MARYHILL HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

The Scottish Housing Regulator No HCB159
Financial Conduct Authority No 1904R(S)
Scottish Charity Number SC032468

BOARD, EXECUTIVES AND ADVISERS

Board

Roger Popplewell	Chairperson
Paul Imrie	Vice-chairperson
Richard Turnock	
Isabella McTaggart	
Tim Holmes	
Najah Plakaris	Resigned 1 August 2021
Lindsey Forrest	Appointed 28 July 2020
Raphael Rickson	Appointed 28 July 2020
Les Currie	Resigned 6 July 2020
Sandra Blair	Resigned 5 July 2020
Lorna Blain (nee Brennan)	Resigned 26 June 2020
Janaki LakshmiNarayanan	Appointed 16 September 2020, Resigned 21 August 2021
Jenny Crowe	Appointed 16 September 2020
Caitlyn Maccabe	Appointed 16 September 2020
Colin O'Hara	Co-optee, Appointed 28 January 2021
Valerie Wilson	Co-optee, appointed 24 May 2021

Registered Office
45 Garrioch Road
Maryhill
Glasgow
G20 8RG

Executive Officers

Bryony Willett	Chief Executive (Secretary appointment ended 29 April 2021)
Jennifer Simon	Director of Operations
Rebecca Wilson	Director of Resources and Secretary (Secretary appointment commenced 29 April 2021)

External auditor	**Internal auditor**
Azets Audit Services	Wylie & Bisset
Titanium 1	168 Bath Street
King's Inch Place	Glasgow
Renfrew	G2 4TP
PA4 8WF	

Bankers
Royal Bank of Scotland
5th Floor
Kirkstane House
139 St Vincent Street
Glasgow
G2 5JF

Solicitors

T C Young	Harper McLeod LLP
7 West George Street	The Ca'd'oro
Glasgow	45 Gordon Street
G2 1BA	Glasgow
	G1 3PE

Registration numbers

The Scottish Housing Regulator	HCB159
Financial Conduct Authority	1904R(S)
Registered Scottish Charity	SC032468

CONTENTS

The Board presents their report and the audited financial statements for the year ended 31 March 2021.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 (No.1904R(S)). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC032468.

Principal Activity

The principal activity of the Association is the provision and management of social housing for rent and the maintenance, development and regeneration of its community base of Maryhill and Ruchill.

Review of Business and Future Developments

COVID-19 Impact

In March 2020, in response to the restrictions relating to the COVID-19 (covid) pandemic, the Association closed its offices and restricted delivery of services within customers' homes to all but essential services. Home working arrangements were put in place for the vast majority of office based staff, whilst the on-site Neighbourhood Team service moved to restricted duties and a reduced staff rota. The Association has implemented regular monitoring of the resulting impact on activities, risk management actions and service relaunch. The financial impact on the Association was closely monitored and an updated budget and business plan were presented to the September 2020 Board. The main financial impacts on the Association were delayed spending on the investment programme and delayed commencement of newbuild development projects, together with increased void loss. Rent arrears increased at the start of pandemic but reduced consistently in the second half of the year. The covid pandemic did not have a material impact on the Association's going concern status.

Corporate Governance

Maryhill Housing Association Limited is governed by a voluntary Board which is elected by its members. Its responsibility is to agree the long term strategy, business plan and overall direction of the Association. The Board is supported by the Chief Executive, Directors, and specialist staff. The Association reviews its Governance Effectiveness Plan annually. Actions in the 2020/21 Governance Effectiveness Plan included recruitment of new Board Members, succession planning for the role of Chair and implementing new Model Rules. The Board successfully transitioned to virtual meetings in March 2020.

The Board reviewed its Board and Committee Structure in light of the Scottish Housing Regulator's new Regulatory Framework. A new simplified structure was approved in January 2019. From April 2019 quarterly Assurance Boards were introduced and previous Policy and Performance and Staffing Committees were deleted. The Audit and Risk Committee has continued to meet virtually quarterly during 2020/21.

The Board is accountable to the members of the Association. The Board serves in a voluntary capacity, and we recognise that this puts more onus on us to set and achieve high standards of professionalism. Board appraisals are carried out annually and we have a programme of training to assist with Board members' development.

During 2020/21 we successfully recruited seven new Board members (four customers and three independent Board members). We work with nine Registered Tenants Organisations (RTOs) and are committed to providing customers with opportunities to influence the organisation's future. Our approach to tenant scrutiny was developed in partnership with the Tenants' Information Service. The Service Improvement Panel (scrutiny group) have not been operational due to the pandemic and the Association's approach to scrutiny will be reviewed in 2021/22.

The Association's Board conforms to a clear Code of Conduct to ensure the highest standards of governance are maintained and any potential breaches of our Code of Conduct are treated seriously and managed in line with the process set out in the Code of Conduct.

In June 2020 the Association commissioned an investigation into potential breaches of the Board Member Code of Conduct.

The Association subsequently commissioned a review of the internal process followed by the Association when dealing with these potential breaches of the Code of Conduct. The outcome of this review was considered by the Board on 3 August 2020 and an action plan put in place to take forward learning points from the review. All of these actions are now complete.

During 2020 the number of Board members fell below 7, the minimum number as set out in the rules. This was addressed by Board recruitment during the year in line with timeframes set out in the rules.

Strategic Planning

In April 2020, the Board developed a new Corporate Plan up to 2022, setting out a new clarified mission statement, vision for the future, strategic priorities and organisational values. The plan was developed with the staff team drawing on a range of feedback from customers, stakeholders, and the external environment. The 2021/22 annual Corporate Business Plan pulls together these strategic and service priorities, risks and financial capacity into a single document. The Corporate Business Plan also includes our annual Delivery Plan for 2021/22. Each team sets its own Team Delivery Plan which supports the achievement of the organisation-wide Delivery Plan.

The Association's vision is: Great homes in strong and thriving communities.

Our mission is: Providing great housing and services for our customers; supporting strong, inclusive communities in North West Glasgow.

Our values are to:

- Think customer first;
- Deliver on our promises;
- Celebrate diversity; and
- Keep improving.

Our long term strategic objectives are to:

- Improve customer experience and increase customer satisfaction;
- Address poverty and enable customers to make their lives better; and
- Provide better homes and developing neighbourhoods to feel proud of
- Build a sustainable business

Achievements and Performance

Summary

In 2020/21 the Association's key focus was adapting to the challenges posed by the covid pandemic and ensuring Maryhill's communities continued to thrive. The Association sustained key services throughout the pandemic, such as health and safety checks in high rise properties and continuing to operate a contact centre. Key priorities, such as reprocuring key contracts and starting on site with new build projects were also delivered. The Association submitted its second Annual Assurance Statement in November 2020 and self-assessed as compliant. The Scottish Housing Regulator also assessed the Association as compliant in March 2021. In 2021/22 the Regulator will engage with us around our Development Programme, landlord health and safety issues and render failure in our high rise properties.

Value for money continues to be a key medium term focus for Maryhill. In October 2017 the Association committed to achieving £750k of savings in seven years by 2024/25. This target was exceeded when £850k was identified by 2019/20. The 2020/21 business plan set a new value for money challenge, with a further £500k of savings to be achieved, with £250k to be achieved in 2021/22 and a further £250k in 2024/25. This target should also be exceeded with £373k of savings identified in the 2021/22 budget. This Corporate Business Plan sets a new savings target of £100k per year for the next three years. The Association has established a Value for Money Working Group and action plan to monitor progress against this next phase of value for money savings.

These savings, together with reduced spending on the Association's investment plan have facilitated a rent freeze in April 2021 and a move to CPI-linked rent increases throughout every year of the long term business plan.

This is a significant reduction in the rent increase assumptions contained in the previous year's business plan and should ensure that our rents stay consistent with or lower than our peers and continue to be affordable to tenants in the long term.

The results for the year are shown in the Statement of Comprehensive Income. In the year to 31 March 2021 the Association made an operating surplus of £3,429,566, an overall surplus of £2,918,630 and had total comprehensive income of £1,592,630 due to actuarial losses on the defined benefit pension schemes of £1,326,000.

The Association had net assets of £31,791,210 as at 31 March 2021.

Improving customer experience and increasing customer satisfaction

Our 3 yearly tenant and owner survey was completed in 2018 by 30% of our customers. Unfortunately, satisfaction had reduced in 7 of the 8 key performance indicators since the previous survey in 2015. Overall satisfaction reduced from 83% to 80%. The exception to this was owners' satisfaction which increased from 45% to 54% following a significant programme of improvements to the factoring service.

Our three yearly Corporate Plan identifies improving customer satisfaction as a key priority for the Association. The key issues identified from customer feedback were energy efficiency and fuel poverty and satisfaction with the way the Association deals with more complex long standing repairs and maintenance issues. The Association has approximately 1,000 properties heated by electric storage heaters which are unpopular, expensive and very difficult to control. In 2019 the Association commissioned a feasibility study to consider options for the replacement of these heating systems and in 2020 commenced a pilot project to install thirty air source heat pumps in our mini multi and high rise properties and over £1.5m in external grant funding has been secured to help fund the cost of installing air source heat pumps in a further 330 properties. Our 2021/22 financial business plan sets aside resources to replace all of these heating systems with a more energy efficient solution over the next five years.

Customer feedback from complaints and other sources also suggests that customer experience of contacting the Association needs to improve. During 2019 we developed a new Customer Charter which set out what standards our customers can expect from us, unfortunately this was only partially rolled out due to the covid pandemic. The Association will carry out a new customer satisfaction survey in summer 2021.

In 2019 we also launched our customer portal so that customers can contact the Association in a way and time that suits them. During 2020/21 we developed this functionality and are working towards a full paperless option. In June 2021 we will launch an online self-service for booking repairs.

In 2020/21 we continued our focus on developing our staff team. We supported a number of staff through professional qualifications. We experienced very high staff absence levels in the first six months of the pandemic and carried out a project to learn from these experiences, and a peer review of our absence management approach with other associations. A range of actions have been implemented as a result and absence has improved significantly in the final quarter of 2020/21 and the first quarter of 2021/2022.

Addressing poverty and enabling customers to make their lives better

During 2020/21 we continued to benefit from funding from the Scottish Government to support our welfare benefits and financial inclusion services, providing our customers with advice and support on financial matters and welfare reform. We have secured over £100k to support our customers and the wider Maryhill and Ruchill communities through the impact of the covid pandemic.

In 2019 we successfully delivered a project to provide internet free of charge to customers in our high rise blocks. Seventy five percent of customers in these blocks have received this service and in 2020 the Association took the decision to extend this service permanently. Customers in our mini-multi blocks are also supportive of the installation of Smart Heating systems including high speed, affordable internet and cost efficient heating.

Consultation and involvement with tenants is vital to the Association and during 2019/20 we produced a new Customer Engagement Strategy which set out a new innovative approach to customer consultation developed in partnership with the Scottish Federation of Housing Association's Innovation Hub. This new focus on more digital communication has significantly improved our response rates. Over 600 tenants told us what they thought about rent increase proposals in Autumn 2020. We have continued to work with Registered Tenants Organisations and other local stakeholders third sector partners throughout the pandemic.

The Association continues to form strong partnerships to maximise the impact of services in the community. Our current partners include: local community councils, Glasgow Life, Jobs and Business Glasgow, LifeLink, Action for Children, Young Movers (YoMo), North United Communities, neighbouring housing associations Queens Cross Housing Association Limited, North Glasgow Housing Association Limited and Cadder Housing Association Limited, Police Scotland, the Fire Service and Community Safety Glasgow. Projects delivered through these partnerships include job clubs; IT classes; ESOL classes, youth clubs, parenting support; fire safety briefings and counselling support.

In 2020 we launched our Maryhill Helps scheme funded through contractor sponsorship to provide shopping vouchers for over 300 children in Maryhill and Ruchill.

In 2020 we reviewed our Procurement and Community Benefits Policy to maximise benefits from high spend capital project such as new build schemes and stronger contractual levers, such as invoicing in advance for community benefits. Our Community Fund was a great success in 2020/21 channelling £50k back into the community. In 2020/21 we reviewed our Customer Kitty customer grants and bursary scheme and awarded over £10k to support customers to improve their employment prospects; take up education opportunities and enrich their lives.

Providing better homes and developing neighbourhoods to feel proud of

Maryhill Housing Association wants to ensure that all its homes are maintained to an excellent standard, and we do this through a programme of cyclical and planned maintenance work and renewal as well as through our reactive repair service.

In 2020/21 our investment programme was significantly impacted by the pandemic. Key projects such as the installation of air source heat pumps did not start in 2020 as planned. Other projects, such as a programme of window and door replacement on the Cumlodden estate had to pause in each lockdown. In total we spent £4,096,988 improving customers' homes during 2020/21 through component replacements.

In 2021/22 our focus will be on 'catching up' with our delayed investment plans from 2020/21 by accelerating delivery. Key projects will be installation of air source heat pumps in the mini-multi properties; delivery of an extended pilot of improved heating systems in our high rise blocks; common area improvements in our mini-multi properties. We are projecting to spend £5.8m on improvements in 2021/22. We will supplement our resources with grant funding for energy efficiency improvements.

Providing better homes and developing neighbourhoods to feel proud of (continued)

In Spring 2017 we launched a new partnership approach to the delivery of new housing with Queens Cross Housing Association Limited through the North West Partners Development Hub which is responsible for developing a joint development programme of 600 units over five years. The main benefits of this approach are: sharing skills and expertise; increased strategic and political impact in the North of Glasgow; attracting skilled development staff looking for a challenge and economies of scale and efficiencies. Our Board approved a revised Development Policy in 2021. We will build new affordable housing that contributes to meeting our strategic objectives, is viable, is aligned with the priorities set out in the Glasgow Housing Strategy and Strategic Housing Investment Plan and responds to the North West Glasgow Housing Needs and Demand Assessment. The key priorities identified for development are:

- Low density family housing;
- Tenure diversification;
- Older people’s accommodation;
- Specialist accommodation (e.g. for people with disabilities); and
- Sites of strategic importance to the regeneration of Maryhill (e.g. derelict buildings).

We have two schemes totalling approximately 80 units currently on site. We have one further scheme of approximately twenty units with planning consent and an offer of housing association grant. This scheme is currently being re-tendered. During 2021/22 we will be developing our subsidiary Maryhill Communities Limited for the management of the mid-market rent properties which are included within the newbuild development programme due for completion in 2022 and also the longer term pipeline programme.

The Association has partnered with Glasgow City Council, Glasgow Housing Association and the Scottish Government to deliver a masterplan for the North Maryhill Transformational Regeneration Area. The Association will be considering its role in delivering this regeneration during 2021.

Performance Management

Service delivery is underpinned by employee performance and remains a high priority. The Association is committed to staff training and development and in 2020/21 we continued to invest in a programme of professional qualifications for our finance, HR, IT, housing, property and customer contact teams. Our performance management framework and Team Delivery Plans are clearly linked to appraisal objectives and corporate Delivery Plan priorities.

A rolling programme of internal audit supports the Association’s values around ‘keep improving’ and compliance. In 2020/21 internal audits were completed in respect of overall financial controls, development, rent arrears management, business planning process and business continuity and covid response. Actions following these audits are being tracked through our Audit and Risk Committee. The audit programme for 2021/2022 has been approved by the Association’s Board. In addition to traditional internal audits the Association has also commissioned additional specialist third line of defence reviews, such as peers reviews and a specialist review of landlord health and safety commissioned jointly with other Associations.

Treasury Management

The Association secured a new loan facility in 2019 to support our new build programme. The Association procured the services of an external treasury adviser to provide support during this process. The new £35m facility with Royal Bank of Scotland (RBS) delivers improved margins for the Association.

Under the terms of the loan agreement with RBS the Association is required to meet a number of financial covenants. The Association's latest 30-year business plan, approved in March 2021, projects that the interest cover loan covenant is expected to be breached in 2021/22 due to delays in the 2020/21 investment programme as a result of covid. The impact of covid on loan covenants is a sector wide issue and the Association has been working with RBS throughout 2020/21 to resolve this loan covenant breach issue. As a result, in June 2021 RBS approved an amendment to the calculation of the interest cover loan covenant which will address this covid specific breach and the Association is in the process of implementing the necessary legal documentation to implement this covenant amendment.

The Association's latest 30-year business plan also projects a potential loan covenant breach in 2023/24. This potential breach arises due to the business plan containing estimated contingency costs in 2023/24 for the potential costs for replacement of the render and windows at the Association's three high rise properties. This contingency has been included for planning purposes only at this stage whilst mediation progresses with the contractor (see Note 34). RBS have indicated in principle that, in the event this one-off major spend occurs, they will allow this to be excluded from the covenant.

In June 2020 the Association implemented its first annual Treasury Strategy covering all aspects of treasury management. The latest annual Treasury Strategy was approved in June 2021.

Risk Management

The Association maintained a strategic risk register and a strategic risk map during 2020/21. This was reviewed in detail in 2020 to incorporate covid risks. This assesses the business risks faced by the organisation and implements risk management controls to mitigate the risk where possible. This involves identifying the types of risks, prioritising them in terms of likelihood and impact and identifying and implementing controls. Strategic risks are monitored quarterly by the Association's Audit and Risk Committee and Board.

The approach to risk management has been reviewed and a new monitoring framework introduced that clearly sets out risk prevention and mitigation actions and ensure accountability for their delivery.

Board Members and Executive Officers

The members of the Board and the Executive Officers are listed on the first page of the financial statements.

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

The members of the Board are also Trustees of the Association for the purposes of charity law. Members of the Board are appointed by the members at the Association's Annual General Meeting.

Statement of the Board's Responsibilities

Housing Association legislation requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for that period. In preparing those financial statements the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. The Board must ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2020 issued by the Scottish Housing Regulator. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on Internal Financial Control

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

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

Donations

During the year the Association made charitable donations amounting to £1,680 (*2020: £2,454*).

Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are members of the Board at the time the report is approved:

- so far as the Board members are aware, there is no relevant information of which the Association's auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Board member in order to make himself/herself aware of any relevant information, and to establish that the Association's auditor is aware of the information.

Auditor

On 7 September 2020 Group Audit Service Limited trading as Scott Moncrieff Audit Services changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name.

Following a competitive tendering process during 2021, a resolution to appoint Azets as auditors will be proposed at the Annual General Meeting

The Report of the Board (incorporating the Strategic Report) has been approved by the Board and signed on its behalf by:

By order of the Board

Rebecca Wilson
Secretary
Date: 23 August 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARYHILL HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our 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

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

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

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

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative 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; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Board's Responsibilities set out on page 7, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board 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 Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the Association, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the Association is complying with that framework. Based on this understanding, we 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. This includes consideration of the risk of acts by the Association that were contrary to applicable laws and regulations, including fraud.

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Association through discussions with the Board members and the senior management team, and from our knowledge and experience of the RSL sector;

Auditor's responsibilities for the audit of the financial statements (continued)

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Board and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of the Board and relevant sub-committees;
- enquiring of the senior management team and the Board as to actual and potential litigation and claims;
- reviewing legal and professional fees paid in the year for indication of any actual and potential litigation and claims; and
- reviewing correspondence with HMRC, the Scottish Housing Regulator, OSCR and the Association's legal advisors.

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

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

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

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. 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.

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, as a body, 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.

Azets Audit Services

Azets Audit Services
Statutory Auditor
Chartered Accountants
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 23 August 2021

Azets Audit Services is eligible for appointment as auditor of the Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

REPORT OF THE AUDITOR TO THE MEMBERS OF MARYHILL HOUSING ASSOCIATION LIMITED ON INTERNAL FINANCIAL CONTROL FOR THE YEAR ENDED 31 MARCH 2021

In addition to our audit of the financial statements, we have reviewed your statements on page 7 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial control contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 7 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial control and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through our enquiry of certain members of the Board and Executive Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Board'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 control contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

Azets Audit Services

Azets Audit Services, Statutory Auditor
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 23 August 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2021 £	*2020 £*	*2020 £*
Turnover	4		**13,940,482**		**13,456,896**
Operating expenditure	4		**(10,510,916)**		**(11,802,352)**
Operating surplus	4		**3,429,566**		**1,654,544**
Gain on sale of housing stock	10	**44,972**		**-**	
Release of negative goodwill	11	**305,565**		**297,198**	
Interest receivable and other income	12a	**4,095**		**8,532**	
Interest payable and similar charges	12b	**(861,568)**		**(881,292)**	
Other finance charges	13	**(4,000)**		**(48,000)**	
Gain on sale of investment properties		**-**		**1,000**	
			(510,936)		**(622,562)**
Surplus for the year before tax	9		**2,918,630**		**1,031,982**
Tax	14		**-**		**-**
Surplus for the year after tax			**2,918,630**		**1,031,982**
Other comprehensive income					
Actuarial (loss)/gain recognised in the SHAPS liability	33		**(1,044,000)**		**1,319,000**
Actuarial (loss)/gain recognised in the SPF liability	33		**(282,000)**		**342,000**
Total comprehensive income			**1,592,630**		**2,692,982**

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

MARYHILL HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

			2021		*2020*
Tangible fixed assets	**Notes**	**£**	**£**	*£*	*£*
Housing properties	15		**61,081,414**		**58,994,359**
Other fixed assets	17		**1,553,714**		**1,421,945**
			62,635,128		**60,416,304**
Negative goodwill	11		**(9,792,664)**		**(10,098,229)**
Investments					
Investment in subsidiary	18		**1**		**1**
Current assets					
Stocks - NSSE	19	**670,481**		**-**	
Debtors	20	**814,759**		**876,623**	
Investments	21a	**623,361**		**619,752**	
Cash and cash equivalents	21b	**6,975,977**		**5,205,153**	
		9,084,578		**6,701,528**	
Creditors: amounts falling due within one year	22	**(3,227,917)**		**(3,719,906)**	
Net current assets			**5,856,661**		**2,981,622**
Total assets less current liabilities			**58,699,126**		**53,299,698**
Creditors: amounts falling due after more than one year	23		**(25,499,916)**		**(22,791,123)**
Scottish Housing Association Pension Scheme Liability	33		**(834,000)**		**(57,000)**
Strathclyde Pension Scheme liability	33		**(574,000)**		**(253,000)**
Net assets			**31,791,210**		**30,198,575**
Capital and reserves					
Share capital	25		**128**		**123**
Revenue reserve	26		**31,381,082**		**29,788,452**
Other reserve	26		**410,000**		**410,000**
			31,791,210		**30,198,575**

The financial statements were authorised for issue by the Board on 23 August 2021 and are signed on their behalf by:

Roger Popplewell — R. Popplewell — Chairperson

Isabella McTaggart — Board member

Rebecca Wilson — Rebecca Wilson — Secretary

The notes form part of these financial statements.

STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2021

	Share Capital £	Other Reserve £	Revenue Reserve £	Total £
Balance as at 1 April 2019	*121*	*465,000*	*27,040,470*	*27,505,591*
Issue of shares	**2**	**-**	**-**	**2**
Cancellation of shares	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**2,692,982**	**2,692,982**
Transfer	**-**	**(55,000)**	**55,000**	**-**
Balance as at 31 March 2020	**123**	**410,000**	**29,788,452**	**30,198,575**
Balance as at 1 April 2020	**123**	**410,000**	**29,788,452**	**30,198,575**
Issue of shares	**6**	**-**	**-**	**6**
Cancellation of shares	**(1)**	**-**	**-**	**(1)**
Total comprehensive income	**-**	**-**	**1,592,630**	**1,592,630**
Balance as at 31 March 2021	**128**	**410,000**	**31,381,082**	**31,791,210**

The notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Note		2021		*2020*
		£	£	*£*	*£*
Net cash generated from operating activities	**27**		**4,656,104**		*3,913,275*
Cash flow from investing activities					
Acquisition and construction of properties		**(4,096,987)**		*(2,974,115)*	
Purchase of other fixed assets		**(50,817)**		*(21,495)*	
Social housing grant received		**3,255,170**		*676,524*	
NSSE - cost		**(730,743)**		-	
NSSE - grant		**60,262**		-	
Proceeds on disposal of properties		**61,912**		-	
Proceeds on disposal of investment properties		**-**		*56,000*	
Interest received		**4,095**		*8,532*	
			(1,497,108)		*(2,254,554)*
Cash flow from financing activities					
Interest paid on loans and bank charges		**(870,572)**		*(890,295)*	
Share capital issued		**6**		*2*	
Payment of past service contributions		**(273,997)**		*(257,776)*	
Increase in investments		**(3,609)**		*(5,098)*	
Loans repaid		**(240,000)**		*(240,000)*	
			(1,388,172)		*(1,393,167)*
Net change in cash and cash equivalent			**1,770,824**		*265,554*
Opening cash and cash equivalents			**5,205,153**		*4,939,599*
Closing cash and cash equivalents			**6,975,977**		*5,205,153*

Analysis of net debt

	At 1 April 2020	Cash flows	Non-cash movements	**At 31 March 2021**
Cash and cash equivalents	*£*	£	£	**£**
Cash	*4,115,649*	1,770,204	-	**5,885,853**
Cash equivalents	*1,089,504*	620	-	**1,090,124**
	5,205,153	1,770,824	-	**6,975,977**
Investments	*619,752*	3,609	-	**623,361**
Borrowings				
Debt due within one year	*(249,000)*	(9,000)	*9,000*	**(249,000)**
Debt due after one year	*(11,141,985)*	249,000	-	**(10,892,985)**
	(11,390,985)	240,000	*9,000*	**(11,141,985)**
Net debt	*(5,566,080)*	2,014,433	*9,000*	**(3,542,647)**

The notes form part of these financial statements.

1. General information

The financial statements have been prepared in accordance with 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) and comply with the requirements of the Determination of Housing Requirements as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018. The principal accounting policies are set out below.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (note 3).

The presentational currency is pound sterling and the financial statements are rounded to the nearest whole number.

The Association is a Co-operative and Community Benefit Society Limited by shares and is incorporated in Scotland. The Association is a registered social landlord (HCB159) and a registered charity (SC032468). The registered address is 45 Garrioch Road, Maryhill, Glasgow, G20 8RG.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities.

2. Principal accounting policies

a) Basis of accounting

The financial statements are prepared under the historical cost convention, subject to the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

The effect of events relating to the year ended 31 March 2021, which occurred before the date of approval of the financial statements by the Board has been included in the financial statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2021 and of the results for the year ended on that date.

b) Group financial statements

The Association has a fully owned subsidiary, Maryhill Communities Limited which is dormant and thus Group financial statements have not been prepared.

c) Going concern

The Board of Management has a reasonable expectation that the Association has adequate resources, based on a review of long term forecasts to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the Financial Statements. As outlined in the Report of the Board we have considered the expected impact of covid when arriving at this conclusion.

2. Principal accounting policies (continued)

d) Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from the Scottish Government, Glasgow City Council and other agencies. Also included are management fees for the factoring of properties for private owners as the provision of factoring services is accounted for on an agency basis. First tranche shared ownership sales are also included in turnover.

e) Apportionment of management expenses

Direct employee, administration and operating expenditure have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

The costs of cyclical and major repairs are charged to the Statement of Comprehensive Income in the year which they are incurred.

f) Interest receivable and other income

Interest receivable is recognised in the Statement of Comprehensive Income on an accruals basis.

g) Interest payable and similar expenses

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

h) Tangible fixed assets - Housing properties

Housing properties are stated at cost less accumulated depreciation. Housing under construction and land are not depreciated. The Association has applied a change in accounting estimate in the year 2020-21 which is reflected in the Statement of Comprehensive Income prospectively. 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 15. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the depreciated replacement amount.

<u>Capitalisation limit</u>

A housing component is an asset which costs £1,000 including VAT or more to purchase, with a useful life of more than one year; or assets of a lesser value may be capitalised if they form part of a group, with a group value in excess of £1,000 including VAT with an individual value greater than £250.

2. Principal accounting policies (continued)

Component	New Useful Economic Life	Prior Useful Economic Life
Structure	60 years	50 years
Roofing	60 years	50 years
Guttering/downpipes	30 years	*
Exterior walls	40 years	40 years
Windows	30 years	30 years
Balconies	50 years	50 years
Front Door Flat	60 years	20 years
Front and Rear Door House	25 years	20 years
Close Entry Door	20 years	20 years
Balcony Door Flat	35 years	20 years
Floor finish	50 years	*
Kitchens	20 years	15 years
Bathrooms	30 years	20 years
Central heating – pipes & radiators	30 years	30 years
Central heating – boilers	15 years	15 years
Central heating – electric storage	30 years	20 years
ASHP	25 years	25 years
Water Tanks	30 years	*
Electrics	30 years	30 years
Communal lighting	20 years	30 years
Lifts	30 years	25 years

*Not previously recognised as a separate component.

i) Tangible fixed assets – Other fixed assets

Capitalisation limit

A fixed asset is an asset which costs £250 including VAT or more to purchase, with a useful life of more than one year; or assets of a lesser value may be capitalised if they form part of a group, with a group value in excess of £250 including VAT with and individual value greater than £100.

Other fixed 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:-

	Useful Economic Life	Prior
Offices premises	60 years	2%
Furniture & Fittings	8 years	20% - 50%
Portable Equipment	3 years	20% - 50%
Static Equipment	5 years	20% - 50%
Motor vehicles	4 years	25%

The carrying value of other fixed assets is reviewed for impairment at the end of each reporting period.

2. Principal accounting policies (continued)

j) New Supply Shared Equity

Shared equity units are held in stock along with the grant received. On completion of the first tranche sale which is recognised in turnover, the Association's obligations ceases, and the remaining cost and grant are derecognised.

k) Negative goodwill

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

l) Operating leases

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

m) Investment properties

Investment properties are held at market value with any changes in market value recognised in the Statement of Comprehensive Income.

n) Debtors

Short term debtors are measured at transaction price, less any impairment.

o) Rental arrears

Rental arrears represent amounts due by tenants for the rental of social housing properties at the year-end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in note 20.

p) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Principal accounting policies (continued)

q) Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Association has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation, or expiry.

r) Government capital grants

Government capital grants, at amounts approved by The Scottish Government or Glasgow City Council, are paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Association to recognise income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

s) Government revenue grants

Government revenue grants are recognised using the accrual model which means the Association recognises the grant in income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

t) Non-government capital and revenue grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

u) Development administration costs

Development administration costs relating to development activities are capitalised based on an apportionment of the staff time spent directly on this activity.

2. Principal accounting policies (continued)

w) Pension costs (note 33)

Scottish Housing Associations' Pension Scheme (SHAPS)

The Association is a member of the Scottish Housing Associations' Pension Scheme (SHAPS) Defined Contribution Pension Scheme with the pension offer to staff being a choice of either the standard defined contribution scheme, which is also used for auto-enrolment, or an enhanced defined contribution scheme. These two defined contribution options are for all existing and new employees, outwith those that are members of the Strathclyde Pension Fund. The cost of the employer's contributions is charged to the Statement of Comprehensive Income on an accruals basis.

The Association closed the SHAPS Defined Benefits Pension Scheme on 1 April 2020 with all employee members transferring into one of the two SHAPS Defined Contribution Pension Scheme options above from that date. Defined benefit entitlements accrued up to 31 March 2020 were retained and payments by the Association in respect of any past service liabilities continue. The retained 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 SHAPS is accounted for as a defined benefit scheme and as such the amount charged to the Statement of Comprehensive Income in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

Strathclyde Pension Fund

The Strathclyde Pension Fund is accounted for as a defined benefit scheme. In accordance with FRS 102, the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each reporting date.

The amount charged to the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the Statement of Financial Position only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the reporting date. A pension scheme liability is recognised to the extent that the Association has a legal or constructive obligation to settle the liability.

3. Judgements in applying policies and key sources of estimation uncertainty

Estimation Uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The members of the Board consider the following to be critical judgements in preparing the financial statements:

- The categorisation of housing properties as property, plant and equipment in line with the requirements of the SORP;
- The amount disclosed as ‘operating surplus’ is representative of activities that would normally be regarded as ‘operating’; and
- The identification of a cash-generating unit for impairment purposes.

The Board is satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

Estimate	Basis of estimation
Valuation of housing properties	Housing properties are held at deemed cost which is based on an existing use valuation at the date of transition to FRS 102 of 1 April 2014.
Useful lives of property, plant and equipment	The useful lives of property, plant and equipment are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.
The main components of housing properties and their useful lives	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and are based on costing models.
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.
The obligations under the SHAPS pension scheme and Strathclyde pension scheme	These have relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.
The valuation of investment properties	The investment properties were valued by an appropriately qualified surveyor using market data at the date of valuation.

4. Particulars of turnover, operating expenditure and operating surplus or (deficit)

	Note	**2021**			*2020*		
		Turnover	**Operating Expenditure**	**Operating Surplus/ (deficit)**	*Turnover*	*Operating Expenditure*	*Operating Surplus/ (Deficit)*
Social lettings	5	**13,651,456**	**10,224,120**	**3,427,336**	*13,168,663*	*11,492,967*	*1,675,696*
Other activities	6	**289,026**	**286,796**	**2,230**	*288,233*	*309,385*	*(21,152)*
Total		**13,940,482**	**10,510,916**	**3,429,566**	*13,456,896*	*11,802,352*	*1,654,544*

5. Particulars of turnover, operating expenditure and operating surplus from social letting activities

	General Needs Housing £	Shared Ownership £	2021 Total £	*2020 Total £*
Revenue from lettings				
Rent receivable net of service charges	**13,002,235**	**33,291**	**13,035,526**	*12,633,603*
Service charges	**132,986**	**2,829**	**135,815**	*154,552*
Gross income from rent and service charges	**13,135,221**	**36,120**	**13,171,341**	*12,788,155*
Less: Rent losses from voids	**(199,941)**	**-**	**(199,941)**	*(66,124)*
Net rents receivable	**12,935,280**	**36,120**	**12,971,400**	*12,722,031*
Release of deferred Government capital grants	**316,554**	**-**	**316,554**	*335,731*
Revenue grants from Scottish Ministers (Stage 3 adaptions)	**44,970**	**-**	**44,970**	*38,151*
Other revenue grants	**318,532**	**-**	**318,532**	*72,750*
Total turnover from social letting activities	**13,615,336**	**36,120**	**13,651,456**	*13,168,663*
Expenditure on social letting activities				
Management and maintenance administration costs	**5,426,460**	**14,581**	**5,441,041**	*5,404,749*
Service costs	**115,271**	**-**	**115,271**	*129,383*
Planned and cyclical maintenance, including major repairs	**1,010,993**	**-**	**1,010,993**	*1,439,189*
Reactive maintenance costs	**1,694,510**	**-**	**1,694,510**	*1,942,709*
Bad debt – rents and service charges	**112,456**	**-**	**112,456**	*159,968*
Depreciation of social let properties	**1,840,094**	**9,755**	**1,849,849**	*2,416,969*
Operating expenditure of social letting activities	**10,199,784**	**24,336**	**10,224,120**	*11,492,967*
Operating surplus on social letting activities 2021	**3,415,552**	**11,784**	**3,427,336**	
Operating surplus on social letting activities 2020	*1,665,086*	*10,610*		*1,675,696*

The depreciation charges of social let properties in the year was £1,810,004 (*2020: £2,366,080*). The net book value of disposed components was £39,845 (*2020: £50,889*).

Included in Other revenue grants is covid grant income received from Scottish Government and other funders of £136,320 (2020: £nil) and Job Retention Scheme income of £62,936 (2020: £nil). Included in Management and maintenance administration costs is disbursement of covid grant funding of £120,279 (2020: £nil) and additional covid related costs incurred by the Association directly of £64,782 (2020: £nil)

6. Particulars of turnover, operating expenditure and operating surplus or (deficit) from other activities

	Other Income £	**Total Turnover £**	**Operating Expenditure - Bad Debts £**	**Operating Expenditure - Other £**	**Operating Surplus or (Deficit) 2021 £**	*Operating Surplus or (Deficit) 2020 £*
Factoring	**129,095**	**129,095**	**26,328**	**116,813**	**(14,046)**	*22,053*
Development and construction of property activities	**34,638**	**34,638**	**-**	**34,638**	**-**	-
Commercial properties	**23,242**	**23,242**	**-**	**-**	**23,242**	*25,879*
Radio mast income	**27,142**	**27,142**	**-**	**-**	**27,142**	*25,093*
Sundry activities	**74,909**	**74,909**	**535**	**108,482**	**(34,108)**	*(94,177)*
Total from other activities 2021	**289,026**	**289,026**	**26,863**	**259,933**	**2,230**	
Total from other activities 2020	*288,233*	*288,233*	*(29,457)*	*338,842*		*(21,152)*

7. Employees

Staff costs during year:	**2021** **£**	*2020* *£*
Wages and salaries	**2,984,844**	*2,936,946*
Social security costs	**282,523**	*266,774*
Pension costs	**274,718**	*259,690*
Defined benefit pension charge – SHAPS (Note 32)	**9,000**	*134,956*
Strathclyde Pension Fund service cost (Note 32)	**33,000**	*113,000*
Temporary, agency and seconded staff	**33,935**	*60,936*
Staff recruitment costs	**37,264**	*54,905*
	3,655,284	*3,827,207*

The SHAPS liability is subject to remeasurement each financial year.

During the past year, past service deficit contributions of £268,120 (*2020: £257,776*) were paid. Of this payment £259,481 (*2020: £249,776*) was a payment in respect of the SHAPS past service deficit liability. The remainder of £8,639 (*2020: £8,000*) was pension management costs which have been included in the pension contributions total included in staff costs above.

The unwinding of the SHAPS discount has been credited to finance costs (note 13) in the Statement of Comprehensive Income. This finance income was £2,000 (*2020: cost of £33,000*) in the year.

	2021 **No.**	*2020* *No.*
The average monthly number of full time equivalent employees during the year was	**89**	*90*
The average total number of employees employed during the year was	**94**	*92*

8. Directors' emoluments

The directors are defined as the members of the Board, the Chief Executive and any other person reporting directly to the Chief Executive or the Board whose total emoluments exceed £60,000 per year. No emoluments were paid to any member of the Board during the year. The Association considers key management personnel to be the members of the Board and the senior management team (as listed on the first page of the financial statements) of the Association only.

	2021 **£**	*2020* *£*
Aggregate emoluments payable to the key management team (and the only employees whose emoluments exceeded £60k) amounted to:	**222,758**	*225,070*

Total pension contributions to the key management team were £22,287 (*2020: £20,245*). The Social Security costs for these individuals were £26,895 (*2020: £27,143)*. This does not include an element of the SHAPs past service deficit repayment. No enhanced or special terms apply to membership and the key management team have no other pension arrangements to which the Association contributes.

8. Directors' emoluments (continued)

	2021 £	2020 £
Total emoluments payable to the current Chief Executive (excluding pension contributions) amounted to:	**89,118**	*87,715*
Pension contributions payable to the current Chief Executive (excluding past service deficit repayments	**8,923**	*7,884*

The Chief Executive is a member of the SHAPs pension scheme as detailed in note 33

The numbers of officers including the highest paid officer who received emoluments (excluding pension contributions but including payments for loss of office) in the following ranges were:	2021 Number	2020 Number
£60,001 - £70,000	**1**	*1*
£70,001 - £80,000	**1**	*1*
£80,001 - £90,000	**1**	*1*
£90,001 - £100,000	**-**	-
£100,001 - £120,000	**-**	-
£120,001 - £130,000	**-**	-

9. Surplus for year before tax

The surplus/(deficit) before tax is stated after charging/(crediting):-	2021 £	2020 £
Depreciation – Housing properties	**1,810,004**	*2,366,080*
Depreciation – loss on disposal of components	**39,845**	*50,889*
Depreciation – Other fixed assets	**62,191**	*73,539*
External auditor's remuneration – Audit services excluding VAT	**13,050**	*12,145*
External auditor's remuneration – corporation tax compliance excluding VAT	**570**	*720*
Operating lease rentals	**8,147**	*13,550*
Gain on sale of investment properties	**44,972**	*1,000*

10. Gain on sale of housing stock

	2021 £	2020 £
Sales proceeds	**61,912**	-
Net book value of disposals	**(16,940)**	-
Gain on sale of housing stock	**44,972**	-

11. Negative goodwill

	2021 £	*2020* *£*
Gross Goodwill		
At 1 April 2020	**(12,690,347)**	*(12,690,347)*
At 31 March 2021	**(12,690,347)**	*(12,690,347)*
Amortisation		
At 1 April 2020	**2,592,118**	*2,294,920*
Amortisation charge for year	**305,565**	*297,198*
At 31 March 2021	**2,897,683**	*2,592,118*
Net book value at 31 March 2021	**9,792,664**	*10,098,229*

12a. Interest receivable and similar income

	2021 £	*2020* *£*
Bank interest	**4,095**	*8,532*

12b. Interest payable and similar charges

	2021 £	*2020* *£*
On bank loans	**699,646**	*727,258*
Bank charges - non utilisation fees	**161,922**	*154,034*
	861,568	*881,292*

Offset within interest payable on bank loans is a £25,008 (*2020: £25,008*) credit in respect of the release of the cash incentive received when the loans were originally financed with RBS. This is being written off over the 20 year fixed term period. Included above is a £16,004 *(2020: £16,004)* charge in respect of the amortisation of loan arrangement fees in the year.

13. Other finance charges

	2021 £	*2020* *£*
Strathclyde Pension Fund – finance charge (note 33)	**6,000**	*15,000*
SHAPS – unwinding of discount (note 33)	**(2,000)**	*33,000*
	4,000	*48,000*

14. Tax on surplus

The Association is a Scottish Charity and thus its charitable activities are not subject to tax in both 2020 and 2021. No (*2020: £nil*) corporation tax is due on the Association's non-charitable activities.

15. Tangible fixed assets – Housing properties

	Housing properties held for letting	Housing properties in course of construction	Completed shared ownership properties	Total
	£	£	£	£
Cost				
As at 1 April 2020	*71,497,392*	*1,879,359*	*300,461*	*73,677,212*
Additions during year				
Property	490,874	2,439,024	-	2,929,898
Components	1,167,089	-	-	1,167,089
Transfers between housing properties	428,000	(428,000)	-	-
Disposals during year				
Transfers to other fixed assets	(143,143)	-	-	(143,143)
Property	-	-	(23,413)	(23,413)
Components	(93,126)	-	-	(93,126)
As at 31 March 2021	**73,347,086**	**3,890,383**	**277,048**	**77,514,517**
Depreciation				
As at 1 April 2020	*14,619,609*	-	*63,244*	*14,682,853*
Charge for year	1,800,249	-	9,755	1,810,004
On disposals during year				
Property	-	-	(6,473)	(6,473)
Components	(53,281)	-	-	(53,281)
As at 31 March 2021	**16,366,577**	**-**	**66,526**	**16,433,103**
Net Book Value				
As at 31 March 2021	**56,980,509**	**3,890,383**	**210,522**	**61,081,414**
As at 31 March 2020	*56,877,783*	*1,879,359*	*237,217*	*58,994,359*

Additions to housing properties include capitalised development administration costs of £171,172 (*2020: £205,803*). The amount spent on maintenance of housing properties held for letting can be seen in note 5.

Total expenditure on existing and new properties in the year amounted to £6,804,912 (*2020: £6,356,013*). The amount capitalised is £4,096,988 (*2020: £2,974,115*), with the balance charged to the Statement of Comprehensive Income.

The Association's Lenders have standard securities over housing property with a carrying value of £24,370,869 (*2020: £24,214,495*).

16a. Housing stock

The number of units of accommodation in management at the year-end was:-	2021 No.	*2020 No.*
General needs – New Build	**568**	*568*
General needs – Rehabilitation	**2,474**	*2,470*
Shared ownership	**15**	*16*
	3,057	*3,054*

16b. Investment properties

The number of units of accommodation in management at the year-end was:-	**2021 No.**	*2020 No.*
Lock ups	**78**	*78*
Shops	**1**	*1*
	79	*79*

17. Tangible fixed assets - Other fixed assets

	Investment Properties £	**Office Premises £**	**Furniture, Fittings & Equipment £**	**Motor Vehicles £**	**Total £**
Cost					
As at 1 April 2020	*410,000*	*1,527,491*	*584,274*	*47,407*	*2,569,172*
Additions	-	12,776	38,041	-	50,817
Transfers	-	143,143	-	-	143,143
Disposals	-	-	-	-	-
As at 31 March 2021	**410,000**	**1,683,410**	**622,315**	**47,407**	**2,763,132**
Depreciation					
As at 1 April 2020 as	-	*591,045*	*528,388*	*27,794*	*1,147,227*
Charge for year	-	22,264	29,801	10,126	62,191
Disposals	-	-	-	-	-
As at 31 March 2021	**-**	**613,309**	**558,189**	**37,920**	**1,209,418**
Net Book Value					
As at 31 March 2021	**410,000**	**1,070,101**	**64,126**	**9,487**	**1,553,714**
As at 31 March 2020	*410,000*	*936,446*	*55,886*	*19,613*	*1,421,945*

The fair value as at 31 March 2021 of the investment properties held totalled £410,000 *(2020: £410,000).* This is based on a valuation performed by DM Hall and DVS Property Specialists in May 2019 and February 2019 respectively. The Management Committee consider this to be reflective of the fair value as at 31 March 2021.

18. Investments

	2021 £	*2020 £*
Investment in subsidiary		
As at 31 March 2021 & 31 March 2020	**1**	*1*

The Association has a 100% owned subsidiary, Maryhill Communities Limited.

The company was incorporated on 26 April 2011 and has not traded since incorporation.

The aggregate amount of capital and reserves and the results of Maryhill Communities Limited for the year ended 31 March 2021 were as follows:

	2021 £	*2020 £*
Capital & reserve	**1**	*1*
Profit for the year	**-**	*-*

19. Stock – Shared equity housing units

	2021 £
Cost	
At April 2020	**-**
Additions	**730,743**
At 31 March 2021	**730,743**
SHG and other Grants	
At April 2020	**-**
Received during the year	**60,262**
At 31 March 2021	**60,262**
Net Book Value	
At 31 March 2021	**670,481**
At 31 March 2020	**-**

The stock represents the net book value (costs less grants) of 18 (2020: 0) NSSE (New Supply Shared Equity) housing units whose first tranches have still to be sold.

20. Debtors

	2021 £	*2020 £*
Arrears of rent & service charges	**782,413**	*815,669*
Less: Provision for doubtful debts	**(522,215)**	*(505,198)*
	260,198	*310,471*
Factoring arrears	**139,552**	*173,678*
Prepayments	**101,265**	*95,070*
Accrued income	**215,893**	*197,845*
Other debtors	**97,851**	*99,559*
	814,759	*876,623*

21a. Current asset investments

	2021 £	*2020 £*
Deposit account	**623,361**	*619,752*

21b. Cash and cash equivalents

	2021 £	*2020 £*
Cash at bank and in hand	**5,885,853**	*4,115,649*
Cash equivalents – short term deposits	**1,090,124**	*1,089,504*
	6,975,977	*5,205,153*

22. Creditors: amounts falling due within one year

	2021 £	*2020 £*
Bank loans	**249,000**	*249,000*
Trade creditors	**1,343,549**	*1,737,784*
Rent in advance	**550,154**	*490,397*
Other taxation and social security	**74,562**	*74,598*
Amounts due to group undertakings	**1**	*1*
Retention creditors	**142,598**	*154,101*
Accruals and deferred income	**415,183**	*541,978*
HAG creditor	**136,316**	*136,316*
Deferred Government capital grant (note 24)	**316,554**	*335,731*
	3,227,917	*3,719,906*

23. Creditors: amounts falling due after more than one year

	2021 £	*2020 £*
Bank loans	**10,892,985**	*11,141,985*
Deferred Government capital grant (note 24)	**14,606,931**	*11,649,138*
	25,499,916	*22,791,123*
Bank loans		
Amounts due within one year	**249,000**	*249,000*
Amounts due in one year or more but less than two years	**388,200**	*249,000*
Amounts due in two year or more but less than five years	**660,660**	*846,200*
Amounts due in more than five years	**9,844,125**	*10,046,785*
	11,141,985	*11,390,985*

Bank loans are secured by specific charges on the Association's properties and are repayable at rates of interest between 2.70% and 6.73% in instalments. The loans are due to be repaid in full by 8 June 2041. Included in the loan balance is £249,973 (*2020: £274,981*) of a cash incentive which is being amortised and credited to interest over the 20 year fixed loan period, and £127,988 (2020: £143,996) of arrangement fees which are being released over the 10 year fixed term loan period.

24. Deferred Government capital grants

	2021 £	*2020 £*
Gross deferred Government capital grants		
At 1 April 2020	**13,564,237**	*12,887,713*
Addition in year	**3,255,170**	*676,524*
At 31 March 2021	**16,819,407**	*13,564,237*
Amortisation		
At 1 April 2020	**(1,579,368)**	*(1,243,637)*
Amortised in year	**(316,554)**	*(335,731)*
At 31 March 2021	**(1,895,922)**	*(1,579,368)*
Net book value at 31 March 2021	**14,923,485**	*11,984,869*

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

	2021 £	*2020 £*
Amounts due within one year	**316,554**	*335,731*
1-2 years	**330,208**	*335,731*
2-5 years	**1,007,192**	*1,007,193*
> 5 years	**13,269,531**	*10,306,214*
	14,606,931	*11,649,138*
Total	**14,923,485**	*11,984,869*

25. Share capital

	2021 £	*2020 £*
Shares of £1 each issued and fully paid		
At 1 April 2020	**123**	*121*
Issued during the year	**6**	*2*
Cancelled during the year	**(1)**	*-*
At 31 March 2021	**128**	*123*

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.

26. Reserves

Revenue reserve

The revenue reserve includes all current and prior year retained surpluses or deficits.

Other reserve

The other reserve represents the cumulative gain or loss on the revaluation of investment properties.

27. Net cash generated from operating activities

Reconciliation of operating surplus to net cash generated from operating activities	**2021 £**	*2020 £*
Operating surplus	**3,429,566**	*1,654,544*
Depreciation including loss on disposal of components	**1,912,040**	*2,490,328*
Gain on disposal of other fixed assets	**-**	-
Amortisation of deferred Government capital grants	**(316,554)**	*(335,731)*
Movement in debtors	**61,864**	*(353,548)*
Movement in creditors	**(472,812)**	*209,726*
Share capital written off	**-**	-
SHAPS – remeasurements	**9,000**	*134,956*
Strathclyde Pension Fund service cost	**33,000**	*113,000*
Net cash generated from operating activities	**4,656,104**	*3,913,275*

28. Related party transactions

Some members of the Board are tenants of the Association. The tenancies of these Board Members are on normal terms and the members cannot use their position to their advantage.

The total rent and service charge payable in the year relating to tenant Board members is £22,787 *(2020: £35,777*).

At the year-end total rent arrears owed by the tenant Board members were £820 (*2020: £275*). Prepaid rent at the year-end was £181 (*2020: £298*).

29. Legislative provisions

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

30. Capital commitments

	2021 £	*2020 £*
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**16,974,531**	*364,800*

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

	2021	*2020*
Association's reserves	**2,093,791**	*364,800*
HAG/Private finance/Other grants/Sales	**14,880,740**	-
	16,974,531	*364,800*

31. Commitments under operating leases

	2021	*2020*
	£	*£*
At the year-end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	**8,147**	*13,550*
Later than one year and not later than five years	**-**	*8,147*
Later than five years	**-**	-
	8,147	*21,697*

32. Governing body member emoluments

Board members received £42 in the year by way of reimbursement of expenses (*2020: £2,879*). No (*2020: £nil*) remuneration was paid to Board members in respect of their duties in the Association.

33. Pensions

Scottish Housing Association Pension Scheme (SHAPS)

Maryhill Housing Association Limited (the 'Association') participates in the Scottish Housing Association Pension Scheme (SHAPS) (the "Scheme"). The Scheme is a multi-employer defined benefit scheme. There are six benefit structures available, namely:

(a) Final salary with a 1/60th accrual rate;
(b) Career average revalued earnings with a 1/60th accrual rate;
(c) Career average revalued earnings with a 1/70th accrual rate;
(d) Career average revalued earnings with a 1/80th accrual rate;
(e) Career average revalued earnings with a 1/120th accrual rate, contracted-in; and
(f) Defined contribution (DC) option.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

The Association has elected to operate two DC options; an Auto Enrolled and an Enhanced Scheme for new and existing members, with the contribution rates being : Auto Enrolled employee 3%, employer 6%; Enhanced Scheme employee 5%, employer 10%.

The defined benefit Career Average revalued earnings with a 1/80th accrual rate option was closed with effect from 1 April 2020 with existing employee members transferring into one of the above DC options at that date. Therefore, the Association is incurring no future accruals in respect of any SHAPS defined benefit scheme with effect from 1 April 2020 however employee members retain any defined benefit pension benefits accrued up to that date.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

33. Pensions (continued)

Scottish Housing Association Pension Scheme (SHAPS) (continued)

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The last triennial valuation of the Scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which runs to 30 September 2022 for the majority of employers, although certain employers have different arrangements.

The key valuation assumptions used to determine the assets and liabilities of the Scheme as at 30 September 2018 are detailed below:

Assumption	30 September 2018 valuation % p.a.
Price inflation	RPI* - 3.35%
	CPI* - 2.35%
Discount rate	
-pre-retirement	3.12%**
-post-retirement	
Pensionable earnings growth (annual)	3.35%***

*The Retail Price Inflation (RPI) rate is now based on a gilt inflation curve, rather than using a single inflation rate. The figure shown is the average for the Scheme. CPI Inflation is RPI Inflation less 1% p.a.

** The discount rate is now a single rate based on the gilt yield curve plus a margin. The margin reduces from an initial rate based on the additional asset return from the current investment strategy, taking into account prudence and the employer covenant rating, to a long-term rate of gilts plus 0.5% p.a. over a fixed period. The figure shown is the average for the Scheme.

*** Earnings growth is based on CPI plus 1% p.a.

The SHAPS defined benefit pension liability is accounted for as a defined benefit pension scheme. In accordance with FRS 102 section 28, the operating and financing costs of pension and post retirement schemes (determined by TPT) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

33. Pensions (continued)

	31 March 2021 £'000	*31 March 2020 £'000*
Fair value of plan assets	9,867	*8,918*
Present value of defined benefit obligation	10,701	*(8,975)*
Defined benefit liability to be recognised	**(834)**	*(57)*

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2021 £'000	*Year ended 31 March 2020 £'000*
Defined benefit obligation at start of period	8,975	*9,915*
Current service cost	-	*202*
Expenses	9	*8*
Interest expense	211	*230*
Contributions by plan participants	-	*75*
Actuarial gains due to scheme experience	(72)	*(85)*
Actuarial losses/(gains) due to changes in demographic assumptions	-	*(58)*
Actuarial gains/(losses) due to changes in financial assumptions	1,800	*(1,065)*
Benefits paid and expenses	(222)	*(247)*
Defined benefit liability at the end of the period	**10,701**	*8,975*

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

	Year ended 31 March 2021 £'000	*Year ended 31 March 2020 £'000*
Fair value of plan assets at start of the period	8,918	*8,449*
Interest income	213	*197*
Experience on plan assets (excluding amounts included in interest incon gain	684	*111*
Contributions by the employer	274	*333*
Contributions by plan participants	-	*75*
Benefits paid and expenses	(222)	*(247)*
Fair value of plan assets at end of period	**9,867**	*8,918*

33. Pensions (continued)

Defined benefit costs recognised in the Statement of Comprehensive Income

	Year ended 31 March 2021 £'000	*Year ended 31 March 2020 £'000*
Current service cost	-	*202*
Admin expenses	9	*8*
Net interest expense	(2)	*33*
Defined benefit costs recognised in Statement of Comprehensive Income	7	*243*

Defined benefit costs recognised in Other Comprehensive Income

	Year ended 31 March 2021 £'000	*Year ended 31 March 2020 £'000*
Experience on plan assets (excluding amounts included in net interest cost) - gain	*684*	*111*
Experience gains and losses arising on the plan liabilities – gain	*72*	*85*
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	-	*58*
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)/gain	*(1,800)*	*1,065*
Total amount recognised in other comprehensive income – (loss)/gain	*(1,044)*	*1,319*

33. Pensions (continued)

Fund allocation for employer's calculated share of assets

	31 March 2021 £'000	*31 March 2020 £'000*
Global Equity	1,526	1,226
Absolute Return	486	547
Distressed Opportunities	337	163
Credit Relative Value	284	215
Alternative Risk Premia	396	715
Fund of Hedge Funds	-	-
Emerging Markets Debt	398	317
Risk Sharing	353	282
Insurance-Linked Securities	206	239
Property	177	166
Infrastructure	551	526
Private Debt	233	177
Opportunistic Illiquid Credit	253	217
High Yield	259	-
Opportunistic Credit	269	-
Cash	4	-
Corporate Bond Fund	744	652
Liquid Credit	170	234
Long Lease Property	229	218
Secured Income	542	495
Over 15 Year Gilts	5	113
Index Linked All Stock Gilts	-	-
Liability Driven Investment	2,372	2,348
Net Current Assets	73	68
Total Assets	9,867	8,918

33. Pensions (continued)

The main financial assumptions used by the Scheme Actuary, TPT, in their FRS 102 calculations are as follows:

Assumptions as at	31 March 2021 % per annum	31 March 2020 % per annum
Discount rate	**2.18%**	2.38%
Inflation (RPI)	**3.27%**	2.62%
Inflation (CPI)	**2.87%**	1.62%
Salary growth	**3.87%**	2.62%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	Life expectancy at age 65 (Years)
Male retiring in 2021	21.5
Female retiring in 2021	23.4
Male retiring in 2041	22.8
Female retiring in 2041	25.0

Active members

	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	9	**329**	41
Females	15	**635**	46
Total	24	**964**	44

Deferred members

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	13	39	50
Females	24	74	50
Total	37	113	50

Pensioners

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	19	136	69
Females	11	79	65
Total	30	215	68

33. Pensions (continued)

Employer debt on withdrawal

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing the benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed the assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by TPT of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2020. As of this date the estimated employer debt for the Association was £6,966,441.

Strathclyde Pension Fund

Maryhill Housing Association Limited participates in the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Scheme (Scotland) Regulations 1998, as amended. Ten members of staff are members of the Scheme.

The main financial assumptions used by the Council's Actuary, Hymans Robertson, in their 2021 valuations are as follows;

Assumptions as at	**31 March 2021**	*31 March 2020*
Pension increase rate	**2.8%**	*1.8%*
Salary increase rate	**3.5%**	*2.9%*
Discount rate	**2.05%**	*2.3%*

Mortality

Life expectancy is based on the fund's VitaCurves with improvement in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	**Females**
Current Pensioners	19.8 years	22.6 years
Future Pensioners	21.2 years	24.7 years

33. Pensions (continued)

Reconciliation of defined benefit obligation

Year Ended:	31 Mar 2021 £'000	*31 Mar 2020 £'000*
Opening Defined Benefit Obligation	**3,237**	*3,525*
Current Service Cost	**87**	*127*
Past Service Cost	**-**	*49*
Interest Cost	**75**	*92*
Contributions by Members	**16**	*18*
Actuarial (gains)/losses	**899**	*(550)*
Past Service (gains)/losses	**-**	*-*
Liabilities Extinguished on Settlements	**-**	*-*
Liabilities Assumed in a Business Combination	**-**	*-*
Exchange Differences	**-**	*-*
Estimated Unfunded Benefits Paid	**-**	*-*
Estimated Benefits Paid	**(34)**	*(24)*
Closing Defined Benefit Obligation	**4,280**	*3,237*

Reconciliation of fair value of employer assets

Year Ended:	31 Mar 2021 £'000	*31 Mar 2020 £'000*
Opening Fair Value of Employer Assets	**2,984**	*3,058*
Expected Return on Assets	**69**	*77*
Contributions by Members	**16**	*18*
Contributions by the Employer	**54**	*63*
Contributions in respect of Unfunded Benefits	**-**	*-*
Actuarial (losses)/gains	**617**	*(208)*
Assets Distributed on Settlements	**-**	*-*
Assets Acquired in a Business Combination	**-**	*-*
Exchange Differences	**-**	*-*
Estimated Unfunded Benefits Paid	**-**	*-*
Estimated Benefits Paid	**(34)**	*(24)*
Closing Fair Value of Employer Assets	**3,706**	*2,984*
Net pension (liability)	**(574)**	(253)

33. Pensions (continued)

Analysis of amounts included in Statement of Comprehensive Income

Year Ended:	**2021 £(000)**	*2020 £(000)*
Expected Return on pension scheme assets	**69**	77
Interest on pension scheme liabilities	**(75)**	(92)
Net Return – finance charge	**(6)**	(15)

	2021 £(000)	*2020 £(000)*
Current service cost	**(87)**	*(127)*
Past service cost	**-**	*(49)*
Contribution by employers	**54**	*63*
Charge to staff costs	**(33)**	*(113)*

The expected Employer's contributions for the year to 31 March 2021 will be approximately £42,000

Analysis of amount recognised in Statement of Comprehensive Income

	2021 £(000)	*2020 £(000)*
Actual return less expected return on scheme assets	**683**	*(208)*
Changes in assumptions underlying the present value of scheme liabilities	**(988)**	*538*
Other experience	**23**	*12*
Actuarial (loss)/gain recognised in other comprehensive income	**(282)**	*342*

34. Contingency

The Association's 30-year business plan contains a contingency sum of £6.2m in 2023/24 for the potential contribution towards the costs which might be required in the event the render at 3 high rise properties is found to require replacement. The Association is currently progressing legal action/mediation with the contractors involved in the original render installation to assess and decide liability for the apparent failing render. The contingency sum may therefore not be incurred depending on the outcome of the legal action/mediation.