



**Alexander Sloan**  
Accountants and Business Advisers

# **Thenue Housing Association Limited**

Report and Financial Statements

For the year ended 31 March 2020

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 2020

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# THENUE HOUSING ASSOCIATION LIMITED

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## BOARD OF MANAGEMENT, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2020

### Board of Management

Derek Quinn	Chairperson
Pauline Casey	Joint Vice Chairperson
Maureen Dowden	Joint Vice Chairperson
George Alexander	
Jeanette Goode	
Abdifatah Hayde	
David Keltie-Armstrong	
Foday Keran	Resigned 21 May 2019
Charlotte Levy	Resigned 26 May 2020
Nicola McCurdy	
Howard Mole	
Filbert Musau	Resigned 26 November 2019
Florence O'Hale	
William Redmond	
Owen Stewart	

### Executive Officers

Charles Turner	
Brian Gannon	Resigned 30 August 2019
Elizabeth Reilly	Resigned 30 August 2019
John Russell	
Eleanor Derbyshire	Appointed 2 September 2019
Gary Naylor	Appointed 2 March 2020

### 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

Scott-Moncrieff  
25 Bothwell Street  
Glasgow  
G2 6NL

### 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 2020

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

### Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No 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

The association's aim is always to work together to create better homes and stronger communities. That in effect 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 has been a year of growth and consolidation but ended with the unprecedented world-wide uncertainty created by the corona virus pandemic.

Growth came via the building of 43 flats surrounding the historic Monteith Hotel, which was renovated and restored forming 6 new modern flats. Total stock numbers therefore at the end of the year were 2,970 self-contained properties, 20 non self-contained properties and 53 shared ownership units. The site at Monteith was previously occupied by townhouses, tenement flats and shops. The Monteith Hotel was originally built in 1881 on Calton Green and named after the then Lord Provost Henry Monteith. The location became home to many well respected and wealthy citizens of the city. At one time so many medical men lived there that it was nicknamed the Doctors Row. Although it continued to be an upmarket address toward the end of the 19th century, wealthier citizens began moving to the West End to escape the grime and factories of the East end. As a result, Monteith Row fell upon harder times. By the 1980s, most of Monteith Row was demolished and all that remained was the Monteith Hotel which provided accommodation to 25 homeless men. Thenue purchased both the site and the Hotel in 2007. It was a particularly difficult and complicated acquisition and it took 10 years for Thenue to purchase all parts of the site, most of which had lain vacant for many years. This was due to the Council having compulsory purchase orders on 14 areas of land in London Road, Monteith Row and Monteith Place. The Hotel has now been refurbished into 6 beautiful flats. Of the 43 flats that were built on the site, 12 were designed specifically for tenants that require the association's unique and personal retirement support service. The overall development cost of £9.3 million was part funded by social housing grant from Glasgow City Council of £6.7 million and the balance funded by loan facilities from the Royal Bank of Scotland of £2.6 million. On 25<sup>th</sup> October 2019 Kevin Stewart MSP, Minister for Local Government, Housing and Planning officially opened this development. 25<sup>th</sup> October 2019 was a very special day for Thenue. It was the association's 40<sup>th</sup> anniversary. Exactly 40 years to the day the association was formed back in 1979.

# THENUE HOUSING ASSOCIATION LIMITED

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

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

With one eye on the future, during the year work started on site developing 27 Retirement flats at Landressy Place and 77 mainstream flats at Abercromby Street. Further site investigations and planning applications progressed for new housing at Dalmarnock Road, (10), Springfield Road, (45) and Craighead Avenue in Blackhill, (18).

By far the largest area of expenditure during the year was on repairs and maintenance on properties. In total this amounted to almost £5.5 million, some 40% of rental income. £1.37 million of this expenditure was capitalised in the year. Most of the major repairs expenditure related to 100 kitchen and boiler replacements in properties in Cranhill and Blackhill, 108 window replacements at Netherholm and Dalmarnock and the installation of 1,450 smoke and carbon monoxide detection units across the housing stock.

Cyclical work involved routine landscape maintenance, gutter cleaning, roof anchor safety work, the upgrading and maintenance of controlled entry systems, close cleaning, painter work and electrical testing. Of our 2,970 properties, all except 21 which were in abeyance for a variety of reasons, met the Scottish Housing Quality Standard. On average, £7,500 per unit was spent on bringing a further 85 properties up to the new energy efficiency standards leaving around 600 properties that were not yet at this standard. Around half of these will require an exemption based on economic cost or practical difficulties associated with the original build and construction, (e.g. 120 year old sandstone tenements). Safety is paramount at Thenue, but unfortunately, because of corona virus and self-isolating issues, there was one property at the year end, which did not have a valid gas safety certificate.

All of the reactive and void expenditure was focussed on completing 10,114 reactive repairs and re-letting 267 houses that became vacant during the year. This number is around 33% greater than a 'typical' year. Despite the number of re-lets being greater, the rental income lost in between tenancies remained exceptionally low at 0.6%. Tenancy sustainment was back to where we want it to be at 96%, and our best ever re-let performance, with an average of 13 days in between tenancies, tops off what overall is a solid set of housing management performance figures.

Satisfaction overall has been either maintained or has been exceeded throughout the year. 95% satisfaction with the reactive repairs service, 92% satisfaction relating to the resolution of anti-social behaviour complaints; 88% satisfaction with neighbourhoods; 96% satisfaction with the standard of a new home; 91% with the quality of a new home, 92% satisfaction with being kept informed; 90% overall tenant satisfaction. All 205 anti-social behaviour cases reported to us were resolved within target and every one of the 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, linked with the introduction 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 towards the end of the year, that challenge proved impossible to achieve. The number of evictions we have had to carry out remained low at 5 for the year, but our early intervention arrears control resulted in 37 cases called to Court. Although gross rent arrears increased by £120k from last year to £600k, we were pleased that current tenant arrears at 2.2% exceeded our annual target of 2.5%. We collected £13.95 million (98.6%) of total rental income due of £14.07 million.

# THENUE HOUSING ASSOCIATION LIMITED

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

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

Some £245k of grant was secured during the year to support Community Regeneration activities. These grants partly supported our gardening volunteer project, which was initially piloted in Calton, and the grant allowed it to be expanded into more of our community areas. In addition we expanded our digital 'clit'project, (connecting locally informing communities), and also progressed our 'Choices for Change' project, aimed mainly at local residents that have found themselves somewhat isolated, disadvantaged and distanced from any economic activity.

Overall, an operating surplus of £3.5 million was generated in the year. After accounting for non-operating items, the overall surplus in the twelve months amounted to £2.1 million. Loans with three lenders, (Royal Bank of Scotland, Nationwide Building Society and The Housing Finance Corporation), when combined, totalled some £38.4 million at the end of the year. Consistently throughout the year the association has satisfied all relevant financial covenants.

Overall, the year was a very solid and satisfactory one. Having cash reserves of £4.6 million at the year-end was very welcome. Little did the world know what lay ahead when back in November 2019 a 55-year-old individual from Hubei province in China contracted COVID-19. The coronavirus spread to 177 countries worldwide, killing more than 346,000 and sickening more than five million in a matter of months. The World Health Organisation declared the situation a pandemic at the end of January 2020. The full extent of the impact of the coronavirus outbreak on the association's finances is only beginning to emerge and is being closely monitored by the board of management. During the pandemic, working remotely, all our staff maintained the highest possible level of service to all our customers during those difficult times.

# THENUE HOUSING ASSOCIATION LIMITED

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

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

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

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

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

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

The Co-operative and Community Benefit 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 2020

### Statement on Internal Financial Control

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

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

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

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

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

### 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 2020

By order of the Board of Management

*Charles Turner*

**CHARLES TURNER**  
Secretary  
18 August 2020

# 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*

**ALEXANDER SLOAN**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
20/8/2020



# 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 2020

### Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2020 and of 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 Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator.

### 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

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

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

### Other Information

The Board of Management is responsible for the other information. The other information comprises the information 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. 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.

# 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 2020 (continued)

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

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records in accordance with the legislation; or
- 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 a 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.

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

### Use of our report

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

*Alexander Sloan*

**ALEXANDER SLOAN**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
20/8/2020



# THENUE HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
Revenue	2		17,096,531		16,580,501
Operating costs	2		13,594,215		12,304,492
<b>OPERATING SURPLUS</b>			<b>3,502,316</b>		<b>4,276,009</b>
Gain on sale of housing stock	7	318,109		38,774	
Release of negative goodwill	14	27,486		27,486	
Interest receivable and other income		29,744		16,106	
Interest payable and similar charges	8	(1,698,906)		(1,727,949)	
Other Finance income/(charges)	11	(66,912)		(90,870)	
			<u>(1,390,479)</u>		<u>(1,736,453)</u>
<b>SURPLUS FOR THE YEAR</b>			<b>2,111,837</b>		<b>2,539,556</b>
<b>Other comprehensive income</b>					
Adjustment relating to opening pension liability	20		-		(686,908)
Actuarial gains/(losses) on defined benefit pension plan	20		2,362,000		(747,000)
<b>TOTAL COMPREHENSIVE INCOME</b>			<b><u>4,473,837</u></b>		<b><u>1,105,648</u></b>

The results relate wholly to continuing activities.

The notes on pages 15 to 35 form an integral part of these financial statements.

# THENUE HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
<b>NON-CURRENT ASSETS</b>					
Housing properties - depreciated cost	12		151,726,136		149,102,270
Other tangible assets	12		4,518,509		4,641,738
Investments	13		100		100
			<u>156,244,745</u>		<u>153,744,108</u>
Negative goodwill	14		(651,871)		(679,357)
<b>CURRENT ASSETS</b>					
Receivables	15	1,378,994		1,245,076	
Cash and cash equivalents	16	4,586,549		4,272,175	
		<u>5,965,543</u>		<u>5,517,251</u>	
<b>CREDITORS:</b> Amounts falling due within one year	17	(4,325,789)		(3,203,184)	
<b>NET CURRENT ASSETS</b>			<u>1,639,754</u>		<u>2,314,067</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			157,232,628		155,378,818
<b>CREDITORS:</b> Amounts falling due after more than one year	18		(37,341,645)		(38,170,551)
<b>PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Scottish housing association pension scheme	20	(416,000)		(3,142,000)	
Other Provision	28	(311,367)		(354,312)	
			<u>(727,367)</u>		<u>(3,496,312)</u>
<b>DEFERRED INCOME</b>					
Social housing grants	21	(88,752,751)		(87,668,491)	
Other grants	21	(3,208,247)		(3,314,681)	
		<u>(91,960,998)</u>		<u>(90,983,172)</u>	
<b>NET ASSETS</b>			<u><b>27,202,618</b></u>		<u><b>22,728,783</b></u>
<b>EQUITY</b>					
Share capital	22		143		145
Revenue reserves			27,618,475		25,870,638
Pension reserves	20		(416,000)		(3,142,000)
			<u><b>27,202,618</b></u>		<u><b>22,728,783</b></u>

The financial statements were approved by the Board of Management and authorised for issue and signed on their behalf on 18 August 2020.

*Pauline Casey*

**Committee Member**

*David O'Connell*

**Committee Member**

*Charles Turner*

**Secretary**

The notes on pages 15 to 35 form an integral part of these financial statements.

# THENUE HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020		2019
		£	£	£
<b>Surplus for the Year</b>			2,111,837	2,539,556
<i>Adjustments for non-cash items:</i>				
Depreciation of tangible fixed assets	12	4,591,006	4,520,677	
Amortisation of capital grants	21	(2,379,822)	(2,358,787)	
Increase/decrease in provisions		(42,945)	(27,110)	
Gain on disposal of tangible fixed assets		(318,109)	(38,774)	
Release of negative goodwill	14	(27,486)	(27,486)	
Non-cash adjustments to pension provisions		(364,000)	(371,755)	
Share capital written off	22	(4)	(25)	
			<u>1,458,640</u>	<u>1,696,740</u>
Interest receivable			(29,744)	(16,106)
Interest payable	8		<u>1,698,906</u>	<u>1,727,949</u>
<b>Operating cash flows before movements in working capital</b>			5,239,639	5,948,139
Change in debtors		27,487	105,724	
Change in creditors		<u>250,735</u>	<u>28,743</u>	
			<u>278,222</u>	<u>134,467</u>
<b>Net cash inflow from operating activities</b>			5,517,861	6,082,606
<b>Investing Activities</b>				
Acquisition and construction of properties		(8,530,719)	(9,196,082)	
Purchase of other fixed assets		(36,620)	(427,754)	
Social housing grant received		4,930,675	5,779,718	
Social housing grant repaid		(1,297,792)	-	
Other grants received		-	351,111	
Other grants repaid		(6,353)	-	
Proceeds on disposal of housing properties		<u>1,793,805</u>	<u>115,102</u>	
<b>Net cash outflow from investing activities</b>			(3,147,004)	(3,377,905)
<b>Financing Activities</b>				
Loan Advances Received		300,000	1,500,000	
Interest received on cash and cash equivalents		29,744	16,106	
Interest paid on loans		(1,698,906)	(1,727,949)	
Loan principal repayments		(687,323)	(971,723)	
Share capital issued	22	<u>2</u>	<u>5</u>	
<b>Net cash outflow from financing activities</b>			(2,056,483)	(1,183,561)
<b>Increase in cash</b>	23		314,374	1,521,140
<b>Opening cash &amp; cash equivalents</b>			<u>4,272,175</u>	<u>2,751,035</u>
<b>Closing cash &amp; cash equivalents</b>			<u><b>4,586,549</b></u>	<u><b>4,272,175</b></u>
<b>Cash and cash equivalents as at 31 March</b>				
Cash	23		4,586,549	4,272,175
			<u><b>4,586,549</b></u>	<u><b>4,272,175</b></u>

The notes on pages 15 to 35 form an integral part of these financial statements.

## THENUE HOUSING ASSOCIATION LIMITED

### STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2020

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
<b>Balance as at 1 April 2018</b>	165	-	21,622,990	21,623,155
Issue of Shares	5	-	-	5
Cancellation of Shares	(25)	-	-	(25)
Other comprehensive income	-	(1,433,908)	-	(1,433,908)
Other movements	-	(1,708,092)	1,708,092	-
Surplus for the year	-	-	2,539,556	2,539,556
<b>Balance as at 31 March 2019</b>	<b>145</b>	<b>(3,142,000)</b>	<b>25,870,638</b>	<b>22,728,783</b>
<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>

The notes on pages 15 to 35 form an integral part of these financial statements.



# THENUE HOUSING ASSOCIATION LIMITED

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

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Statement of Compliance and Basis of Accounting

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

#### Revenue

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

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

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

#### Retirement Benefits

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

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 2020

### NOTES TO THE FINANCIAL STATEMENTS (continued)

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

##### Housing Properties

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

<i>Component</i>	<i>Useful Economic Life</i>
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 2020 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 2020 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 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the 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 a 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 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Notes	2020			2019		
		Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	16,447,314	12,901,596	3,545,718	15,908,802	11,637,585	4,271,217
Other Activities	4	649,217	692,619	(43,402)	671,699	666,907	4,792
<b>Total</b>		<b>17,096,531</b>	<b>13,594,215</b>	<b>3,502,316</b>	<b>16,580,501</b>	<b>12,304,492</b>	<b>4,276,009</b>

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2020 Total £	2019 Total £
<b>Revenue from Lettings</b>					
Rent receivable net of service charges	12,967,560	652,049	96,392	13,716,001	13,229,409
Service charges receivable	325,197	114,776	-	439,973	406,697
<b>Gross income from rent and service charges</b>	<b>13,292,757</b>	<b>766,825</b>	<b>96,392</b>	<b>14,155,974</b>	<b>13,636,106</b>
Less: Rent losses from voids	57,747	30,736	-	88,483	86,091
<b>Income from rents and service charges</b>	<b>13,235,010</b>	<b>736,089</b>	<b>96,392</b>	<b>14,067,491</b>	<b>13,550,015</b>
Grants released from deferred income	2,165,028	210,067	4,728	2,379,823	2,358,787
<b>Total turnover from affordable letting activities</b>	<b>15,400,038</b>	<b>946,156</b>	<b>101,120</b>	<b>16,447,314</b>	<b>15,908,802</b>
<b>Expenditure on affordable letting activities</b>					
Management and maintenance administration costs	3,494,665	169,696	66,258	3,730,619	3,524,226
Service costs	373,264	98,400	-	471,664	425,355
Planned and cyclical maintenance, including major repairs	2,095,588	76,514	-	2,172,102	1,427,512
Reactive maintenance costs	1,863,469	95,301	-	1,958,770	1,801,482
Bad Debts - rents and service charges	100,540	(349)	(35)	100,156	48,888
Depreciation of affordable let properties	4,196,058	253,738	18,489	4,468,285	4,410,122
<b>Operating costs of affordable letting activities</b>	<b>12,123,584</b>	<b>693,300</b>	<b>84,712</b>	<b>12,901,596</b>	<b>11,637,585</b>
<b>Operating surplus on affordable letting activities</b>	<b>3,276,454</b>	<b>252,856</b>	<b>16,408</b>	<b>3,545,718</b>	<b>4,271,217</b>
<b>2019</b>	<b>3,928,779</b>	<b>322,079</b>	<b>20,359</b>		

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Grants from Scottish Ministers	Other revenue grants	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating surplus / (deficit) 2020	Operating surplus / (deficit) 2019
	£	£	£	£	£	£	£	£
Wider role activities	38,272	206,763	-	245,035	-	278,090	(33,055)	(43,001)
Factoring	-	-	244,670	244,670	3,425	257,975	(16,730)	(512)
Other activities	-	-	159,512	159,512	-	130,658	28,854	71,778
Development Administration	-	-	-	-	-	22,471	(22,471)	(23,473)
<b>Total From Other Activities</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>	<b>4,792</b>
<b>2019</b>	<b>65,095</b>	<b>172,960</b>	<b>433,644</b>	<b>671,699</b>	<b>-</b>	<b>666,907</b>	<b>4,792</b>	

# THENUE HOUSING ASSOCIATION LIMITED

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

### 5. OFFICERS' EMOLUMENTS

	2020	2019
	£	£
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of Management, managers and employees of the Association.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	<u>144,310</u>	<u>206,150</u>
Pension contributions made on behalf of Officers with emoluments greater than £60,000	<u>18,039</u>	<u>25,706</u>
Emoluments payable to the Chief Executive (excluding pension contributions)	80,955	79,135
Pension contributions paid on behalf of the Chief Executive	<u>10,119</u>	<u>9,892</u>
Total emoluments payable to the Chief Executive	<u>91,074</u>	<u>89,027</u>
Total emoluments paid to key management personnel (including social security costs)	<u>285,899</u>	<u>329,954</u>

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

	Number	Number
£60,001 to £70,000	-	1
£70,001 to £80,000	1	1
£80,001 to £90,000	-	1
£90,001 to £100,000	<u>1</u>	<u>-</u>

### 6. EMPLOYEE INFORMATION

	2020	2019
	No.	No.
Average monthly number of full time equivalent persons employed during the year	<u>68</u>	<u>68</u>
Average total number of employees employed during the year	<u>76</u>	<u>75</u>
Staff costs were:	£	£
Wages and salaries	2,454,189	2,360,223
Social Security costs	230,618	227,972
Pension costs	346,694	289,022
Temporary, agency and seconded staff	11,274	-
	<u>3,042,775</u>	<u>2,877,217</u>

Included in Pension Costs of £346,694 is an amount of £107,200 (2019 - £61,424) 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 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7. GAIN ON SALE OF HOUSING STOCK

	2020	2019
	£	£
Sales proceeds	849,219	115,102
Cost of sales	<u>531,110</u>	<u>76,328</u>
Gain on sale of housing stock	<u>318,109</u>	<u>38,774</u>

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2020	2019
	£	£
On bank loans and overdrafts	1,723,772	1,727,949
<b>Less:</b> Interest Capitalised on developments	<u>(24,866)</u>	<u>-</u>
	<u>1,698,906</u>	<u>1,727,949</u>

The capitalisation rate of capitalised development period interest was 1.94% (2019 - 0%)

### 9. SURPLUS FOR THE YEAR

	2020	2019
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	4,591,006	4,556,786
Auditors' remuneration - audit services	11,378	14,800
Operating lease rentals - land & buildings	12,313	12,313
Operating lease rentals - other	12,758	15,559
(Gain) on sale of other non-current assets	<u>(318,109)</u>	<u>(38,774)</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)

	2020	2019
	£	£
Unwinding of Discounted Pension Liabilities	88	(25,870)
Net interest on pension obligations	<u>(67,000)</u>	<u>(65,000)</u>
	<u>(66,912)</u>	<u>(90,870)</u>

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
<b>COST</b>				
At 1 April 2019	184,357,177	8,467,983	1,042,055	193,867,215
Additions	2,392,037	6,138,682	-	8,530,719
Disposals	(2,857,387)	-	-	(2,857,387)
Transfers	9,792,618	(9,792,618)	-	-
At 31 March 2020	<u>193,684,445</u>	<u>4,814,047</u>	<u>1,042,055</u>	<u>199,540,547</u>
<b>DEPRECIATION</b>				
At 1 April 2019	44,417,454	-	347,491	44,764,945
Charge for Year	4,412,668	-	18,489	4,431,157
Disposals	(1,377,526)	-	(4,165)	(1,381,691)
At 31 March 2020	<u>47,452,596</u>	<u>-</u>	<u>361,815</u>	<u>47,814,411</u>
<b>NET BOOK VALUE</b>				
At 31 March 2020	<u>146,231,849</u>	<u>4,814,047</u>	<u>680,240</u>	<u>151,726,136</u>
At 31 March 2019	<u>139,939,723</u>	<u>8,467,983</u>	<u>694,564</u>	<u>149,102,270</u>

	2020		2019	
	<i>Component replacement</i> £	<i>Improvement</i> £	<i>Component replacement</i> £	<i>Improvement</i> £
<b>Expenditure on Existing Properties</b>				
Amounts capitalised	1,371,604	1,020,433	1,404,949	987,863
Amounts charged to the statement of comprehensive income	<u>4,130,872</u>	<u>-</u>	<u>3,228,994</u>	<u>-</u>

All land and housing properties are heritable.

Additions to housing properties include capitalised development administration costs of £149,809 (2019-£156,486)

The Association's lenders have standard securities over housing property with a carry value of £57,054,617 (2019 - £58,764,695)

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

# THENUE HOUSING ASSOCIATION LIMITED

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

### 12. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Commercial Property £	Community & Learning Centres £	Total £
<b>COST</b>					
At 1 April 2019	3,205,162	217,118	399,397	1,562,229	5,383,906
Additions	-	13,659	-	22,961	36,620
At 31 March 2020	<u>3,205,162</u>	<u>230,777</u>	<u>399,397</u>	<u>1,585,190</u>	<u>5,420,526</u>
<b>DEPRECIATION</b>					
At 1 April 2019	478,011	91,825	61,588	110,744	742,168
Charge for year	68,475	42,870	9,080	39,424	159,849
At 31 March 2020	<u>546,486</u>	<u>134,695</u>	<u>70,668</u>	<u>150,168</u>	<u>902,017</u>
<b>NET BOOK VALUE</b>					
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>
At 31 March 2019	<u>2,727,151</u>	<u>125,293</u>	<u>337,809</u>	<u>1,451,485</u>	<u>4,641,738</u>

### 13. FIXED ASSET INVESTMENTS

	2020 £	2019 £
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.

	2020 Reserves £	Profit / (Loss) £	2019 Reserves £	Profit / (Loss) £
Thenue Communities	238,596	48,624	189,972	34,541
Thenue Housing Services Limited	50,784	(120)	50,904	63
Thenue Trust	<u>6,398</u>	<u>400</u>	<u>5,998</u>	<u>4,207</u>

### 14. NEGATIVE GOODWILL

	2020 £	2019 £
At 1 April 2019	679,357	706,843
Released during the year to the statement of comprehensive income	(27,486)	(27,486)
At 31 March 2020	<u>651,871</u>	<u>679,357</u>

# THENUE HOUSING ASSOCIATION LIMITED

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

### 15. RECEIVABLES

	2020	2019
	£	£
Gross arrears of rent and service charges	600,494	480,759
<b>Less:</b> Provision for doubtful debts	(378,020)	(297,569)
<i>Net arrears of rent and service charges</i>	222,474	183,190
Social housing grant receivable	571,962	410,557
Other receivables	582,628	625,602
Amounts due from group undertakings	1,930	25,727
	<u>1,378,994</u>	<u>1,245,076</u>

### 16. CASH AND CASH EQUIVALENTS

	2020	2019
	£	£
Cash at bank and in hand	4,586,549	4,272,175
	<u>4,586,549</u>	<u>4,272,175</u>

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

	2020	2019
	£	£
Bank loans	1,113,322	673,379
Trade payables	1,284,940	1,128,544
Rent received in advance	884,287	850,445
Social housing grant in advance	533,804	103,517
Other taxation and social security	6,991	6,648
Liability for past service contributions	1,552	1,507
Other payables	93,649	86,624
Accruals and deferred income	407,244	352,520
	<u>4,325,789</u>	<u>3,203,184</u>

# THENUE HOUSING ASSOCIATION LIMITED

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

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

	2020	2019
	£	£
Bank loans	37,335,710	38,162,976
Liability for past service contributions	5,935	7,575
	<u>37,341,645</u>	<u>38,170,551</u>

### 19. DEBT ANALYSIS - BORROWINGS

	2020	2019
	£	£
<b>Bank Loans</b>		
Amounts due within one year	1,113,322	673,379
Amounts due in one year or more but less than two years	2,219,840	1,575,830
Amounts due in two years or more but less than five years	4,706,421	6,647,155
Amounts due in more than five years	30,409,449	29,939,991
	<u>38,449,032</u>	<u>38,836,355</u>

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

Lender	Number of Properties Secured	Interest Rate	Maturity (Year)	Variable or Fixed
Nationwide	12	1.5%	2029	Fixed
Nationwide	18	1.6%	2031	Fixed
Nationwide	17	1.6%	2033	Fixed
Nationwide	34	1.5%	2035	Fixed
Nationwide	6	1.6%	2030	Fixed
Nationwide	7	1.5%	2028	Fixed
Nationwide	30	1.5%	2029	Fixed
Nationwide	57	1.7%	2034	Fixed
Nationwide	46	1.6%	2031	Fixed
Nationwide	18	1.6%	2031	Fixed
Royal Bank of Scotland	85	5.5%	2035	Fixed
Royal Bank of Scotland	72	5.5%	2037	Fixed
Royal Bank of Scotland	397	6.3%	2035	Fixed
Royal Bank of Scotland	198	5.9%	2035	Fixed
Royal Bank of Scotland	3	2.3%	2035	Variable
Royal Bank of Scotland	324	2.6%	2024	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 2020 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)

	2020	2019
	£	£
Fair value of plan assets	18,223,000	17,387,000
Present value of defined benefit obligation	18,639,000	20,529,000
Surplus / (deficit) in plan	(416,000)	(3,142,000)
Unrecognised surplus	-	-
Defined benefit asset / (liability) to be recognised	(416,000)	(3,142,000)

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 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

	2020	2019
	£	£
Defined benefit obligation at the start of period	20,529,000	18,855,000
Current service cost	253,000	245,000
Expenses	16,000	16,000
Interest expense	473,000	483,000
Contributions by plan participants	112,000	119,000
Actuarial losses (gains) due to scheme experience	(157,000)	(122,000)
Actuarial losses (gains) due to changes in demographic assumptions	(121,000)	55,000
Actuarial losses (gains) due to changes in financial assumptions	(2,074,000)	1,227,000
Benefits paid and expenses	(392,000)	(349,000)
Defined benefit obligation at the end of period	<u>18,639,000</u>	<u>20,529,000</u>

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

	2020	2019
	£	£
Fair value of plan assets at start of period	17,387,000	16,091,000
Interest income	406,000	418,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	10,000	413,000
Contributions by the employer	700,000	695,000
Contributions by plan participants	112,000	119,000
Benefits paid and expenses	(392,000)	(349,000)
Fair value of plan assets at the end of period	<u>18,223,000</u>	<u>17,387,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £416,000

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 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

	2020	2019
	£	£
Current service cost	253,000	245,000
Expenses	16,000	16,000
Net interest expense	67,000	65,000
	<u>          </u>	<u>          </u>
Defined benefit costs recognised in statement of comprehensive income	336,000	326,000
	<u>          </u>	<u>          </u>

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

	2020	2019
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	10,000	413,000
Experience gains and losses arising on plan liabilities - gain /(loss)	157,000	122,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	121,000	(55,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	2,074,000	(1,227,000)
	<u>          </u>	<u>          </u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	2,362,000	(747,000)
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)	2,362,000	(747,000)
	<u>          </u>	<u>          </u>



## THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

##### Assets

	2020	2019	2018
	£	£	£
Absolute Return	1,119,000	1,473,000	1,910,000
Alternative Risk Premia	1,461,000	971,000	609,000
Corporate Bond Fund	1,332,000	1,219,000	1,123,000
Credit Relative Value	438,000	302,000	-
Distressed Opportunities	333,000	297,000	73,000
Emerging Markets Debt	648,000	557,000	551,000
Fund of Hedge Funds	-	48,000	462,000
Global Equity	2,506,000	2,797,000	2,895,000
Index Linked All Stock Gilts	-	-	-
Infrastructure	1,074,000	729,000	293,000
Insurance-Linked Securities	489,000	451,000	440,000
Liability Driven Investment	4,799,000	6,187,000	5,664,000
Long Lease Property	445,000	211,000	-
Net Current Assets	138,000	18,000	30,000
Over 15 Year Gilts	231,000	447,000	520,000
Private Debt	361,000	224,000	149,000
Property	339,000	345,000	636,000
Risk Sharing	577,000	504,000	147,000
Secured Income	1,011,000	607,000	589,000
Liquid Credit	478,000	-	-
Opportunistic Illiquid Credit	444,000	-	-
Total assets	<u>18,223,000</u>	<u>17,387,000</u>	<u>16,091,000</u>

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

##### Key Assumptions

	2020	2019	2018
Discount Rate	2.4%	2.3%	2.6%
Inflation (RPI)	2.6%	3.3%	3.2%
Inflation (CPI)	1.6%	2.3%	2.2%
Salary Growth	2.6%	3.3%	3.2%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance	75% of maximum allowance

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

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

# THENUE HOUSING ASSOCIATION LIMITED

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

### 21. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Non Housing Grants £	Total £
<b>Capital grants received</b>				
At 1 April 2019	113,135,580	2,917,964	1,592,017	117,645,561
Additions in the year	4,661,793	-	-	4,661,793
Eliminated on disposal	(1,537,674)	(6,353)	-	(1,544,027)
At 31 March 2020	<u>116,259,699</u>	<u>2,911,611</u>	<u>1,592,017</u>	<u>120,763,327</u>
<b>Amortisation</b>				
At 1 April 2019	25,467,089	1,040,112	155,188	26,662,389
Amortisation in year	2,278,559	63,813	37,450	2,379,822
Eliminated on disposal	(238,700)	(1,182)	-	(239,882)
At 31 March 2020	<u>27,506,948</u>	<u>1,102,743</u>	<u>192,638</u>	<u>28,802,329</u>
<b>Net book value</b>				
At 31 March 2020	<u>88,752,751</u>	<u>1,808,868</u>	<u>1,399,379</u>	<u>91,960,998</u>
At 31 March 2019	<u>87,668,491</u>	<u>1,877,852</u>	<u>1,436,829</u>	<u>90,983,172</u>

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

	2020 £	2019 £
Amounts due within one year	2,379,822	2,358,787
Amounts due in more than one year	89,581,176	88,624,385
	<u>91,960,998</u>	<u>90,983,172</u>

### 22. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2020 £	2019 £
At 1 April	145	165
Issued in year	2	5
Cancelled in year	(4)	(25)
At 31 March	<u>143</u>	<u>145</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 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 23. CASH FLOWS

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

		2020		2019
	£	£	£	£
Increase in cash	314,374		1,521,140	
Cashflow from change in net debt	387,323		(528,277)	
Movement in net debt during the year		701,697		992,863
Net debt at 1 April		(34,564,180)		(35,557,043)
Net debt at 31 March		(33,862,483)		(34,564,180)

	At 01 April 2019	Cashflows	Other Changes	At 31 March 2020
	£	£	£	£
Cash and cash equivalents	4,272,175	314,374	-	4,586,549
	4,272,175	314,374	-	4,586,549
Debt: Due within one year	(673,379)	387,323	(827,266)	(1,113,322)
Due after more than one year	(38,162,976)	-	827,266	(37,335,710)
Net debt	(34,564,180)	701,697	-	(33,862,483)

### 24. CAPITAL COMMITMENTS

	2020	2019
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	14,843,000	4,449,000

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

	2020	2019
	£	£
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	13,238	30,437
Expiring later than five years	-	16,506

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 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 £1,450 (2019 - £834) 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

	2020	2019
	£	£
Furniture and Flooring Replacement		
At 1 April	354,312	381,422
Increase / (decrease) in provision	(42,945)	(27,110)
At 31 March	<u>311,367</u>	<u>354,312</u>

### 29. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2020	2019
	No.	No.
General needs	2,956	2,902
Supported housing	115	122
Shared ownership	53	54
	<u>3,124</u>	<u>3,078</u>

Supported housing units comprise 14 self contained flats (2019:14 self contained flats) plus 101 bedspaces (2019 : 108 bedspaces) within 20 non self contained properties (2019: 21 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 2020 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:

	<b>2020</b>	<b>2019</b>
	£	£
Rent received from tenants on the Board of Management and their close family members	<u>34,492</u>	<u>34,712</u>
Factoring charges received from factored owners on the Board of Management and their close family members	<u>701</u>	<u>474</u>

At the year end total rent arrears owed by the tenant members on the Board of Management (and their close family) were £1,074 (2019 - £1,291).

At the year end total factoring arrears owed by owner occupiers on the Board of Management (and their close family) were £143 (2019 - £163).

Members of the Board of Management who are tenants	8	9
Members of the Board of Management who are owner occupiers	1	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 is likely to impact the Association's activities.