

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 2020**

Registered Housing Association Number: HCB195  
Charity Registration Number: SC037972  
FCA Reference Number: 2184 RS

# **CUNNINGHAME HOUSING ASSOCIATION LIMITED**

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**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**THE BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS**  
**FOR THE YEAR ENDED MARCH 2020**

**MEMBERS OF THE BOARD OF MANAGEMENT**

		Appointed	Resigned
Janet Strang	Chairperson		
John Kelly	Vice-Chair		
Lesley Keenan	Secretary		
Brenda Johnstone	Board Member		
William Gibson	Board Member		
Liam Loudon	Board Member		
June Fenelon	Board Member		
John Nisbet	Board Member		
Councillor Douglas Reid	Board Member		
Councillor Jimmy Miller	Board Member		
Brian McCabe	Board Member	25-Apr-19	
Drew Hall	Board Member	25-Apr-19	
Elizabeth Shedden	Board Member	28-Aug-19	
Margaret Davison	Board Member	28-Aug-19	
Cameron Crawford	Board Member		07-Aug-19
Fay Schlesiger	Board Member		22-Aug-19
John McLaren	Board Member		25-Mar-20

**EXECUTIVE OFFICER**

F.A. Sweeney

**CUNNINGHAME HOUSING ASSOCIATION LIMITED  
THE BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS  
FOR THE YEAR ENDED MARCH 2020**

**REGISTERED OFFICE**

Quayside offices  
Marina Quay  
Dock Road  
Ardrossan  
Ayrshire  
KA22 8DA

**AUDITOR**

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

**BANKERS**

Santander  
Customer Service Centre  
Bootle  
Merseyside  
L30 4GB

**SOLICITORS**

Messrs Taylor & Henderson  
Solicitors  
51 Hamilton Street  
Saltcoats KA21 5DX

Harper MacLeod LLP  
Solicitors  
Ca 'd'oro Building  
45 Gordon Street  
Glasgow G1 3PE

Rooney Nimmo Limited  
8 Walker Street  
Edinburgh  
EH3 7LA

Douglas Wright Solicitors  
20 Chapwell Street  
Saltcoats  
KA21 5EA

**INTERNAL AUDITORS**

Wylie & Bisset LLP  
168 Bath Street  
Glasgow  
G2 4TP

# **CUNNINGHAME HOUSING ASSOCIATION LIMITED**

## **REPORT OF THE BOARD OF MANAGEMENT**

### **FOR THE YEAR ENDED MARCH 2020**

The Association's Board of Management presents their report and the audited Financial Statements for the financial year ended 31 March 2020.

#### **Legal Status**

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 2184R(S) and the Housing (Scotland) Act 2010. The Association is governed under its Rule Book. The Association is a Registered Scottish Charity with the charity number SC037972. The Association's rules are based upon the SFHA Charitable Model Rules (Scotland) 2013 (as amended 2015 and 2018).

#### **Principal Activities**

Our Rules state that the objects of the Association are:

- To provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care; and
- Any other purpose or object permitted under Section 24 of the Housing (Scotland) Act 2010 which is charitable both for the purposes of Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and also in relation to the application of the Taxes Acts.
- The permitted activities and powers of the Association will include anything which is necessary or expedient to help the Association achieve these objects.
- The Association shall not trade for profit and any profits shall be applied for the purpose of furthering the Association's objects and/or in accordance with these Rules.
- Nothing shall be paid or transferred by way of profit to Members.

#### **Review of business and future developments**

Cunninghame Housing Association's Corporate Strategy and Business Plan covers the period 2019/20 to 2024/25 and is reviewed and updated annually. The last review and update was carried out in April & May 2019 by the Board of Management at two Governance Review away days. This is our key strategic document which sets out and communicates our vision, objectives, strategic direction and timescales (with KPI's) for implementation.

#### **Objectives**

As part of its annual governance review of its Corporate Strategy and Business Plan the Association also reviewed its six strategic objectives;

##### **1. Customer Focus**

To deliver a quality customer driven service by putting out tenants, customers and communities at the heart of our services by promoting clear communications and encouraging participation through engagement and involvement.

##### **2. Growth**

To achieve sustained growth and financial sustainability through partnership working.

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE BOARD OF MANAGEMENT**  
**FOR THE YEAR ENDED MARCH 2020**

**3. Quality**

To provide affordable, quality homes that continue to meet the Scottish Housing Quality Standards and strives to achieve Energy Efficient Standard for Social Housing (ESSH) by 2020 and the needs and aspirations of our customers and our communities.

**4. Regeneration**

To contribute to the social and economic regeneration of our communities.

**5. Social Responsibility**

To deliver effective leadership, good governance and effective brand positioning to produce a positive impact on our business, our people and the communities in which we operate.

**6. Continuous Improvement**

To seek continuous improvement in our operations by investing in and developing further all our people and our business processes.

After review no changes or amendments were made to the strategic objectives.

During the year the Association's dynamic house building programme continued to deliver valuable assets for the organisation. We are now developing new build housing in three geographical areas (North and East Ayrshire and Dumfries & Galloway). In financial year 2019/2020 a total of 98 new houses commenced on site with 426 new homes programmed for a site start in 2020/2021.

Within this context it is projected that over the next 5-year plan period for our Corporate Strategy & Business Plan that we will achieve a growth rate of 40% which will take our rented stock in management to approximately 4770 affordable homes.

**Financial Review**

The Board of Management are satisfied that the state of affairs of the Association are satisfactory. The surplus for the year (2019/20) was £3,652,374 (2018/19 £233,290) - this is after pension adjustments of £1,835,000 surplus (2018/19 – £1,227,000 deficit). Net Assets now stand at £14,733,681 (2018/19 £11,081,307).

**Risk Management**

The Association operates a robust Risk Management Strategy and Framework which includes our strategic and operational risks registers. In terms of managing our risk, we operate the undernoted;

- Risk management is a standard item on each Board of Management agendas. At each meeting the Group CEO presents on screen by means of our Clearview risk programme our strategic risk matrix (7week period) which compares the strategic risks that were relevant at the last Board of Management meeting with the current risk matrix (7 weeks later) which shows any additions or downgrades on impact of the risks. If there has been an addition(s) the Group CEO then proceeds to explain the risk on screen, its scoring and after any questions from the Board of Management the risk is noted as per actions that have been recommended to the Board for implementation.

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE BOARD OF MANAGEMENT**  
**FOR THE YEAR ENDED MARCH 2020**

- Each year an external risk consultant will normally carry out a review with Board members on the Risk Strategy, Risk Framework and the top 12 strategic risks and top 5 operational risks.

The consultants will thereafter prepare a report which is presented to the Board of Management and the Internal Audit Sub Committee (for comment back to the Board of Management).

**Governance**

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

During the year the Board of Management and Sub Committees operated the following cycle of meetings.

- Board of Management - 8 meetings every 7 weeks
- Finance & Corporate Services Sub Committee – 4 meetings quarterly
- Internal Audit – 4 meetings quarterly
- Housing & Property Services Sub Committee – 3 meetings quarterly
- Development Services Sub Committee – 11 meetings every 4 weeks
- Skills & Succession Planning Group – 4 meetings quarterly

**Annual Assurance Statement (SHR)**

In May 2019 the Association commissioned an external consultant to test CHA's compliance with the Scottish Housing Regulator's (SHR) Regulatory Standards of Governance and Financial Management in order that the Association could submit its first self assurance certificate to the SHR. An Assurance Statement is a way for Committees and Boards to declare that they are assured their organisation complies with regulatory requirements and standards or to disclose areas where they need to improve. It is meant to help governing body members get the assurance they need. The overall assessment was that Cunninghame Housing Association were Partially Compliant with the Regulatory Standards. However, there were no areas of material non-compliance.

**COVID-19**

The Association closed its offices as from the 26<sup>th</sup> March 2020 due to the COVID-19 lockdown procedures/requirements.

The Board of Management are aware of material uncertainties related to Covid-19. However, the Board are continually developing and implementing mitigating actions and processes to ensure that the Association continues to function and manage future operations and those of their workforce and stakeholders. While there has been an increase in rent arrears for the period to July 2020 the Association has been focussed on tenant support and is in regular contact with tenants regarding changes in circumstances and applications for Universal Credit. Lower maintenance costs have been incurred during the same period and reduced overall maintenance spend in the year, along with lower loan interest charges (due to reduced interest rates) and lower staffing costs (due to majority of staff being furloughed), are expected. As a result of the current financial position of the Association there are no material concerns for the Association at this point regarding continued future viability.

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE BOARD OF MANAGEMENT**  
**FOR THE YEAR ENDED MARCH 2020**

**Board of Management and Executive Officers**

Each member of the Board of Management holds one fully paid share of £1 in the Association. The Executive Officer of the Association holds no interest in the Association's share capital and although not having the legal status of a director he acts as an executive within the authority delegated by the Board.

Council Positions are held on the Board and representatives are appointed directly by the Council.

Co-opted positions are held for an annual period. Co-opted members must stand to be re-appointed if they wish to be on the board the following year.

**Statement of the Board of Management's responsibilities**

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

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

In so far as the Board of Management are aware:

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



**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE BOARD OF MANAGEMENT**  
**FOR THE YEAR ENDED 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; and
- 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 Association's Group Chief Executive and the Executive 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 receive reports from the Group Chief Executive and the Executive Management Team and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken; and
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal and 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.

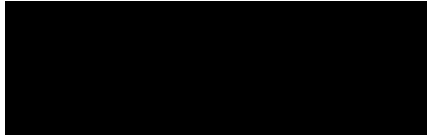
**CUNNINGHAME HOUSING ASSOCIATION LIMITED  
REPORT OF THE BOARD OF MANAGEMENT  
FOR THE YEAR ENDED MARCH 2020**

**Auditors**

A resolution to re-appoint the auditors, French Duncan LLP, Chartered Accountants, will be proposed at the Annual General Meeting.

**By order of the Board of Management.**

Signature

A large black rectangular box redacting the signature of the Company Secretary.

Lesley Keenan, Company Secretary

Date: 26<sup>th</sup> August 2020

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**

**REPORT BY THE INDEPENDENT AUDITOR TO THE BOARD OF CUNNINGHAME HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED MARCH 2020**

In addition to our audit of the Financial Statements, we have reviewed your statement on page 7 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.

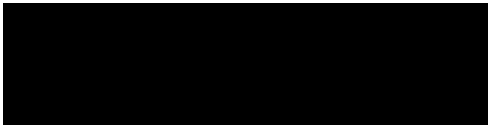
**Basis of Opinion**

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 7 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.



French Duncan LLP

Chartered Accountants  
Statutory Auditors

GLASGOW

17 September 2020

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUNNINGHAME HOUSING ASSOCIATION**  
**LIMITED FOR THE YEAR ENDED MARCH 2020**

**OPINION**

We have audited the Financial Statements of Cunninghame Housing Association Limited for the year ended 31 March 2020 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in reserves and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements December 2019.

**BASIS FOR OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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 members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Management have 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 other information comprises the information contained in the report of the board of management, other than the financial statements and our auditor's report thereon. The Board of Management are responsible for the other information.

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

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUNNINGHAME HOUSING ASSOCIATION**  
**LIMITED FOR THE YEAR ENDED MARCH 2020**

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**

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

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

**RESPONSIBILITIES OF BOARD OF MANAGEMENT**

As explained more fully in the Board of Management's responsibilities statement set out on page 6, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management are responsible for assessing the housing association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the housing association or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

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

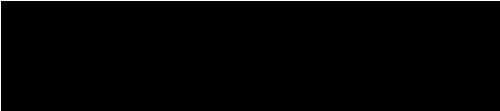
**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUNNINGHAME HOUSING ASSOCIATION**  
**LIMITED FOR THE YEAR ENDED MARCH 2020**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the housing association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members.
- Conclude on the appropriateness of the board members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the housing association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**USE OF OUR REPORT**

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



**French Duncan LLP**  
Chartered Accountants and Statutory Auditors  
133 Finnieston Street  
GLASGOW  
G3 8HB

17 September 2020

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED MARCH 2020**

		<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>REVENUE</b>	2	17,964,609	17,491,803
Operating costs	2	<u>(13,497,389)</u>	<u>(13,660,136)</u>
<b>OPERATING SURPLUS</b>	9	4,467,220	3,831,667
Loss on sale of housing stock	7	(12,644)	-
Interest receivable and other similar income		47,762	23,613
Interest payable and other similar charges	8	(2,634,964)	(2,345,990)
Other Finance Charges	11	<u>(50,000)</u>	<u>(49,000)</u>
		<u>(2,649,846)</u>	<u>(2,371,377)</u>
<b>SURPLUS FOR THE YEAR</b>		1,817,374	1,460,290
<b>OTHER COMPREHENSIVE INCOME</b>			
Initial recognition of multi-employer defined benefit scheme	25	-	(685,000)
Actuarial gains/losses in respect of pension scheme	25	1,835,000	(542,000)
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>3,652,374</u>	<u>233,290</u>

The results for the year relate wholly to continuing activities.

The notes on pages 17 to 40 form part of these financial statement.

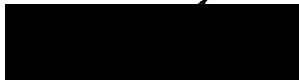
**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 2020**

	Notes	2020 £	2019 £
<b>NON-CURRENT ASSETS</b>			
Housing properties - depreciated cost	12(a)	215,580,002	191,242,260
Other tangible fixed assets	12(b)	<u>4,267,797</u>	<u>4,445,271</u>
		219,847,799	195,687,531
<b>CURRENT ASSETS</b>			
Debtors	14	6,937,839	5,010,621
Cash at bank and in hand		<u>3,310,396</u>	<u>687,007</u>
		10,248,235	5,697,628
<b>CREDITORS:</b> amounts falling due within one year	15	<u>(7,496,698)</u>	<u>(6,232,490)</u>
<b>NET CURRENT ASSETS / (CURRENT LIABILITIES)</b>		<u>2,751,537</u>	<u>(534,862)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		222,599,336	195,152,669
<b>CREDITORS:</b> amounts falling due after more than one year			
housing property loans	16	(79,506,947)	(67,504,044)
<b>PROVISIONS FOR LIABILITIES</b>			
Pension - defined benefit liability	25	<u>(186,564)</u>	<u>(2,340,150)</u>
		(79,693,511)	(69,844,194)
<b>DEFERRED INCOME</b>			
Social Housing Grants	19	(127,030,306)	(113,045,138)
Other Fixed Asset Grants	19	<u>(1,141,838)</u>	<u>(1,182,030)</u>
		<u>14,733,681</u>	<u>11,081,307</u>
<b>EQUITY</b>			
Share capital	20	52	52
Revenue reserve		<u>14,733,629</u>	<u>11,081,255</u>
		<u>14,733,681</u>	<u>11,081,307</u>

The financial statements were approved by the Board of Management, authorised for issue, and signed on its behalf on 26<sup>th</sup> August 2020.



Janet Strang  
Chairperson



John Kelly  
Vice Chairperson



Lesley Keenan  
Secretary

The notes on pages 17 to 40 form part of these financial statements.



**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 2020**

	Notes	2020 £	2019 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	17	<u>6,874,377</u>	<u>5,702,370</u>
<b>INVESTING ACTIVITIES</b>			
Acquisition and construction of housing properties	(28,685,650)	(27,838,414)	
Acquisition other fixed assets	(144,146)	(426,209)	
Grants received	15,277,614	12,957,009	
Grants repaid	(12,644)	-	
<b>NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES</b>		<u>(13,564,826)</u>	<u>(15,307,614)</u>
<b>NET CASH (OUTFLOW) BEFORE FINANCING</b>		(6,690,449)	(9,605,244)
<b>FINANCING ACTIVITIES</b>			
Loan advance received	29,000,000	23,000,000	
Issue of ordinary share capital	1	11	
Interest received	47,762	23,613	
Inter-company investment	(100,000)	25,000	
Interest paid	(2,634,964)	(2,345,990)	
Loan principal repayments	<u>(16,998,961)</u>	<u>(11,818,454)</u>	
<b>NET CASH INFLOW FROM FINANCING</b>		<u>9,313,838</u>	<u>8,884,180</u>
<b>INCREASE(DECREASE) IN CASH</b>		2,623,389	(721,064)
<b>OPENING CASH AND CASH EQUIVALENTS</b>		<u>687,007</u>	<u>1,408,071</u>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>		<u><u>3,310,396</u></u>	<u><u>687,007</u></u>

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF CHANGES IN CAPITAL AND RESERVES**  
**FOR THE YEAR ENDED MARCH 2020**

	<b>Share Capital</b>	<b>Revenue Reserve</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance as at 1 April 2019	52	11,081,255	11,081,307
Issue of Shares	1	-	1
Cancelled shares	(1)	-	(1)
Surplus for Year	-	1,817,374	1,817,374
Other comprehensive income	-	1,835,000	1,835,000
Balance as at 31 March 2020	<u>52</u>	<u>14,733,629</u>	<u>14,733,681</u>

	<b>Share Capital</b>	<b>Revenue Reserve</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance as at 1 April 2018	46	10,847,965	10,848,011
Issue of Shares	11	-	11
Cancelled shares	(5)	-	(5)
Surplus for Year	-	1,460,290	1,460,290
Other comprehensive income	-	(1,227,000)	(1,227,000)
Balance as at 31 March 2019	<u>52</u>	<u>11,081,255</u>	<u>11,081,307</u>

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. PRINCIPAL ACCOUNTING POLICIES**

**Legal status**

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

**Basis of Accounting**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for Social Housing Providers 2018 and comply with the requirements of the Determination of Housing Requirements 2019 as issued by the Scottish Housing Regulator.

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

The following principal accounting policies have been applied:

**Going Concern**

The Board of Management have assessed the Association's ability to continue as a going concern and have reasonable expectations that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis accounting in preparing these financial statements.

The Association has taken into account the Covid-19 outbreak in its consideration and is satisfied that the Association has adequate resources to manage the impact of the pandemic on an ongoing basis.

**Revenue**

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

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

**Development administration costs**

Development costs incremental to the other costs of the Association have been capitalised.

**Cyclical and major repairs**

The Association seeks to maintain its properties to the highest standard. To this end programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the costs of these repairs would be charged to the Statement of Comprehensive Income.

In addition the Association completes programmes of major repairs to cover for works which have become necessary since the original development was completed, including works required by legislative changes. This includes replacement or repairs to features of the properties which have come to the end of their economic lives. The costs of these repairs would be charged to the Statement of Comprehensive Income, unless it was agreed that they could be capitalised within the terms outlined in the SORP.

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

**Retirement Benefits**

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

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

The Association closed the defined benefit scheme at 1<sup>st</sup> July 2014 and transferred staff over to the SHAPS defined contribution scheme. Auto enrolment commenced for the Association on 1<sup>st</sup> July 2014 for all eligible staff through Scottish Widows. The costs to the Association of such pension contributions are charged to the Statement of Comprehensive Income.

**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 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Shared ownership properties are stated at cost less accumulated depreciation.

Component	Useful Economic Life
Kitchens	18 Years
Bathrooms	25 Years
Central Heating	18 Years
Windows	25 Years
PV Solar Panels	25 Years
Roofs	55 Years
Structure	60 Years

**Depreciation and Impairment of Other Non-Current Assets**

Non-Current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	2%
Commercial premises	2%
Fixtures and Fittings	33%
Office Equipment	20%
Motor vehicles	20%

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

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

**Social Housing Grant and Other Grants in Advance/Arrears**

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

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

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

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

**Sales of Housing Properties**

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

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

**Estimation Uncertainty**

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

**Rent Arrears - Bad Debt Provision**

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

**Life Cycle of Components**

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

**Useful Lives of Other Fixed Assets**

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

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

**Pension Liabilities**

This has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate. Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation. Since the year end there has been volatility in market assumptions given the Covid 19 pandemic and , in particular, discount rates have fallen which would increase scheme liabilities. However, stock market performance has improved which would help to offset any increase in liabilities.

**Costs of Shared Ownership**

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

**Leases/Leased Assets**

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

**Works to Existing Properties**

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

**Development Interest**

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

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

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

**c) Financial Instruments – Basic**

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

These are recognised in accordance with Section 11 of Financial Reporting Standard 102.

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

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**2. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS**

	Note	2020			2019		
		Revenue £	Operating Costs £	Operating surplus/ (deficit) £	Revenue £	Operating Costs £	Operating surplus/ (deficit) £
Social letting activities	<b>3</b>	16,522,176	(11,936,893)	4,585,283	15,026,893	(11,095,717)	3,931,176
Other activities	<b>4</b>	1,442,433	(1,560,496)	(118,063)	2,464,910	(2,564,419)	(99,509)
<b>Total</b>		<u>17,964,609</u>	<u>(13,497,389)</u>	<u>4,467,220</u>	<u>17,491,803</u>	<u>(13,660,136)</u>	<u>3,831,667</u>

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS**

	<b>General Needs Housing £</b>	<b>Supported Housing £</b>	<b>Shared Ownership Housing £</b>	<b>2020 Total £</b>	<b>2019 Total £</b>
<b>Revenue from lettings</b>					
Rent receivable net of identifiable service charges	12,782,576	540,540	50,744	13,373,860	12,162,916
Service charges receivable	260,234	-	603	260,837	236,420
<b>Gross rents receivable</b>	<b>13,042,810</b>	<b>540,540</b>	<b>51,347</b>	<b>13,634,697</b>	<b>12,399,336</b>
Less rent losses from voids	(31,045)	(11,312)	-	(42,357)	(68,904)
<b>Net rents receivable</b>	<b>13,011,765</b>	<b>529,228</b>	<b>51,347</b>	<b>13,592,340</b>	<b>12,330,432</b>
Amortisation of Social Housing & Other Grants	2,899,314	-	-	2,899,314	2,696,461
Revenue grants from local authorities and other agencies	30,522	-	-	30,522	-
<b>Total income from social letting</b>	<b>15,941,601</b>	<b>529,228</b>	<b>51,347</b>	<b>16,522,176</b>	<b>15,026,893</b>
<b>Expenditure on social letting activities</b>					
Management and maintenance administration costs	4,316,835	400,613	17,061	4,734,509	4,623,950
Service costs	246,729	762	603	248,094	242,411
Planned and cyclical maintenance including major repairs	1,099,142	3,287	-	1,102,429	763,417
Reactive maintenance	1,082,551	30,384	-	1,112,935	1,094,005
Bad debts - rents and service charges	119,940	2,634	-	122,574	156,373
Depreciation of social housing costs	4,531,921	60,000	24,431	4,616,352	4,215,561
<b>Total operating costs of social letting</b>	<b>11,397,118</b>	<b>497,680</b>	<b>42,095</b>	<b>11,936,893</b>	<b>11,095,717</b>
<b>Operating surplus on social letting activities</b>	<b>4,544,483</b>	<b>31,548</b>	<b>9,252</b>	<b>4,585,283</b>	<b>3,931,176</b>
2019	<b>3,874,665</b>	<b>49,753</b>	<b>6,758</b>	<b>3,931,176</b>	



**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**4. PARTICULARS OF INCOME AND EXPENDITURE FROM OTHER ACTIVITIES**

	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs bad debts	Operating costs other	Operating surplus/ (deficit) 2020	Operating surplus/ (deficit) 2019
	£	£	£	£	£	£	£	£
Amortisation-Other Fixed Assets	-	-	40,192	40,192	-	-	40,192	35,844
Supporting People	-	409,912	-	409,912	-	(386,408)	23,504	4,922
Leasehold/Commercial	-	-	103,234	103,234	-	(85,585)	17,649	112,063
Regeneration & Enterprise	-	-	280,325	280,325	-	(391,250)	(110,925)	(160,734)
Factoring	-	-	149,148	149,148	-	(138,242)	10,906	253
Subsidiary	-	-	172,039	172,039	-	(172,039)	-	-
Fuel Poverty	228,781	-	26,035	254,816	-	(312,851)	(58,035)	(7,352)
Other Costs	-	-	-	-	-	(74,121)	(74,121)	(99,605)
Other Income	-	-	32,767	32,767	-	-	32,767	15,100
<b>TOTAL FROM OTHER ACTIVITIES</b>	<b>228,781</b>	<b>409,912</b>	<b>803,740</b>	<b>1,442,433</b>	<b>-</b>	<b>(1,560,496)</b>	<b>(118,063)</b>	<b>(99,509)</b>
TOTAL FROM OTHER ACTIVITIES FOR 2019	<b>358,317</b>	<b>409,941</b>	<b>1,696,652</b>	<b>2,464,910</b>	<b>-</b>	<b>(2,564,419)</b>	<b>(99,509)</b>	

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**5. BOARD MEMBERS AND OFFICERS EMOLUMENTS**

The officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of management, managers and employees of the Association.

No emoluments have been paid to any member of the Board of Management.

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)</b>	548,007	525,131
Emoluments payable to the Chief Executive (excluding pension contributions)	116,087	112,712
Pension contributions paid on behalf of the Chief Executive	16,724	16,188
Total Emoluments paid to key management personnel:	413,484	394,325

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

	<b>Number</b>	<b>Number</b>
£60,001 - £70,000	1	2
£70,001 - £80,000	1	-
£80,001-£90,000	-	-
£90,001-£100,000	2	3
£100,001- £110,000	1	1
£110,001-£120,000	1	-
	<hr/> 6	<hr/> 6

Payments made to Board members during the year for reimbursement of expenses totalled £1,057 (2019: £1,179).

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**6. EMPLOYEE INFORMATION**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Staff costs during the year:		
Wages and salaries	3,581,569	2,984,852
Social security costs	341,793	327,880
Other pension costs	368,368	273,850
Employer past service pension deficit costs	368,586	357,850
	<u>4,660,316</u>	<u>3,944,432</u>
	<b>Number</b>	<b>Number</b>
The average number of full time equivalent persons employed during the year was	<u>108</u>	<u>94</u>

**7. LOSS ON SALE**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Repayment of Grant from sales proceeds	12,644	-
Cost of sales	-	-
	<u>12,644</u>	<u>-</u>
Loss on sale		

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank and housing loan interest	3,118,277	2,576,679
Interest capitalised in housing properties	(483,313)	(230,689)
	<u>2,634,964</u>	<u>2,345,990</u>

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**9. OPERATING SURPLUS FOR THE YEAR**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	4,937,972	4,082,201
Loss on sale of housing property	12,644	-
Auditors' remuneration - audit services	11,700	8,880
Operating lease rentals - land and buildings	47,416	44,708
- other	32,967	23,049
Bad debts	122,574	153,639
Amortisation of capital grants	<u>2,939,506</u>	<u>2,732,305</u>

**10. TAX ON SURPLUS ON ORDINARY ACTIVITIES**

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

**11. OTHER FINANCE INCOME/CHARGES**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Net interest costs	<u>50,000</u>	<u>49,000</u>

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**12. NON-CURRENT ASSETS**

<b>a) Housing Properties</b>	<b>Housing Properties Held for Letting</b>	<b>Housing Properties in the Course of Construction</b>	<b>Completed Shared Ownership Properties</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>COST</b>				
At start of year	216,619,437	26,348,934	1,465,835	244,434,206
Additions	7,691,358	21,262,736	-	28,954,094
Disposals	(466,884)	-	-	(466,884)
Transfers of stock	<u>12,166,496</u>	<u>(12,166,496)</u>	<u>-</u>	<u>-</u>
At end of year	<u>236,010,407</u>	<u>35,445,174</u>	<u>1,465,835</u>	<u>272,921,416</u>
<b>DEPRECIATION</b>				
At start of year	52,974,716	-	217,230	53,191,946
Charged during year	4,591,921	-	24,431	4,616,352
Eliminated on disposal	<u>(466,884)</u>	<u>-</u>	<u>-</u>	<u>(466,884)</u>
At end of year	<u>57,099,753</u>	<u>-</u>	<u>241,661</u>	<u>57,341,414</u>
<b>NET BOOK VALUE</b>				
<b>At end of year</b>	<b><u>178,910,654</u></b>	<b><u>35,445,174</u></b>	<b><u>1,224,174</u></b>	<b><u>215,580,002</u></b>
At start of year	<u>163,644,721</u>	<u>26,348,934</u>	<u>1,248,605</u>	<u>191,242,260</u>

Additions to housing properties includes capitalised development administration costs of £627,736 (2019: £556,479), capitalised major repair costs to existing properties of £859,701 (2019: £844,579) and capitalised interest of £483,313 (2019: £230,689).

The Association's lenders have standard securities over housing property with an existing use value of £97,823,750 (2019: £96,304,000).

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**b) Other tangible assets**

	<b>Freehold Property £</b>	<b>Equipment, Furniture &amp; Fittings £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>COST</b>				
At start of year	7,302,820	1,595,560	181,578	9,079,958
Additions	6,763	98,619	38,764	144,146
Disposals	-	(12,794)	-	(12,794)
At end of year	<u>7,309,583</u>	<u>1,681,384</u>	<u>220,342</u>	<u>9,211,309</u>
<b>DEPRECIATION</b>				
At start of year	3,063,307	1,463,633	107,746	4,634,686
Charged during year	141,018	143,594	37,008	321,620
Disposals	-	(12,794)	-	(12,794)
At end of year	<u>3,204,325</u>	<u>1,594,433</u>	<u>144,754</u>	<u>4,943,512</u>
<b>NET BOOK VALUE</b>				
At end of year	<u>4,105,258</u>	<u>86,951</u>	<u>75,588</u>	<u>4,267,797</u>
At start of year	<u>4,239,513</u>	<u>131,926</u>	<u>73,832</u>	<u>4,445,271</u>

**13. COMMITMENTS UNDER OPERATING LEASES**

	<b>2020 £</b>	<b>2019 £</b>
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	48,054	26,400
Later than one year and not later than five years	128,610	96,865
Later than five years	-	-
	<u>176,664</u>	<u>123,265</u>

**CUNNINGHAME HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**14. DEBTORS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Rental debtors houses	696,389	599,215
Rental debtors leases	17,058	14,659
Rental debtors hostel	7,179	7,445
Less: Provision for Doubtful Debts	(255,000)	(255,000)
Factoring debtors	203,441	184,198
Less: Provision for Doubtful Debts	<u>(81,214)</u>	<u>(81,214)</u>
	587,853	469,303
Other Debtors	619,954	657,659
Prepayments and accrued income	749,345	609,841
Grant receivable debtors	4,580,687	2,973,819
Loans to group undertakings	<u>400,000</u>	<u>300,000</u>
	<u><u>6,937,839</u></u>	<u><u>5,010,622</u></u>

Rent, lease & hostel debtors are stated net of a provision for bad debts amounting to £255,000 (2019: £255,000).  
Rental debtors include technical arrears of £339,000 (2019: £255,429).

Included within Other debtors is an amount of £139,105 (2019: £167,505) which will be repaid after more than one year. The loans to group undertakings of £400,000 (2019: £300,000) are regarded as being due after one year.

**15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Housing Loans	2,099,671	2,101,536
Trade Payables	2,193,169	2,610,178
Rent in Advance	299,682	232,528
Other Taxation and Social Security	615	-
Other Payables - Retentions	1,140,378	871,934
Accruals and Deferred Income	<u>1,763,183</u>	<u>416,314</u>
	<u><u>7,496,698</u></u>	<u><u>6,232,490</u></u>

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**16. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Housing loans	<u>79,506,947</u>	<u>67,504,044</u>
	<u>79,506,947</u>	<u>67,504,044</u>

The Association has a number of long term housing loans, the terms and conditions of which are as follows:  
 Loan debt with Santander totals £12.067 million at March 2020, sums are repayable between 2022 and 2030 and 430 properties are provided as security for the loans. The Association has four loan agreements with Clydesdale Bank totalling £10.840 million, term dates range from 2021 to 2037 and 473 units are secured to the lender. RBS loans total £21.817 million, balance repayment periods range from 2027-2040 and 713 properties are provided as security for the loans. Bank of Scotland loan is £6.88 million, term dates 2019-2028 and 177 properties are provided as security. At 31st March 2020 the Canada Life group private placement has drawn £30 million and 806 units are currently offered as security. Around 82% of debt is on a fixed interest rate basis and the individual fixed rate arrangements expire at various periods over the short, medium and long term.

The Association's bank borrowings are repayable on a monthly, quarterly and 6 monthly basis with the principal being amortised over the term of the loan. Interest rate charges on fixed debt range from 3.23% to 6.15% with variable rate charges from Libor + 1.5% to 2.1%

The Bank loans are repayable as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Between one and two years	6,385,250	2,134,820
Between two and five years	6,769,020	6,693,635
In five years or more	<u>66,352,677</u>	<u>58,675,589</u>
	<u>79,506,947</u>	<u>67,504,044</u>



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**17. STATEMENT OF CASH FLOWS**

Reconciliation of operating surplus to balance as at 31 March 2020	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Operating Surplus	3,652,374	233,290
Depreciation	4,937,972	4,379,076
Amortisation of Capital Grants	(2,909,577)	(2,639,060)
Social Housing Grant released	(29,929)	(93,245)
Carrying amount of tangible fixed asset disposals	-	225,480
Change in debtors	(220,349)	(624,112)
Change in creditors	997,629	980,420
Cancelled Shares	(1)	(5)
Interest payable	2,634,964	2,345,990
Interest receivable	(47,762)	(23,613)
Loss on sale of Housing Stock	12,644	-
Pension-net interest costs	50,000	49,000
Pension-Actuarial Adjustment	(1,835,000)	1,227,000
Pension-Actual Deficit payment contributions	(368,588)	(357,851)
Balance as at 31 March 2020	<u>6,874,377</u>	<u>5,702,370</u>

**18. ANALYSIS OF CHANGES IN NET DEBT**

	<b>As at March 19</b>	<b>Cash-flows</b>	<b>Other non cash changes</b>	<b>As at March 20</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash	687,007	2,623,389		3,310,396
Cash equivalents	-	-		-
Overdraft facility repayable on demand	-	-		-
Loans falling due within one year	(2,101,536)	1,998,961	(1,997,096)	(2,099,671)
Loans falling due after more than one year	(67,504,044)	(13,999,999)	1,997,096	(79,506,947)
<b>TOTAL</b>	<u>(68,918,573)</u>	<u>(9,377,649)</u>	<u>-</u>	<u>(78,296,222)</u>

Subsequent to the year end, £15m of development funding has been agreed.

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**19. DEFERRED INCOME**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Social Housing Grants</b>		
Balance as at 1 April 2019	113,045,138	101,044,986
Additions in year	16,884,482	14,696,613
Amortisation in Year	(2,869,385)	(2,603,216)
Released / Repaid as the result of disposal	<u>(29,929)</u>	<u>(93,245)</u>
Balance as at 31 March 2020	127,030,306	113,045,138
<b>Other Grants</b>		
Balance as at 1 April 2019	1,182,030	1,217,874
Amortisation in Year	(40,192)	(35,844)
Balance as at 31 March 2020	<u>1,141,838</u>	<u>1,182,030</u>
<b>Total deferred grants</b>	<u><u>128,172,144</u></u>	<u><u>114,227,168</u></u>
This is expected to be released to the Statement of Comprehensive Income as follows:		
Amounts released within one year	2,932,586	2,736,654
Amounts released in one year or more	<u>125,239,558</u>	<u>111,490,514</u>
	<u><u>128,172,144</u></u>	<u><u>114,227,168</u></u>

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**20. SHARE CAPITAL AND RESERVES**

<b>Share Capital</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Shares of £1 each Issued and Fully Paid</b>		
At 1 April 2019	52	46
Issued in year	1	11
Cancelled in year	(1)	(5)
At 31 March 2020	<u>52</u>	<u>52</u>

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

<b>Reserves</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
At 1 April 2019	11,081,255	10,847,965
Surplus for year	1,817,374	1,460,290
Other comprehensive income	1,835,000	(1,227,000)
At 31 March 2020	<u>14,733,629</u>	<u>11,081,255</u>

**21. HOUSING STOCK**

<b>The number of units of accommodation in management at the year end was:-</b>	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
General Needs	2,883	2,684
Shared Ownership	24	24
Supported Housing	27	27
	<u>2,934</u>	<u>2,735</u>

In addition the association has 3 leasehold properties, 3 enterprise centres & 1 commercial property.

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**22. RELATED PARTY TRANSACTIONS**

Key Management Personnel – which includes members of the Board of Management – and their close family are related parties of the Association as defined by Financial Reporting Standard 102. The related party relationships are summarised as:

- 2 Members are tenants of the Association
- No Members are factored owners
- Key Management Personnel cannot use their position to their advantage. Any transactions between the Association and any entity with which a Key Management Personnel has a connection with is made at arm's length and is under normal commercial terms.

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

- Rent due – £9,511
- Factoring income receivable - £ nil
- At the year-end total rent advances were – £ 394
- At the year-end total rent arrears were -£ nil

L Loudon, W Gibson, J Kelly, J Strang and L Keenan are Board members and are Directors of Citrus Energy Limited, a company registered in Scotland. Formerly Cunninghame Enterprises Limited, the company changed its name at Companies House on 23<sup>rd</sup> July 2013 to Citrus Energy Limited. The main business activities of the company are energy brokerage to businesses and void services.

During the year the Association paid costs of £109,065 (2019: £922,405) on behalf of Citrus Energy Limited. These costs were recharged to the subsidiary company in the financial year.

At the end of the financial year the Association owed Citrus Energy Limited £88 (2019: £600).

At the end of the financial year the Association was owed £119,427 (2019: £216,356) by Citrus Energy Limited. This is in addition to the inter-company loan balance of £400,000 as detailed in Note 23.

J Strang, J Kelly, L Keenan and B Johnstone are Board members and are Trustees of Cunninghame Furniture Recycling Company, a company registered in Scotland, limited by guarantee without a share capital. The company was granted charitable status on 1<sup>st</sup> November 2010. The principal activity of the company is the recycling of furniture and related activities.

During the year the Association paid costs of £62,973 (2019 - £72,488) on behalf of Cunninghame Furniture Recycling Company. These costs were recharged to the subsidiary company in the financial year.

At the end of the financial year the Association owed Cunninghame Furniture Recycling Company £1,885 (2019: £4,914).

At the end of the financial year the Association was owed by Cunninghame Furniture Recycling Company £38,825 (2019: £71,724).

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**23. INTER-COMPANY LOAN**

On 1<sup>st</sup> September 2014, there was an inter-company loan facility granted to Citrus Energy Limited for £400,000 repayable over 10 years at an interest rate of 3.5% per annum. During the year Citrus Energy Limited repaid £Nil and following a further loan advance of £100,000, the balance outstanding at the year end is £400,000 (2019: £300,000)

This loan facility is secured by a Bond and Floating Charge.

**24. DETAILS OF ASSOCIATION**

The Association is a Registered Society registered within the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is Ardrossan. The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing in North Ayrshire, East Ayrshire and Dumfries & Galloway.

**Group Structure**

Cunninghame Housing Association Limited is a Registered Social Landlord and Charity in Scotland, and forms part of a group. The other members are Citrus Energy Limited, a company registered whose main activities relate to commercial activities such as Energy Brokering, and Cunninghame Furniture Recycling Company, a registered charity whose activities relate to the diversion of waste from landfills and recycling furniture and white goods.

Cunninghame Housing Association Limited is considered to be the ultimate parent undertaking of the group. Group accounts are not prepared as the Financial Conduct Authority has exempted the group from this requirement.

The Association controls Citrus Energy Limited by virtue of common Board membership. Citrus Energy Limited is a company registered in Scotland and is limited by guarantee without having a share capital. The company's name was changed from Cunninghame Enterprises Limited to Citrus Energy Limited on 23<sup>rd</sup> July 2013 at Companies House. The previous factoring business activities of the subsidiary company were transferred to Cunninghame Housing Association Limited with effect from 1<sup>st</sup> October 2012. Citrus Energy Limited's main activities are energy brokering for commercial customers and void services.

**25. RETIREMENT BENEFIT OBLIGATIONS**

**Scottish Widows Pension Scheme**

The Association operates a Defined Contribution Pension scheme with Scottish Widows. The assets are held separately from the Association in a fund administered independently by Scottish Widows. The pension cost charge represents the contributions payable by the Association to the fund and amounted to £272,324 (2019 - £260,998) of which £24,667 (2019-£19,675) was unpaid and is included in Creditors. During the year the Association paid contributions at rates of between 10% and 15% of pensionable salaries.

In addition the Association operates a Defined Contribution pension scheme structure within the Scottish Housing Associations Pension scheme. At 31<sup>st</sup> March 2020 there were 11 (2019 - 12) active members of the scheme employed by the Association. The Association paid contributions at 10% rates of pensionable salaries.

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**25. RETIREMENT BENEFIT OBLIGATIONS** (Continued)

**Scottish Housing Associations' Pension Scheme**

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

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

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

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

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

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

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

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**25. RETIREMENT BENEFIT OBLIGATIONS** (continued)

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

	31 March 2020 (£000s)	31 March 2019 (£000s)
Fair value of plan assets	11,632	10,996
Present value of defined benefit obligation	11,818	13,336
Surplus (deficit) in plan	(186)	(2,340)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(186)	(2,340)
Deferred tax	-	-
Net defined benefit asset(liability) to be recognised	(186)	(2,340)

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION**

	Period ended 31 March 2020 (£000s)	Period ended 31 March 2019 (£000s)
Defined benefit obligation at start of period	13,336	12,898
Current service cost	-	-
Expenses	11	11
Interest expense	305	325
Member contributions	-	-
Actuarial losses (gains) due to scheme experience	12	(251)
Actuarial losses (gains) due to changes in demographic assumptions	(75)	35
Actuarial losses (gains) due to changes in financial assumptions	(1,433)	896
Benefits paid and expenses	(338)	(578)
Defined benefit obligation at end of period	11,818	13,336

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

	Period ended 31 March 2020 (£000s)	Period ended 31 March 2019 (£000s)
Fair value of plan assets at start of period	10,996	10,791
Interest income	255	276
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	339	138
Contributions by the employer	380	369
Member contributions	-	-
Benefits paid and expenses	(338)	(578)
Fair value of plan assets at end of period	11,632	10,996

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2019 to 31 March 2020 was (£594,000).

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**25. RETIREMENT BENEFIT OBLIGATIONS** (continued)

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

	Period from 31 March 2019 to 31 March 2020 (£000s)	Period from 31 March 2019 to 31 March 2019 (£000s)
Current service cost	-	-
Expenses	11	11
Net interest expense	50	49
Defined benefit costs recognised in statement of comprehensive income (SoCI)	61	60

**DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME**

	Period ended 31 March 2020 (£000s)	Period ended 31 March 2019 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	339	138
Experience gains and losses arising on the plan liabilities - gain (loss)	(12)	251
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	75	(35)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	1,433	(896)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	1,835	(542)
Total amount recognised in other comprehensive income - gain (loss)	1,835	(542)



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**25. RETIREMENT BENEFIT OBLIGATIONS (continued)**

**ASSETS**

	31 March 2020 (£000s)	31 March 2019 (£000s)
Global Equity	1,600	1,769
Absolute Return	714	931
Distressed Opportunities	212	188
Credit Relative Value	280	191
Alternative Risk Premia	932	614
Fund of Hedge Funds	-	31
Emerging Markets Debt	414	353
Risk Sharing	368	319
Insurance-Linked Securities	312	285
Property	217	218
Infrastructure	686	461
Private Debt	230	142
Opportunistic Illiquid Credit	283	-
Corporate Bond Fund	850	771
Liquid Credit	305	-
Long Lease Property	284	133
Secured Income	646	384
Over 15 Year Gilts	148	282
Liability Driven Investment	3,063	3,913
Net Current Assets	88	11
<b>Total assets</b>	<b>11,632</b>	<b>10,996</b>

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

**KEY ASSUMPTIONS**

	31 March 2020 % per annum	31 March 2019 % per annum
Discount Rate	2.38%	2.31%
Inflation (RPI)	2.62%	3.29%
Inflation (CPI)	1.62%	2.29%
Salary Growth	2.62%	3.29%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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**25. RETIREMENT BENEFIT OBLIGATIONS** (continued)

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

	Life expectancy at age 65 (Years)
Male retiring in 2020	21.5
Female retiring in 2020	23.2
Male retiring in 2040	22.8
Female retiring in 2040	24.5

Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation. Since the year end there has been volatility in market assumptions given the Covid 19 pandemic and, in particular, discount rates have fallen which would increase scheme liabilities. However, stock market performance has improved which would help to offset any increase in liabilities.

**26. CAPITAL COMMITMENTS**

	2020 £	2019 £
Expenditure contracted but not provided for in accounts	<u>31,153,029</u>	<u>22,169,683</u>
Funded by:		
Social Housing Grant	13,707,229	8,834,295
Other grants and contributions	153,112	403,536
Private Finance & Reserves	<u>17,292,688</u>	<u>12,931,852</u>
	<u>31,153,029</u>	<u>22,169,683</u>

Subsequent to the year end, £15m of development funding has been agreed.

**27. CONTINGENT LIABILITIES**

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up

The Association has been notified by TPT of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2019. As of this date the estimated employer debt for the Association was £9,242,542.

The Association has no intention of withdrawing from the scheme.