



**Alexander Sloan**  
Accountants and Business Advisers

# **Thenue Housing Association Limited**

Report and Financial Statements

For the year ended 31 March 2021

Registered Social Landlord No. HAL193

FCA Reference No. 1933R(S)

Scottish Charity No. SC032782

# THENUE HOUSING ASSOCIATION LIMITED

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## REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Contents

|  | <b>Page</b> |
|--|-------------|
| Members of the Board of Management, Executive and Advisers | 1           |
| Report of the Board of Management                          | 2 – 7       |
| Report by the Auditors on corporate governance matters     | 8           |
| Report of the Auditors                                     | 9 -12       |
| Statement of comprehensive income                          | 13          |
| Statement of financial position                            | 14          |
| Statement of cash flows                                    | 15          |
| Statement of changes in equity                             | 16          |
| Notes to the financial statements                          | 17 - 37     |

# THENUE HOUSING ASSOCIATION LIMITED

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## BOARD OF MANAGEMENT, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2021

### BOARD OF MANAGEMENT

|                        |                             |
|------------------------|-----------------------------|
| Derek Quinn            | Chairperson                 |
| Pauline Casey          | Joint Vice Chairperson      |
| Maureen Dowden         | Joint Vice Chairperson      |
| George Alexander       | Resigned 29 September 2020  |
| Jeanette Goode         | Resigned 9 February 2021    |
| Abdifatah Hayde        |                             |
| Robert Kelly           | Appointed 9 February 2021   |
| David Keltie-Armstrong |                             |
| Nicola McCurdy         | Resigned 29 September 2020  |
| Howard Mole            |                             |
| Florence O'Hale        |                             |
| William Redmond        | Resigned 27 August 2020     |
| Owen Stewart           |                             |
| Elizabeth Williamson   | Appointed 22 September 2020 |

### EXECUTIVE OFFICERS

Charles Turner  
John Russell  
Eleanor Derbyshire  
Gary Naylor

### REGISTERED OFFICE

423 London Road  
Glasgow  
G40 1AG

### EXTERNAL AUDITORS

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

### INTERNAL AUDITORS

Wylie & Bisset LLP  
168 Bath Street  
Glasgow  
G2 4TP

### BANKERS

Bank of Scotland  
The Mound  
Edinburgh  
EH1 1YZ

### SOLICITORS

TC Young  
7 West George Street  
Glasgow G2 1BA

# THENUE HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021

The Board of Management presents its report and the financial statements for the year ended 31 March 2021.

### Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No. 1933R(S)), the Scottish Housing Regulator as a registered social landlord (No. HAL193) under the Housing (Scotland) Act 2010 and as is a registered Scottish Charity with the charity number SC032782.

### Principal Activities

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

### Review of Business and Future Developments

For the last 42 years the association's aim is always to work together to create better homes and stronger communities. That means that Thenue is committed to developing, managing, and maintaining a range of affordable quality housing in sustainable communities. Working with partners and people, the aim is to improve all services and grow deep community roots. This past year the association, driven and underpinned by our values of passion, connection, respect, and connection, have done all of this and more, caused by the unprecedented world-wide uncertainty created by the corona virus pandemic. A full year like no other. A year which, despite the front door of the office remaining closed for every one of those 365 days, saw the whole organisation step beyond our comfort zone and be there for our customers when they needed us most, in different and imaginative ways throughout the whole duration. A duration being the length of time that something lasts, and in the case of the covid-19 virus, it seems that this time might be infinite, so many of the 'old' ways of working look like being a thing of the past. Even as this text forms part of the 2020/21 annual accounts, the association has still not had an opportunity to open the front door of the office to be able to welcome customers back for face-to-face interactions.

However, despite everything that the association and our communities have had to endure over the course of the whole year, the only thing that has not worked and remained closed, is that front door. Every other single part of the organisation has worked remarkably well and adapted to new ways of working, connection and communicating both internally and externally.

Over the recent years the association has invested heavily in technology, which meant that the emergency situation brought on by the pandemic did not cause us either a panic or a crisis. It meant that as far as the staff were concerned, work was very much something they did, rather than a place to do it. The vast majority of the work completed during the year was co-ordinated by staff working from home. But not all of that resultant work was actually completed at home; it was completed in every one of the associations 2,993 fully owned properties. That number was just 3 more than the year end figure last year, and would have been more had the effects of the pandemic not hit us. The year saw the development of 138 properties come to an immediate and abrupt halt. As the year progressed, work to develop 77 houses and flats at Abercromby Street re-commenced, as did the restoration and renovation work at the 120-year-old sandstone tenement known as Craignestock Mansions. In addition, the modernisation work at 25 flats overlooking Glasgow Green also re-commenced, alas however our development of 27 retirement flats at Landressy Place stalled severely. The financial effects of the pandemic caused our contractor to enter liquidation, and that project was further compromised by an arson attack, and even beyond the year end no recovery work was possible at this site.

# THENUE HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021

### Review of Business and Future Developments (Contd.)

Our plans to build new housing at both at Blackhill and Dalmarnock remain very much in focus, but neither have definite site start dates at the moment.

The abruptness of the pandemic hitting the association had significant financial consequences, both negatively and positively. The association generated an operating surplus of £4.81m compared with the expected operating surplus of £4.03m. This represented an improvement of £0.78m and after accounting for non-operating items, the overall surplus in the 12 months amounted to £3.10m which is £1.02m higher than assumed in the budget. The main factors underpinning the improvement against the budget were lower than anticipated repair costs of £505k, lower than anticipated office and overhead costs of £198k, lower than expected level of bad debt provision of £146k and savings in loan interest and charges of £156k. An unexpected sale of a detached villa on the south side of the city yielded a gain of £101k.

The effects of the covid pandemic compromised access to resident's property, the requirements of tradesmen to have to concentrate on only emergency situations for a large part of the year and the government's requirements to have to cease certain categories of work during the year. However, even throughout the height of those restrictions the association continued to address repair, maintenance and component replacement issues spending £3.3m on revenue repair costs and a further £0.56m in capital improvements.

180 properties were re-let during the year, with current tenants taking 13% of them, 24% being allocated to applicants from the general 'waiting' list, 58% being offered to homeless families and referrals from other organisations making up the balance of 5%. The pandemic situation affected the turnaround time in between tenancies, because of the necessity for 'misting', ventilation, single trade operatives on site only and the consequential 72-hour fallow period, so the average void period during the year was 29 days, incurring some £137k of lost rent as a result.

For most of the year we had to restrict reactive repairs to emergencies only, so of the 8,500 repairs that were completed during the year, some 46% fell into this category, (usually closer to 24%). More than 94% of all repairs were completed right first time and overall, 95% of tenants remained satisfied with the reactive repairs service. Tenant satisfaction overall, measured independently during the year remained high at 95%. 70% of tenants were satisfied with opportunities to participate in some decision making, so there remains work still to be done with the remaining 30%.

The pandemic meant that delays to most of the associations planned or cyclical work became unavoidable, and the range of work affected this way included refurbishment of some hitherto empty properties, kitchen and boiler replacements in Blackhill, window replacements in Netherholm and Dalmarnock, dispersed alarm installations in retirement properties and the completion of work to upgrade smoke, heat & carbon monoxide detectors to meet legislative compliance. By the end of the year all this work had resumed meaning all programmes of work, both internally and externally was back on track.

The health and safety of all people associated with Thenue remained paramount throughout the year. The aspiration to complete 100% gas safety inspections was compromised because of some vulnerable tenants having to 'shield' to protect themselves, resulting in 99.8% completed in time at the year end. In numbers at the year end, this equated to 5 properties, but during the year it was as high as 62. Two minor staff workplace accidents took place, but the controls and changes to working procedures helped achieve overall staff attendance at 98.1%. Staff turnover at 15% was the consequence of funding for two Wider Role projects, (click digital inclusion and Choices for Change), coming to an end.

# THENUE HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021

### Review of Business and Future Developments (Contd.)

252 of the 256 anti-social complaints referred to the association were resolved within locally agreed timescales and every one of the 45 general service complaints was also resolved within target times of either 5 or 20 days, depending on the nature of that complaint. Not one complaint was referred unresolved to the Ombudsman.

In times of austerity, the pandemic situation compounded with the ongoing roll-out of Universal Credit, collecting 100% of our rental income was always going to be a major challenge. However, given the tricky circumstances and the financial effects of the corona virus pandemic on tenants throughout the year, that challenge proved impossible to achieve. Governments introduced temporary legislation and provisions to assist all citizens during the pandemic, and such measures included a moratorium on evictions as a result of financial difficulties and a £20 weekly rise in Universal Credit. Only one eviction took place at Thenue, and the cause of that was the distress of others being caused by the tenant. Financially, 98%\* of the £13.9m\* of rental income was collected, and gross rent arrears sat at £730k\* at the year end. We were pleased however that current tenant arrears at 2.4% exceeded our annual target of 2.7%. (\* figures here based on the Annual Charter Return definitions)

Overall, an operating surplus of £4.81 million was generated in the year. After accounting for non-operating items, the overall surplus in the twelve months amounted to £3.1 million. Loans with three lenders, (Royal Bank of Scotland, Nationwide Building Society and The Housing Finance Corporation), when combined, totalled some £37.2million at the end of the year. Consistently throughout the year the association has satisfied all relevant financial covenants.

Overall, given everything that the association had to react and respond to, the year was a very satisfactory one. Having cash reserves of £6.7million at the year-end was very welcome, and this will help deal with part of the backlog of work carried over from last year, as well as being able to fund future development projects, ongoing major repairs and some of the new energy efficiency requirements associated with the Energy Efficiency Standard for Social Housing post 2020, (known as EESSH2). Throughout the past year and well into next year the association's Board of Management closely monitor risk, finances, key performance indicators and value for money. The Board is guided by the seven standards of Governance and Financial Management for Registered Social Landlords and also supports the staff team to deliver housing related services to all the association's customers. For most of the year, most of the staff have been working remotely, using either IT or appropriate PPE whilst carrying out their daily tasks. Living with the effects of the covid virus will mean that much work will continue to be carried out this way going forward, but with some optimism, the association looks forward to the re-introduction of the one thing that has been missing for the entire year – and that being able to open the association's front door and be able to welcome customers face-to-face, once again, even if that is behind a face covering.

# THENUE HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021

### **Board of Management and Executive Officers**

The members of the Board of Management and the Executive officers are listed on page 1.

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

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

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

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

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

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. It is 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.

### **Going Concern**

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

# THENUE HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021

### Statement on Internal Financial Control

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

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

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

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

The Board of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year end 31 March 2021. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

### Donations

During the year the Association made charitable donations of £Nil (2020 - £Nil).

### Disclosure of Information to the Auditor

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

### Auditor

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



# THENUE HOUSING ASSOCIATION LIMITED

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## REPORT OF THE Board of Management FOR THE YEAR ENDED 31 MARCH 2021

By order of the Board of Management

Charles Turner  
Secretary  
17 August 2021

# THENUE HOUSING ASSOCIATION LIMITED

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## REPORT BY THE AUDITORS TO THE MEMBERS OF THENUE HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

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

### **Basis of Opinion**

We carried out our review having regard to the requirements 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 of Internal Financial Control on page 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

Through enquiry of certain members of the 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 contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

**ALEXANDER SLOAN**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
17 August 2021



# THENUE HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THENUE HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021

### Opinion

We have audited the financial statements of Thenue Housing Association Limited (the 'Association') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of the surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

### Basis of 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 United Kingdom, including the Financial Reporting Council'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 audit opinion.

### Conclusions relating to going concern

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

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

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

### Other Information

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

# THENUE HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THENUE HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

### Other Information (Contd.)

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 require us to report to you if, in our opinion:

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

### Responsibilities of the Board of Management

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

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

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

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

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

# THENUE HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THENUE HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

### **The extent to which the audit was considered capable of detecting irregularities including fraud**

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Association through discussions with the Board of Management and other management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Association's Assurance Statement and associated supporting information; and
- reviewing correspondence with the Scottish Housing Regulator. HMRC and the Association's legal advisors.

# THENUE HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THENUE HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

### **The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)**

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

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

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

### **Use of our Report**

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

**ALEXANDER SLOAN**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
17 August 2021



# THENUE HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

|  | Notes | 2021        |                  | 2020        |                  |
|--|-------|-------------|------------------|-------------|------------------|
|  |       | £           | £                | £           | £                |
| Revenue  | 2     |             | 17,808,692       |             | 17,096,531       |
| Operating costs  | 2     |             | 12,995,194       |             | 13,594,215       |
| <b>OPERATING SURPLUS</b>                                 |       |             | <b>4,813,498</b> |             | <b>3,502,316</b> |
| Gain on sale of housing stock                            | 7     | 101,299     |                  | 318,109     |                  |
| Release of negative goodwill                             | 14    | 27,486      |                  | 27,486      |                  |
| Interest receivable and other income                     |       | 5,985       |                  | 29,744      |                  |
| Interest payable and similar charges                     | 8     | (1,843,917) |                  | (1,698,906) |                  |
| Other Finance income/(charges)                           | 11    | (4,384)     |                  | (66,912)    |                  |
|  |       |             | (1,713,531)      |             | (1,390,479)      |
| <b>SURPLUS FOR THE YEAR</b>                              |       |             | <b>3,099,967</b> |             | <b>2,111,837</b> |
| <b>Other comprehensive income</b>                        |       |             |                  |             |                  |
| Actuarial gains/(losses) on defined benefit pension plan | 20    |             | (2,267,000)      |             | 2,362,000        |
| <b>TOTAL COMPREHENSIVE INCOME</b>                        |       |             | <b>832,967</b>   |             | <b>4,473,837</b> |

The results relate wholly to continuing activities.

The notes on pages 17 to 37 form an integral part of these financial statements.

# THENUE HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

|  | Notes | 2021         |                          | 2020         |                          |
|--|-------|--------------|--------------------------|--------------|--------------------------|
|  |       | £            | £                        | £            | £                        |
| <b>NON-CURRENT ASSETS</b>  |       |              |                          |              |                          |
| Housing properties - depreciated cost                            | 12    |              | 153,598,119              |              | 151,726,136              |
| Other tangible assets  | 12    |              | 4,376,072                |              | 4,518,509                |
| Investments  | 13    |              | 100                      |              | 100                      |
|  |       |              | <u>157,974,291</u>       |              | <u>156,244,745</u>       |
| Negative goodwill  | 14    |              | (624,385)                |              | (651,871)                |
| <b>CURRENT ASSETS</b>  |       |              |                          |              |                          |
| Receivables  | 15    | 1,688,096    |                          | 1,378,994    |                          |
| Cash and cash equivalents  | 16    | 6,712,515    |                          | 4,586,549    |                          |
|  |       |              | <u>8,400,611</u>         |              | <u>5,965,543</u>         |
| <b>CREDITORS:</b> Amounts falling due within one year            | 17    | (5,368,784)  |                          | (4,325,789)  |                          |
| <b>NET CURRENT ASSETS</b>  |       |              | <u>3,031,827</u>         |              | <u>1,639,754</u>         |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                     |       |              |                          |              |                          |
|  |       |              | 160,381,733              |              | 157,232,628              |
| <b>CREDITORS:</b> Amounts falling due after more than one year   | 18    |              | (35,011,137)             |              | (37,341,645)             |
| <b>PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES</b> |       |              |                          |              |                          |
| Scottish housing association pension scheme                      | 20    | (2,143,000)  |                          | (416,000)    |                          |
| Other Provision  | 28    | (310,074)    |                          | (311,367)    |                          |
|  |       |              | <u>(2,453,074)</u>       |              | <u>(727,367)</u>         |
| <b>DEFERRED INCOME</b>   |       |              |                          |              |                          |
| Social housing grants  | 21    | (91,853,729) |                          | (88,752,751) |                          |
| Other grants   | 21    | (3,028,254)  |                          | (3,208,247)  |                          |
|  |       |              | <u>(94,881,983)</u>      |              | <u>(91,960,998)</u>      |
| <b>NET ASSETS</b>  |       |              | <u><b>28,035,539</b></u> |              | <u><b>27,202,618</b></u> |
| <b>EQUITY</b>  |       |              |                          |              |                          |
| Share capital  | 22    |              | 97                       |              | 143                      |
| Revenue reserves   |       |              | 30,178,442               |              | 27,618,475               |
| Pension reserves   | 20    |              | (2,143,000)              |              | (416,000)                |
|  |       |              | <u><b>28,035,539</b></u> |              | <u><b>27,202,618</b></u> |

The financial statements were approved by the Board of Management and authorised for issue and signed on their behalf on 17 August 2021.

**Committee Member**

**Committee Member**

**Secretary**

The notes on pages 17 to 37 form an integral part of these financial statements.



# THENUE HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

|   | Notes | £           | 2021<br>£        | £           | 2020<br>£        |
|---|-------|-------------|------------------|-------------|------------------|
| <b>Surplus for the Year</b>                                     |       |             | 3,099,967        |             | 2,111,837        |
| <i>Adjustments for non-cash items:</i>                          |       |             |                  |             |                  |
| Depreciation of tangible fixed assets                           | 12    | 5,031,170   |                  | 4,591,006   |                  |
| Amortisation of capital grants                                  | 21    | (2,499,841) |                  | (2,379,822) |                  |
| Increase/decrease in provisions                                 |       | (1,293)     |                  | (42,945)    |                  |
| Gain on disposal of tangible fixed assets                       |       | -           |                  | (318,109)   |                  |
| Release of negative goodwill                                    | 14    | (27,486)    |                  | (27,486)    |                  |
| Non-cash adjustments to pension provisions                      |       | (540,000)   |                  | (364,000)   |                  |
| Share capital written off                                       | 22    | (50)        |                  | (4)         |                  |
|   |       |             | 1,962,500        |             | 1,458,640        |
| Interest receivable   |       |             | (5,985)          |             | (29,744)         |
| Interest payable  | 8     |             | 1,843,917        |             | 1,698,906        |
|   |       |             |                  |             |                  |
| <b>Operating cash flows before movements in working capital</b> |       |             | 6,900,399        |             | 5,239,639        |
| Change in debtors   |       | (202,388)   |                  | 27,487      |                  |
| Change in creditors   |       | (123,089)   |                  | 250,735     |                  |
|   |       |             | (325,477)        |             | 278,222          |
| <b>Net cash inflow from operating activities</b>                |       |             | 6,574,922        |             | 5,517,861        |
| <b>Investing Activities</b>                                     |       |             |                  |             |                  |
| Acquisition and construction of properties                      |       | (6,931,828) |                  | (8,530,719) |                  |
| Purchase of other fixed assets                                  |       | (19,076)    |                  | (36,620)    |                  |
| Social housing grant received                                   |       | 5,441,675   |                  | 4,930,675   |                  |
| Social housing grant repaid                                     |       | 12,739      |                  | (1,297,792) |                  |
| Other grants received   |       | -           |                  | -           |                  |
| Other grants repaid   |       | (80,312)    |                  | (6,353)     |                  |
| Proceeds on disposal of housing properties                      |       | 190,188     |                  | 1,793,805   |                  |
| <b>Net cash outflow from investing activities</b>               |       |             | (1,386,614)      |             | (3,147,004)      |
| <b>Financing Activities</b>                                     |       |             |                  |             |                  |
| Loan Advances Received  |       | -           |                  | 300,000     |                  |
| Interest received on cash and cash equivalents                  |       | 5,985       |                  | 29,744      |                  |
| Interest paid on loans  |       | (1,843,917) |                  | (1,698,906) |                  |
| Loan principal repayments                                       |       | (1,224,414) |                  | (687,323)   |                  |
| Share capital issued  | 22    | 4           |                  | 2           |                  |
| <b>Net cash outflow from financing activities</b>               |       |             | (3,062,342)      |             | (2,056,483)      |
| <b>Increase in cash</b>   | 23    |             | 2,125,966        |             | 314,374          |
| <b>Opening cash &amp; cash equivalents</b>                      |       |             | 4,586,549        |             | 4,272,175        |
| <b>Closing cash &amp; cash equivalents</b>                      |       |             | <b>6,712,515</b> |             | <b>4,586,549</b> |
| <b>Cash and cash equivalents as at 31 March</b>                 |       |             |                  |             |                  |
| Cash  | 23    |             | 6,712,515        |             | 4,586,549        |
|   |       |             | <b>6,712,515</b> |             | <b>4,586,549</b> |

The notes on pages 17 to 37 form an integral part of these financial statements.

# THENUE HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2021

|                                    | Share<br>Capital | Scottish Housing<br>Association<br>Pension reserve | Revenue<br>Reserve | Total             |
|------------------------------------|------------------|--|--------------------|-------------------|
|                                    | £                | £  | £                  | £                 |
| <b>Balance as at 1 April 2019</b>  | 145              | (3,142,000)  | 25,870,638         | 22,728,783        |
| Issue of Shares                    | 2                | -  | -                  | 2                 |
| Cancellation of Shares             | (4)              | -  | -                  | (4)               |
| Other comprehensive income         | -                | 2,362,000  | -                  | 2,362,000         |
| Other movements                    | -                | 364,000  | (364,000)          | -                 |
| Surplus for the year               | -                | -  | 2,111,837          | 2,111,837         |
| <b>Balance as at 31 March 2020</b> | <b>143</b>       | <b>(416,000)</b>                                   | <b>27,618,475</b>  | <b>27,202,618</b> |
| <b>Balance as at 1 April 2020</b>  | 143              | (416,000)  | 27,618,475         | 27,202,618        |
| Issue of Shares                    | 4                | -  | -                  | 4                 |
| Cancellation of Shares             | (50)             | -  | -                  | (50)              |
| Other comprehensive income         | -                | (2,267,000)  | -                  | (2,267,000)       |
| Other movements                    | -                | 540,000  | (540,000)          | -                 |
| Surplus for the year               | -                | -  | 3,099,967          | 3,099,967         |
| <b>Balance as at 31 March 2021</b> | <b>97</b>        | <b>(2,143,000)</b>                                 | <b>30,178,442</b>  | <b>28,035,539</b> |

The notes on pages 17 to 37 form an integral part of these financial statements.

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Statement of Compliance and Basis of Accounting

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

#### Revenue

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

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

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

#### Retirement Benefits

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

The Association also participates in the Scottish Housing Associations Defined Contribution scheme. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

#### Going Concern

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

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

##### Housing Properties

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

| <i>Component</i> | <i>Useful Economic Life</i> |
|------------------|-----------------------------|
| Bathrooms        | Over 30 years               |
| Boilers          | Over 15 years               |
| Cladding         | Over 20 years               |
| Doors            | Over 30 years               |
| Heating System   | Over 30 years               |
| Kitchens         | Over 20 years               |
| Structure        | Over 50 years               |
| Windows          | Over 30 years               |
| Wiring           | Over 30 years               |

##### Depreciation and Impairment of Other Tangible Assets

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

| <i>Asset Category</i>                          | <i>Depreciation Rate</i> |
|--|--------------------------|
| Commercial Premises                            | Over 30-50 years         |
| Furniture and Fittings                         | Over 5 years             |
| Computer & Office Equipment                    | Over 5 years             |
| Office Premises, Community & Learning Centres: |                          |
| Bathrooms                                      | Over 30 years            |
| Boilers  | Over 15 years            |
| Cladding                                       | Over 20 years            |
| Doors  | Over 30 years            |
| Heating System                                 | Over 30 years            |
| Kitchens                                       | Over 20 years            |
| Structure                                      | Over 50 years            |
| Windows  | Over 30 years            |
| Wiring   | Over 30 years            |

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

##### Social Housing Grants and Other Capital Grants

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

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

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

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

#### **Sales Of Housing Properties**

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

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

#### **Taxation**

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

#### **Leases**

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

#### **Works to Existing Properties**

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

#### **Capitalisation Of Development Overheads**

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

#### **Borrowing Costs**

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme. All other borrowing costs are expensed to the statement of comprehensive income using the effective interest rate method.

#### **Property Development Cost**

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

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

#### **Negative Goodwill**

Negative goodwill created through acquisition is written off to the Statement of Comprehensive Income as the non-cash assets acquired are depreciated or sold.

#### **Housing Property Managed By Agents**

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

#### **VAT**

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

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

#### Provisions

In accordance with Financial Reporting Standard 102 provision is made for the following items in the accounts: The Association receives service charge income from supported accommodation tenants in relation to the costs of furniture and flooring replacement. The balance of unspent service charge income relating to furniture and flooring is included as a liability where amounts are repayable or contributions reduced.

#### Basis of Consolidation

The financial statements for Thenue Housing Association Limited present information about it as an individual undertaking and not about the group.

#### Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

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

#### Cash and Liquid Resources

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

#### Impairment

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

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

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

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

#### Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Association to exercise judgement in applying its accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below.

#### Key Judgements

##### *a) Categorisation of Housing Properties*

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

##### *b) Identification of cash generating units*

The Board of Management considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

##### *c) Financial instrument break clauses*

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

##### *d) Pension Liability*

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

#### Estimation Uncertainty

##### *a) Rent Arrears - Bad Debt Provision*

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

##### *b) Life Cycle of Components*

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

##### *c) Useful life of properties, plant and equipment*

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

##### *d) Costs of shared ownership*

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

##### *e) Defined pension liability*

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

# THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

|                               | Notes | 2021              |                      |                                    | 2020              |                      |                                    |
|-------------------------------|-------|-------------------|----------------------|------------------------------------|-------------------|----------------------|------------------------------------|
|                               |       | Turnover<br>£     | Operating costs<br>£ | Operating surplus / (deficit)<br>£ | Turnover<br>£     | Operating costs<br>£ | Operating surplus / (deficit)<br>£ |
| Affordable letting activities | 3     | 17,055,497        | 12,268,246           | 4,787,251                          | 16,447,314        | 12,901,596           | 3,545,718                          |
| Other Activities              | 4     | 753,195           | 726,948              | 26,247                             | 649,217           | 692,619              | (43,402)                           |
| <b>Total</b>                  |       | <b>17,808,692</b> | <b>12,995,194</b>    | <b>4,813,498</b>                   | <b>17,096,531</b> | <b>13,594,215</b>    | <b>3,502,316</b>                   |

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

|   | General Needs Housing<br>£ | Supported Housing<br>£ | Shared Ownership<br>£ | 2021 Total<br>£   | 2020 Total<br>£   |
|---|----------------------------|------------------------|-----------------------|-------------------|-------------------|
| <b>Revenue from Lettings</b>                              |                            |                        |                       |                   |                   |
| Rent receivable net of service charges                    | 13,489,550                 | 636,800                | 96,512                | 14,222,862        | 13,716,001        |
| Service charges receivable                                | 354,907                    | 115,635                | -                     | 470,542           | 439,973           |
| <b>Gross income from rent and service charges</b>         | <b>13,844,457</b>          | <b>752,435</b>         | <b>96,512</b>         | <b>14,693,404</b> | <b>14,155,974</b> |
| Less: Rent losses from voids                              | 105,642                    | 32,106                 | -                     | 137,748           | 88,483            |
| <b>Income from rents and service charges</b>              | <b>13,738,815</b>          | <b>720,329</b>         | <b>96,512</b>         | <b>14,555,656</b> | <b>14,067,491</b> |
| Grants released from deferred income                      | 2,308,959                  | 186,288                | 4,594                 | 2,499,841         | 2,379,823         |
| <b>Total turnover from affordable letting activities</b>  | <b>16,047,774</b>          | <b>906,617</b>         | <b>101,106</b>        | <b>17,055,497</b> | <b>16,447,314</b> |
| <b>Expenditure on affordable letting activities</b>       |                            |                        |                       |                   |                   |
| Management and maintenance administration costs           | 3,277,789                  | 180,818                | 45,077                | 3,503,684         | 3,730,619         |
| Service costs   | 355,238                    | 78,066                 | -                     | 433,304           | 471,664           |
| Planned and cyclical maintenance, including major repairs | 1,356,403                  | 81,489                 | -                     | 1,437,892         | 2,172,102         |
| Reactive maintenance costs                                | 1,808,408                  | 70,402                 | -                     | 1,878,810         | 1,958,770         |
| Bad Debts - rents and service charges                     | 76,375                     | -                      | -                     | 76,375            | 100,156           |
| Depreciation of affordable let properties                 | 4,406,201                  | 225,016                | 17,964                | 4,649,181         | 4,468,285         |
| Impairment of affordable letting activities               | 289,000                    | -                      | -                     | 289,000           | -                 |
| <b>Operating costs of affordable letting activities</b>   | <b>11,569,414</b>          | <b>635,791</b>         | <b>63,041</b>         | <b>12,268,246</b> | <b>12,901,596</b> |
| <b>Operating surplus on affordable letting activities</b> | <b>4,478,360</b>           | <b>270,826</b>         | <b>38,065</b>         | <b>4,787,251</b>  | <b>3,545,718</b>  |
| <b>2020</b>   | <b>3,276,454</b>           | <b>252,856</b>         | <b>16,408</b>         |                   |                   |



# THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021  
NOTES TO THE FINANCIAL STATEMENTS (continued)

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

|                                    | Grants from Scottish Ministers | Other revenue grants | Other income   | Total Turnover | Operating costs - bad debts | Other operating costs | Operating surplus / (deficit) 2021 | Operating surplus / (deficit) 2020 |
|------------------------------------|--------------------------------|----------------------|----------------|----------------|-----------------------------|-----------------------|------------------------------------|------------------------------------|
|                                    | £                              | £                    | £              | £              | £                           | £                     | £                                  | £                                  |
| Wider role activities              | 136,456                        | 183,541              | -              | 319,997        | -                           | 335,144               | (15,147)                           | (33,055)                           |
| Factoring                          | -                              | -                    | 250,965        | 250,965        | 2,843                       | 243,298               | 4,824                              | (16,730)                           |
| Other activities                   | -                              | -                    | 182,233        | 182,233        | -                           | 122,983               | 59,250                             | 28,854                             |
| Development Administration         | -                              | -                    | -              | -              | -                           | 22,680                | (22,680)                           | (22,471)                           |
| <b>Total From Other Activities</b> | <b>136,456</b>                 | <b>183,541</b>       | <b>433,198</b> | <b>753,195</b> | <b>2,843</b>                | <b>724,105</b>        | <b>26,247</b>                      | <b>(43,402)</b>                    |
| <b>2020</b>                        | <b>38,272</b>                  | <b>206,763</b>       | <b>404,182</b> | <b>649,217</b> | <b>3,425</b>                | <b>689,194</b>        | <b>(43,402)</b>                    |                                    |

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 5. OFFICERS' EMOLUMENTS

|   | 2021    | 2020    |
|---|---------|---------|
|   | £       | £       |
| 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. |         |         |
| Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)   | 215,155 | 144,310 |
| Pension contributions made on behalf of Officers with emoluments greater than £60,000   | 28,705  | 18,039  |
| Emoluments payable to the Chief Executive (excluding pension contributions)   | 83,662  | 80,955  |
| Pension contributions paid on behalf of the Chief Executive   | 12,338  | 10,119  |
| Total emoluments payable to the Chief Executive   | 96,000  | 91,074  |
| Total emoluments paid to key management personnel (including social security costs)   | 324,162 | 285,899 |

The number of Officers, including the highest paid Officer, who received emoluments, including pension contributions, over £60,000 was in the following ranges:-

|                     | Number | Number |
|---------------------|--------|--------|
| £60,001 to £70,000  | -      | -      |
| £70,001 to £80,000  | 2      | 1      |
| £80,001 to £90,000  | -      | -      |
| £90,001 to £100,000 | 1      | 1      |

#### 6. EMPLOYEE INFORMATION

|   | 2021      | 2020      |
|---|-----------|-----------|
|   | No.       | No.       |
| Average monthly number of full time equivalent persons employed during the year | 62        | 68        |
| Average total number of employees employed during the year                      | 72        | 76        |
| Staff costs were:   | £         | £         |
| Wages and salaries  | 2,487,265 | 2,454,189 |
| Social Security costs   | 237,475   | 230,618   |
| Pension costs   | 258,427   | 346,694   |
| Temporary, agency and seconded staff  | -         | 11,274    |
|   | 2,983,167 | 3,042,775 |

Included in Pension Costs of £258,427 is an amount of £2,356 (2020 - £107,200) in respect of service charges arising as a result of the change in the accounting for the Scottish Housing Association Pension Scheme (SHAPS).

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7. GAIN ON SALE OF HOUSING STOCK

|                               | 2021           | 2020           |
|-------------------------------|----------------|----------------|
|                               | £              | £              |
| Sales proceeds                | 243,497        | 849,219        |
| Cost of sales                 | 142,198        | 531,110        |
| Gain on sale of housing stock | <u>101,299</u> | <u>318,109</u> |

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

|   | 2021             | 2020             |
|---|------------------|------------------|
|   | £                | £                |
| On bank loans and overdrafts                      | 1,843,917        | 1,723,772        |
| <b>Less:</b> Interest Capitalised on developments | -                | (24,866)         |
|   | <u>1,843,917</u> | <u>1,698,906</u> |

The capitalisation rate of capitalised development period interest was 0% (2020 - 1.94%)

### 9. SURPLUS FOR THE YEAR

|  | 2021             | 2020             |
|--|------------------|------------------|
|  | £                | £                |
| Surplus For The Year is stated after charging/(crediting): |                  |                  |
| Depreciation - non-current assets                          | 5,031,170        | 4,591,006        |
| Auditors' remuneration - audit services                    | 13,104           | 11,378           |
| Operating lease rentals - land & buildings                 | 12,313           | 12,313           |
| Operating lease rentals - other                            | 11,702           | 12,758           |
| (Gain) on sale of other non-current assets                 | <u>(101,299)</u> | <u>(318,109)</u> |

### 10. CORPORATION TAX

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

### 11. OTHER FINANCE INCOME / (CHARGES)

|   | 2021           | 2020            |
|---|----------------|-----------------|
|   | £              | £               |
| Unwinding of Discounted Pension Liabilities | (384)          | 88              |
| Net interest on pension obligations         | (4,000)        | (67,000)        |
|   | <u>(4,384)</u> | <u>(66,912)</u> |

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 12. NON-CURRENT ASSETS

| (a) Housing Properties | Housing Properties Held for Letting<br>£ | Housing Properties In course of Construction<br>£ | Shared Ownership Completed<br>£ | Total<br>£         |
|------------------------|--|---|---------------------------------|--------------------|
| <b>COST</b>            |  |   |                                 |                    |
| At 1 April 2020        | 193,684,445                              | 4,814,047   | 1,042,055                       | 199,540,547        |
| Additions              | 1,430,257                                | 5,501,571   | -                               | 6,931,828          |
| Disposals              | (284,893)                                | -   | (63,271)                        | (348,164)          |
| At 31 March 2021       | <u>194,829,809</u>                       | <u>10,315,618</u>                                 | <u>978,784</u>                  | <u>206,124,211</u> |
| <b>DEPRECIATION</b>    |  |   |                                 |                    |
| At 1 April 2020        | 47,452,596                               | -   | 361,815                         | 47,814,411         |
| Charge for Year        | 4,562,693                                | 289,000   | 17,964                          | 4,869,657          |
| Disposals              | (137,106)                                | -   | (20,870)                        | (157,976)          |
| At 31 March 2021       | <u>51,878,183</u>                        | <u>289,000</u>                                    | <u>358,909</u>                  | <u>52,526,092</u>  |
| <b>NET BOOK VALUE</b>  |  |   |                                 |                    |
| At 31 March 2021       | <u>142,951,626</u>                       | <u>10,026,618</u>                                 | <u>619,875</u>                  | <u>153,598,119</u> |
| At 31 March 2020       | <u>146,231,849</u>                       | <u>4,814,047</u>                                  | <u>680,240</u>                  | <u>151,726,136</u> |

| Expenditure on Existing Properties                       | 2021                              |                         | 2020                              |                         |
|--|-----------------------------------|-------------------------|-----------------------------------|-------------------------|
|  | <i>Component replacement</i><br>£ | <i>Improvement</i><br>£ | <i>Component replacement</i><br>£ | <i>Improvement</i><br>£ |
| Amounts capitalised                                      | 563,299                           | 866,958                 | 1,371,604                         | 1,020,433               |
| Amounts charged to the statement of comprehensive income | <u>3,316,702</u>                  | <u>-</u>                | <u>4,130,872</u>                  | <u>-</u>                |

All land and housing properties are heritable.

Additions to housing properties include capitalised development administration costs of £151,202 (2020-£149,809)

#### Impairment Charges

An impairment review was carried out on housing land and buildings during the year. As a result of this the following impairment charges have been recognised and are included within depreciation charges.

|                   | Housing Properties Held for Letting<br>£ | Housing Properties In course of Construction<br>£ | Shared Ownership Completed<br>£ | Total<br>£     |
|-------------------|--|---|---------------------------------|----------------|
| Impairment Charge | <u>-</u>                                 | <u>289,000</u>                                    | <u>-</u>                        | <u>289,000</u> |

This impairment charge has resulted in reduction of surplus and the net Book value of housing properties by the amount of the charge.

The Association's lenders have standard securities over housing property with a carry value of £55,310,836 (2020 - £57,054,617)

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 12. NON CURRENT ASSETS (continued)

| (b) Other tangible assets | Office<br>Premises<br>£ | Furniture<br>& Equipment<br>£ | Commercial<br>Property<br>£ | Community<br>& Learning<br>Centres<br>£ | Total<br>£       |
|---------------------------|-------------------------|-------------------------------|-----------------------------|---|------------------|
| <b>COST</b>               |                         |                               |                             |   |                  |
| At 1 April 2020           | 3,205,162               | 230,777                       | 399,397                     | 1,585,190                               | 5,420,526        |
| Additions                 | -                       | 19,076                        | -                           | -                                       | 19,076           |
| At 31 March 2021          | <u>3,205,162</u>        | <u>249,853</u>                | <u>399,397</u>              | <u>1,585,190</u>                        | <u>5,439,602</u> |
| <b>DEPRECIATION</b>       |                         |                               |                             |   |                  |
| At 1 April 2020           | 546,486                 | 134,695                       | 70,668                      | 150,168                                 | 902,017          |
| Charge for year           | 68,475                  | 44,787                        | 9,080                       | 39,171                                  | 161,513          |
| At 31 March 2021          | <u>614,961</u>          | <u>179,482</u>                | <u>79,748</u>               | <u>189,339</u>                          | <u>1,063,530</u> |
| <b>NET BOOK VALUE</b>     |                         |                               |                             |   |                  |
| At 31 March 2021          | <u>2,590,201</u>        | <u>70,371</u>                 | <u>319,649</u>              | <u>1,395,851</u>                        | <u>4,376,072</u> |
| At 31 March 2020          | <u>2,658,676</u>        | <u>96,082</u>                 | <u>328,729</u>              | <u>1,435,022</u>                        | <u>4,518,509</u> |

### 13. FIXED ASSET INVESTMENTS

|                         | 2021<br>£  | 2020<br>£  |
|-------------------------|------------|------------|
| Subsidiary undertakings | 100        | 100        |
|                         | <u>100</u> | <u>100</u> |

#### Subsidiary Undertakings

Thenue Housing Association Limited has the following wholly owned subsidiary undertakings. The registered office of the subsidiaries is 423 London Road, Glasgow, G40 1AG.

|                                 | 2021          |                         | 2020          |                         |
|---------------------------------|---------------|-------------------------|---------------|-------------------------|
|                                 | Reserves<br>£ | Profit /<br>(Loss)<br>£ | Reserves<br>£ | Profit /<br>(Loss)<br>£ |
| Thenue Communities              | 244,285       | 5,689                   | 238,596       | 48,624                  |
| Thenue Housing Services Limited | 50,043        | (741)                   | 50,784        | (120)                   |
| Thenue Trust                    | <u>6,398</u>  | <u>-</u>                | <u>6,398</u>  | <u>400</u>              |

### 14. NEGATIVE GOODWILL

|   | 2021<br>£      | 2020<br>£      |
|---|----------------|----------------|
| At 1 April 2020   | 651,871        | 679,357        |
| Released during the year to the statement of comprehensive income | (27,486)       | (27,486)       |
| At 31 March 2021  | <u>624,385</u> | <u>651,871</u> |

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 15. RECEIVABLES

|  | 2021<br>£        | 2020<br>£        |
|--|------------------|------------------|
| Gross arrears of rent and service charges      | 697,292          | 600,494          |
| <b>Less:</b> Provision for doubtful debts      | (408,740)        | (378,020)        |
| <i>Net arrears of rent and service charges</i> | 288,552          | 222,474          |
| Social housing grant receivable                | 678,676          | 571,962          |
| Other receivables                              | 715,829          | 582,628          |
| Amounts due from group undertakings            | 5,039            | 1,930            |
|  | <u>1,688,096</u> | <u>1,378,994</u> |

### 16. CASH AND CASH EQUIVALENTS

|                          | 2021<br>£        | 2020<br>£        |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | 6,712,515        | 4,586,549        |
|                          | <u>6,712,515</u> | <u>4,586,549</u> |

### 17. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

|  | 2021<br>£        | 2020<br>£        |
|--|------------------|------------------|
| Bank loans                               | 2,218,201        | 1,113,322        |
| Trade payables                           | 1,267,662        | 1,284,940        |
| Rent received in advance                 | 900,497          | 857,989          |
| Social housing grant in advance          | 593,794          | 533,804          |
| Other taxation and social security       | 13,709           | 6,991            |
| Liability for past service contributions | 1,599            | 1,552            |
| Other payables                           | 103,894          | 119,947          |
| Accruals and deferred income             | 269,428          | 407,244          |
|  | <u>5,368,784</u> | <u>4,325,789</u> |

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 18. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|  | 2021<br>£         | 2020<br>£         |
|--|-------------------|-------------------|
| Bank loans                               | 35,006,417        | 37,335,710        |
| Liability for past service contributions | 4,720             | 5,935             |
|  | <u>35,011,137</u> | <u>37,341,645</u> |

### 19. DEBT ANALYSIS - BORROWINGS

|   | 2021<br>£         | 2020<br>£         |
|---|-------------------|-------------------|
| <b>Bank Loans</b>   |                   |                   |
| Amounts due within one year                               | 2,218,201         | 1,113,322         |
| Amounts due in one year or more but less than two years   | 1,504,312         | 2,219,840         |
| Amounts due in two years or more but less than five years | 4,920,764         | 4,706,421         |
| Amounts due in more than five years                       | 28,581,341        | 30,409,449        |
|   | <u>37,224,618</u> | <u>38,449,032</u> |

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

| <b>Lender</b>          | <b>Number of<br/>Properties<br/>Secured</b> | <b>Interest<br/>Rate</b> | <b>Maturity<br/>(Year)</b> | <b>Variable or<br/>Fixed</b> |
|------------------------|---|--------------------------|----------------------------|------------------------------|
| Nationwide             | 15  | 1.5%                     | 2029                       | Fixed                        |
| Nationwide             | 17  | 1.6%                     | 2031                       | Fixed                        |
| Nationwide             | 16  | 1.6%                     | 2033                       | Fixed                        |
| Nationwide             | 32  | 1.5%                     | 2035                       | Fixed                        |
| Nationwide             | 7   | 1.6%                     | 2030                       | Fixed                        |
| Nationwide             | 11  | 1.5%                     | 2028                       | Fixed                        |
| Nationwide             | 34  | 1.5%                     | 2029                       | Fixed                        |
| Nationwide             | 51  | 1.7%                     | 2034                       | Fixed                        |
| Nationwide             | 44  | 1.6%                     | 2031                       | Fixed                        |
| Nationwide             | 18  | 1.6%                     | 2031                       | Fixed                        |
| Royal Bank of Scotland | 63  | 5.5%                     | 2035                       | Fixed                        |
| Royal Bank of Scotland | 51  | 5.5%                     | 2037                       | Fixed                        |
| Royal Bank of Scotland | 220   | 6.3%                     | 2035                       | Fixed                        |
| Royal Bank of Scotland | 110   | 5.9%                     | 2035                       | Fixed                        |
| Royal Bank of Scotland | 223   | 1.7%                     | 2035                       | Variable                     |
| Royal Bank of Scotland | 216   | 1.9%                     | 2024                       | Variable                     |
| Royal Bank of Scotland | 196   | 1.4%                     | 2025                       | Variable                     |
| THFC                   | 153   | 2.1%                     | 2031                       | Fixed                        |

All the Association's bank borrowings are repayable on a monthly or quarterly basis with the principal either being amortised over the term of the loans or repaid at the end of the loan.

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20. RETIREMENT BENEFIT OBLIGATIONS

#### Scottish Housing Association Pension Scheme

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

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

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

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

In 2019 the Pensions Trust, the administrator of the Scheme developed a method of determining the share of assets and liabilities for individual employers. This method was adopted by the Association in 2019 and resulted in an adjustment to the opening pension liability recognised in the statement of financial position of £686,908

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

|  | 2021<br>£   | 2020<br>£  |
|--|-------------|------------|
| Fair value of plan assets                            | 20,597,000  | 18,223,000 |
| Present value of defined benefit obligation          | 22,740,000  | 18,639,000 |
| Surplus / (deficit) in plan                          | (2,143,000) | (416,000)  |
| Unrecognised surplus                                 | -           | -          |
| Defined benefit asset / (liability) to be recognised | (2,143,000) | (416,000)  |



# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20. RETIREMENT BENEFIT OBLIGATIONS (continued)

#### Scottish Housing Association Pension Scheme (continued.)

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

|  | 2021              | 2020              |
|--|-------------------|-------------------|
|  | £                 | £                 |
| Defined benefit obligation at the start of period                  | 18,639,000        | 20,529,000        |
| Current service cost   | 183,000           | 253,000           |
| Expenses   | 18,000            | 16,000            |
| Interest expense   | 443,000           | 473,000           |
| Contributions by plan participants                                 | 109,000           | 112,000           |
| Actuarial losses (gains) due to scheme experience                  | (8,000)           | (157,000)         |
| Actuarial losses (gains) due to changes in demographic assumptions | -                 | (121,000)         |
| Actuarial losses (gains) due to changes in financial assumptions   | 3,699,000         | (2,074,000)       |
| Benefits paid and expenses   | (343,000)         | (392,000)         |
| Defined benefit obligation at the end of period                    | <u>22,740,000</u> | <u>18,639,000</u> |

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

|   | 2021              | 2020              |
|---|-------------------|-------------------|
|   | £                 | £                 |
| Fair value of plan assets at start of period  | 18,223,000        | 17,387,000        |
| Interest income   | 439,000           | 406,000           |
| Experience on plan assets (excluding amounts included in interest income) - gain (loss) | 1,424,000         | 10,000            |
| Contributions by the employer   | 745,000           | 700,000           |
| Contributions by plan participants  | 109,000           | 112,000           |
| Benefits paid and expenses  | (343,000)         | (392,000)         |
| Fair value of plan assets at the end of period  | <u>20,597,000</u> | <u>18,223,000</u> |

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £1,863,000

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20. RETIREMENT BENEFIT OBLIGATIONS (continued)

#### Scottish Housing Association Pension Scheme (continued.)

#### Defined benefit costs recognised in the statement of comprehensive income

|   | 2021              | 2020              |
|---|-------------------|-------------------|
|   | £                 | £                 |
| Current service cost  | 183,000           | 253,000           |
| Expenses  | 18,000            | 16,000            |
| Net interest expense  | 4,000             | 67,000            |
|   | <u>          </u> | <u>          </u> |
| Defined benefit costs recognised in statement of comprehensive income | 205,000           | 336,000           |
|   | <u>          </u> | <u>          </u> |

#### Defined benefit costs recognised in the other comprehensive income

|   | 2021              | 2020              |
|---|-------------------|-------------------|
|   | £                 | £                 |
| Experience on plan assets (excluding amounts included in interest income) - gain /(loss)  | 1,424,000         | 10,000            |
| Experience gains and losses arising on plan liabilities - gain /(loss)  | 8,000             | 157,000           |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)  | -                 | 121,000           |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)   | (3,699,000)       | 2,074,000         |
|   | <u>          </u> | <u>          </u> |
| Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)           | (2,267,000)       | 2,362,000         |
| Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss) | -                 | -                 |
|   | <u>          </u> | <u>          </u> |
| Total amount recognised in other comprehensive income - gain/ (loss)  | (2,267,000)       | 2,362,000         |
|   | <u>          </u> | <u>          </u> |

# THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 20. RETIREMENT BENEFIT OBLIGATIONS (continued)

### Scottish Housing Association Pension Scheme (continued.)

#### Assets

|                               | 2021              | 2020              | 2019              |
|-------------------------------|-------------------|-------------------|-------------------|
|                               | £                 | £                 | £                 |
| Absolute Return               | 1,015,000         | 1,119,000         | 1,473,000         |
| Alternative Risk Premia       | 826,000           | 1,461,000         | 971,000           |
| Corporate Bond Fund           | 1,554,000         | 1,332,000         | 1,219,000         |
| Credit Relative Value         | 594,000           | 438,000           | 302,000           |
| Distressed Opportunities      | 704,000           | 333,000           | 297,000           |
| Emerging Markets Debt         | 830,000           | 648,000           | 557,000           |
| Fund of Hedge Funds           | -                 | -                 | 48,000            |
| Global Equity                 | 3,186,000         | 2,506,000         | 2,797,000         |
| Index Linked All Stock Gilts  | -                 | -                 | -                 |
| Infrastructure                | 1,150,000         | 1,074,000         | 729,000           |
| Insurance-Linked Securities   | 430,000           | 489,000           | 451,000           |
| Liability Driven Investment   | 4,952,000         | 4,799,000         | 6,187,000         |
| Long Lease Property           | 478,000           | 445,000           | 211,000           |
| Net Current Assets            | 153,000           | 138,000           | 18,000            |
| Over 15 Year Gilts            | 10,000            | 231,000           | 447,000           |
| Private Debt                  | 485,000           | 361,000           | 224,000           |
| Property                      | 369,000           | 339,000           | 345,000           |
| Risk Sharing                  | 736,000           | 577,000           | 504,000           |
| Secured Income                | 1,132,000         | 1,011,000         | 607,000           |
| Liquid Credit                 | 356,000           | 478,000           | -                 |
| Opportunistic Illiquid Credit | 527,000           | 444,000           | -                 |
| High Yield                    | 540,000           | -                 | -                 |
| Opportunistic Credit          | 563,000           | -                 | -                 |
| Cash                          | 7,000             | -                 | -                 |
| Total assets                  | <u>20,597,000</u> | <u>18,223,000</u> | <u>17,387,000</u> |

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

#### Key Assumptions

|   | 2021                           | 2020                           | 2019                           |
|---|--------------------------------|--------------------------------|--------------------------------|
| Discount Rate   | 2.2%                           | 2.4%                           | 2.3%                           |
| Inflation (RPI)   | 3.3%                           | 2.6%                           | 3.3%                           |
| Inflation (CPI)   | 2.9%                           | 1.6%                           | 2.3%                           |
| Salary Growth   | 3.9%                           | 2.6%                           | 3.3%                           |
| Allowance for commutation of pension for cash at retirement | 75% of<br>maximum<br>allowance | 75% of<br>maximum<br>allowance | 75% of<br>maximum<br>allowance |

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

|                         | Life expectancy at age 65<br>years<br>(years) |
|-------------------------|---|
| Male retiring in 2021   | 21.5  |
| Female retiring in 2021 | 23.4  |
| Male retiring in 2041   | 22.8  |
| Female retiring in 2041 | <u>25</u>                                     |

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 21. DEFERRED INCOME

|                                | Social<br>Housing<br>Grants<br>£ | Other<br>Housing<br>Grants<br>£ | Non<br>Housing<br>Grants<br>£ | Total<br>£         |
|--------------------------------|----------------------------------|---------------------------------|-------------------------------|--------------------|
| <b>Capital grants received</b> |                                  |                                 |                               |                    |
| At 1 April 2020                | 116,259,699                      | 2,911,611                       | 1,592,017                     | 120,763,327        |
| Additions in the year          | 5,488,399                        | -                               | -                             | 5,488,399          |
| Eliminated on disposal         | (60,250)                         | (80,312)                        | -                             | (140,562)          |
| At 31 March 2021               | <u>121,687,848</u>               | <u>2,831,299</u>                | <u>1,592,017</u>              | <u>126,111,164</u> |
| <b>Amortisation</b>            |                                  |                                 |                               |                    |
| At 1 April 2020                | 27,506,948                       | 1,102,743                       | 192,638                       | 28,802,329         |
| Amortisation in year           | 2,397,823                        | 64,568                          | 37,450                        | 2,499,841          |
| Eliminated on disposal         | (70,652)                         | (2,337)                         | -                             | (72,989)           |
| At 31 March 2021               | <u>29,834,119</u>                | <u>1,164,974</u>                | <u>230,088</u>                | <u>31,229,181</u>  |
| <b>Net book value</b>          |                                  |                                 |                               |                    |
| At 31 March 2021               | <u>91,853,729</u>                | <u>1,666,325</u>                | <u>1,361,929</u>              | <u>94,881,983</u>  |
| At 31 March 2020               | <u>88,752,751</u>                | <u>1,808,868</u>                | <u>1,399,379</u>              | <u>91,960,998</u>  |

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

|                                   | 2021<br>£         | 2020<br>£         |
|-----------------------------------|-------------------|-------------------|
| Amounts due within one year       | 2,499,841         | 2,379,822         |
| Amounts due in more than one year | 92,382,142        | 89,581,176        |
|                                   | <u>94,881,983</u> | <u>91,960,998</u> |

### 22. SHARE CAPITAL

| Shares of £1 each, issued and fully paid | 2021<br>£ | 2020<br>£  |
|--|-----------|------------|
| At 1 April                               | 143       | 145        |
| Issued in year                           | 4         | 2          |
| Cancelled in year                        | (50)      | (4)        |
| At 31 March                              | <u>97</u> | <u>143</u> |

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

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 23. CASH FLOWS

#### Reconciliation of net cash flow to movement in net debt

|                                      | 2021                | 2020                |
|--------------------------------------|---------------------|---------------------|
|                                      | £                   | £                   |
| Increase in cash                     | 2,125,966           | 314,374             |
| Cashflow from change in net debt     | <u>1,224,414</u>    | <u>387,323</u>      |
| Movement in net debt during the year | 3,350,380           | 701,697             |
| Net debt at 1 April                  | (33,862,483)        | (34,564,180)        |
| Net debt at 31 March                 | <u>(30,512,103)</u> | <u>(33,862,483)</u> |

| <i>Analysis of changes in net debt</i> | <i>At</i>            | <i>Cashflows</i> | <i>Other</i>   | <i>At</i>            |
|--|----------------------|------------------|----------------|----------------------|
|  | <i>01 April 2020</i> |                  | <i>Changes</i> | <i>31 March 2021</i> |
|  | £                    | £                | £              | £                    |
| Cash and cash equivalents              | <u>4,586,549</u>     | <u>2,125,966</u> | <u>-</u>       | <u>6,712,515</u>     |
|  | 4,586,549            | 2,125,966        | -              | 6,712,515            |
| Debt: Due within one year              | (1,113,322)          | 1,224,414        | (2,329,293)    | (2,218,201)          |
| Due after more than one year           | (37,335,710)         | -                | 2,329,293      | (35,006,417)         |
| Net debt                               | <u>(33,862,483)</u>  | <u>3,350,380</u> | <u>-</u>       | <u>(30,512,103)</u>  |

### 24. CAPITAL COMMITMENTS

|  | 2021              | 2020              |
|--|-------------------|-------------------|
|  | £                 | £                 |
| Capital Expenditure that has been contracted for but has not been provided for in the financial statements | <u>10,521,000</u> | <u>14,843,000</u> |

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

### 25. COMMITMENTS UNDER OPERATING LEASES

|   | 2021     | 2020     |
|---|----------|----------|
|   | £        | £        |
| At the year end, the total minimum lease payments under non-cancellable operating leases were as follows: |          |          |
| <b>Other</b>  |          |          |
| Expiring in the next year   | -        | 8,564    |
| Expiring later than one year and not later than five years  | 36,665   | 13,238   |
| Expiring later than five years  | <u>-</u> | <u>-</u> |

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 26. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 423 London Road, Glasgow , G40 1AG, .

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Glasgow.

#### 27. BOARD OF MANAGEMENT MEMBER EMOLUMENTS

Board of Management members received £0 (2020 - £1,450) in the year by way of reimbursement of expenses. No remuneration is paid to Board of Management members in respect of their duties to the Association.

#### 28. PROVISIONS FOR LIABILITIES AND CHARGES

|                                    | 2021           | 2020           |
|------------------------------------|----------------|----------------|
|                                    | £              | £              |
| Furniture and Flooring Replacement |                |                |
| At 1 April                         | 311,367        | 354,312        |
| Increase / (decrease) in provision | (1,293)        | (42,945)       |
| At 31 March                        | <u>310,074</u> | <u>311,367</u> |

#### 29. HOUSING STOCK

| The number of units of accommodation in management at the year end was:- | 2021         | 2020         |
|--|--------------|--------------|
|  | No.          | No.          |
| General needs  | 2,960        | 2,956        |
| Supported housing  | 113          | 115          |
| Shared ownership   | 50           | 53           |
|  | <u>3,123</u> | <u>3,124</u> |

Supported housing units comprise 14 self contained flats (2020:14 self contained flats) plus 99 bedspaces (2020 : 101 bedspaces) within 19 non self contained properties (2020: 20 non self contained properties). Bedspaces within non self contained properties are counted as units.

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 30. RELATED PARTY TRANSACTIONS

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

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

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

|   | 2021          | 2020          |
|---|---------------|---------------|
|   | £             | £             |
| Rent received from tenants on the Board of Management and their close family members                      | <u>27,980</u> | <u>34,492</u> |
| Factoring charges received from factored owners on the Board of Management and their close family members | <u>400</u>    | <u>701</u>    |

At the year end total rent arrears owed by the tenant members on the Board of Management (and their close family) were £191 (2020 - £1,074).

At the year end total factoring arrears owed by owner occupiers on the Board of Management (and their close family) were £0 (2020 - £143).

|  |   |   |
|--|---|---|
| Members of the Board of Management who are tenants         | 5 | 8 |
| Members of the Board of Management who are owner occupiers | - | 1 |

### 31. POST BALANCE SHEET EVENT

At the time of approving the financial statements, the United Kingdom is impacted by the Coronavirus pandemic. The Association is monitoring the position and updating its plans accordingly. Like most RSLs, however, the virus continues to impact the Association's activities.