from home. We have maintained a skeleton staff presence during the year to ensure critical business functions are able to operate. This includes management and monitoring of the Association's IT systems, collection of rent payments by phone and oversight and management of maintenance contracts which were able to restart part way through the year.

Three members of staff were placed on Furlough for part of the year.

For the first few months we had to suspend our letting activities which has resulted in an increase in rent loss due to voids being held for longer. Although letting activities restarted in late June 2021 these were suspended again in the New Year for a short time due to the imposition of a further lock down restrictions. Since February performance has started to improve but not sufficient to recoup losses that we incurred in the first part of the year.

The ongoing restrictions also impacted on our ability to carry out our statutory duties in relation to gas servicing and we reported that 55 gas services were not completed within the 12-month statutory period. We also had to suspend ongoing upgrade of fire detection systems in tenanted homes due to restrictions on working in occupied homes being in place for most of the accounting period.

Fortunately, we did not have any major planned maintenance works programmed for the year. Our cyclical painting programme was delayed but we completed later in the year.

Our ongoing investment in environment improvements throughout the estate was temporarily halted but was able to restart in the summer of 2020 has continued to progress in line with programme.

We reported last year that our rent arrears were continuing to increase in common with other RSLs. However, by winter last year we saw the level of rent arrears starting to stabilise and subsequently fall back to a level lower than in March 2020. We believe this may be attributable to enhanced levels of tenant engagement that were deployed during the year and the fact we had some significant amounts of grant support that we were able to disburse to many vulnerable families and individuals all of which will have impacted on household budgets.

In view of the unprecedented situation the Management Committee agreed to hold the level of rent increase to 0.07% equivalent to the level of CPI recorded in October 2020.

As we move out of the current restrictions, we are turning our focus on how we might shape our delivery of services once we can have more staff working from the office.

## HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

### REPORT of the MANAGEMENT COMMITTEE (continued)

#### For the year ended 31 March 2021

##### **Review of Business and Future Developments (continued)**

Staff well-being remains a key focus of the Association and following a staff survey we are planning to introduce a form of hybrid working for a trial period of 6 months. If social distancing rules are required to be observed, we are planning on operating a mix of staff working in the office and others at home.

The sudden requirement to transition working from home for almost of all our staff has resulted in us investing a large amount in IT as home working has prompted us to bring forward our plans for a complete modernisation and upgrading of our IT infrastructure. All our systems are now entirely cloud based to facilitate and support on going hybrid working. We have also taken the opportunity to review our IT Support requirements and as well as establishing an in-house post of IT Support Officer we successfully procured a new IT support contract which has enabled us to progress to a cloud-based operating system.

Cybercrime remains a key business risk for the Association and to this end we successfully obtained the Cyber Essentials accreditation in May 2021.

In September 2020 we took advantage of being able to hold our Annual General Meeting remotely to adopt an updated set of Rules that also included the provision to hold future General and Special Meetings remotely. Our monthly management committee meetings continue to be held remotely and are likely to continue in this format for some time to come.

Hillhead Housing Association made an operating surplus of £1.417m during the year to 31 March 2021. Its financial operations remain stable, and we continue to be supported by a Loan Facility from RBS.

The Association's main source of income is from rents. Rent received to the end of March was £3.801m. The Association's Rent Setting Policy is based on the size, type and facilities of the accommodation and the historic costs of the properties. The rent structure is easy to administer and covers the wide variations within the Association's properties. We consult with tenants each year about our proposals for the following year's rent taking account of investment priorities, affordability, and scope for efficiencies within our own management costs. A percentage value is applied annually to ensure that the rents cover the required costs. Rents were increased by 3.1% for 2020/21.

Whilst just over £21,000 has been spent on new components, work has continued a 3-phase programme of environmental improvements with £434,000 being invested in the year up to March 2021.

This programme will continue in the new financial year 21/22 and is due to be completed by Spring/Summer 2021.

The net cost of housing assets at 31 March 2021 is £25.191m. The net cost of other fixed assets is £1m.

Cash balances at 31 March 2021 amount to just over £2.67m, higher than the budgeted amount of £1.75m. This is due to the higher surplus in the year and a lower net capital expenditure.

Long term creditors are £14.264m and deferred income is £12.577m. The value of the defined benefits pension scheme is now (£203,000), leaving the Association's a general reserve of £1.665m and net reserves of £1.462m.

##### **Structure, governance and management**

The members of the Management Committee and the Executive Officers are listed on page 2.

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

It is the responsibility of the Management Committee to undertake the strategy, setting of policy and overall direction of the Association. They also monitor the operational activities of the Association. The members of the Committee of Management are unpaid.

## HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

### REPORT of the MANAGEMENT COMMITTEE (continued)

#### For the year ended 31 March 2021

Our governing body is our Management Committee, which is responsible to the wider membership. Management Committee members serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve high standard of professionalism in our work. We take governance very seriously, and in the last year we continued to build on work from previous years which strengthened our governance arrangements.

In December 2020 the Association's new Rules were registered by the Financial Conduct Authority.

#### **Training and Recruiting Committee Members.**

Our long-standing Chairperson, Claire Taylor is standing down from this position at this year's AGM. A succession plan is in place and a new Chair will be elected from the existing Management Committee. Any vacancies on the Management Committee are filled from members of the community who are interested in the Association's aims and objectives for the area and come from a range of backgrounds. Induction training is provided for all new committee members. In April 2021 we started a recruitment campaign and have successfully co-opted two new members onto the Committee in June.

Committee members complete a self-assessment appraisal annually which identifies any training and additional governance support needs.

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Annual General Meeting.

#### **Corporate Issues**

Tenant involvement and participation is a major part of Hillhead Housing Association's Aims and Objectives, and we continue to review how Hillhead Housing Association involves tenants in its activities to ensure we offer a wide a range of opportunities as possible.

Since May 2019 we have been providing part time Director Services to Abronhill Housing Association. This contract was reviewed and renewed by Abronhill in May 2021 for a further two years and will bring in some additional revenue for the Association.

During the year two long standing members of staff retired and one member of staff left the Association to gain a new role in another organization. This movement in staffing has enabled us to review parts of the business and create two new posts –An Income Maximization Assistant and an Estate Co-Ordinator. Both posts will both support and enhance our welfare rights and estate management services.

#### **Risk management**

The Association has an active risk management process, with policies, risk matrix map and a business continuity plan. All major risks are considered so mitigating action can be planned.

Key risks include Internal risks - loss of key staff or committee personnel, fraud, health & safety failures; and these are mitigated by robust policies, procedures, and a range of audits. External risks include: - economic and social impact of COVID-19, welfare reform impacts, changes in regulatory requirements, data loss/cyber-security issues and these are mitigated by close attention to external information and advice, active membership of representative bodies and obtaining best practice advice on IT security and data protection matters.

#### **Performance Management and Service Delivery**

Performance management and service delivery are high priorities for the Association.

The staff team has worked very hard during an exceptionally challenging year to achieve the outcomes in the Scottish Social Housing Charter and have assessed performance in all areas of service delivery throughout the year. Performance in some areas such as letting times and responsive maintenance have dropped because of COVID-19 restrictions.

## HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

### REPORT of the MANAGEMENT COMMITTEE (continued)

#### For the year ended 31 March 2021

Policies and procedures have been reviewed and agreed by the Management Committee throughout the year. Performance in arrears management is also closely monitored as an ever-increasing number of our tenants are impacted by ongoing welfare reform. Despite the restrictions we have increased the amount of rental income received from 99.72% to 101.36%. We have also managed to reduce our level of gross rent arrears from 5.64% in March 2020 to 4.43% at end of March 2021. We believe this is partly attributable to a one-time change in the way Universal Credit Housing Costs are paid to us, but also due to a higher level of tenant support and engagement we have had with tenants over the last year.

In April 2021 we re-appointed our Gas Services Contractor for a further 5-year term. We continue to offer our tenants an excellent service which continues to receive very high levels of tenant satisfaction. Our repair response times are amongst the best in Scotland. Despite the COVID-19 restrictions we responded to Emergency Calls within an average time 1.38 hours and to Non-Emergency Calls within an average time of 2.75 days.

Our on-going investment in the wider environment paused between March and June because of the lockdown but has continued throughout the year. During the year we invested £434,474 in environmental improvements.

We continue to submit the statutory and regulatory returns as due and our low level of engagement with the Regulator continues.

#### **Best use of resources**

We regularly conduct risk assessments and take any action necessary to reduce or limit risk. Our next stock condition survey which suspended in March due to the lockdown restrictions and has recommenced and will be completed in July 2021. This work informs future planned maintenance requirements within our longer-term financial planning framework. We continue to meet regularly with our funder, RBS and keep them updated with our financial and strategic plans.

#### **Development Issues**

Hillhead has a strong track record in development activity and continues to seek development opportunities in the area as they arise. We are identified as the affordable housing provider for two sites within the Council's Strategic Housing Investment Plan. The developer is CALA Homes, and we are in discussions with them for the delivery of 47 social rented homes in the first site with a further 20 in the second site. Subject to planning approval and sufficient grant support being made available we expect a start to be made on the first site in the Spring 2022.

#### **Housing Issues**

A major issue for all RSL's is the Government's changes to Welfare Reform and anticipated cuts to levels of Universal Credit and the ending of the Furlough scheme. Hillhead continues to engage with tenants whom the benefits changes affect to signpost them in the direction of financial advice and support. Our in-house welfare rights and tenancy support service has never been so important, and we continue to ensure its as well-resourced especially given face to face appointments have been suspended for over a year.

During the year we were successful in accessing almost £30,000 in grants from a variety of sources that we were able to distribute to vulnerable households and individuals as well as support for other community organisations. Despite our office being remaining closed we have however been able to continue to provide all our tenants and residents with excellent up to date advice, support, and information on a range of issues like Benefit Sanctions, Hardship payments, Budgeting Loans, Scottish Welfare Fund and much more.

#### **Wider Role**

We continue to promote and support community-based activities where these are relevant to the Association. COVID-19 has limited access to our community gardens. Other outdoor projects including a community mural are also on hold. However, we have been successful in launching the Doly Parton Imagination Library in June of this year thanks to community benefit funding granted to the Association by our reactive repairs' contractor. This will provide a monthly book for every child under the age of 5.

## **HILLHEAD HOUSING ASSOCIATION 2000 LIMITED**

### **REPORT of the MANAGEMENT COMMITTEE (continued)**

#### **For the year ended 31 March 2021**

##### **Investment Appraisal**

All capital expenditure is regulated by budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals must be submitted to the Committee. Reviews are carried out during the development period, to monitor expenditure and performance.

##### **Internal Financial Control**

The Management Committee is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The Association has procedures in place which the Management Committee has established with a view to providing effective internal financial controls.

##### **General Reserves Policy**

The Committee members have reviewed the reserves of Hillhead Housing Association. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. During the year £482,000 was added to the Association's revenue reserve. The Committee seeks to ensure that the budgeting of the Association's results continues to bring the reserves up to a satisfactory level.

##### **Budgetary Process**

Each year the Management Committee approves the annual budget, 5-year projections and a rolling 30 - year financial plan. Key risk areas are identified. Performance is monitored and relevant action taken. Throughout the year through quarterly reporting to the Management Committee of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure, and treasury management.

The Association's financial plans form part of the Association's new 5-year Strategy which is currently being drafted.

##### **Treasury management**

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Management Committee. In this way the Association manages its borrowing arrangements to ensure that it is always able to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

##### **Employee Involvement and Health & Safety**

The Association encourages employee involvement in all Health and Safety initiatives. The Association monitors its Health and Safety work closely. Our next Health & Safety Audit is due to take place later in 2021. Health & Safety has been given increased prominence given the fact that our staff are continuing to work remotely and staff well being rightly is being given a high level of support.

##### **Quality and Integrity of Personnel**

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the senior staff.

## HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

### REPORT of the MANAGEMENT COMMITTEE (continued)

#### For the year ended 31 March 2021

#### **Statement of Management Committee's Responsibilities**

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

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

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

#### **Disclosure of information to the auditor**

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

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

#### **Donations**

During the year the Association made charitable donations amounting to £650 (2020: £100).

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



**Mary Docherty**  
**Secretary**

2 September 2021

## HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

### REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2021

#### Statement on Internal Financial Control

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

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

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

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

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

**BY ORDER OF THE MANAGEMENT COMMITTEE**

**Mary Docherty**  
Secretary



2 September 2021

**REPORT by the AUDITORS to the MEMBERS OF  
HILLHEAD HOUSING ASSOCIATION 2000 LIMITED  
On CORPORATE GOVERNANCE MATTERS**



In addition to our audit of the Financial Statements, we have reviewed your statement on page 9 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

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

**Opinion**

In our opinion the Statement on Internal Financial Control on page 9 has provided the disclosures required by the relevant Regulatory Standards within the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



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

3 September 2021

### **Opinion**

We have audited the financial statements of Hillhead Housing Association 2000 Limited (the 'Association') for the year ended 31 March 2021 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 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – 2019.

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### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

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

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

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of the Management Committee**

As explained more fully in the Statement of Management Committee's Responsibilities as set out on Page 8, the Management Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

**INDEPENDENT AUDITORS REPORT to the MEMBERS OF  
HILLHEAD HOUSING ASSOCIATION 2000 LIMITED (continued)**



**Auditor's responsibilities for the audit of the financial statements (continued)**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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



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

3 September 2021

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

STATEMENT of COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	£	2021 £	£	2020 £
<b>Revenue</b>	2		4,335,380		4,157,430
Operating costs	2		(2,918,588)		(2,883,115)
<b>Operating surplus</b>			1,416,792		1,274,315
Interest receivable and other income		9,038		3,849	
Interest payable and similar charges	7	(686,383)		(727,265)	
Other finance charges		-		(9,000)	
			(677,345)		(732,416)
Surplus before other comprehensive income	8		739,447		541,899
<b>Other comprehensive income</b>					
Actuarial (loss)/surplus in respect of pension scheme	21		(257,000)		350,000
<b>Total comprehensive income</b>			482,447		891,899

The notes on pages 18 to 30 form part of these financial statements.

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

STATEMENT of FINANCIAL POSITION

As at 31 March 2021

	Notes	£	2021 £	£	2020 £
<b>Non-current assets</b>					
Housing properties – depreciated cost	10(a)		25,191,175		25,676,728
Other non-current assets	10(b)		999,015		1,028,939
			-----		-----
			26,190,190		26,705,667
<b>Current assets</b>					
Receivables	12	159,144		180,236	
Cash at bank and in hand		2,670,062		2,031,732	
			-----	-----	
		2,829,206		2,211,968	
<b>Creditors: amounts falling due within one year</b>					
	13	(512,649)		(496,438)	
			-----	-----	
<b>Net current assets</b>			2,316,557		1,715,530
			-----		-----
<b>Total assets less current liabilities</b>			28,506,747		28,421,197
<b>Creditors: amounts falling due after more than one year</b>					
	14		(14,264,000)		(14,439,000)
<b>Deferred income</b>					
Social Housing Grants	16	(12,179,966)		(12,592,150)	
Other grants	16	(397,571)		(410,279)	
			-----	-----	
			(12,577,537)		(13,002,429)
<b>Provisions for liabilities</b>					
Pension – defined benefit liability	21		(203,000)		-
			-----		-----
<b>Net assets</b>			1,462,210		979,768
			=====		=====
<b>Equity</b>					
Share capital	17		52		57
Revenue reserves			1,665,158		979,711
Pension reserves			(203,000)		-
			-----		-----
			1,462,210		979,768
			=====		=====

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf by:



Chairperson – Claire Taylor



Committee Member – Lisa Scott



Secretary – Mary Docherty

2 September 2021

The notes on pages 18 to 30 form part of these financial statements.

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

STATEMENT of CASH FLOWS

For the year ended 31 March 2021

	Notes	2021	2020
		£	£
<b>Net cash inflow from operating activities</b>	15	1,965,719	631,476
<b>Investing activities</b>			
Acquisition and construction of properties	(455,002)	(1,797,542)	
Purchase of other fixed assets	(20,037)	(40,899)	
Social Housing Grant received	-	6,392	
Social Housing Grants repaid	-	(22,960)	
Proceeds on disposal of properties	-	844,960	
		-----	-----
<b>Net cash outflow from investing activities</b>		(475,039)	(1,010,049)
<b>Financing activities</b>			
Loan advances received	-	1,000,000	
Interest received on cash and cash equivalents	9,038	3,849	
Interest paid on loans	(686,383)	(727,266)	
Loan principal repayments	(175,000)	(175,000)	
Share capital issued	-	2	
Cancelled shares	(5)	(5)	
		-----	-----
<b>Net cash (outflow)/inflow from financing activities</b>		(852,350)	101,580
		-----	-----
<b>Increase/(decrease) in cash</b>		638,330	(276,993)
<b>Opening cash and cash equivalents</b>		2,031,732	2,308,725
		-----	-----
<b>Closing cash and cash equivalents</b>		2,670,062	2,031,732
		=====	=====
<b>Cash and cash equivalents at 31 March 2021</b>		<b>2,670,062</b>	<b>2,031,732</b>
		=====	=====

Analysis of Changes in Net Debt

	2020	Cash Flows	Non-cash Changes Finance Leases	Other Changes	2021
	£	£	£	£	£
Long-term borrowings	(14,439,000)	175,000	-	-	(14,264,000)
Short-term borrowings	(175,000)	-	-	-	(175,000)
Total liabilities	(14,614,000)	175,000	-	-	(14,439,000)
Cash and cash equivalents	2,031,732	638,330	-	-	2,670,062
	-----	-----	-----	-----	-----
Total net debt	(12,582,268)	813,330	-	-	(11,768,938)
	=====	=====	=====	=====	=====

The notes on pages 18 to 30 form part of these financial statements.

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

STATEMENT of CHANGES in EQUITY

As at 31 March 2021

	Share Capital £	Pension Reserve £	Revenue Reserve £	Total £
<b>Balance as at 1 April 2019</b>	60	(389,000)	476,812	87,872
Issue of shares	2	-	-	2
Cancellation of shares	(5)	-	-	(5)
Surplus for the year	-	-	541,899	541,899
Pension scheme – movement in pension liability	-	39,000	(39,000)	-
Other comprehensive income – pension scheme	-	350,000	-	350,000
	-----	-----	-----	-----
<b>Balance as at 31 March 2020</b>	57	-	979,711	979,768
	=====	=====	=====	=====
<b>Balance as at 1 April 2020</b>	57	-	979,711	979,768
Issue of shares	-	-	-	-
Cancellation of shares	(5)	-	-	(5)
Surplus for the year	-	-	739,447	739,447
Pension scheme – movement in pension liability	-	54,000	(54,000)	-
Other comprehensive income – pension scheme	-	(257,000)	-	(257,000)
	-----	-----	-----	-----
<b>Balance as at 31 March 2021</b>	52	(203,000)	1,665,158	1,462,210
	=====	=====	=====	=====

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

## NOTES to the FINANCIAL STATEMENTS

### For the year ended 31 March 2021

#### 1. Principal accounting policies

##### **Statement of compliance**

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

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

##### **Going concern**

The Management Committee anticipate that a surplus will be generated in the year to 31 March 2022. The Association has healthy cash and net current asset position and thus the Management Committee are satisfied that there are sufficient resources in place to continue operating for the foreseeable future not withstanding Covid-19. Thus the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### **Revenue**

The Association recognises rent receivable net of losses from voids.

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

##### **Retirement benefits**

The Association participates in the Scottish Housing Associations' Pension Scheme (SHAPS) and retirement benefits to employees of the Association are funded by contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole. The Association has moved from the Defined Benefit scheme to the Scottish Housing Association Defined Contribution scheme. All existing and new staff are invited to join this scheme.

It has become possible to identify the share of underlying assets and liabilities belonging to individual participating employers as at 31 March 2019 and the scheme is now accounted for as a defined benefit plan, as opposed to defined contribution, for the benefit of its employees. No new benefits have been introduced and there is no change to the benefits themselves.

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

For the year ended 31 March 2021

**1. Principal accounting policies (continued)**

**Valuation of housing properties**

Housing properties are stated at cost less accumulated depreciation. Housing under construction and land are not depreciated. The Association depreciates housing properties by major component on a straight-line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 10. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<b>Component</b>	<b>Useful economic life</b>
Structure	50 years
Central heating	15 years
Windows	25 years
Kitchen	15 years
Bathroom	20 years
External doors	25 years
Rewiring	20 years
Environmental Works	20 years
Heat Detectors	10 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:

<b>Asset Category</b>	<b>Depreciation Rate</b>
Office premises	2%
Furniture and fittings	33%
Computer and office equipment	33%
Van	33%

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

**Social Housing Grant and other grants in advance/arrears**

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

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

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

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

**Sales of housing properties**

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

For the year ended 31 March 2021

**1. Principal accounting policies (continued)**

**Estimation uncertainty**

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

- (a) Rent Arrears – Bad Debt Provision  
The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.
- (b) Life Cycle of Components  
The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.
- (c) Useful life of properties, plant and equipment  
The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

**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.

**Capitalisation of development overheads**

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

**Development interest**

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

**Key judgements made in the application of Accounting Policies**

- (a) The Categorisation of Housing Properties  
In the judgement of the Management Committee, the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.
- (b) Identification of Cash Generating Units  
The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.
- (c) Financial instrument break clauses  
The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Management Committee, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

NOTES to the FINANCIAL STATEMENTS (continue)

For the year ended 31 March 2021

1. Principal accounting policies (continued)

(d) Pension liability

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

2. Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Affordable Letting and Other Activities

	2021			2020		
	Turnover	Operating Costs	Operating Surplus/ (Deficit)	Turnover	Operating Costs	Operating Surplus (Deficit)
	£	£	£	£	£	£
Affordable letting activities (note 3)	4,244,983	2,734,288	1,510,695	4,074,671	2,731,636	1,343,035
Other activities (note 4)	90,397	184,300	(93,903)	82,759	151,479	(68,720)
Total	4,335,380	2,918,588	1,416,792	4,157,430	2,883,115	1,274,315

3. Particulars of Income and Expenditure from Affordable Letting Activities

	General Needs Housing	2021	2020
	£	£	£
<b>Revenue from lettings</b>			
Rent receivable	3,801,344	3,801,344	3,657,397
<b>Gross income from rent and service charges</b>	3,801,344	3,801,344	3,657,397
<u>Less:</u> Rent losses from voids	34,580	34,580	40,832
<b>Net rentals receivable</b>	3,766,764	3,766,764	3,616,565
Grants released from deferred income	424,892	424,892	423,697
Revenue grants from Scottish Ministers	53,327	53,327	34,409
<b>Total turnover from affordable letting activities</b>	4,244,983	4,244,983	4,074,671
<b>Expenditure on affordable letting activities</b>			
Management and maintenance administration costs	1,164,401	1,164,401	1,140,293
Planned and cyclical maintenance, including major repairs	306,768	306,768	283,828
Reactive maintenance costs	317,486	317,486	363,665
Bad debts – rents	5,078	5,078	30,209
Depreciation of affordable let properties	940,555	940,555	913,641
<b>Operating costs of affordable letting activities</b>	<b>2,734,288</b>	2,734,288	2,731,636
<b>Operating surplus on affordable letting activities</b>	<b>1,510,695</b>	1,510,695	1,343,035
<b>2020</b>		1,343,035	

The figure of £306,768 (2020: £283,828) for planned and cyclical maintenance includes major repairs of £87,103 (2020: £77,225).

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

NOTES to the FINANCIAL STATEMENTS (continue)

For the year ended 31 March 2021

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 Other £	Operating Surplus/ (Deficit) 2021 £	Operating Surplus/ (Deficit) 2020 £
Wider role activities	-	-	39,154	39,154	62,844	(23,690)	(11,092)
Welfare Rights	-	-	12,151	12,151	86,114	(73,963)	(57,628)
Agency or management services	-	-	35,342	35,342	35,342	-	-
Other	-	-	3,750	3,750	-	3,750	-
<b>Total from other activities</b>	-	-	90,397	90,397	184,300	(93,903)	(68,720)
2020	2,000	26,225	54,534	82,759	151,479	(68,720)	

**HILLHEAD HOUSING ASSOCIATION 2000 LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continue)**

**For the year ended 31 March 2021**

**5. Officers Emoluments**

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.

	<b>2021</b>	<b>2020</b>
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	72,797	70,376
	=====	=====
Pension contributions made on behalf of officers with emoluments greater than £60,000	6,137	5,811
	=====	=====
Emoluments payable to Chief Executive (excluding pension contributions)	72,797	70,376
	=====	=====
Total emoluments paid to key management personnel	78,934	76,187
	=====	=====

The number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:

	<b>2021</b>	<b>2020</b>
	No.	No.
£70,000 to £80,000	1	1
£60,001 to £70,000	-	-
	=====	=====

**6. Employee information**

	<b>2021</b>	<b>2020</b>
	No.	No.
The average monthly number of full-time equivalent persons employed during the year was:	22	21
	=====	=====
The average total number of employees employed during the year was:	24	23
	=====	=====
	£	£
Staff costs were:		
Wages and salaries	747,685	696,598
Social Security costs	64,286	64,193
Other pension costs	61,250	55,702
	-----	-----
	873,221	816,493
	=====	=====

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

NOTES to the FINANCIAL STATEMENTS (continue)

For the year ended 31 March 2021

<b>7. Interest payable and similar charges</b>	<b>2021</b>	<b>2020</b>
	£	£
On bank loans and overdrafts	686,383	727,265
	-----	-----
	686,383	727,265
	=====	=====

<b>8. Surplus/(deficit) for the year</b>	<b>2021</b>	<b>2020</b>
	£	£
Surplus for the year is stated after charging/(crediting):		
Depreciation – tangible owned fixed assets	990,516	965,312
Auditors’ remuneration – audit services	11,100	10,500
Operating lease rentals – other	6,822	4,365
	=====	=====

**9. Tax on surplus/(deficit) on ordinary activities**

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

<b>10. Non-current assets</b>	<b>Housing Properties Held for letting</b>	<b>Housing Properties in course of con- struction</b>	<b>Total</b>
	£	£	£
(a) Housing properties			
<b>Cost</b>			
At 1 April 2020	32,865,326	-	32,865,326
Additions	455,002	-	455,002
Transfers	-	-	-
Disposals	(19,583)	-	(19,583)
	-----	-----	-----
As at 31 March 2021	33,300,745	-	33,300,745
	-----	-----	-----
<b>Depreciation</b>			
As at 1 April 2020	7,188,598	-	7,188,598
Additions	940,555	-	940,555
Disposals	(19,583)	-	(19,583)
	-----	-----	-----
As at 31 March 2021	8,109,570	-	8,109,570
	-----	-----	-----
<b>Net book value</b>			
As at 31 March 2021	25,191,175	-	25,191,175
	=====	=====	=====
As at 31 March 2020	25,676,728	-	25,676,728
	=====	=====	=====

**HILLHEAD HOUSING ASSOCIATION 2000 LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continue)**

**For the year ended 31 March 2021**

**10. Non-current assets (continued)**

(a) Housing properties (continued)

Additions to housing properties include capitalised development administration costs of £Nil (2020: £Nil) and capitalised major repair costs to existing properties for £455,002 (2020: £503,863).

Disposals in the year amounted to £19,583. No gains or losses were made on these disposals.

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £1,079,256 (2020: £1,155,356). The amount capitalised is £455,002 (2020: £503,863) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £455,002 (2020: £503,863) and improvement of £Nil (2020: £Nil).

The Association's lenders have standard securities over Housing Property with a carrying value of £20,405,388 (2020: £21,241,664).

	<b>Office Premises</b>	<b>Furniture and Equipment</b>	<b>Van</b>	<b>Total</b>
	£	£	£	£
(b) Other tangible assets				
<b>Cost</b>				
At 1 April 2020	1,104,577	349,869	42,319	1,496,765
Additions	-	20,037	-	20,037
	-----	-----	-----	-----
As at 31 March 2021	1,104,577	369,906	42,319	1,516,802
	-----	-----	-----	-----
<b>Aggregate depreciation</b>				
As at 1 April 2020	110,459	315,048	42,319	467,826
Additions	22,092	27,869	-	49,961
	-----	-----	-----	-----
As at 31 March 2021	132,551	342,917	42,319	517,787
	-----	-----	-----	-----
<b>Net book value</b>				
As at 31 March 2021	972,026	26,989	-	999,015
	=====	=====	=====	=====
As at 31 March 2020	994,118	34,821	-	1,028,939
	=====	=====	=====	=====

**11. Commitments under operating leases**

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

	<b>2021</b>	<b>2020</b>
	£	£
<b>Other</b>		
Not later than one year	6,822	6,350
Later than one year and not later than five years	3,416	3,982
	=====	=====

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

NOTES to the FINANCIAL STATEMENTS (continue)

For the year ended 31 March 2021

<b>12. Receivables:</b> amounts falling due within one-year	<b>2021</b>	<b>2020</b>
	£	£
Arrears of rent and service charges	147,458	183,790
<u>Less:</u> Provision for doubtful debts	(91,442)	(104,465)
	-----	-----
	56,016	79,325
Other receivables	103,128	100,911
	-----	-----
	159,144	180,236
	=====	=====
<b>13. Payables:</b> amounts falling due within one-year	<b>2021</b>	<b>2020</b>
	£	£
Housing loans	175,000	175,000
Trade payables	165,189	210,661
Rent received in advance	113,910	81,498
Other taxation and social security	-	-
Other payables	58,550	29,279
	-----	-----
	512,649	496,438
	=====	=====

At the balance sheet date there were pension contributions outstanding of £12,151 (2020: £Nil).

<b>14. Payables:</b> amounts falling due after more than one-year	<b>2021</b>	<b>2020</b>
	£	£
Housing loans	14,264,000	14,439,000
	=====	=====
<b>Housing loans</b>		
Amounts due within one year	175,000	175,000
Amounts due in one year or more but less than two years	210,000	175,000
Amounts due in two years or more but less than five years	1,110,000	970,000
Amounts due in more than five years	12,944,000	13,294,000
	-----	-----
	14,439,000	14,614,000
<u>Less:</u> Amount shown in current liabilities	175,000	175,000
	-----	-----
	14,264,000	14,439,000
	=====	=====

Housing loans are secured by specific charges on the Association's properties. Loans are repayable at current rates of interest ranging from Libor +1.5% to 6.6%. A Scottish government loan of £680,000 is unsecured and payable in two equal tranches in 2024 and 2034. No interest is charged on this loan.

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

<b>15. Statement of cash flows</b>	<b>2021</b>	<b>2020</b>
	£	£
Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus	1,416,792	1,274,315
Depreciation	990,516	965,312
Amortisation of capital grants	(424,892)	(423,696)
Change in debtors	21,093	(11,018)
Change in creditors	16,210	(1,125,437)
Actuarial movements on pension scheme	(54,000)	(48,000)
	-----	-----
Net cash inflow from operating activities	1,965,719	631,476
	=====	=====

<b>16. Deferred income</b>	<b>Housing properties held for letting</b>	<b>Housing properties in course of construction</b>	<b>Total</b>
	£	£	£
<b>Social Housing Grants</b>			
As at 1 April 2020	16,172,650	-	16,172,650
Additions in year	-	-	0
Repayments	-	-	0
Eliminated on disposal of components and property Transfer	(8,270)	-	(8,270)
	-----	-----	-----
As at 31 March 2021	16,164,380	-	16,164,380
	-----	-----	-----
<b>Amortisation</b>			
As at 1 April 2020	3,580,500	-	3,580,500
Amortisation in year	412,185	-	412,185
Eliminated on disposal	(8,270)	-	(8,270)
	-----	-----	-----
As at 31 March 2021	3,984,415	-	3,984,415
	-----	-----	-----
<b>Net book value</b>			
As at 31 March 2021	12,179,965	-	12,179,965
	=====	=====	=====
As at 31 March 2020	12,592,150	-	12,592,150
	=====	=====	=====
<b>Other Grants</b>			
As at 1 April 2020	549,177	-	549,177
	=====	=====	=====
As at 31 March 2021	549,177	-	549,177
	=====	=====	=====
<b>Amortisation</b>			
As at 1 April 2020	138,898	-	138,898
Amortisation in year	12,707	-	12,707
	-----	-----	-----
As at 31 March 2021	151,605	-	151,605
	-----	-----	-----
<b>Net book value</b>			
As at 31 March 2021	397,572	-	397,572
	=====	=====	=====
As at 31 March 2020	410,279	-	410,279
	=====	=====	=====

**HILLHEAD HOUSING ASSOCIATION 2000 LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2021****16. Deferred income (continued)**

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

	<b>2021</b>	<b>2020</b>
	£	£
Amounts due within one year	424,892	423,697
Amounts due in one year or more	12,152,645	12,578,732
	-----	-----
	12,577,537	13,002,429
	=====	=====

**17. Share capital**

	<b>2021</b>	<b>2020</b>
	£	£
<b>Shares of £1 each issued and fully paid</b>		
As at 1 April 2020	57	60
Issued in year	-	2
Cancelled in year	(5)	(5)
	-----	-----
At 31 March 2021	52	57
	=====	=====

Each member of the Association hold 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.

**18. Housing Stock**

	<b>2021</b>	<b>2020</b>
	No.	No.
The number of units of accommodation in management at the year end was:		
General Needs – built by Association	213	213
General needs – purchased by Association	617	617
	-----	-----
	830	830
	=====	=====

**19. Related party transactions**

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

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

Management committee cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

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

	<b>2021</b>	<b>2020</b>
	£	£
Rent received from tenants on the Management Committee and their close Family	26,119	39,099
	=====	=====

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

## NOTES to the FINANCIAL STATEMENTS (continued)

### For the year ended 31 March 2021

#### 19. Related party transactions (continued)

At the year end, total rent arrears owed by the family of tenant members on the Management Committee were £1,328 (2020: £1,023).

	2021 No.	2020 No.
Members of the Management Committee who are tenants	3	3
	=====	=====
Members of the Management Committee who are local councillors	3	3
	=====	=====

#### 20. Capital Commitments

Capital expenditure which has been contracted for but has not been provided for in the financial statements amounted to £680,469 (2020: £nil).

#### 21. Retirement benefit obligations

##### General

Hillhead Housing Association 2000 Limited participates in the Scottish Housing Associations' Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2015. This valuation revealed a deficit of £198m. A Recovery Plan has been put in place to eliminate the deficit which runs to 28 February 2022 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. The pension obligation relates to the Association's past membership of the defined benefit scheme and following the Association leaving this scheme, the Association has been making contributions to the defined contribution scheme along with the employees.

For financial years ending on or before 28 February 2019, it has not been 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.

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

	2021 £	2020 £
Fair value of plan assets	1,945,000	1,726,000
Present value of defined benefit obligation	(2,148,000)	(1,697,000)
	-----	-----
Defined benefit (liability)/asset to be recognised	(203,000)	29,000
	=====	=====

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

**21. Retirement benefit obligations (continued)**

**Reconciliation of opening and closing balances of the defined benefit obligation**

	<b>2021</b>
	<b>£</b>
Defined benefit obligation at start of period	1,697,000
Current service cost	-
Expenses	2,000
Interest expense	40,000
Actuarial gains due to scheme experience	(18,000)
Actuarial losses due to changes in demographic assumptions	-
Actuarial losses due to changes in financial assumptions	434,000
Benefits paid and expenses	(7,000)
	-----
Defined benefit obligation at end of period	2,148,000
	=====

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

	<b>2021</b>
	<b>£</b>
Fair value of plan assets at start of period	1,726,000
Interest income	41,000
Experience on plan assets (excluding amounts included in interest income) - gain	129,000
Contributions by the employer	56,000
Benefits paid and expenses	(7,000)
	-----
Fair value of plan assets at end of period	1,945,000
	=====

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £170,000

**Defined benefit costs recognised in statement of comprehensive income**

	<b>2021</b>
	<b>£</b>
Current service cost	-
Expenses	2,000
Net interest expense	-
	-----
Defined benefit costs recognised in statement of comprehensive income	2,000
	=====

**Defined benefit costs recognised in other comprehensive income**

	<b>2020</b>
	<b>£</b>
Current service cost	-
Expenses	1,000
Net interest expense	9,000
	-----
Defined benefit costs recognised in statement of comprehensive income	10,000
	=====