

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2020

RSL NO 85

FCA NO 1821R(S)

CHARITY NO SC037255

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

CONTENTS

	<u>Page</u>
Members, Executives and Advisors	1
Report of the Committee of Management	2 - 6
Report of the Auditors	7 - 9
Report of the Auditors on Corporate Governance Matters	10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Reserves	13
Statement of Cash Flows	14
Notes to the Financial Statements	15 - 39

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

MEMBERS, EXECUTIVE AND ADVISERS

Committee of Management

M McMillan –Chairperson
A Penney – Vice Chair
J Forrest
B Strathearn
S Harper
E Carter
M Docherty
C Carr
R Pollock
T. Tokarczyk (Appointed 20/08/19)
G. Haddou (Appointed 20/08/19)
V. Kyle

Registered Office

3 Rhannan Road
Cathcart
Glasgow
G44 3AZ

Auditor

Findlays
Chartered Accountants
11 Dudhope Terrace
Dundee
DD3 6TS

Director

Christine Leitch

Principal Bankers

Royal Bank of Scotland Plc
23 Sauchiehall Street
Glasgow
G2 3AD

Solicitors

Messrs Brechin Tindal Oatts
Solicitors & Notaries
48 St Vincent Street
Glasgow
G2 5HS

Report of the Committee of Management

The Committee of Management present their report and the audited financial statements for the year ended 31 March 2020.

Principal Activities

Cathcart & District Association ("the Association") aims to provide housing solutions to meet the needs of local communities and to serve the interests of our current and future tenants.

Committee of Management

The Committee of Management are as detailed on page 1 of the financial statements.

Operating Financial Review

The Association provides a range of sustainable housing solutions, develops social and economic opportunities and provides an effective and efficient service to its customers.

At the year end, the Association was operating in midst of a nationwide COVID-19 coronavirus pandemic. The Association has introduced several operational procedures to ensure compliance with Scottish Government guidance whilst continuing to support our stakeholders. The Association is of the belief that it is well placed to meet the challenges ahead and will continue to monitor developments. Specifically, we have a robust long-term financial model in place, which is based on prudent assumptions to maintain viability and to ensure all our financial covenants with lenders are achieved with sufficient head room built in as a contingency. Given the dynamic nature of the pandemic, the validity of these assumptions will be closely monitored and updated when relevant information becomes available.

1 Financial / Treasury Management

- 1.1 In the financial year 2019/20 the Association made an operating surplus of £218,098 (2019 - £344,792). After accounting for interest receivable and payable, and disposal of tangible assets, the total amounted to a deficit for the year of £29,496 (2019 - £193,935 surplus).

The Association participates in a multi-employer pension scheme, SHAPS, and under FRS 102, is required to include its share of net assets / liabilities in the financial statements. Each year, actuaries will update the Association's share of net assets / liabilities and the actuarial gain or loss must be included in the Statement of Comprehensive Income. The movement between 1 April 2019 and 31 March 2020 was reported as £208,125 and this has increased the total surplus to £178,629 (2019 - £37,935).

The Association's revenue reserves now sit at a balance of £7,163,396 (2019 - £6,984,761) being carried forward to 2020/21.

- 1.2 Finances are managed through the yearly budget process and ongoing development of key performance targets.
- 1.3 The Association continues to invest in the existing stock and the five year financial projections detail how resources are deployed to meet business needs, including key assumptions and trends. All financial plans are subject to scenario planning and sensitivity testing to ensure robustness.
- 1.4 A full risk appraisal is undertaken on all large scale capital projects, which gives a detailed record of all identified risks; this review is presented to the Committee for a full discussion before formal approval is given by the Committee.

- 1.5 Treasury Management includes the managing of all short and medium term cash flow requirements, withdrawing funds and managing assets' security. In protecting financial resources it is ensured that investment decisions are properly assessed and that appropriate financial returns are delivered.

2 Reactive / Planned Maintenance

- 2.1 A key aim for the Association is to ensure that properties meet or exceed national standards. The 30 year planned maintenance programme and cash projections take account of investment in modernising and repairing houses, and in improving the social and physical nature of the community to protect and enhance the assets which underpin the Association's funding.

3 Asset Management

- 3.1 The Association continues to meet the guidance which indicates the level of standard that homes should meet under the "Scottish Housing Quality Standard" (SHQS). Currently, selective cyclical and planned maintenance programmes are being undertaken which includes renewals to boilers and kitchens, and cyclical painterwork. Smoke detectors were also upgraded in the year to comply with new regulations.
- 3.2 There is a focus to ensure updated and relevant information is held on our planned maintenance database which is key to providing information as to when property components are due to be replaced.
- 3.3 The asset investment plan, cashflows and 30 year financial models are aligned for consistency in order to ensure that an adequate fundable plan is in place.

4 Future Business Growth

- 4.1 The Association currently has 580 properties across Cathcart & Mount Florida areas of Glasgow.
- 4.2 The Association is continually looking into ways of increasing its housing stock and is in ongoing discussions with other organisations about new developments. The Association, in partnership with Home Scotland, has recently completed 10 units on the former Holmlea Primary School site.
- 4.3 A full risk appraisal and feasibility study is undertaken on all large scale projects being presented to the Committee for discussion and formal approval.

5 Governance Arrangements

- 5.1 The Association has completed its review of Governance arrangements to ensure compliance with best practice. As required, the Association completed the Scottish Housing Regulator's Annual Assurance Statement in September 2019, confirming compliance with Regulatory Standards.
- 5.2 Currently governance operates through the Committee of Management which consists of current / former tenants of the Association and other interested individuals.
- 5.3 In September 2019 after due diligence and consultation with SHR the Association's subsidiary CDHA Management & Development Limited was closed down. The services provided by the subsidiary namely close cleaning, back court maintenance and handy man service were taken in house as core services of the Housing

Association. All staff were transferred by TUPE to the Association and appropriate forms lodged with Companies House.

- 5.4 Each year the Committee of Management undertake an appraisal in order to assess any skills gaps on the Committee. This process allows the Committee to set a training calendar for the year ahead and identify any skill gap areas which should be targeted through Committee recruitment. The appraisal was carried out in January 2020, with training to provided throughout the year

6 Provision of Services

- 6.1 The Association currently employs 18 members of staff on a full and part time basis.
- 6.2 Looking towards the future, the Association will ensure that the services it provides continue to meet the needs of tenants, customers and the community.

Committee of Management and Director

The Committee of Management and Director of the Association are listed on page 1.

Each member of the Committee 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 director, acts as an executive within the authority delegated by the Committee.

Statement of the Committee's Responsibilities

Housing Association legislation requires the 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 income and expenditure of the Association for the year ended on that date. In preparing those financial statements the Committee are 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 a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association.

The Committee is 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.

Statement on Internal Financial Controls

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

- (i) The reliability of financial information used within the Association or for publication.
- (ii) The maintenance of proper accounting records, and
- (iii) The safeguarding of assets against unauthorised use or disposition.

It is the Committee of Management responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements include ensuring that:

- (i) Formal policies and procedures are in place including the documentation of key systems and rules relating to the delegation of authorities which allow the monitoring of controls and restrict the unauthorised use of the Association's assets. These policies and regulations are reviewed on a regular basis in accordance with a structured programme.
- (ii) Experienced and suitably qualified staff take responsibility for important business functions. Their development and performance are monitored through an annual appraisal system and regular one to one meetings.

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

- (iii) Forecasts and budgets are prepared which allow the Committee and Management to monitor the key business risks and financial objectives and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- (iv) Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- (v) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Committee of Management.
- (vi) Together with the Audit Committee, the Committee of Management reviews reports from management and from the internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.
- (vii) Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.
- (viii) An annual programme of performance and service review and improvement is approved by the Committee with progress regularly reviewed.

The Committee 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 and also for the period up to the signing of this report. No significant control weaknesses were found in 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.

In so far as the Committee are aware:

- (i) 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
- (ii) The Committee has taken all steps that they ought to have taken to make themselves aware of the relevant audit information and to establish that the Association's auditors are aware of that information.

Auditors

At the 2019 AGM following a competitive tendering process Findlays were appointed as auditors of the Association for the year 2019/20. Findlays will be offering themselves for re-election at the AGM of 2020.

By order of the Committee

Secretary

1 September 2020

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CATHCART & DISTRICT ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Cathcart & District Association Limited for the year ended 31 March 2020 which comprise statements of comprehensive income, financial position, cash flows and changes in equity and notes to the financial statements, 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).

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.

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 prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Scottish Housing Regulator's Determination of Accounting Requirements 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CATHCART & DISTRICT ASSOCIATION LIMITED

Other information

The 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 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

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:

the Association has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or

the statement of comprehensive income, any other statements to which our report relates, and the statement of financial position are not in agreement with the Association's books of account; or

we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Committee

As explained more fully in the Committee's responsibilities statement on page 5, the Committee is 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 Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 Committee either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CATHCART & DISTRICT ASSOCIATION LIMITED

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.

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a 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, except to the extent otherwise explicitly stated in our report, not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee.

Conclude on the appropriateness of the Committee's 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 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.

Sandy Squires, CA (Senior Statutory Auditor)
For and on Behalf of Findlays,
Chartered Accountants and Statutory Auditor,
11 Dudhope Terrace
Dundee
DD3 6TS
Date: 1 September 2020

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed your statement on pages 5 & 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on pages 5 & 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are 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 Committee of Management and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Committee 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 Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

Sandy Squires, CA (Senior Statutory Auditor)
For and on Behalf of Findlays,
Chartered Accountants and Statutory Auditor,
11 Dudhope Terrace
Dundee
DD3 6TS

Date: 1 September 2020

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2020 £	2019 £
Turnover	2	2,246,325	2,209,719
Operating expenditure	2	(2,028,227)	(1,864,927)
Other income		-	-
Operating surplus / (deficit)		<u>218,098</u>	<u>344,792</u>
Gain/(loss) on disposal of tangible fixed assets		(101,158)	(6,546)
Interest receivable and other income	7	6,850	4,445
Interest payable and similar charges	8	(146,286)	(141,756)
Other finance charges	8	(7,000)	(7,000)
Surplus / (deficit) for the year		<u>(29,496)</u>	<u>193,935</u>
Initial recognition of defined benefit scheme	21	-	9,000
Actuarial gain / (loss) in respect of pension schemes	21	208,125	(165,000)
Total comprehensive income for the year		<u><u>178,629</u></u>	<u><u>37,935</u></u>

All amounts relate to continuing activities.

The notes on pages 15 to 39 form part of the Financial Statements

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

STATEMENT OF FINANCIAL POSITION

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets – social housing	11	10,319,564	9,787,601
Other tangible assets – plant and equipment	12	169,341	179,205
		<u>10,488,905</u>	<u>9,966,806</u>
Current assets			
Stock	13	1,155	-
Trade and other debtors	14	391,085	319,203
Cash and cash equivalents		1,926,556	2,035,258
		<u>2,318,796</u>	<u>2,354,461</u>
Current liabilities			
Creditors: amounts falling due within one year	15	(551,329)	(432,221)
Net current assets / (liabilities)		<u>1,767,467</u>	<u>1,922,240</u>
Total assets less current liabilities		12,256,372	11,889,046
Creditors: amounts falling due after more than one year	16	(4,293,828)	(3,812,581)
Deferred income			
Deferred capital grants – Social Housing Grants	19	(707,148)	(732,704)
Pension Scheme liability		(92,000)	(359,000)
Total net assets		<u>7,163,396</u>	<u>6,984,761</u>
Capital and reserves			
Share capital	17	70	64
Income and expenditure reserve	18	7,163,326	6,984,697
		<u>7,163,396</u>	<u>6,984,761</u>

The financial statements were approved by the Committee of Management on 1 September 2020 and were signed on its behalf by:

Secretary

Committee member

Committee member

The notes on pages 15 to 39 form part of these financial statements.

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

STATEMENT OF CHANGES IN RESERVES

	Share Capital	Income & Expenditure Reserve	Total
	£	£	£
At 1 April 2019	64	6,984,697	6,984,761
Surplus / (deficit) for the year	-	(29,496)	(29,496)
Issue of shares	9	-	9
Shares cancelled	(3)	-	(3)
Pension plan	-	208,125	208,125
Revaluation of tangible fixed assets	-	-	-
At 31 March 2020	<u>70</u>	<u>7,163,326</u>	<u>7,163,396</u>

STATEMENT OF CASH FLOWS

	Notes	2020 £	2019 £
Net cash generated from operating activities	24	463,055	809,379
Cash flow from investing activities			
Payments to acquire and develop housing properties		(918,265)	(268,345)
Purchase to acquire other assets		(8,301)	-
Grants received		(25,556)	15,194
Interest received		6,850	4,445
Proceeds of fixed assets		-	-
		-----	-----
		(945,272)	(248,706)
Cash flow from financing activities			
Interest and other finance charges paid		(153,286)	(148,756)
Repayments of borrowings		526,792	(369,445)
Issue of share capital		9	8
		-----	-----
Net cash flow from financing activities		373,515	(518,193)
		-----	-----
Net increase / (decrease) in cash and cash equivalents		(108,702)	42,480
Cash and cash equivalents at 1 April 2019		2,035,258	1,992,778
		-----	-----
Cash and cash equivalents at 31 March 2020		1,926,556	2,035,258
		=====	=====

NOTES TO THE FINANCIAL STATEMENTS

1. Principal Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice for social housing providers 2018 (SORP 2018) and the Scottish Housing Regulator's Determination of Accounting Requirements 2019.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Basis of Accounting

Cathcart & District Association Limited meets the definition of a public benefit entity under FRS 102.

Cathcart & District Association Limited is a Registered Social Landlord, incorporated in Scotland within the United Kingdom. The address of the registered office is given in the Association information page of these financial statements.

The financial statements are presented in sterling which is the functional currency of the Association.

Turnover

Turnover represents rental and service charge income, fees, grants receivable and other income.

Social Housing Grants

Social Housing Grants and Other Capital Grants are accounted for using the accrual method as outlined in section 24 of FRS102. Grants are treated as deferred income and recognised as income on a systematic basis over the expected useful life of the property and assets, to which it relates.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

Housing Properties

In prior years housing properties were professionally valued on an existing use basis where surpluses and deficits were reflected in the revaluation reserve. On transition to FRS102 the Association exercised the option to adopt these values as the deemed cost.

Housing property values are now stated at deemed cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost (or valuation), less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

<u>Component</u>	<u>Economic Life</u>
Structure	70 years
Roof	60 years
Heating	15 years
Windows	25 years
Central heating systems	30 years
Boilers	15 years
Bathrooms	25 years
Kitchens	20 years

Housing properties under construction are not depreciated until they are in use.

Major components of housing properties, such as roofs, windows, bathrooms, kitchens and heating, have been accounted for and depreciated separately from the connected housing property, over their expected useful economic lives and are included in property plant and equipment.

The useful economic lives of all tangible fixed assets are reviewed annually.

Valuation movements for Housing Properties Held for Letting are allocated to land and structure in accordance with SORP 2018. The Committee of Management believe the valuation of all other components is reasonably equal to the depreciated historical costs (net of grants) of such components.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Other Non-current assets

The Association's assets other than land are written off at rates calculated to write off the cost of each asset less any grant received evenly over their expected useful economic lives as follows:

Computer equipment	33% straight-line
Furniture & fittings	10% straight-line
Other equipment	15% straight-line
Motor vehicles	25% straight-line

Leasehold improvements are stated at cost less accumulated depreciation. Depreciation is charged at an annual rate to write off the leasehold improvements over the term of the lease.

Works to Existing Properties

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the property, thereby enhancing the economic benefits of the assets, are capitalised as improvements. Works to existing properties which do not result in the enhancement of economic benefits are charged to the Statement of Comprehensive Income

Capitalisation of Development Overheads

Costs which are directly attributable to bring assets into working condition are included in housing properties cost during development and component replacement. Directly attributable costs include direct labour costs of the Association and incremental costs which would have been avoided only if the development or component replacement was not taking place. All other development costs are written off to the Statement of Comprehensive Income in the period in which it occurs.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other administrative expenses.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a financing transaction, it is measured at present value.

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

Provisions for liabilities

Pensions

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS). Retirement benefits for 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 now accounts for this as a defined benefit scheme in accordance with FRS 102.

Leases

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Accruals and Deferred Income

Non- government grants in relation to capital expenditure are written off to the Statement of Comprehensive Income in the year in which they are receivable.

Significant Estimates

The preparation of financial statements requires the use of certain accounting judgements and estimates. It also requires the Committee of Management to exercise judgment in applying the Association's accounting policies. The areas requiring the use of significant estimates are 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.

Useful life of Properties, Plant and Equipment

The Association estimates the useful life of properties, plant and equipment, as well as components thereof, and estimates an annual charge to be depreciated. Housing property estimates are made in reference to surveys carried out by external surveyors.

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

Defined Pension Liability

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

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Particulars of Turnover, Cost of Sales, Operating Costs & Operating Surplus

		2020		
		Turnover	Operating Costs	Operating Surplus/ (Deficit)
		£	£	£
Social Lettings	Note 3	2,191,718	1,948,507	243,211
Other activities	Note 4	54,607	79,720	(25,113)
		-----	-----	-----
Total		2,246,325	2,027,227	218,098
		=====	=====	=====

		2019		
		Turnover	Operating Costs	Operating Surplus/ (Deficit)
		£	£	£
Social Lettings	Note 3	2,124,693	(1,752,833)	371,860
Other activities	Note 4	85,026	(112,094)	(27,068)
		-----	-----	-----
Total		2,209,719	(1,864,927)	344,792
		=====	=====	=====

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Particulars of Income & Expenditure From Social Letting Activities

	2020 Total	2019 Total
	£	£
Income from Letting		
Rent Receivable net of Service Charges	2,145,171	2,111,320
Service Charges	-	-
	-----	-----
Gross Income From Rents and Service Charges	2,145,171	2,111,320
LESS: Rent Losses from Voids	(8,878)	(12,183)
Release of deferred capital grant	25,556	25,556
Revenue grant from local authority	29,869	-
Total Turnover from Letting Activities	2,191,718	2,124,693
	-----	-----
Expenditure on Social Letting Activities		
Stage 3 Adaptations	(27,154)	-
Management and maintenance admin costs	(902,105)	(829,196)
Reactive maintenance	(503,927)	(383,229)
Planned and cyclical	(207,582)	(246,672)
Bad debts – rents and service charges	(22,596)	(10,096)
Depreciation of social housing	(285,143)	(283,640)
	-----	-----
Total Operating Costs	(1,948,507)	(1,752,833)
	-----	-----
Operating Surplus/(Deficit)	243,211	371,860
	=====	=====
Operating Surplus/(Deficit) for previous period of account	371,860	-----
	=====	

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Other Activities

	Other Income £	Operating Costs £	2020 Total £	2019 Total £
Wider Role	-	(11,138)	(11,138)	(13,851)
Factoring	54,604	(54,458)	146	355
Development Activities	-	-	-	627
Other Activities	3	-	3	-
Support Activities	-	(14,124)	(14,124)	(14,199)
Total for other activities for 2020	<u>54,607</u>	<u>(79,720)</u>	<u>(25,113)</u>	<u>(27,068)</u>
Total for other activities for 2019	<u>85,026</u>	<u>(112,094)</u>	<u>(27,068)</u>	

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Key Management Personnel Emoluments

As per the Scottish Housing Regulator's Determination of Accounting Requirements 2019, disclosure of key management personnel's emoluments exceeding £60,000 per annum is required.

	2020 £	2019 £
Aggregate emoluments payable to key management personnel with emoluments greater than £60,000		
Emoluments excluding employers pension	72,834	68,744
Employers pension contributions	6,992	6,599
Total emoluments payable	79,826 =====	75,343 =====

The emoluments payable to, or received by, the Director amount to :

Emoluments excluding employers pension	72,834	68,744
Employers pension contributions	6,992	6,599
Total emoluments payable	79,826 =====	75,343 =====

Total expenses reimbursed to the committee in so far as not chargeable
To the United Kingdom income tax.

2,384	68
=====	=====

The emoluments of key management personnel (excluding pension contributions) were within the following ranges :-

£60,001 to £70,000	-	1
£71,001 to £80,000	1	-
£80,001 to £90,000	-	-
	=====	=====

The key management personnel are ordinary members of the Association's pension scheme described in note 21. No enhanced or special terms apply to membership and they have no other pension arrangements to which the Association contributes. No emoluments were paid to any member of the Committee during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. **Employee Information**

	2020	2019
	No.	No.
The average monthly number of full time equivalent persons employed during the year was:	16	12
	=====	=====

	2020	2019
	£	£
Staff costs		
Wages and salaries	482,962	470,338
Social security cost	48,790	36,194
Pension costs	48,164	38,446
	-----	-----
	579,916	544,978
	=====	=====

7. **Interest and other finance income**

	2020	2019
	£	£
Interest receivable	6,850	4,445
	-----	-----
	6,850	4,445
	=====	=====

8. **Interest payable and similar charges**

	2020	2019
	£	£
Bank loans and overdrafts	146,286	141,756
Other loans	-	-
Finance charges payable under finance leases	-	-
	-----	-----
	146,286	141,756

Other finance costs

Interest on defined benefit pension liability	7,000	7,000
	=====	=====
	153,286	148,756
	=====	=====

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. **Surplus / (deficit) on ordinary activities**

Surplus / (deficit) on ordinary activities is stated after charging:-	2020	2019
	£	£
Loss on disposal of fixed assets	101,158	6,546
Operating lease	9,057	35,320
Depreciation/loss on sale – tangible other fixed assets	5,150	4,728
Deprecation – tangible land & buildings fixed assets	285,143	283,640
Auditors remuneration (Including VAT)	8,500	6,162
Bad Debts (incl provision)	22,596	10,096
	=====	=====

10. **Taxation**

Cathcart and District Housing Association Limited converted to a charity registered in Scotland on 7th November 2005 and, as such, is no longer subject to taxation.

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Tangible Fixed Assets - Housing Properties

	Housing held for Letting £	Housing Properties in the Course of Construction £	Other Properties £	Total £
Valuation				
At 1 April 2019	11,037,636	-	-	11,037,636
Additions	179,132	739,133	-	918,265
Capitalised wages cost	-	-	-	-
Transfer to completed properties	-	-	-	-
Disposals	(114,755)	-	-	(114,755)
Revaluation	-	-	-	-
At 31 March 2020	11,102,012	739,133	-	11,841,145
Depreciation				
As at 1 April 2019	1,250,035	-	-	1,250,035
Adjustment for disposals	-	-	-	-
Charge for the year	285,143	-	-	285,143
Eliminated on revaluation	(13,597)	-	-	(13,597)
At 31 March 2020	1,521,581	-	-	1,521,581
Net Book Values				
As at 31 March 2020	9,580,431	739,133	-	10,319,564
As at 31 March 2019	9,787,601	-	-	9,787,601

Component replacement costs of £179,132 (2019 - £268,345) were capitalised during the year.

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 **Tangible fixed assets - other**

	Office Premises	Motor Vehicle	Office Equipment	Total
Cost	£	£	£	£
At 1 April 2019	212,772	-	234,754	447,526
Additions	-	4,082	4,219	8,301
Disposals	-	-	-	-
	-----	-----	-----	-----
As at 31 March 2020	212,772	4,082	242,995	455,826
	-----	-----	-----	-----
Depreciation				
At 1 April 2019	34,040	-	234,281	268,321
Charge for year	16,248	1,021	895	18,164
Disposals	-	-	-	-
	-----	-----	-----	-----
As at 31 March 2020	50,288	1,021	235,176	286,485
	-----	-----	-----	-----
Net Book Value				
At 31 March 2020	162,484	3,062	3,796	169,341
	=====	=====	=====	=====
At 31 March 2019	178,732	-	473	179,204
	=====	=====	=====	=====

13. **Stock**

	2020	2019
	£	£
Closing stock	1,155	-
	-----	-----
	1,155	-
	=====	=====

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Trade and other debtors

	2020 £	2019 £
Rent receivable	181,156	162,431
Less: Provision for Doubtful Debts	(30,509)	(13,838)
	-----	-----
	150,647	148,593
Other debtors	132,281	134,352
Prepayments and accrued income	108,157	16,140
Group undertaking	-	20,118
	-----	-----
	391,085	319,203
	=====	=====

15. Creditors : amounts falling due within one year

	2020 £	2019 £
Amounts falling due within one year:		
Bank loans and overdrafts	192,301	146,756
Accruals and deferred income	232,609	184,926
Rent in advance	113,202	82,135
Social security and other taxes	13,217	18,404
	-----	-----
	551,329	432,221
	=====	=====

The amounts secured are £192,301 (2019 - £146,756)

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. **Creditors : amounts falling due after more than one year**

	2020	2019
	£	£
Bank loans and overdrafts	4,293,828	3,812,581
	<u>4,293,828</u>	<u>3,812,581</u>
	<u><u>4,293,828</u></u>	<u><u>3,812,581</u></u>

The amounts secured are £4,293,828 (2019 - £3,812,581).

Housing Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest between 1.66% and 2.37%, with expiry between 2031 and 2039 in instalments due as follows:-

	2020	2019
	£	£
Loan Repayment		
Within one year	192,301	146,756
Between one and two years	197,742	151,193
Between two and five years	627,625	481,719
In five years or more	3,468,461	3,179,669
	<u>4,486,129</u>	<u>3,959,337</u>
	<u><u>4,486,129</u></u>	<u><u>3,959,337</u></u>

CATHCART & DISTRICT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. **Share capital**

	2020	2019
	No.	No.
At 1 April 2019	64	64
Issued during the year	9	8
Cancelled during the year	3	(8)
	-----	-----
At 31 March 2020	70	64
	=====	=====

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

18. **Reserves**

Income and expenditure reserve

The income and expenditure reserve represents cumulative surplus and deficits net of other adjustments.

19. **Deferred Income**

	2020	2019
	£	£
Social housing grant		
Balance as at 1 st April	732,704	717,510
Additions in year	-	40,750
Amortised in year	(25,556)	(25,556)
	-----	-----
As at 31 st March	707,148	732,704
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. **Related party transactions**

Information about related party transactions and outstanding balances is outlined below:

Members of the Committee are Related Parties of the Association as defined by the Financial Reporting Standard 102

The related party relationships of the members of the Management Committee are summarised as follows:

- 6 members are tenants of the Association
- 2 members are factored owners

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

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity which a Governing Body Member has a connection with is made at arm's length under normal commercial terms.

Transactions with Governing Body Members were as follows:

Rent Received from Tenants on the Committee	£21,264
Factoring Charges received from Owners on the Committee	£922
At the Yearend total rent arrears owed by tenant members on the committee were	£0

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. **Retirement Benefits**

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 runs to 31 March 2023 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 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.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2019 and 30 September 2019. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus at the accounting period start and end dates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Retirement Benefits (continued)

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

	2020 £(000's)	2019 £(000's)
Fair value of plan assets	2,369	2,287
Present value of defined benefit obligation	2,461	2,646
Surplus (deficit) in plan	(92)	(359)
Unrecognised surplus	-	-

Reconciliation of the impact of the asset ceiling

	2020 £(000's)
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

Reconciliation of opening and closing balances of the defined benefit obligation

	2020 £(000's)
Defined benefit obligation at start of period	2,646
Current service cost	-
Expenses	2
Interest expense	60
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	62
Actuarial losses (gains) due to changes in demographic assumptions	(15)
Actuarial losses (gains) due to changes in financial assumptions	(264)
Benefits paid and expenses	(30)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	2,461

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Retirement Benefits (continued)

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

	2020 £(000's)
Fair value of plan assets at start of period	2,287
Interest income	53
Experience on plan assets (excluding in interest income) – gain (loss)	(11)
Contributions by the employer	70
Contributions by plan participants	-
Benefits paid and expenses	(30)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rates changes	-
Fair value of plan assets at end of period	2,369

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 £42,000.

Defined benefit costs recognised in statement of comprehensive income (SOCl)

	2020 £(000's)
Current service cost	-
Expenses	2
Net interest expense	7
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCl)	9

Defined benefit costs recognised in other comprehensive income

	2020 £(000's)
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	(11)
Experience gains and losses arising on the plan liabilities – gain (loss)	(62)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	15
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	(264)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognised) gains (loss)	(206)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain (loss)	-
Total amount recognised in other comprehensive income – gain (loss)	(206)

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Retirement Benefits (continued)

ASSETS

	2020 £(000's)	2019 £(000's)
Global Equity	326	368
Absolute Return	145	194
Distressed Opportunities	43	39
Credit Relative Value	57	40
Alternative Risk Premia	190	128
Fund of Hedge Funds	-	6
Emerging Markets Debt	84	73
Risk Sharing	75	66
Insurance -Linked Securities	64	59
Property	44	45
Infrastructure	140	96
Private Debt	47	30
Opportunistic Illiquid Credit	58	-
Corporate Bond Fund	173	160
Long Lease Property	58	28
Secured Income	131	80
Over 15 year Gifts	30	59
Index Linked All Stock Gifts	-	-
Liability Driven Investment	624	814
Net Current Assets	18	2
	-----	-----
Total Assets	2,369	2,287

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Retirement Benefits (continued)

KEY ASSUMPTIONS

	2020	2019
	% per annum	% per annum
Discount Rate	2.39	2.29
Inflation (RPI)	2.65	3.30
Inflation (CPI)	1.65	2.30
Salary Growth	2.65	3.30
Allowance for commutation of pension for cash at retirement	75% max allow	75% max allow

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. **Legislative Provisions**

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014.

23. **Housing Stock**

The number of units of accommodation in management at the year end was:-

	2020	2019
	No.	No.
General needs - New Build	33	33
- Rehabilitation	524	524
Unimproved	23	23
	-----	-----
	580	580
	=====	=====

24. **Operating Leases**

	2020	2019
	£	£
<u>Expiry Date</u>		
Within 1 year	9,057	42,173
Between 2-5 years	-	168,324
Over 5 years	-	648,890
	-----	-----
	-	859,387
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2020 £	2019 £
25. Cash flow from operating activities		
Surplus / (deficit) for the year	218,098	344,792
Depreciation and impairment of tangible fixed assets	303,307	288,368
(Increase) / decrease in stock	(1,155)	-
(Increase) / decrease in trade and other debtors	(71,882)	(15,101)
Increase / (decrease) in trade and other creditors	73,565	(38,893)
Shares cancelled	(3)	(8)
Net pension liability movement excluding actuarial	(58,875)	203,000
Adjustment for non-cash items	-	27,221
	-----	-----
Net cash flow from operating activities	463,055	809,379
	=====	=====
26 Reconciliation of net cash flow to movement in net debt	2020	2019
	£	£
Increase/(decrease) in cash	(108,702)	42,480
Cashflow from change in net debt	(526,522)	369,445
	-----	-----
	(635,224)	411,925
Net debt at 1 st April 2019	(1,924,079)	(2,336,004)
	-----	-----
Net debt at 31 st March 2020	(2,560,303)	(1,924,079)
	=====	=====

Analysis of changes in net debt

	At 1 st April 2019 £	Cashflows £	Other changes £	At 31 st March 2020 £
Cash and cash equivalents	2,035,258	(108,702)	-	1,926,556
Bank overdrafts	-	-	-	-
	-----	-----	-----	-----
	2,035,258	(108,702)	-	1,925,556
Debt : due within one year	(146,756)	(45,545)	-	(192,301)
due after more than one year	(3,812,581)	(480,977)	-	(4,293,558)
	-----	-----	-----	-----
Net debt	(1,924,079)	(635,224)	-	(2,560,303)
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. Contingent Liabilities

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the SFHA Scheme based on the financial position of the Scheme as at 30 September 2018 (latest valuation). The estimated employer debt for the Association was £1,388,484. The Association has no intentions of withdrawing from the scheme and consequently no provision has been made in the financial statements.

28. Capital commitments	2020	2019
	£	£
Expenditure authorised and contracted	-	102,660
	=====	=====

29. Post Balance Sheet event

We are closely monitoring the situation regarding COVID-19, the novel coronavirus, that presents significant economic disruption to businesses throughout the UK and beyond.

While we continue to overcome operational challenges meeting the needs of our tenants whilst following government advice, we have reviewed the risks on our balance sheet; primarily Rent Arrears, Housing Property values and service of Long Term Loans and are taking actions to further minimise our sensitivity to economic shocks as and when information becomes available.

The situation continues to be rapidly evolving and it is therefore not practicable to quantify the medium and longer term financial impact of the outbreak on the Association, however Rent Arrears have not been affected as badly as feared as of yet, and the Associations cash balances have held up well throughout which gives reason to be optimistic that the actions undertaken have been the correct ones so far.