



Alexander Sloan
Accountants and Business Advisers

Pineview Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2019

Registered Housing Association No. HAC231

FCA Reference No. 2357R(S)

Scottish Charity No. SC038237

PINEVIEW HOUSING ASSOCIATION LIMITED

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PINEVIEW HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2019

MANAGEMENT COMMITTEE

Josephine McGinty	Chairperson
Victoria Phelps	Vice Chairperson
Jim O'Conner	Treasurer
Jean Black	
Gail Boyle	
Asa Brooks	
Myra Frater	
Sharon Kane	
Winifred McPhail	
Jamie Speirs	(Appointed 26 February 2019)
David Syme	(Appointed 26 February 2019)
Anna Welsh	
Mark Cord	(Appointed 3 July 2018 - Resigned 15 November 2018)
Jean Claude Faleu	(Appointed 3 July 2018 - Resigned 29 January 2019)
Kenny McGinty	(Appointed 3 July 2018 - Resigned 26 February 2019)
Amanda Smith	(Resigned 17 August 2018)

EXECUTIVE OFFICERS

Joyce Orr	Director and Secretary
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REGISTERED OFFICE

5 Rozelle Avenue
Drumchapel
Glasgow
G15 7QR

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

Wylie and Bisset LLP
168 Bath Street
Glasgow
G2 4TP

FINANCE AGENTS

FMD Financial Services
KCEDG Commercial Centre
Unit 29 Ladyloan Place
Glasgow
G15 8LB

BANKERS

Bank of Scotland
19 Roman Road
Bearsden
Glasgow
G61 2SP

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

PINEVIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

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

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2357R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC038237.

Principal Activities

The objects of the Association are:

1. to provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care; and
2. any other purpose or object permitted under Section 24 of the Housing (Scotland) Act 2010 which is charitable both for the purposes of Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and also in relation to the application of the Taxes Acts.

The permitted activities and powers of the Association will include anything which is necessary or expedient to help the Association achieve these objects.

Review of Business and Future Developments

Pineview Housing Association Ltd is a community based housing association in the Drumchapel area of Glasgow. The Association owns 533 properties, part owns 23 shared ownership properties and provides factoring services for a further 29 properties. At 31/03/19 the Management Committee is made up of 6 Association tenants and 6 others with an interest in the Association.

The Association does not have any current development plans. Instead the Management Committee continues to concentrate the Association's efforts on maintaining current properties and continually developing customer services for tenants, owners and other customers.

The Management Committee continues to follow a prudent approach to the financial affairs of the Association and retains close control of these. Investments are regularly reviewed to ensure that the Association achieves the best return in a climate of low interest rates, whilst spreading the risk of investments across institutions. The Management Committee also keeps the Association's loan portfolio under review and monitors the impact of financial decisions on the loan covenant conditions that the Association is required to meet.

Along with ensuring effective management of the Association's finances, the Management Committee are committed to ensuring that value for money remains a top priority for the Association. We look to achieve this as an independent RSL and with our local partners. Where it can add value we work with other local RSLs to procure, purchase and provide. We work closely with the other local RSLs especially in terms of staff and committee training, welfare benefits advice services and some maintenance procurement. We also work with other Associations across Glasgow on common projects, such as the Glasgow Housing Register and the Scottish Housing Connections website consortium.

PINEVIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

Review of Business and Future Developments (Continued)

Ensuring the collection of rental income remains a priority for the Association. While working to keep rents affordable we need to ensure that we maximise our collection of rental charges due. This has been a challenge with the introduction of UK Government Welfare Reforms but the Association staff continue to work with our tenants to assist and help resolve any debt issues.

In addition to day to day repair work, the Association continues to undertake planned replacements of components and cyclical maintenance works. During 2018/19 the Association continued its ongoing cyclical maintenance and planned renewal programmes including boiler and kitchen replacement programmes. During 2018/19 the Association also undertook a further independent stock condition sample survey (21% sample). This allows us to regularly review and keep our asset management information updated and allows the Association to proactively plan for the future. The information from the survey will be used to update our 30 year maintenance projection work to ensure that property standards are maintained in the longer term. When this is completed our long term financial projections will be reviewed and updated. This allows the management committee to regularly review the short, medium and long term viability of the Association.

The Management Committee continued their annual committee member reviews to ensure that as a committee, and as individual committee members, they meet regulatory and good practice requirements. The committee remains open to new members joining and bringing fresh ideas, skills and approaches.

Tenant involvement is crucial to the success of the Association and we are very grateful to our active Resident and Customer Forum for all the work they do with us.

PINEVIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

Each member of the Management Committee 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 Management Committee.

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Act 2014 requires 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 period. In preparing those Financial Statements, the Management Committee is required to:-

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

The 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 - 2019. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The 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.

PINEVIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

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;
- 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;
- 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.

Donations

During the year the Association made charitable donations amounting to £520 (2018 - £838).

Auditors

A resolution to appoint the auditors Chiene and Tait, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee

JOYCE ORR

Secretary
25 June 2019

PINEVIEW HOUSING ASSOCIATION LIMITED

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

In addition to our audit of the Financial Statements, we have reviewed your statement on page 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Regulation of Social Housing in Scotland' 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 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

ALEXANDER SLOAN

Accountants and Business Advisers
Statutory Auditors
GLASGOW
25 June 2019



Alexander Sloan
Accountants and Business Advisers

PINEVIEW HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PINEVIEW HOUSING ASSOCIATION LIMITED

Opinion

March 2019 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).

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Management Committee.

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

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

PINEVIEW HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PINEVIEW HOUSING ASSOCIATION LIMITED (Continued)

Responsibilities of the Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities as set out on Page 4, the Management Committee 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 determines 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 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 Management Committee either intends to liquidate the Association or to cease operations, or has 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.

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

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.

ALEXANDER SLOAN

Accountants and Business Advisers
Statutory Auditors
GLASGOW
25 June 2019



Alexander Sloan
Accountants and Business Advisers

PINEVIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£	£
REVENUE	2	2,933,358	2,927,281
Operating Costs	2	(2,167,065)	(2,287,246)
OPERATING SURPLUS		766,293	640,035
Loss On Sale Of Housing Stock	7	-	(3,525)
Interest Receivable and Other Income		34,336	26,206
Interest Payable and Similar Charges	8	(82,540)	(76,245)
Other Finance Income / (Charges)	11	(11,000)	(1,105)
		(59,204)	(54,669)
SURPLUS FOR THE YEAR	9	707,089	585,366
Other comprehensive income			
Adjustment relating to Opening Pension Liability		(137,000)	-
Actuarial Gains/ (Losses) on defined benefit Pension Plan		(95,000)	-
TOTAL COMPREHENSIVE INCOME		475,089	585,366

The notes on pages 13 to 29 form part of these financial statements.

PINEVIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2019	2018
		£	£
NON-CURRENT ASSETS			
Housing Properties - Depreciated Cost	12 (a)	25,554,366	26,063,252
Other Non-current Assets	12 (b)	66,306	66,692
		<u>25,620,672</u>	<u>26,129,944</u>
CURRENT ASSETS			
Receivables	15	81,136	86,280
Investments	25	3,744,462	3,380,518
Cash at bank and in hand		286,486	528,390
		<u>4,112,084</u>	<u>3,995,188</u>
CREDITORS: Amounts falling due within one year	16	<u>(635,972)</u>	<u>(796,568)</u>
NET CURRENT ASSETS		<u>3,476,112</u>	<u>3,198,620</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>29,096,784</u>	<u>29,328,564</u>
CREDITORS: Amounts falling due after more than one year	17	<u>(3,250,336)</u>	<u>(3,730,717)</u>
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES			
Scottish Housing Association Pension Scheme	26	<u>(453,000)</u>	-
		<u>(453,000)</u>	-
DEFERRED INCOME			
Social Housing Grants	19	<u>(17,332,280)</u>	<u>(18,011,761)</u>
		<u>(17,332,280)</u>	<u>(18,011,761)</u>
NET ASSETS		<u>8,061,168</u>	<u>7,586,086</u>
EQUITY			
Share Capital	20	184	191
Revenue Reserves		8,513,984	7,585,895
Pension Reserves		(453,000)	-
		<u>8,061,168</u>	<u>7,586,086</u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 25 June 2019.

Committee Member

Committee Member

Secretary

The notes on pages 13 to 29 form part of these financial statements.

PINEVIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£	£
Net cash inflow from operating activities	18	948,819	953,371
Investing Activities			
Improvements to Housing Properties	(490,778)	(646,848)	
Purchase of Other Fixed Assets	(8,866)	-	
Social Housing Grant Received	-	(30,250)	
Changes on short term deposits with banks	(363,944)	(464,126)	
Proceeds on Disposal of Properties	-	39,280	
Net cash outflow from investing activities		(863,588)	(1,108,686)
Financing Activities			
Interest Received on Cash and Cash Equivalents	34,336	26,206	
Interest Paid on Loans	(82,540)	(76,245)	
Loan Principal Repayments	(278,959)	(276,381)	
Share Capital Issued	28	38	
Net cash outflow from financing activities		(327,135)	(326,382)
Decrease in cash		(241,904)	(481,697)
Opening Cash & Cash Equivalents		528,390	1,010,087
Closing Cash & Cash Equivalents		286,486	528,390
Cash and Cash equivalents as at 31 March			
Cash		286,486	528,390
		286,486	528,390

The notes on pages 13 to 29 form part of these financial statements.

PINEVIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

	Scottish Housing		Revenue	Total
	Share Capital	Association Pension reserve	Reserve	
	£	£	£	£
Balance as at 31 March 2017	198	-	7,000,529	7,000,727
Issue of Shares	38	-	-	38
Cancellation of Shares	(45)	-	-	(45)
Surplus for the year	-	-	585,366	585,366
Balance as at 31 March 2018	191	-	7,585,895	7,586,086
Balance as at 1 April 2018	191	-	7,585,895	7,586,086
Issue of Shares	28	-	-	28
Cancellation of Shares	(35)	-	-	(35)
Other comprehensive income	-	(453,000)	221,000	(232,000)
Surplus for the year	-	-	707,089	707,089
Balance as at 31 March 2019	184	(453,000)	8,513,984	8,061,168

The notes on pages 13 to 29 form part of these financial statements.

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

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. 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 2015.

Basis of Consolidation

The Association has obtained exemption from the Financial Conduct Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The financial statements for Pineview Housing Association Limited present information about it as an individual undertaking and not about the group.

Revenue

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 it relates.

Retirement Benefits

The Association participates in the Scottish Housing Associations Defined Benefit Pension Scheme where 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 as the defined benefit scheme is closed to new members. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

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	30 Years
Boilers	15 Years
Radiators	30 Years
Windows	30 Years
External Doors	20 Years
Internal Doors	30 Years
Rewiring	40 Years
Structures	50 Years

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

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:

Asset Category	Depreciation Rate
Office Premises	2%
Furniture, Fittings and Equipment	33%
Motor Vehicles	33%

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

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 Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period 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.

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.

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 fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income in accordance with the Statement of Recommended Practice.

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

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

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 the schemes in which it manages its housing property for asset management purposes.

c) 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. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has adopted this valuation method in line with FRS102.

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.

Estimation Uncertainty

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

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) Defined pension liability

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.

e) Allocation of share of assets and liabilities for multi employer schemes

Judgements in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi employer pension schemes and estimations performed by the Pensions Trust.

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING AND OTHER ACTIVITIES

	Notes	2019			2018		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	2,914,368	2,143,374	770,994	2,908,943	2,262,963	645,980
Other Activities	4	18,990	23,691	(4,701)	18,338	24,283	(5,945)
Total		2,933,358	2,167,065	766,293	2,927,281	2,287,246	640,035

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Sheltered Housing £	Shared Ownership £	2019 Total £	2018 Total £
Revenue from Lettings					
Rent receivable net of service charges	2,075,320	22,961	41,129	2,139,410	2,078,813
Service charges receivable	64,847	12,003	3,249	80,099	101,050
Gross income from rent and service charges	2,140,167	34,964	44,378	2,219,509	2,179,863
Less: Rent losses from voids	942	-	-	942	1,006
Net Rents Receivable	2,139,225	34,964	44,378	2,218,567	2,178,857
Grants released from deferred income	658,531	-	20,950	679,481	705,086
Other revenue grants	16,320	-	-	16,320	-
Total turnover from affordable letting activities	2,814,076	34,964	65,328	2,914,368	2,908,943
Expenditure on affordable letting activities					
Management and maintenance administration costs	729,598	-	12,392	741,990	718,869
Service Costs	35,296	19,671	-	54,967	119,543
Planned and cyclical maintenance, including major repairs	145,144	-	-	145,144	217,619
Reactive maintenance costs	180,751	-	-	180,751	185,490
Bad Debts - rents and service charges	20,858	-	-	20,858	8,177
Depreciation of affordable let properties	975,263	-	24,401	999,664	1,013,265
Operating costs of affordable letting activities	2,086,910	19,671	36,793	2,143,374	2,262,963
Operating surplus on affordable letting activities	727,166	15,293	28,535	770,994	645,980
2018	627,923	11,154	6,903		

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2019	Operating Surplus / (Deficit) 2018
	£	£	£	£	£	£
Wider role activities	-	-	-	12,201	(12,201)	(12,951)
Factoring	18,990	18,990	-	11,490	7,500	7,006
Total From Other Activities	18,990	18,990	-	23,691	(4,701)	(5,945)
2018	18,338	18,338	-	24,283	(5,945)	

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. 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.

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

Pension contributions made on behalf of Officers with emoluments greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)

Total Emoluments paid to key management personnel

	2019	2018
	£	£
	63,255	61,622
	<u>9,235</u>	<u>8,977</u>
	<u>63,255</u>	<u>61,622</u>
	<u>70,821</u>	<u>70,619</u>

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

	Number	Number
£60,001 to £70,000	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was:

The average total number of Employees employed during the year was:

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

Temporary, Agency and Seconded Staff

	2019	2018
	No.	No.
	<u>12</u>	<u>12</u>
	<u>12</u>	<u>12</u>
	£	£
	384,042	393,770
	36,514	37,664
	38,904	35,914
	14,427	23,578
	<u>473,887</u>	<u>490,926</u>

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. LOSS ON SALE OF HOUSING STOCK

	2019	2018
	£	£
Sales Proceeds	-	39,280
Cost of Sales	-	42,805
Loss On Sale Of Housing Stock	-	(3,525)

8. INTEREST PAYABLE & SIMILAR CHARGES

	2019	2018
	£	£
On Bank Loans & Overdrafts	82,540	76,245
	82,540	76,245

9. SURPLUS FOR THE YEAR

	2019	2018
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	1,008,916	1,013,265
Auditors' Remuneration - Audit Services	8,500	7,500
Operating Lease Rentals - Other	2,743	4,152
(Loss) on sale of fixed assets	-	3,525

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

	2019	2018
	£	£
Unwinding of Discounted Pension Liabilities	-	1,105
Interest Cost on Pension Scheme	11,000	-

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Shared Ownership Completed £	Total £
COST			
As at 1 April 2018	38,927,448	1,238,909	40,166,357
Additions	490,778	-	490,778
Disposals	(184,759)	-	(184,759)
As at 31 March 2019	<u>39,233,467</u>	<u>1,238,909</u>	<u>40,472,376</u>
DEPRECIATION			
As at 1 April 2018	13,710,337	392,768	14,103,105
Charge for Year	975,263	24,401	999,664
Disposals	(184,759)	-	(184,759)
As at 31 March 2019	<u>14,500,841</u>	<u>417,169</u>	<u>14,918,010</u>
NET BOOK VALUE			
As at 31 March 2019	<u>24,732,626</u>	<u>821,740</u>	<u>25,554,366</u>
As at 31 March 2018	<u>25,217,111</u>	<u>846,141</u>	<u>26,063,252</u>

Additions to housing properties include capitalised major repair costs to existing properties of £490,778 (2018 - £646,848).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £816,673 (2018 - £1,049,957). The amount capitalised is £490,778 (2018 - £646,848) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £490,778 (2018 - £646,848).

The Association's Lenders have standard securities over Housing Property with a carrying value of £18,112,763 (2018 - £18,318,166).

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Machinery & Equipment £	Total £
COST				
As at 1 April 2018	171,590	122,928	30,546	325,064
Additions	-	8,866	-	8,866
As at 31 March 2019	<u>171,590</u>	<u>131,794</u>	<u>30,546</u>	<u>333,930</u>
AGGREGATE DEPRECIATION				
As at 1 April 2018	116,114	111,712	30,546	258,372
Charge for year	3,432	5,820	-	9,252
As at 31 March 2019	<u>119,546</u>	<u>117,532</u>	<u>30,546</u>	<u>267,624</u>
NET BOOK VALUE				
As at 31 March 2019	<u>52,044</u>	<u>14,262</u>	<u>-</u>	<u>66,306</u>
As at 31 March 2018	<u>55,476</u>	<u>11,216</u>	<u>-</u>	<u>66,692</u>

13. CAPITAL COMMITMENTS

	2019 £	2018 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>565,322</u>	<u>105,691</u>

The above commitments will be financed by the Association's own resources.

14. COMMITMENTS UNDER OPERATING LEASES

	2019 £	2018 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Other		
Not later than one year	2,743	683
Later than one year and not later than five years	7,986	-
Later than five years	<u>-</u>	<u>10,006</u>

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Arrears of Rent & Service Charges	93,716	85,004
Less: Provision for Doubtful Debts	(71,000)	(59,000)
	<u>22,716</u>	<u>26,004</u>
Other Receivables	58,420	60,276
	<u>81,136</u>	<u>86,280</u>

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Housing Loans	273,435	271,954
Trade Payables	108,213	157,320
Rent Received in Advance	160,015	172,803
Other Payables	34,525	88,771
Liability for Past Service Contributions	-	67,059
Accruals and Deferred Income	59,784	38,661
	<u>635,972</u>	<u>796,568</u>

At the balance sheet date there were pension contributions outstanding of £Nil (2018 - £Nil).

17. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Liability for Past Service Contributions	-	199,941
Housing Loans	3,250,336	3,530,776
	<u>3,250,336</u>	<u>3,730,717</u>
Housing Loans		
Amounts due within one year	273,435	271,954
Amounts due in one year or more but less than two years	274,052	264,086
Amounts due in two years or more but less than five years	776,864	731,363
Amounts due in more than five years	2,199,420	2,535,327
	<u>3,523,771</u>	<u>3,802,730</u>
Less: Amount shown in Current Liabilities	273,435	271,954
	<u>3,250,336</u>	<u>3,530,776</u>
Liability for Past Service Contributions		
Amounts due within one year	-	67,059
Amounts due in one year or more but less than two years	-	69,071
Amounts due in two years or more but less than five years	-	130,870
Amounts due in more than five years	-	-
	<u>-</u>	<u>267,000</u>
Less: Amount shown in Current Liabilities	-	67,059
	<u>-</u>	<u>199,941</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Clydesdale Bank	Standard security over Standard security over 29 properties	1.2%	2022	Variable
Clydesdale Bank	Standard security over Standard security over 29 properties	1.2%	2023	Variable
Clydesdale Bank	Standard security over Standard security over 29 properties	2.3%	2025	Fixed
Clydesdale Bank	Standard security over Standard security over 56 properties	6.5%	2029	Fixed
Clydesdale Bank	Standard security over Standard security over 38 properties	1.2%	2031	Variable
Nationwide	Standard security over Standard security over 51 properties	1.3%	2031	Variable
Nationwide	Standard security over Standard security over 36 properties	1.4%	2033	Variable
Nationwide	Standard security over Standard security over 87 properties	1.4%	2033	Variable

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. STATEMENT OF CASH FLOWS

Reconciliation of surplus for the year to net cash inflow from operating activities

	2019 £	2018 £
Surplus for the year	707,089	585,366
Depreciation	1,008,916	1,020,365
Gain on disposal	-	3,525
Amortisation of Capital Grants	(679,481)	(705,086)
Change in debtors	5,144	(29,526)
Change in creditors	(95,018)	28,733
Unwinding of Discount on Pension Liability	(46,000)	(1,105)
Transfer of interest to financial activities	48,204	51,144
Share Capital Written Off	(35)	(45)
Net cash inflow from operating activities	<u>948,819</u>	<u>953,371</u>

Reconciliation of net cash flow to movement in net debt

	2019 £		2018 £	
Decrease in cash	(241,904)		(481,697)	
Cashflow from change in net debt	642,903		326,344	
Movement in net debt during the year		400,999		(155,353)
Net debt at 1st April 2018		106,178		261,531
Net debt at 31 March 2019		<u>507,177</u>		<u>106,178</u>

Analysis of changes in net debt

	At 01 April 2018	Cashflows	Other Changes	At 31 March 2019
Cash at bank and in hand	528,390	(241,904)	-	286,486
Liquid resources	528,390	(241,904)	-	286,486
Debt: Due within one year	3,380,518	363,944	(280,440)	3,464,022
Due after more than one year	(271,954)	278,959	280,440	287,445
	(3,530,776)	-	-	(3,530,776)
Net Debt	<u>106,178</u>	<u>400,999</u>	<u>-</u>	<u>507,177</u>

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. DEFERRED INCOME

	Housing Properties Held for Letting £	Shared Ownership Completed £	Total £
Social Housing Grants			
As at 1 April 2018	28,493,489	1,000,244	29,493,733
Eliminated on disposal of components and property	(133,346)	-	(133,346)
As at 31 March 2019	<u>28,360,143</u>	<u>1,000,244</u>	<u>29,360,387</u>
Amortisation			
As at 1 April 2018	11,139,756	342,216	11,481,972
Amortisation in year	658,531	20,950	679,481
Eliminated on disposal	(133,346)	-	(133,346)
As at 31 March 2019	<u>11,664,941</u>	<u>363,166</u>	<u>12,028,107</u>
Net book value			
As at 31 March 2019	<u>16,695,202</u>	<u>637,078</u>	<u>17,332,280</u>
As at 31 March 2018	<u>17,353,733</u>	<u>658,028</u>	<u>18,011,761</u>

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

	2019 £	2018 £
Amounts due within one year	679,481	705,086
Amounts due in one year or more	16,652,799	17,306,675
	<u>17,332,280</u>	<u>18,011,761</u>

20. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid

	2019 £	2018 £
As at 1 April 2018	191	198
Issued in year	28	38
Cancelled in year	(35)	(45)
As at 31 March 2019	<u>184</u>	<u>191</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.

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-		2019	2018
		No.	No.
General Needs - Built by Association		425	425
General Needs - Purchased by Association		107	107
Shared Ownership		23	23
Supported Housing		1	1
		<u>556</u>	<u>556</u>

22. RELATED PARTY TRANSACTIONS

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

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 (and their close family) were as follows:

		2019	2018
		£	£
Rent received from tenants on the Management Committee and their close family members		37,575	41,424

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £190 (2018 - £279).

Members of the Management Committee who are tenants		6	6
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23. 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 5 Rozelle Avenue, Drumchapel, Glasgow .

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

24. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £696 (2018 - £782) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

25. INVESTMENTS

Short term deposits

		2019	2018
		£	£
Short term deposits		3,744,462	3,380,518

26. SHAPS PENSION PROVISION

		2019	2018
		£	£
As at 1 April 2018		-	-
Decrease in Provision		(453,000)	-
		<u>(453,000)</u>	<u>-</u>
Balance as at 31 March 2019		(453,000)	-

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Pineview Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme). The assets of which are held in a separate trustee administered fund. All employees are currently part of the defined contribution scheme, but the Association was originally in the defined benefit scheme.

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 re-appointed amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

The last valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%). All Scheme members have agreed to make contributions towards the past service deficit.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 RETIREMENT BENEFIT OBLIGATIONS

Change in Accounting Estimate

The pension fund is administered by the Pensions Trust. Previously only the past service deficit was included as a liability in the financial statements as the Association's share of the pension assets and liabilities could not be determined. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The figures are available at 1 April 2018 and 31 March 2019. 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.

In January 2019, the FRC issued FRED 71 (Draft amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, Multiemployer defined benefit plans) which provides proposed changes to FRS 102 on how to treat the transition from defined contribution to defined benefit accounting. This method has been adopted by the Housing Association as the most appropriate treatment. As a result the change has been accounted for as change in accounting estimate.

Due to the change in accounting estimate the past service deficit liability has been removed as the liability is included in the pension liability now calculated by the actuary and shown under Pension and Other Provisions for Liabilities and Charges in the Balance Sheet. The change has been reflected in Other Comprehensive Income as follows:

	£
Opening pension liability per actuary	404,000
Opening past service deficit	267,000
Movement to other comprehensive income	<u>137,000</u>

As a result the unwinding of the past service deficit is no longer shown within finance charges. Instead the expenses, interest and other comprehensive income as detailed within this note are incorporated within the financial statements.

The following figures are prepared by the Actuaries in accordance with their understanding of FRS 102 and Guidance Note 36: Accounting for Retirement Benefits under FRS 102 issued by the Institute and Faculty of Actuaries.

Principal Actuarial Assumptions

Assumptions as at 31 March 2019

	2019	2018
	%p.a.	%p.a.
Salary increases	0.0%	0.0%
Inflation RPI	0.0%	0.0%
Inflation CPI	2.3%	2.2%
Discount rate	0.0%	0.0%

The defined benefit obligation is estimated to comprise of the following:

	2019
	Number
Employee members	4
Deferred pensioners	7
Pensioners	8
	<u>19</u>

Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
	(Years)	(Years)
Current Pensioners	21.7	23.4
Future Pensioners	23.1	24.7

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 RETIREMENT BENEFIT OBLIGATIONS

Fair value of scheme assets by category

	2019 £000
Growth Assets	1,119
Matching Plus	262
Liability Driven Investment	853
Net Current Assets	2
	<hr/> 2,236

Net Pension Liability

	2019 £000
Fair value of employer's assets	2,236
Present value of scheme liabilities	(2,689)
	<hr/> (453)

Reconciliation of fair value of employer assets

	2019 £000
Opening fair value of employer assets	2,050
Expected Return on Assets	54
Contributions by Members	21
Contributions by the Employer	94
Actuarial Gains / (Losses)	74
Estimated Benefits Paid	(57)
Closing fair value	<hr/> 2,236

Reconciliation of defined benefit obligations

	2019 £000
Opening defined benefit obligation	2,454
Current Service Cost	39
Interest Cost	63
Contributions by members	21
Actuarial Gains	169
Estimated Benefits Paid	(57)
Closing defined benefit obligation	<hr/> 2,689

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Statement of Comprehensive Income

	2019 £
Charged to operating costs:	
Service cost	10,059
Charged to Other Finance Costs / (Income)	
Expected Return on employer assets	(54,000)
Interest on pension scheme liabilities	63,000
	9,000
	63,000
Net Charge to the Statement of Comprehensive Income	19,059

Actuarial Gain / (Loss) recognised in the Statement of Comprehensive Income

	2019 £
Actuarial gain/(loss) recognised in year	(95,000)
Cumulative actuarial gains	(95,000)