

DALMUIR PARK HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

Registered Housing Association Number: HAL 98
Charity Registration Number: SC033471
FCA Reference Number: 1917 R S
Property Factor Number : PF000397

DALMUIR PARK HOUSING ASSOCIATION LIMITED

CONTENTS

	Page.
MEMBERS OF THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS	3
REPORT TO THE MANAGEMENT COMMITTEE	4-9
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	10
INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE	11-13
STATEMENT OF COMPREHENSIVE INCOME	14
STATEMENT OF FINANCIAL POSITION	15
STATEMENT OF CASH FLOWS	16
STATEMENT OF CHANGES IN EQUITY	17
NOTES TO THE FINANCIAL STATEMENTS	18-34

DALMUIR PARK HOUSING ASSOCIATION LIMITED

The Management Committee, Executives and Advisers For the Year Ended 31 March 2019

MEMBERS OF THE BOARD/ MANAGEMENT COMMITTEE

Chair	Gordon Laurie	
Vice Chair	Craig Edward	
Committee Member	Seonaid McDonald	- resigned 15/05/2019
Committee Member	Graham Parton	- resigned 21/02/2019
Committee Member	Isobel Gill	- resigned 21/02/2019
Committee Member	Francis Logan	- resigned 21/11/2018
Committee Member	Patricia Gallagher	- resigned 16/08/2018
Committee Member	Robert McDougall	
Committee Member	Jack Marshall	
Committee Member	Audrey Simpson	- appointed 10/09/2018
Committee Member	Ashely Stockley	- appointed 10/09/2018
Committee Member	Anita Williamson	- appointed 10/09/2018
Committee Member	John Murray	- resigned 15/05/2019
Committee Member	Robert Murray	- appointed 10/09/2018
Committee Member	Ian Lennox	- appointed 10/09/2018
Committee Member	Matthew Reid	- appointed 03/09/2018

SECRETARY

Catherine Lowe

EXECUTIVE OFFICERS

Interim Director

Catherine Lowe

REGISTERED OFFICE/PRINCIPAL ADDRESS

Beardmore House
631 Dumbarton Road
Dalmuir
Clydebank
G81 4EU

AUDITORS

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

SOLICITORS

TC Young
Merchants House
7 West George Street
Glasgow
G2 1BA

BANKERS

Bank of Scotland
42-44 Sylvania Way
Clydebank
G81 2TL

**Report from The Management Committee
For the Year Ended 31 March 2019**

The Management Committee presents their report and the audited Financial Statements for the year ended 31 March 2019.

Objectives and Strategy

The Association is a Registered Social Landlord and Scottish Charity. The core objects as set out in our Rules are to provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care.

We approved a new three-year business plan in August 2018 with six strategic objectives:

- Objective 1 - Create Strong and Sustainable Strategic Governance
- Objective 2 - Deliver Excellent Services and Performance
- Objective 3 - Provide Quality Homes in an Attractive Environment
- Objective 4 - Demonstrate Value for Money
- Objective 5 - Develop Leadership and People
- Objective 6 - Be more than just a Great Landlord

The business plan was reviewed in March 2019 and the year 2 delivery plan approved.

Legal Status

The Association is registered as a non-profit making Association under the Co-operative and Community Benefit Societies Act 2014 No.1917R(S). The Association is governed under its Rules. The Association is a registered Scottish Charity with the charity number SC033471. We are also a registered Property Factor with the Property Factor ID PF000397.

Review of business and future developments

During 2018-19 the Management Committee has worked with the Statutory Manager to resolve the issues identified as part of the governance and financial management review following the move to high engagement by the Scottish Housing Regulator in December 2017. As part of this process the Management Committee considered the best future shape for the Association to best deliver services to our tenants, services users and the local community.

As a result of progress made during the year we have been able to demonstrate to the Scottish Housing Regulator that we have dealt with many of the issues that arose from the move to high engagement. After a full and detailed review of the options, we took the decision to stay independent rather than pursue joining a large housing association. We will look at this again every three years when we develop each new business plan.

In making this decision Management Committee carefully considered what had been achieved over this past 16 months and saw evidence that Dalmuir Park Housing Association (DPHA) today is quite a different place. The most significant changes were:

- ✓ Five new members on the Management Committee
- ✓ Much improved performance on letting houses and collecting rent
- ✓ Improvement in already high tenant satisfaction levels
- ✓ Improved value for money
- ✓ Lower management costs
- ✓ Lower rent increase than we had assumed in our business plan

DALMUIR PARK HOUSING ASSOCIATION LIMITED

- ✓ Investment now rolling out to homes with plans to spend around £1million per year on improvements over the next five years
- ✓ Continued good Care Inspectorate gradings for our sheltered housing service and Dalmuir Out of School Care Group

Crucially, Management Committee listened to the views of our two Tenant Panels over the past year and surveyed wider tenant opinion on the options of DPRA staying independent or joining a large association. Both the Panels and the survey favoured DPRA staying independent provided that we deliver what we have promised.

In taking the decision to remain independent the Management Committee were mindful that they have to deliver a sustainable, well governed association going forward. Three key challenges have been identified:

- ✓ maintaining good governance through a Management Committee with the skills necessary to deliver a continuing programme of improvements going forward
- ✓ finding the right new leader for the Association
- ✓ continuing to improve services and keeping our costs as low as we can so that we can keep rents and service charges affordable.

We are confident that we can do all of this. We are currently recruiting for the vacancies we have on the Management Committee with a focus on people with skills in care, finance and asset management. We will be advertising to recruit a new Chief Executive later this year. We have also started a review of the staff structure to make sure we have the right people in place to deliver what we need to do.

At the end of March 2019 the Scottish Housing Regulator formally reviewed our progress and were satisfied that DPRA had now addressed the serious governance failures that were identified in 2017 and therefore ended their statutory intervention. Five of the former governing body statutory appointees have decided to remain on the Management Committee beyond their statutory role to support Dalmuir Park to further embed the changes it has made and as part of future succession planning.

We will continue our journey of improvement which will be closely monitored by our Management Committee and the Scottish Housing Regulator. They will continue to review our progress.

The Association continues to provide excellent customer service with levels of overall tenant satisfaction staying at 95.57%.

On the service that tenants tend to access most, 94.49% of tenants who have had repairs or maintenance carried out in the last 12 months were satisfied.

Whilst these satisfaction indicators are positive, we know we still need to make significant improvement on the core areas of reletting empty homes and rent collection.

Our letting performance improved significantly in the year with our days to let empty houses reducing from 23.11 days in 2017/18 to 14.24 days in 2018/19.

Rents are the main source of income and it is essential that we collect as much rent each month as possible. **Rent collected as % of total rent due in the reporting year increased very slightly to 98.49%.** We recognise that many of our tenants are struggling financially whether through pay/benefit levels not keeping pace with inflation or job insecurity. The welfare reform changes and the roll out of Universal Credit have had a growing impact on many of our tenants and are now impacting on rent collection. 10% of our tenants now receive Universal Credit. We continue to support our tenants most affected by these reforms.

DALMUIR PARK HOUSING ASSOCIATION LIMITED

DPHA currently contribute towards the funding of the Clydebank Independent Resource Centre (CIRC) by providing a commercial unit on Dumbarton Road which they use as a sensory room for vulnerable children and adults. This is at a cost of £5,681 for the year 2018/19. In return, our tenants and service users can access a welfare rights service to help maximise incomes, process housing benefit and universal credit claims and assist customers with debt issues. This in turn helps tenants to pay their rent and sustain their tenancies.

The Association is committed to ensuring our properties are maintained to a high standard and recognises our obligations to provide a responsive repairs service and planned investment to our properties.

During the year, the following investment programme was delivered:

- 53 properties were partially rewired as part of the kitchen contract
- 1 full heating system was replaced
- 8 replacement gas boilers installed
- 53 new kitchens
- 85 new bathrooms
- 1 block door entry system was replaced
- 14 disabled adaptations
- 3 back court upgrades

We continue to act as the property factor for 171 homeowners in the area. We also had 26 shared ownership properties. Some of the 20 year leases came to an end in 2018/19 and as a result one sharing owner purchased outright and two sharing owners sold their shares back to the Association.

Our Care Services continue to perform well. Our sheltered housing service received "Very Good" grading from the Care Inspectorate at its 2018 and 2019 inspections and tenant and carer feedback was very positive about the person-centred care and support that tenants received. Our out of school club (DOSCG), for primary school age children, also received "Good" grades from the Care Inspectorate at its 2018 inspection. The Inspector commented on the significant improvements, particularly to the environment of the service and nurturing ways of the staff with the children who use the service.

Although not legally part of Dalmuir Park Housing Association, the Beardmore Trust does function with some support from us. The Trust is now fully compliant with OSCR, the charities regulator, and is continuing to review its future role. The Beardmore Trust continues to fund the lunch club service in both our sheltered housing complexes.

Financial Review

These financial results cover the Association's forty first year of operations. The Association made a surplus of £239,188 before the pension adjustment which has resulted in a surplus in the year of £14,600 (2018: £44,076). During the year, £306,758 was spent on planned maintenance (which has been capitalised) bringing the total spend on our Investment Programme to £31.8 million.

Turnover of £3.8 million (2018: £3.7m) was generated in the year (of which £2.7 million relates to the income from the letting of properties at affordable rents). Rent increases during 2018/19 were 2.9%.

At 31 March 2019 £7.2 million was held in reserves.

Future Plans

Dalmuir Park Housing Association is a strong and resilient social business. However, the Management Committee remains conscious of the need to keep management costs as low as possible, rents affordable and still ensure that the Association can maintain and improve the standards of service to customers and the quality of its homes. We recognise that the operating and financial environment continue to be challenging, especially for small housing associations.

We will ensure going forward that we are self-aware and pro-active in making important strategic decisions that build on our strengths and maximise opportunities, whilst identifying and responding to threats. This will ensure that Dalmuir Park Housing Association continues to be a resilient and successful organisation.

Our three year Business Plan is reviewed annually and supported by 30-year financial assumptions to demonstrate the continued viability of the Association over the short, medium and long term. We will review our vision, mission and strategic objectives for the Association to ensure they reflect what our tenants and other service users tell us they need from us. Our major commitment in our business plan is the investment in our houses with over £1million identified for each of the next 4 years.

Currently the Association is debt free, paying off the balance of loans in December 2018. Our investment programme means that we will require new borrowing in 2021/22 and plans will be developed this year to ensure we have the facility in place when required.

Risks and uncertainties

Strong governance is essential at Dalmuir Park Housing Association to ensure that the transformation of the Association continues at pace and with the required determination to see the major changes that are needed through to delivery.

Prudent treasury management will be required to manage cash flow to meet the delivery of the required investment programme.

The Association participates in the Scottish Housing Associations Pension Scheme. With effect from April 2018 the scheme is able to provide the Association with its Net Pension Deficit position. This compares with the previous method which was based on the net present value of contributions towards the past service deficit. The creditor has increased to £405,000 from £152,412 in the previous year.

We have engaged new internal auditors who have carried out five audits for us. These have been reported to the Audit and Risk Sub Committee with management actions which are being monitored on a quarterly basis by sub committee.

We will also continue to manage key risks such as:

- Inflation, pay and interest rates
- Welfare reform
- Fire safety changes
- Pension liabilities

Principal Activities

The principal activity of the Association is to maximise its impact as a social landlord in the local community through the provision of wide ranging quality services.

Statement of Management Committee's responsibilities

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

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

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

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

In so far as the Management Committee are aware:

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

Statement on Internal Financial Control

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

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

It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement 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 Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- The Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken; and
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2019. 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.

Independent Auditors

A resolution for the reappointment of French Duncan LLP as auditor is to be proposed at the forthcoming Annual General Meeting.

By order of Management Committee

Signature

Gordon Laurie
Chair

Date:

DALMUIR PARK HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF DALMUIR PARK HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 8 & 9 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on pages 8 and 9 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

French Duncan LLP

Chartered Accountants & Statutory Auditors
133 Finnieston Street
GLASGOW
G3 8HB

Date:

DALMUIR PARK HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF DALMUIR PARK HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2019

OPINION

We have audited the financial statements of Dalmuir Park Housing Association Limited for the year ended 31 March 2019 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion, the Financial Statements;

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The other information comprises the information contained in the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

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

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.

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

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

RESPONSIBILITIES OF COMMITTEE MEMBERS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

USE OF OUR REPORT

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

French Duncan LLP

Chartered Accountants and Statutory Auditors
133 Finnieston Street
GLASGOW
G3 8HB

Date:

DALMUIR PARK HOUSING ASSOCIATION LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 March 2019**

	Notes	2019	2018
		£	£
REVENUE	2	3,812,007	3,733,845
Operating Costs	2	(3,550,628)	(3,669,657)
OPERATING SURPLUS	9	261,379	64,188
Loss on Sale of Property, Plant & Equipment	7	-	(5,085)
Realised (Loss) / Gain on Investments		(10,470)	(6,045)
Interest Receivable and Other Income		13,408	14,995
Interest Payable and Similar Charges	8	(16,129)	(22,977)
Other Finance Charges	11	(9,000)	(1,000)
		—	—
		(22,191)	(20,112)
SURPLUS FOR YEAR		239,188	44,076
OTHER COMPREHENSIVE INCOME	23		
Initial recognition of multi-employer defined benefit pension scheme		(212,588)	-
Actuarial losses in respect of pension scheme		(12,000)	-
TOTAL COMPREHENSIVE INCOME		14,600	44,076

The notes on pages 18 to 34 form part of these financial statements.

DALMUIR PARK HOUSING ASSOCIATION LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 March 2019**

	Notes	2019	2018
		£	£
NON-CURRENT ASSETS			
Housing Properties – Depreciated Cost	12 (a)	19,871,662	20,449,815
Other Tangible Fixed Assets	12 (b)	290,140	339,158
Investments	12 (c)	-	348,738
		20,161,802	21,137,711
CURRENT ASSETS			
Trade and Other Debtors	14	382,024	395,477
Cash and Cash Equivalents		2,203,434	2,253,727
		2,585,458	2,649,204
CREDITORS: Amounts falling due within one year	15	(260,107)	(542,033)
NET CURRENT ASSETS		2,325,351	2,107,171
TOTAL ASSETS LESS CURRENT LIABILITIES		22,487,153	23,244,882
CREDITORS: Amounts falling due after more than one year	16	-	(578,314)
Provision for Liabilities	23	(405,000)	-
DEFERRED INCOME			
Social Housing Grants	18(a)	(14,623,534)	(15,215,351)
Other Grants	18(b)	(176,175)	(183,372)
NET ASSETS		<u>7,282,444</u>	<u>7,267,845</u>
EQUITY			
Share Capital	19	123	124
Revenue Reserves		7,282,321	7,267,721
		<u>7,282,444</u>	<u>7,267,845</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on.

Gordon Laurie
Chair

Craig Edward
Vice-Chair

Catherine Lowe
Secretary

The notes on pages 18 to 34 form part of these financial statements.

DALMUIR PARK HOUSING ASSOCIATION LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 March 2019**

	Notes	2019 £	2018 £
Net Cash Inflow from Operating Activities	17	533,276	513,134
<i>Investing Activities</i>			
Purchase of Other Fixed Assets		(48,014)	(60,608)
Purchase of Component Installations		(306,758)	(470,447)
Purchase of Housing Properties		(29,250)	-
Repayment of Social Housing Grant		-	(42,587)
Proceeds on Disposal of Properties		-	42,626
Net Cash Outflow from Investing Activities		(384,022)	(531,016)
<i>Financing Activities</i>			
Interest Received on Cash and Cash Equivalents		13,408	14,995
Interest Paid on Loans		(16,129)	(22,977)
Loan Principal Repayments		(535,113)	(69,168)
Withdrawal from Investments		338,268	
Share Capital Issued		19	13
Net Cash (Outflow) from Financing		<u>(199,547)</u>	<u>(77,137)</u>
Decrease in Cash & Cash Equivalents		(50,293)	(95,019)
Opening Cash & Cash Equivalents		<u>2,253,727</u>	<u>2,348,746</u>
Closing Cash & Cash Equivalents		<u>2,203,434</u>	<u>2,253,727</u>

The notes on pages 18 to 34 form part of these financial statements.

DALMUIR PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY
31 March 2019

	Share Capital £	Revenue Reserve £	Total
Balance as at 31 March 2018	124	7,267,721	7,267,845
Issue of Shares	19		19
Cancelled in the year	(20)		(20)
Surplus for the year		239,188	239,188
Other comprehensive income		(224,588)	(224,588)
Balance as at 31 March 2019	<u>123</u>	<u>7,282,321</u>	<u>7,282,444</u>

	Share Capital £	Revenue Reserve £	Total
Balance as at 31 March 2017	175	7,223,645	7,223,820
Issue of Shares	13		13
Cancelled in the year	(64)		(64)
Surplus for the year		44,076	44,076
Balance as at 31 March 2018	<u>124</u>	<u>7,267,721</u>	<u>7,267,845</u>

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2019
NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

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

Basis of Accounting

These financial statements 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 2014 and comply with the Scottish Housing Regulator Determination of Accounting Requirements (December 2014).

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

The following principal accounting policies have been applied:

Going Concern

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

Revenue

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

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

Retirement Benefits

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

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

Valuation of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Kitchens	15 years
Bathrooms	20 years
Central Heating	15 years
Windows	30 years
Structure	50 & 100 years

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2019
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Non-Current Assets

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

Office Premises	6 ½% Straight Line
Computers and other Office Equipment	20% Straight Line
Furniture and Fittings	15% Reducing Balance
Furniture for Furnished Accommodations	33⅓% Straight Line
Laundry Equipment in Sheltered Accommodations	20% Straight Line

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

Social Housing Grant And Other Grants In Advance/Arrears

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

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

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

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

Sales Of Housing Properties

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

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

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.

Estimation Uncertainty

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

Rent Arrears - Bad Debt Provision

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

Life Cycle of Components

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

Pension Liabilities

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

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2019
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

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

Works to Existing Properties

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

Development Interest

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

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

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

b) Identification of cash generating units

The Association considers its cash-generating units to be 665 in which it manages its housing property for asset management purposes.

c) Pension liability

In May 2019 the Association received details from the Pension Trust of its share of assets, liabilities and scheme deficit. The Association has used this information as the basis of the pension defined benefit liability as disclosed in the accounts. The Management Committee consider this is the best estimate of their scheme liability.

Financial Instruments – Basic

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

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

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

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

	Notes	2019			2018			Operating Surplus / (Deficit)	
		Operating		Operating Surplus / (Deficit)	Operating				
		Revenue	Costs		Revenue	Costs			
		£	£	£	£	£	£	£	
Social Lettings	3	3,264,264	2,981,415	282,849	3,185,896	3,082,615	103,281		
Other Activities	4	547,743	569,213	(21,470)	547,949	587,042	(39,093)		
Total		3,812,007	3,550,628	261,379	3,733,845	3,669,657	64,188		

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2019
NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing	Supported Housing	Shared ownership	2019 Total	2018 Total
	£	£	£	£	£
Revenue from Lettings					
Rent Receivable Net of Identifiable Service Charges	2,076,870	247,430	47,585	2,371,885	2,297,270
Service Charges Receivable	271,089	22,302	-	293,391	293,553
Gross Rents Receivable	2,347,959	269,732	47,585	2,665,276	2,590,823
Less: Rent losses from voids	(16,126)	(3,001)	-	(19,127)	(21,009)
Net Rents Receivable	2,331,833	266,731	47,585	2,646,149	2,569,814
Amortisation of Social Housing Grants and Other Grants	590,057	-	8,957	599,014	598,073
Revenue Grants from Local Authorities and Other Agencies	19,101	-	-	19,101	18,009
Total Income From Social Letting	2,940,991	266,731	56,542	3,264,264	3,185,896
Expenditure on Social Letting Activities					
Service Costs	291,971	32,823	-	324,794	241,277
Management and maintenance administration costs	1,003,925	94,913	17,102	1,115,940	1,349,651
Reactive Maintenance	357,339	49,103	-	406,442	396,124
Bad Debts – Rents and Service Charges	38,162	-	-	38,162	32,748
Planned and Cyclical Maintenance, including Major Repairs	169,122	12,794	-	181,916	175,725
Depreciation of Social Housing	899,009	4,481	10,671	914,161	887,090
Operating Costs of Social Letting	2,759,528	194,114	27,773	2,981,415	3,082,615
Operating Surplus on Social Letting Activities	181,463	72,617	28,769	282,849	103,281
2018	1,415	80,029	21,837	103,281	

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2019
NOTES TO THE FINANCIAL STATEMENTS

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

	Grants					Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2019	Operating Surplus / (Deficit) 2018
	From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover				
	£	£	£	£	£				
Wider Role Activities	-	-	-	2,740	2,740	-	16,970	(14,230)	(16,769)
Care Activities	-	-	90,478	303,743	394,221	(993)	357,457	37,757	6,898
Factoring	-	-	-	120,258	120,258	1,079	137,167	(17,988)	(29,222)
Other Activities	-	-	-	30,524	30,524	-	57,533	(27,009)	-
Total From Other Activities	-	-	90,478	457,265	547,743	86	569,127	(21,470)	(39,093)
2018	-	-	90,376	457,573	547,949	-	587,042	(39,093)	

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2019
NOTES TO THE FINANCIAL STATEMENTS

5. COMMITTEE MEMBERS AND OFFICERS EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.

No emoluments have been paid to any member of the Management Committee

	2019	2018
	£	£
Aggregate emoluments payable to Key Management Personnel greater than £60,000 (excluding pension contributions)	<u>76,329</u>	<u>257,087</u>
Compensation payable to Key Management Personnel for Loss of Office	<u>-</u>	<u>67,500</u>
Emoluments payable to the Director (excluding pension contributions)	<u>76,329</u>	<u>136,983</u>
Pension Contributions paid on behalf of Director	<u>-</u>	<u>23,613</u>
Total Emoluments payable to Director	<u>76,329</u>	<u>160,596</u>

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

£60,001 - £70,000	-	-
£70,001 - £80,000	1	-
£80,001 - £90,000	-	-
£120,001 - £130,000	-	1
£130,001 - £140,000	-	1

There were payments to board members during the year for reimbursement of expenses of £1,745 (2018 - £1,704)

6. EMPLOYEE INFORMATION

	2019	2018
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>25</u>	<u>30</u>
The average total number of Employees employed during the year was	<u>36</u>	<u>38</u>
Staff Costs were:		
Wages and Salaries	686,108	886,893
Social Security Costs	63,436	81,711
Other Pension Costs	66,900	98,994
Agency Staff	<u>10,248</u>	<u>9,453</u>
	<u>826,692</u>	<u>1,077,051</u>

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2019
NOTES TO THE FINANCIAL STATEMENTS

7. (LOSS) ON SALE OF PROPERTY, PLANT & EQUIPMENT

	2019 £	2018 £
Proceeds from Sale	-	44,800
Cost of Sale	-	(49,885)
(Loss) on Sale	<u>-</u>	<u>(5,085)</u>

8. INTEREST PAYABLE

	2019 £	2018 £
On Bank Loans & Overdrafts	<u>16,129</u>	<u>22,977</u>

9. OPERATING SURPLUS

	2019 £	2018 £
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	1,011,193	962,803
Housing Association grant release	(591,817)	(592,576)
Commercial grant release	(1,700)	(1,700)
Council grant release	(5,497)	(5,497)
Auditors' Remuneration - Audit Services	<u>9,500</u>	<u>9,500</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITES

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

11. OTHER FINANCE CHARGES

	2019 £	2018 £
Unwinding of the pension	<u>(9,000)</u>	<u>(1,000)</u>

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2019
NOTES TO THE FINANCIAL STATEMENTS

12. FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Completed Shared Ownership Properties £	Total £
COST			
As at 1 April 2018	30,550,771	953,163	31,503,934
Additions	336,008	-	336,008
Disposals	-	-	-
Transferred	54,254	(54,254)	-
As at 31 March 2019	<u>30,941,033</u>	<u>898,909</u>	<u>31,839,942</u>
DEPRECIATION			
As at 1 April 2018	10,869,139	184,980	11,054,119
Charge for Year	903,490	10,671	914,161
Disposals	-	-	-
Transferred	7,434	(7,434)	-
As at 31 March 2019	<u>11,780,063</u>	<u>188,217</u>	<u>11,968,280</u>
NET BOOK VALUE			
As at 31 March 2019	<u>19,160,970</u>	<u>710,692</u>	<u>19,871,662</u>
As at 31 March 2018	<u>19,681,632</u>	<u>768,183</u>	<u>20,449,815</u>

Total expenditure on existing properties in the year amounted to £913,152 (2018 - £1,042,296). The amount capitalised as component replacements is £306,758 (2018- £403,447), with the balance charged to the Statement of Comprehensive Income. The additions above of £336,008 also include the buy back of additional units of £29,250.

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2019
NOTES TO THE FINANCIAL STATEMENTS

b) Other Tangible Assets	Office Furniture & Equipment	Commercial Property	Total
	£	£	£
COST			
As at 1 April 2018	944,389	396,913	1,341,302
Additions	48,014	-	48,014
Eliminated on Disposals	-	-	-
As at 31 March 2019	<u>992,403</u>	<u>396,913</u>	<u>1,389,316</u>
AGGREGATE DEPRECIATION			
As at 1 April 2018	719,783	282,361	1,002,144
Charge for year	56,805	40,227	97,032
Eliminated on disposal	-	-	-
As at 31 March 2019	<u>776,588</u>	<u>322,588</u>	<u>1,099,176</u>
NET BOOK VALUE			
As at 31 March 2019	<u>215,815</u>	<u>74,325</u>	<u>290,140</u>
As at 31 March 2018	<u>224,606</u>	<u>114,552</u>	<u>339,158</u>

c) Investments

	2019	2018
	£	£
Cost		
As at 1 April 2018	380,000	380,000
Disposal	(380,000)	-
As at 31 March 2019	-	380,000
Provision for Loss on Investments		
As at 1 April 2018	(31,262)	(25,217)
Movement	(10,470)	(6,045)
Disposal	<u>41,732</u>	-
As at 31 March 2019	-	(31,262)
Net Book Value		
As at 31 March 2019	<u>-</u>	<u>348,738</u>

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2019
NOTES TO THE FINANCIAL STATEMENTS

13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-	2019	2018
	£	£
Not later than one year	273	273
Later than one year and not later than five years	1,025	1,093
Later than five years	<u>-</u>	273
	<u>1,298</u>	<u>1,639</u>

14. DEBTORS

	2019	2018
	£	£
Arrears of Rent & Service Charges	301,215	289,311
Less: Provision for Doubtful Debts	<u>(67,013)</u>	<u>(47,143)</u>
Net Rent Arrears	<u>234,202</u>	<u>242,168</u>
Other Receivables	<u>147,822</u>	<u>153,309</u>
	<u>382,024</u>	<u>395,477</u>

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Housing Loans	-	69,487
Trade Payables	122,996	269,828
Rent in Advance	63,987	59,693
Other Taxation and Social Security	-	-
Other Creditors	58,903	91,864
Liability for Past Service Contribution Arrangements	<u>-</u>	<u>39,724</u>
Accruals	<u>14,221</u>	<u>11,437</u>
	<u>260,107</u>	<u>542,033</u>

16. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	2019	2018
	£	£
Liability for Past Service Contribution Arrangements	-	112,688
Housing Loans – between one and two years	-	71,912
– between two and five years	-	194,198
– due after five years	<u>-</u>	<u>199,516</u>
	<u>-</u>	<u>465,626</u>
	<u>-</u>	<u>578,314</u>

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2019
NOTES TO THE FINANCIAL STATEMENTS

17. STATEMENT OF CASHFLOWS

Reconciliation of Surplus to balance as at 31 March 2019

	2019	2018
	£	£
Operating Surplus	261,379	64,188
Depreciation	1,011,193	962,803
Amortisation of Capital Grants	(599,014)	(599,773)
Change in debtors	13,453	(21,544)
Change in creditors	(172,715)	144,934
Past Service Pension Deficit Contribution	(38,533)	(37,410)
Pension Scheme Service Costs	57,533	-
Cancelled Shares	(20)	(64)
Balance as at 31 March 2019	<u>533,276</u>	<u>513,134</u>

18. DEFERRED INCOME

	2019	2018
	£	£
a) <i>Social Housing Grants</i>		
As at 1 April 2018	15,215,351	15,852,663
Additions in year	-	-
Released / Repaid as the result of property disposal	-	(44,736)
Amortisation in Year	(591,817)	(592,576)
As at 31 March 2019	<u>14,623,534</u>	<u>15,215,351</u>
b) <i>Other Grants</i>		
Balance as at 1 April 2018	183,372	190,569
Additions in year	-	-
Released / Repaid as the result of property disposal	-	-
Amortisation in Year	(7,197)	(7,197)
As at 31 March 2019	<u>176,175</u>	<u>183,372</u>

This is expected to be released to the Statement of Comprehensive Income as follows:

Amounts due within one year	599,014	599,773
Amounts due in one year or more	<u>14,200,695</u>	<u>14,798,950</u>
	<u>14,799,709</u>	<u>15,398,723</u>

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 31 March 2018	124
Issued in year	19
Cancelled in year	(20)
At 31 March 2019	<u>123</u>

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2019
NOTES TO THE FINANCIAL STATEMENTS

20. HOUSING STOCK

The number of units of accommodation in management at the year-end was:-	2019 No.	2018 No.
General Needs - New Build	132	130
- Rehabilitation	463	463
Shared Ownership	24	26
Supported Housing	70	70
	<hr/>	<hr/>
	689	689

21. RELATED PARTY TRANSACTIONS

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

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

- Members are tenants of the Association
- Members are factored owners
- Management Committee members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.
- Transactions with Management Committee members were as follows:

Rent Received from Tenants on the Committee £33,346

- At the year- end total rent arrears owed by the tenant members of the Committee were £1,052

22. DETAILS OF ASSOCIATION

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

The Association's principal place of business is Beardmore House, 631 Dumbarton Road, Clydebank, G81 4EU.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing in Dalmuir, Clydebank.

The Association is a Registered Society with the Scottish Property Factors Register and is domiciled in Scotland.

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2019
NOTES TO THE FINANCIAL STATEMENTS

23. RETIREMENT BENEFIT OBLIGATIONS

General

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

The Scheme is a defined benefit scheme in the UK. The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005.

This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK. The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2015. This valuation revealed a deficit of £198m.

A Recovery Plan has been put in place to eliminate the deficit which runs to 28 February 2022 for the majority of employers, although certain employers have different arrangements. The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme.

Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme. For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme. For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018.

The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

Pension Scheme Liability movements:

	2019	2018
	£	£
As at 1 April 2018	152,412	189,822
Increase in liability for change in accounting treatment	212,588	-
Current Service Cost	56,000	-
Net Interest expense	9,000	1,000
Expenses	1,000	-
Deficit Contributions Paid	(38,000)	(37,410)
Impact of change in assumptions	12,000	1,000
Amendment to the contribution schedule	-	-
 As at 31 March 2019	<u>405,000</u>	<u>152,412</u>

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2019
NOTES TO THE FINANCIAL STATEMENTS

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

	31 March 2019	31 March 2018
	(£000s)	(£000s)
Fair value of plan assets	1,199	1,543
Present value of defined benefit obligation	1,604	1,908
Surplus (deficit) in plan	(405)	(365)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(405)	(365)

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period ended 31 March 2019 (£000s)
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2019 (£000s)
Defined benefit obligation at start of period	1,908
Current service cost	56
Expenses	1
Interest expense	42
Contributions by plan participants	37
Actuarial losses (gains) due to scheme experience	85
Actuarial losses (gains) due to changes in demographic assumptions	4
Actuarial losses (gains) due to changes in financial assumptions	113
Benefits paid and expenses	(642)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	1,604

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2019
NOTES TO THE FINANCIAL STATEMENTS

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

	Period ended 31 March 2019 (£000s)
Fair value of plan assets at start of period	1,543
Interest income	33
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	190
Contributions by the employer	38
Contributions by plan participants	37
Benefits paid and expenses	(642)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	1,199

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £223,000

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SoCI)

**Period from 31 March 2018
to 31 March 2019 (£000s)**

Current service cost	56
Expenses	1
Net interest expense	9
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	66

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2019
NOTES TO THE FINANCIAL STATEMENTS

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2019 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	190
Experience gains and losses arising on the plan liabilities - gain (loss)	(85)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(4)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(113)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(12)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	(12)

ASSETS	31 March 2019	31 March 2018
	(£000s)	(£000s)
Global Equity	193	278
Absolute Return	102	183
Distressed Opportunities	20	7
Credit Relative Value	21	-
Alternative Risk Premia	67	58
Fund of Hedge Funds	3	44
Emerging Markets Debt	38	53
Risk Sharing	35	14
Insurance-Linked Securities	31	42
Property	24	61
Infrastructure	50	28
Private Debt	15	14
Corporate Bond Fund	84	108
Long Lease Property	15	-
Secured Income	42	57
Over 15 Year Gilts	31	50
Index Linked All Stock Gilts	-	-
Liability Driven Investment	427	543
Net Current Assets	1	3
Total assets	1,199	1,543

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

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2019
NOTES TO THE FINANCIAL STATEMENTS

KEY ASSUMPTIONS

	31 March 2019	31 March 2018
	% per annum	% per annum
Discount Rate	2.35	2.60
Inflation (RPI)	3.25	3.14
Inflation (CPI)	2.25	2.14
Salary Growth	3.25	3.14
Allowance for commutation of pension for cash at retirement 75% of maximum allowance 75% of maximum allowance		

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65
	(Years)
Male retiring in 2019	21.7
Female retiring in 2019	23.4
Male retiring in 2039	23.1
Female retiring in 2039	24.7

As a result of the pension remeasurement basis during the year the movement in the opening pension liability of £365,000 is shown separately in the Statement of Comprehensive Income.

24. CAPITAL COMMITMENTS	2019	2018
	£	£
Capital expenditure which has been contracted for but has not been provided for in the financial statements	-	-
Capital expenditure which has been authorised by the Management Committee but is not contracted	-	-
Funded by	-	-