



**Alexander Sloan**  
Accountants and Business Advisers

# **Loreburn Housing Association Limited**

Report and Financial Statements

For the year ended 31 March 2021

Registered Social Landlord No. HAL153

FCA Reference No. 2110R(S)

Scottish Charity No. SC029917

# LOREBURN HOUSING ASSOCIATION LIMITED

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

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# LOREBURN HOUSING ASSOCIATION LIMITED

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

### MANAGEMENT COMMITTEE

Russell Brown	Convener
Peter Ward	Vice-Convener
Michael J Jones	Secretary
Robert S J Wishart	
Jane Connechen	
Peter Nelson	
Alison Coupe	
Campbell McCaig	Joined 27/10/20
Katie Russell	Joined 09/02/21
Laura Grieve	Joined 30/03/21
Derek Rodgers	Resigned 09/09/20
John Bury	Resigned 08/09/20
John Dowson	Resigned 19/12/20

### EXECUTIVE OFFICERS

Lorraine Usher	Chief Executive
Gary Allison	Director of Finance & Corporate Services
Bettina Hoppe	Director of Property and Development (Fixed Term contract ended 31/03/2021)
Sue Irving	Director of Housing Services

### REGISTERED OFFICE

Huntingdon  
27 Moffat Road  
Dumfries  
DG1 1NN

### EXTERNAL AUDITORS

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

### INTERNAL AUDITORS

TIAA  
Artillery House, Fort Fareham  
Newgate Lane  
Fareham, Hants  
PO14 1AH

### BANKERS

Royal Bank of Scotland  
UK Corporate Banking  
Kirkstane House  
139 St Vincent Street  
Glasgow  
G2 5JF

### SOLICITORS

TC Young  
7 West George Street  
Glasgow  
G2 1BA

### SOLICITORS

BTO Solicitors LLP  
48 St Vincent Street  
Glasgow  
G2 5HS

# LOREBURN HOUSING ASSOCIATION LIMITED

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

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

### Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No. 2110R(S)), the Scottish Housing Regulator as a registered social landlord (No. HAL153) under the Housing (Scotland) Act 2010 and as is a registered Scottish Charity with the charity number SC029917.

### Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation. The Association continues to operate across Dumfries and Galloway, Scotland with new development programmed across the region. The Association is registered with the Financial Conduct Authority as a Community Benefit Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord. The Association is primarily regulated by the Scottish Housing Regulator.

### Review of Business and Future Developments

These financial statements are published as the country is in the grip of COVID-19, a period of unprecedented change and a challenging operating context. Like many organisations we faced significant additional costs, pressures, and changes to working practices during the pandemic, but we have still been able to achieve a great deal against that challenging backdrop. Key outcomes for the year included:

- Customers moving into our first homes built to passivhaus standards.
- Improved customer satisfaction against all key metrics in our 2020 survey.
- Attaining Living Wage Accreditation ahead of timescale.
- Introducing a new operating model with unprecedented levels of customer support and engagement.

Two years into our strategic plan we are starting to see the positive impact on service delivery. Our new operating model, with a commitment to increased front line visibility, is starting to impact positively on the exceptional customer experience we aspire to. Improvements are evident by the drop in the number of complaints received when compared to previous years. Our focus on maintenance quality and cost and its impact on our cost per unit remains a key focus across the business as we continue to benchmark against other registered social landlords and identify good practice. Our continued focus on productivity and cost will help us deliver value for money for our customers and colleagues are proactively working to improve productivity and reduce inefficiency. This year we have more proactively engaged with our customers regarding improvements through our Tenants Scrutiny Group including the remodelling of our operating model. The hub, home and roam model was approved by Management Committee in January 2021 with strong support from our customers with over 94% of respondents supporting a permanent move to community-based service delivery. A significant number, 120 customers, expressed an interested in working with us to reshape our operating model. By engaging with our customers in this way we can better understand what is important to them as we continue to shape personalised, community-based housing services. Our personalised approach was strongly evident in our response to the Covid-19 crisis with many colleagues seconded to our vulnerable customer telephone support team. A customer support fund was quickly established and received many applications for assistance as the pandemic started to impact on income levels. We are pleased to report, as result of our proactive, supportive approach

# LOREBURN HOUSING ASSOCIATION LIMITED

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

rent collection levels remained stable during the pandemic. Our approach during the crisis reflects our housing restructure and culture shift with the customer truly at the heart a community based, personalised housing offer. The relationship with customers is a key strength and to help us continue to build on that we reduced patch sizes and introduced new ideas and thinking into the housing team. The passion and commitment of our people was strongly demonstrated this year with their response to the pandemic which brought out the very best in colleagues. Our In-House Repairs Team colleagues have delivered prescriptions, food, and support to customers, often in their own time going beyond the requirements of their day job. We invested heavily in extensive PPE, carried our full risk assessments, and offered increased support to ensure our repairs colleagues felt supported and valued. Working during a period of significantly high personal risk their enthusiasm and commitment never wavered. We were all delighted when they were nominated, and won, Team of the Year at our first digital event and there was so much pride as they collected their award at our staff awards ceremony.

This year performance continues to improve in many parts of our business. The percentage of tenants satisfied with the opportunities to participate has shot up by 24% during the pandemic as we engage more proactively with customers. The percentage of tenants satisfied with their new homes has also increased which is possibly a reflection of our improved repairs service with non-emergency repairs time reduced by an incredible 10 days dropping from 15 days in 2019/20 to an average of 5 days now. With our commitment to energy efficient homes, we are pleased 100% of our homes now have a valid energy performance certificate which will help us target investment and improve energy efficiency. Perhaps most importantly, the percentage of tenants who think our rent represents good value for money has risen by 6.25% to over 82%. We are most certainly moving in the right direction and everyone at Loreburn is committed to sustaining the positive change to help us become the Best Housing Association in Scotland.

We now look forward to the next three years of our strategic plan. When we devised our 'Creating GREAT Place to Live' strategic plan we could never have imagined it would be delivered against the backdrop of a global pandemic. It certainly was not part of our corporate risk scenario planning, however, our experience this year has reinforced the importance of cost efficiency, value for money and service quality. Effective management of resource has never been more important, and we are proud that we used this opportunity to reshape how we will approach service delivery in the future. Our plan has a strong focus on outcomes linked to an exceptional customer experience, a commitment to new homes and quality improvements to our current stock so continued access to funding at competitive rates is important to help us deliver against our commitments. However, we know we must also maintain a focus on cost per unit if we are to meet customer aspirations and deliver value for money.

Our success to date reinforces our positivity about the direction of travel and the ambitions set out in our strategic plan. We continue to provide quality homes and associated services, reinforced by our aspiration to be GREAT whilst being willing to supportively challenge when things do not go to plan. There is no doubt, the last few years have not been easy, we have had to make significant changes to meet the aspirations and expectations of our customers, and we feel we now have the right balance of focus, energy, and commitment to drive change and innovate to deliver continued improvements.

Through our continued commitment to new homes, extra care housing for older people, passivhaus building standards, new ways to do business and innovative practice we retain the trust and confidence of our partners including D&G Council Strategic Housing Team, Scottish Government representatives, and private funders. We thank them for their contribution to our continued success. We also thank our customers for strongly supporting our new ways of working and proactively engaging with us to shape and develop thinking. Overall, this has been another successful year and we look to the future with confidence.

# LOREBURN HOUSING ASSOCIATION LIMITED

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

### **Management Committee and Executive Officers**

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

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

The members of the Management Committee are also trustees of the charity. Members of the Management Committee are either nominated and elected by the members at the Association's Annual General Meeting or are appointed by the Management Committee in accordance with the rules of the Association. The existing Management Committee has 10 members, of which 6 members were elected and 4 members were appointed.

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

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

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

### **Going Concern**

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

# LOREBURN HOUSING ASSOCIATION LIMITED

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## REPORT OF THE Management Committee FOR THE YEAR ENDED 31 MARCH 2021

### Statement on Internal Financial Control

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

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

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

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

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

### Donations

During the year, the Association made charitable donations of £2,471 (2020 - £8,688).

### Disclosure of Information to the Auditor

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

### Auditor

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

## **LOREBURN HOUSING ASSOCIATION LIMITED**

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### **REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021**

**By order of the Management Committee**

**Mike Jones**  
Secretary  
31 August 2021



# LOREBURN HOUSING ASSOCIATION LIMITED

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

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

### **Basis of Opinion**

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

### **Opinion**

In our opinion the Statement of Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

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

**ALEXANDER SLOAN**  
Accountants and Business Advisers  
Statutory Auditors  
Glasgow  
31 August 2021



# LOREBURN HOUSING ASSOCIATION LIMITED

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

### Opinion

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

In our opinion the financial statements:

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

### Basis of Opinion

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

### Other Matter

The financial statements of the Association for the year ended 31 March 2020 were audited by another auditor who expressed an unmodified opinion of those statements on 25<sup>th</sup> August 2020.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Management Committee'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 Management Committee with respect to going concern are described in the relevant sections of this report.

### Other Information

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

# LOREBURN HOUSING ASSOCIATION LIMITED

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

### Other Information (Contd.)

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

We have nothing to report in this regard.

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

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

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

### Responsibilities of the Management Committee

As explained more fully in the statement of Management Committee's responsibilities as set out on page 4, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

# LOREBURN HOUSING ASSOCIATION LIMITED

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

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

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

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

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

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

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

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

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

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

# LOREBURN HOUSING ASSOCIATION LIMITED

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

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

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

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

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

### **Use of our Report**

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

**ALEXANDER SLOAN**  
Accountants and Business Advisers  
Statutory Auditors  
Glasgow  
31 August 2021



# LOREBURN HOUSING ASSOCIATION LIMITED

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

	Notes	2021		2020	
		£	£	£	£
Revenue	2		14,282,318		13,439,102
Operating costs	2		12,056,771		12,031,471
<b>OPERATING SURPLUS</b>			<u>2,225,547</u>		<u>1,407,631</u>
Gain on sale of housing stock	7	23,821		79,341	
Gift Aid from subsidiary company	-	-		100,000	
Interest receivable and other income		38,842		54,732	
Interest payable and similar charges	8	(1,228,670)		(1,096,611)	
Other Finance income/(charges)	10	13,000		(61,000)	
			<u>(1,153,007)</u>		<u>(923,538)</u>
Surplus on ordinary activities before taxation	9		1,072,540		484,093
<b>SURPLUS FOR THE YEAR</b>			<b>1,072,540</b>		<b>484,093</b>
<b>Other comprehensive income</b>					
Actuarial gains/(losses) on defined benefit pension plan	20		(1,536,000)		2,451,000
<b>TOTAL COMPREHENSIVE INCOME</b>			<b><u>(463,460)</u></b>		<b><u>2,935,093</u></b>

The results relate wholly to continuing activities.

The notes on pages 16 to 40 form an integral part of these financial statements.

# LOREBURN HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
<b>NON-CURRENT ASSETS</b>					
Housing properties - depreciated cost	12		170,320,620		162,243,432
Other tangible assets	12		710,063		932,706
Intangible assets	12		-		-
Investments	13		3		3
			<u>171,030,686</u>		<u>163,176,141</u>
<b>RECEIVABLES:</b> Amounts falling due after more than one year					
	14		1,658,010		1,748,550
<b>CURRENT ASSETS</b>					
Receivables	15	1,985,190		1,031,564	
Cash and cash equivalents	16	3,463,156		1,910,607	
		<u>5,448,346</u>		<u>2,942,171</u>	
<b>CREDITORS:</b> Amounts falling due within one year					
	17	(6,486,286)		(4,836,727)	
<b>NET CURRENT LIABILITIES</b>					
			<u>(1,037,940)</u>		<u>(1,894,556)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			171,650,756		163,030,135
<b>CREDITORS:</b> Amounts falling due after more than one year					
	18		(37,546,737)		(35,044,895)
<b>PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Scottish housing association pension scheme	20	(1,155,000)		-	
			<u>(1,155,000)</u>		<u>-</u>
<b>DEFERRED INCOME</b>					
Social housing grants	21	(111,611,847)		(106,184,605)	
			<u>(111,611,847)</u>		<u>(106,184,605)</u>
<b>NET ASSETS</b>					
			<u><u>21,337,172</u></u>		<u><u>21,800,635</u></u>
<b>EQUITY</b>					
Share capital	22		109		112
Revenue reserves			22,492,063		21,800,523
Pension reserves			(1,155,000)		-
			<u>21,337,172</u>		<u>21,800,635</u>

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on 31 August 2021.

Committee Member

Committee Member

Secretary

The notes on pages 16 to 40 form an integral part of these financial statements.

# LOREBURN HOUSING ASSOCIATION LIMITED

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

	Notes	2021	2020
		£	£
<b>Surplus for the Year</b>		1,072,540	1,407,631
<i>Adjustments for non-cash items:</i>			
Depreciation of tangible fixed assets	12	3,130,756	2,675,291
Amortisation of capital grants	21	(1,178,286)	(1,079,479)
Increase/decrease in provisions		-	(294,000)
Gain on disposal of tangible fixed assets		44,349	-
Non-cash adjustments to pension provisions		(381,000)	-
Share capital written off	22	(12)	-
		<u>1,615,807</u>	<u>1,401,812</u>
Interest receivable		(38,842)	-
Interest payable	8	1,228,670	-
		<u>3,878,175</u>	<u>2,809,443</u>
<b>Operating cash flows before movements in working capital</b>			
Change in debtors		(266,924)	2,393,039
Change in creditors		1,826,640	(384,076)
		<u>1,559,716</u>	<u>2,008,963</u>
<b>Net cash inflow from operating activities</b>		5,437,891	4,818,406
<b>Investing Activities</b>			
Acquisition and construction of properties		(11,379,657)	(19,722,084)
Purchase of other fixed assets		(83,092)	(37,311)
Social housing grant received		6,253,438	8,582,060
Social housing grant repaid		(334,612)	-
Other grants received		-	160,000
Proceeds on disposal of housing properties		306,323	404,699
Proceeds on disposal of other tangible assets		126,776	-
		<u>(5,110,824)</u>	<u>(10,612,636)</u>
<b>Net cash outflow from investing activities</b>			
<b>Financing Activities</b>			
Loan Advances Received		3,750,000	9,000,000
Interest received on cash and cash equivalents		38,842	54,733
Interest paid on loans		(1,228,670)	(1,141,136)
Loan principal repayments		(1,425,239)	(1,366,784)
Share capital issued	22	9	25
		<u>1,225,482</u>	<u>6,546,838</u>
<b>Net cash inflow from financing activities</b>			
<b>Increase in cash</b>	23	1,552,549	752,608
<b>Opening cash &amp; cash equivalents</b>		1,910,607	1,157,999
<b>Closing cash &amp; cash equivalents</b>		<u>3,463,156</u>	<u>1,910,607</u>
<b>Cash and cash equivalents as at 31 March</b>			
Cash	23	3,463,156	1,910,607
		<u>3,463,156</u>	<u>1,910,607</u>

The notes on pages 16 to 40 form an integral part of these financial statements.



# LOREBURN HOUSING ASSOCIATION LIMITED

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

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
<b>Balance as at 1 April 2019</b>	87	-	18,865,430	18,865,517
Issue of Shares	25	-	-	25
Other comprehensive income	-	2,451,000	-	2,451,000
Other movements	-	(2,451,000)	2,451,000	-
Surplus for the year	-	-	484,093	484,093
<b>Balance as at 31 March 2020</b>	<b>112</b>	<b>-</b>	<b>21,800,523</b>	<b>21,800,635</b>
<b>Balance as at 1 April 2020</b>	112	-	21,800,523	21,800,635
Issue of Shares	9	-	-	9
Cancellation of Shares	(12)	-	-	(12)
Other comprehensive income	-	(1,536,000)	-	(1,536,000)
Other movements	-	381,000	(381,000)	-
Surplus for the year	-	-	1,072,540	1,072,540
<b>Balance as at 31 March 2021</b>	<b>109</b>	<b>(1,155,000)</b>	<b>22,492,063</b>	<b>21,337,172</b>

The notes on pages 16 to 40 form an integral part of these financial statements.

# LOREBURN HOUSING ASSOCIATION LIMITED

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

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Statement of Compliance and Basis of Accounting

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

#### Revenue

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

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

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

#### Retirement Benefits

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

#### Going Concern

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

# LOREBURN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### NOTES TO THE FINANCIAL STATEMENTS (continued)

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

##### Housing Properties

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

<i>Component</i>	<i>Useful Economic Life</i>
Structure	Over 100 years
Roof	Over 60 years
Electrics	Over 40 years
Windows & External Doors - PVC	Over 30 years
Windows & External Doors - Metal	Over 40 years
Windows & External Doors - Timber	Over 25 years
Boilers	Over 15 years
Hot Water Tanks/Cylinders	Over 15 years
Communal Entry	Over 20 years
Kitchens	Over 15 years
Bathrooms	Over 25 years
Heating ex Boilers	Over 20 years
Gas Mains	Useful Life Remaining
FRA Works	Over 40 years

Within the year the policy on Windows & Doors was separated by type & any future components will be depreciated under these categories. Depreciation is charged from the period of installation.

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

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

<i>Asset Category</i>	<i>Depreciation Rate</i>
Premises	2% straight line per annum
Office Equipment	20% straight line per annum
Fixtures & Fittings	20% straight line per annum
Tenant Improvements	10% straight line per annum
Motor Vehicles	25% straight line per annum
Shared Ownership Properties	2% straight line per annum

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

# LOREBURN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

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

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

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

Social housing grants are attributed fully to the structure of housing properties and released over 100 years.

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

First tranche shared ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the statement of recommended practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the statement of comprehensive income.

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

##### **Taxation**

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

##### **Leases**

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

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

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

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

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

##### **Borrowing Costs**

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

# LOREBURN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

##### **Service Charge Sinking Funds**

The Association receives a service charge from owner occupiers to services charges. The balance of unspent service income is included as a liability where amounts are repayable or there is a present obligation to incur service charges.

##### **Property Development Cost**

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

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

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

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

##### **VAT**

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

##### **Financial Instruments - Basic**

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

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

##### **Cash and Liquid Resources**

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

##### **Impairment**

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

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

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

##### **Termination Benefits**

Termination benefits are employee benefits payable as a result of either the Management Committee's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. Termination benefits are charged on an accruals basis through the Statement of Comprehensive Income.

# LOREBURN HOUSING ASSOCIATION LIMITED

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

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

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

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

#### Key Judgements

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

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

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

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

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

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

##### *d) Pension Liability*

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

#### Estimation Uncertainty

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

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

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

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

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

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

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

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

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

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

# LOREBURN HOUSING ASSOCIATION LIMITED

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

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

		2021			2020		
	Notes	Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	13,272,883	11,309,316	1,963,567	12,272,628	11,148,132	1,124,496
Other Activities	4	1,009,435	747,455	261,980	1,166,474	883,339	283,135
<b>Total</b>		<b>14,282,318</b>	<b>12,056,771</b>	<b>2,225,547</b>	<b>13,439,102</b>	<b>12,031,471</b>	<b>1,407,631</b>

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2021 Total £	2020 Total £
<b>Revenue from Lettings</b>					
Rent receivable net of service charges	9,039,942	2,062,365	338,880	11,441,187	10,708,671
Service charges receivable	279,608	539,448	27,661	846,717	586,904
<b>Gross income from rent and service charges</b>	<b>9,319,550</b>	<b>2,601,813</b>	<b>366,541</b>	<b>12,287,904</b>	<b>11,295,575</b>
Less: Rent losses from voids	103,566	89,741	-	193,307	102,426
<b>Income from rents and service charges</b>	<b>9,215,984</b>	<b>2,512,072</b>	<b>366,541</b>	<b>12,094,597</b>	<b>11,193,149</b>
Grants released from deferred income	930,659	204,297	43,330	1,178,286	1,079,479
<b>Total turnover from affordable letting activities</b>	<b>10,146,643</b>	<b>2,716,369</b>	<b>409,871</b>	<b>13,272,883</b>	<b>12,272,628</b>
<b>Expenditure on affordable letting activities</b>					
Management and maintenance administration costs	3,453,074	773,456	220,467	4,446,997	4,589,310
Service costs	219,137	541,765	27,661	788,563	586,904
Planned and cyclical maintenance, including major	1,000,692	233,511	6,187	1,240,390	1,289,672
Reactive maintenance costs	1,257,467	424,401	-	1,681,868	2,088,763
Bad Debts - rents and service charges	130,417	1,114	-	131,531	51,822
Depreciation of affordable let properties	2,421,872	531,638	66,457	3,019,967	2,541,661
<b>Operating costs of affordable letting activities</b>	<b>8,482,659</b>	<b>2,505,885</b>	<b>320,772</b>	<b>11,309,316</b>	<b>11,148,132</b>
<b>Operating surplus on affordable letting activities</b>	<b>1,663,984</b>	<b>210,484</b>	<b>89,099</b>	<b>1,963,567</b>	<b>1,124,496</b>
<b>2020</b>	<b>264,338</b>	<b>766,194</b>	<b>93,964</b>		

# LOREBURN HOUSING ASSOCIATION LIMITED

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

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

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating surplus / (deficit) 2021	Operating surplus / (deficit) 2020
	£	£	£	£	£	£	£	£	£
Care and repair	220,000	-	-	-	220,000	-	220,000	-	-
Support activities	-	19,768	271,245	-	291,013	-	291,014	(1)	-
Uncapitalised development administration costs	-	-	-	-	-	-	95,531	(95,531)	(65,327)
Other activities	-	-	-	357,512	357,512	-	-	357,512	348,462
Aids & Adaptations	140,910	-	-	-	140,910	-	140,910	-	-
<b>Total From Other Activities</b>	<b>360,910</b>	<b>19,768</b>	<b>271,245</b>	<b>357,512</b>	<b>1,009,435</b>	<b>-</b>	<b>747,455</b>	<b>261,980</b>	<b>283,135</b>
<b>2020</b>	<b>396,202</b>	<b>32,414</b>	<b>389,396</b>	<b>348,462</b>	<b>1,166,474</b>	<b>-</b>	<b>883,339</b>	<b>283,135</b>	



# LOREBURN HOUSING ASSOCIATION LIMITED

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

### 5. OFFICERS' EMOLUMENTS

	2021 £	2020 £
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	297,373	245,153
Pension contributions made on behalf on Officers with emoluments greater than £60,000	17,896	15,913
Emoluments payable to Chief Executive Officer (excluding pension contributions)	100,468	98,625
Pension contributions paid on behalf of the Chief Executive Officer	7,517	7,474
Total emoluments payable to the Chief Executive Officer	107,985	106,099
Total emoluments paid to key management personnel	297,373	245,153

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

	Number	Number
£60,001 to £70,000	1	2
£70,001 to £80,000	2	-
£100,001 to £110,000	1	1

### 6. EMPLOYEE INFORMATION

	2021 No.	2020 No.
Average monthly number of full time equivalent persons employed during the year	114	114
Average total number of employees employed during the year	104	123
Staff costs were:	£	£
Wages and salaries	3,270,709	3,319,126
National insurance costs	281,541	286,026
Pension costs	244,053	233,191
Temporary, agency and seconded staff	99,881	-
Redundancy Costs	95,730	-
	3,991,914	3,838,343

# LOREBURN HOUSING ASSOCIATION LIMITED

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

### 7. GAIN ON SALE OF HOUSING STOCK

	2021 £	2020 £
Sales proceeds	325,993	410,500
Cost of sales	302,172	331,159
Gain on sale of housing stock	<u>23,821</u>	<u>79,341</u>

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2021 £	2020 £
On bank loans and overdrafts	1,281,913	1,197,309
Interest capitalised in housing properties	(53,243)	(100,698)
	<u>1,228,670</u>	<u>1,096,611</u>

### 9. SURPLUS FOR THE YEAR

	2021 £	2020 £
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	3,130,756	2,339,762
Gain on component disposals	(44,350)	-
Auditors' remuneration - audit services	9,300	9,192
Operating lease rentals - other	7,300	9,996
(Loss) on sale of other non-current assets	<u>68,170</u>	<u>79,341</u>

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

	2021 £	2020 £
Net interest on pension obligations	<u>13,000</u>	<u>(61,000)</u>

### 11. CARE AND REPAIR

With regards to the Care and Repair service, in 2021 grant income of £1,051,000 was received (2020: £977,878) to fund the recommended Aids and Adaptations as part of the contracted Care and Repair Service. Within the year, £627,759 of these funds were spent to deliver services and as at the 31 March 2021, the balance of £656,580 (2020: £233,338) is held at bank as an amount of grant received in advance.

#### Care and Repair Summary

	2021	2020	2019
Grant received	1,051,000	977,878	-
Grant spent	627,759	1,076,502	-
Current account balance	626,580	203,338	301,161
Investment account balance	30,000	30,000	30,801
Total balance held	<u>656,580</u>	<u>233,338</u>	<u>331,962</u>

# LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

## 12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Other Housing Property category £	Total £
<b>COST</b>					
At 1 April 2020	189,043,561	12,720,960	4,324,464	-	206,088,985
Additions	845,003	10,534,654	-	-	11,379,657
Disposals	(439,104)	(47,112)	(105,630)	-	(591,846)
Transfers	3,013,205	(3,013,205)	-	-	-
At 31 March 2021	<u>192,462,665</u>	<u>20,195,297</u>	<u>4,218,834</u>	-	<u>216,876,796</u>
<b>DEPRECIATION</b>					
At 1 April 2020	42,497,554	-	1,347,999	-	43,845,553
Charge for Year	2,953,510	-	66,457	-	3,019,967
Transfers	-	-	-	-	-
Disposals	(272,819)	-	(36,525)	-	(309,344)
At 31 March 2021	<u>45,178,245</u>	-	<u>1,377,931</u>	-	<u>46,556,176</u>
<b>NET BOOK VALUE</b>					
At 31 March 2021	<u>147,284,420</u>	<u>20,195,297</u>	<u>2,840,903</u>	-	<u>170,320,620</u>
At 31 March 2020	<u>146,546,007</u>	<u>12,720,960</u>	<u>2,976,465</u>	-	<u>162,243,432</u>

Expenditure on Existing Properties	2021		2020	
	<i>Component replacement</i> £	<i>Improvement</i> £	<i>Component replacement</i> £	<i>Improvement</i> £
Amounts capitalised	845,003	-	1,183,701	-
Amounts charged to the statement of comprehensive income	2,922,258	-	3,378,435	-
	<u>3,767,261</u>	<u>0</u>	<u>4,562,136</u>	<u>0</u>

All land and housing properties are heritable.

Additions to housing properties include capitalised development administration costs of £210,703 (2020 - £213,692)

The Association's lenders have standard securities over housing property with a carry value of £103,870,179 (2020 - £105,620,399)

# LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

## 14. RECEIVABLE AMOUNTS DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Loans due from subsidiary	1,658,010	1,748,550

## 15. RECEIVABLES

	2021	2020
	£	£
Gross arrears of rent and service charges	484,086	376,379
<b>Less:</b> Provision for doubtful debts	(247,544)	(139,650)
<i>Net arrears of rent and service charges</i>	236,542	236,729
Social housing grant receivable	686,702	-
Other receivables	971,571	685,087
Amounts due from group undertakings	90,375	109,748
	<u>1,985,190</u>	<u>1,031,564</u>

## 16. CASH AND CASH EQUIVALENTS

	2021	2020
	£	£
Cash at bank and in hand	3,463,156	1,910,607
	<u>3,463,156</u>	<u>1,910,607</u>

# LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

## 12. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Furnished Options £	Computer Equipment £	Total £
<b>COST</b>					
At 1 April 2020	719,650	596,184	188,402	6,544	1,510,780
Additions	-	83,092	-	-	83,092
Eliminated on disposals	-	-	(188,402)	(6,544)	( 194,946)
At 31 March 2021	<u>719,650</u>	<u>679,276</u>	<u>-</u>	<u>-</u>	<u>1,398,926</u>
<b>DEPRECIATION</b>					
At 1 April 2020	138,723	439,351	-	-	578,074
Charge for year	14,393	96,396	-	-	110,789
Eliminated on disposals	-	-	-	-	-
At 31 March 2021	<u>153,116</u>	<u>535,747</u>	<u>-</u>	<u>-</u>	<u>688,863</u>
<b>NET BOOK VALUE</b>					
At 31 March 2021	<u>566,534</u>	<u>143,529</u>	<u>-</u>	<u>-</u>	<u>710,063</u>
At 31 March 2020	<u>580,927</u>	<u>156,833</u>	<u>188,402</u>	<u>6,544</u>	<u>932,706</u>

## 13. FIXED ASSET INVESTMENTS

	2021 £	2020 £
Subsidiary undertakings	3	3
	<u>3</u>	<u>3</u>

### Subsidiary Undertakings

Loreburn Housing Association Limited has the following wholly owned subsidiary undertakings. The registered office of the subsidiary is Huntingdon, 27 Moffat Road, Dumfries.

	2021 Reserves £	Profit / (Loss) £	2020 Reserves £	Profit / (Loss) £
Dumfries & Galloway Homes Limited	<u>1,492,144</u>	<u>(275,871)</u>	<u>1,713,152</u>	<u>(72,749)</u>

# LOREBURN HOUSING ASSOCIATION LIMITED

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

17. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	2021	2020
	£	£
Bank loans	1,097,419	1,274,500
Trade payables	1,902,196	345,836
Rent received in advance	249,297	201,208
Other taxation and social security	74,567	78,780
Amounts due to group undertakings	34,500	-
Other payables	1,940,601	1,643,324
Accruals and deferred income	1,187,706	1,293,079
	<u>6,486,286</u>	<u>4,836,727</u>

18. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
	2021	2020
	£	£
Bank loans	37,546,737	35,044,895
	<u>37,546,737</u>	<u>35,044,895</u>

19. DEBT ANALYSIS - BORROWINGS		
	2021	2020
	£	£
<b>Bank Loans</b>		
Amounts due within one year	1,097,419	1,274,500
Amounts due in one year or more but less than two years	1,147,193	1,331,983
Amounts due in two years or more but less than five years	3,643,926	4,139,721
Amounts due in more than five years	32,755,618	29,573,191
	<u>38,644,155</u>	<u>36,319,395</u>

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

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable or Fixed
Bank of Scotland	137	Fixed 6.22%-6.75%	2021-2031	3 Fixed/3 Variable
Clydesdale Bank	103	Variable Margin of 0.5%	2029	Fixed
Lloyds Bank	122	Variable margin of 0.35%	2036	Variable
Nationwide Building Society	526	Fixed 1.9%-6% Variable Margin of 0.55%	2044	3 Fixed/1 Variable
RBS	1,120	Fixed 7.38%, Fix from Mar 22 2.22%. Variable margin of 1.7%	2029-2045	(1) See note below
RBS Uncharged	101	0.0%	0	-

(1) 1 Fixed, 1 Variable with switch to Fixed in Mar 22 + Revolving Credit Facility on Variable

# LOREBURN HOUSING ASSOCIATION LIMITED

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

### 20. RETIREMENT BENEFIT OBLIGATIONS

#### Scottish Housing Association Pension Scheme

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

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

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

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

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

	2021	2020	2019
	£	£	£
Fair value of plan assets	13,466,000	12,509,000	11,239,000
Present value of defined benefit obligation	14,621,000	12,159,000	13,984,000
Surplus / (deficit) in plan	(1,155,000)	350,000	(2,745,000)
Unrecognised surplus	-	(350,000)	-
Defined benefit asset / (liability) to be recognised	(1,155,000)	-	(2,745,000)

#### Reconciliation of the impact of the asset ceiling

	Period from 31 March 2020 to 31 March 2021 £
Impact of asset ceiling at start of period	350,000
Effect of the asset ceiling included in net interest cost	13,000
Actuarial losses (gains) on asset ceiling	(363,000)
Impact of asset ceiling at end of period	-

# LOREBURN HOUSING ASSOCIATION LIMITED

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

### 20. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

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

	2021	2020
	£	£
Defined benefit obligation at the start of period	12,159,000	13,984,000
Expenses	13,000	11,000
Interest expense	283,000	321,000
Actuarial losses (gains) due to scheme experience	(408,000)	335,000
Actuarial losses (gains) due to changes in demographic assumptions	-	(76,000)
Actuarial losses (gains) due to changes in financial assumptions	2,768,000	(1,654,000)
Benefits paid and expenses	(194,000)	(762,000)
Defined benefit obligation at the end of period	<u>14,621,000</u>	<u>12,159,000</u>

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

	2021	2020
	£	£
Fair value of plan assets at start of period	12,509,000	11,239,000
Interest income	296,000	260,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	461,000	1,406,000
Contributions by the employer	394,000	366,000
Benefits paid and expenses	(194,000)	(762,000)
Fair value of plan assets at the end of period	<u>13,466,000</u>	<u>12,509,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £757,000



# LOREBURN HOUSING ASSOCIATION LIMITED

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

## 20. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

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

	2021 £	2020 £
Expenses	13,000	11,000
Net interest expense	-	61,000
	<u>13,000</u>	<u>72,000</u>

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

	2021 £	2020 £
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	461,000	1,406,000
Experience gains and losses arising on plan liabilities - gain /(loss)	408,000	(335,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	-	76,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	(2,768,000)	1,654,000
	<u>(1,899,000)</u>	<u>2,801,000</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	(1,899,000)	2,801,000
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	363,000	(350,000)
	<u>363,000</u>	<u>(350,000)</u>
Total amount recognised in other comprehensive income - gain (loss)	(1,536,000)	2,451,000

# LOREBURN HOUSING ASSOCIATION LIMITED

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

### 20. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

##### Assets

	2021	2020	2019
	£	£	£
Absolute Return	664,000	768,000	952,000
Alternative Risk Premia	540,000	1,002,000	628,000
Corporate Bond Fund	1,016,000	914,000	788,000
Credit Relative Value	388,000	301,000	195,000
Distressed Opportunities	460,000	228,000	192,000
Emerging Markets Debt	543,000	445,000	360,000
Fund of Hedge Funds	-	-	31,000
Global Equity	2,083,000	1,720,000	1,808,000
Infrastructure	752,000	738,000	471,000
Insurance-Linked Securities	281,000	335,000	292,000
Liability Driven Investment	3,238,000	3,294,000	3,999,000
Long Lease Property	312,000	306,000	136,000
Net Current Assets	100,000	95,000	12,000
Over 15 Year Gilts	6,000	159,000	289,000
Private Debt	317,000	248,000	145,000
Property	241,000	233,000	223,000
Risk Sharing	481,000	396,000	326,000
Secured Income	740,000	694,000	392,000
Opportunistic Illiquid Credit	345,000	305,000	-
Liquid Credit	233,000	328,000	-
High Yield	353,000	-	-
Opportunistic Credit	368,000	-	-
Cash	5,000	-	-
	<u>13,466,000</u>	<u>12,509,000</u>	<u>11,239,000</u>
Total assets	13,466,000	12,509,000	11,239,000

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

##### Key Assumptions

	2021	2020	2019
Discount Rate	2.2%	2.4%	2.4%
Inflation (RPI)	3.2%	2.6%	3.3%
Inflation (CPI)	2.9%	1.6%	2.3%
Salary Growth	3.9%	2.6%	3.3%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance		
	<u>                    </u>	<u>                    </u>	<u>                    </u>

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

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

# LOREBURN HOUSING ASSOCIATION LIMITED

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

## 21. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Non Housing Grants £	Total £
<b>Capital grants received</b>				
At 1 April 2020	125,370,587	-	-	125,370,587
Additions in the year	6,940,140	-	-	6,940,140
Eliminated on disposal	(395,507)	-	-	(395,507)
At 31 March 2021	<u>131,915,220</u>	<u>-</u>	<u>-</u>	<u>131,915,220</u>
<b>Amortisation</b>				
At 1 April 2020	19,185,982	-	-	19,185,982
Amortisation in year	1,178,286	-	-	1,178,286
Eliminated on disposal	(60,895)	-	-	(60,895)
At 31 March 2021	<u>20,303,373</u>	<u>-</u>	<u>-</u>	<u>20,303,373</u>
<b>Net book value</b>				
At 31 March 2021	<u>111,611,847</u>	<u>-</u>	<u>-</u>	<u>111,611,847</u>
At 31 March 2020	<u>106,184,605</u>	<u>-</u>	<u>-</u>	<u>106,184,605</u>

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

	2021 £	2020 £
Amounts due within one year	991,477	1,102,789
Amounts due in more than one year	110,808,772	105,081,816
	<u>111,800,249</u>	<u>106,184,605</u>

## 22. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2021 £	2020 £
At 1 April	112	87
Issued in year	9	25
Cancelled in year	(12)	-
At 31 March	<u>109</u>	<u>112</u>

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

# LOREBURN HOUSING ASSOCIATION LIMITED

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

### 23. CASH FLOWS

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

	£	2021 £	£	2020 £
Increase in cash	1,552,549		752,608	
Cashflow from change in net debt	<u>(2,324,761)</u>		<u>(7,633,216)</u>	
Movement in net debt during the year		(772,212)		(6,880,608)
Net debt at 1 April		<u>(34,408,788)</u>		<u>(27,528,180)</u>
Net debt at 31 March		<u>(35,181,000)</u>		<u>(34,408,788)</u>

	At 01 April 2020 £	Cashflows £	Other Changes £	At 31 March 2021 £
Cash and cash equivalents	<u>1,910,607</u>	<u>1,552,549</u>	<u>-</u>	<u>3,463,156</u>
	1,910,607	1,552,549	-	3,463,156
Debt: Due within one year	<u>(1,274,500)</u>	<u>(2,324,761)</u>	<u>2,501,842</u>	<u>(1,097,419)</u>
Due after more than one year	<u>(35,044,895)</u>	<u>-</u>	<u>(2,501,842)</u>	<u>(37,546,737)</u>
Net debt	<u>(34,408,788)</u>	<u>(772,212)</u>	<u>-</u>	<u>(35,181,000)</u>

### 24. CAPITAL COMMITMENTS

	2021 £	2020 £
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	<u>16,437,041</u>	<u>8,029,478</u>

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

### 25. COMMITMENTS UNDER OPERATING LEASES

	2021 £	2020 £
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
<b>Other</b>		
Expiring in the next year	6,158	7,300
Expiring later than one year and not later than five years	5,826	7,153
Expiring later than five years	<u>-</u>	<u>4,831</u>

# LOREBURN HOUSING ASSOCIATION LIMITE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

## 26. DETAILS OF ASSOCIATION

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

The Association's principal place of business is Huntingdon, 27 Moffat Road, Dumfries, DG1 1NN.

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

## 27. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received Nil (2020 - Nil) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

## 28. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2021 No.	2020 No.
General needs	2,004	2,367
Supported housing	434	210
Shared ownership	141	145
Accommodation Managed on Behalf of Another Body	21	27
	<u>2,600</u>	<u>2,749</u>

# LOREBURN HOUSING ASSOCIATION LIMITE

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

### 29. RELATED PARTY TRANSACTIONS

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

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

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

	2021	2020
	£	£
Rent received from tenants on the Management Committee and their close family members	<u>2,702</u>	<u>7,470</u>

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £69 (2020 - £58).

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

Members of the Management Committee who are tenants	1	2
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Dumfries and Galloway Homes Limited is the wholly owned subsidiary of the Association at the end of the year. Dumfries and Galloway Homes Limited's principal activity is the provision of rented residential property.

During the year there were intercompany sales from the Association to the subsidiary of £283,864 (2020: £nil) and management fees charged of £nil (2020: £46,000).

There were property management fees charged by the subsidiary to the Association of £29,000 (2020: £nil).

Amounts owed by group undertakings is disclosed in Notes 13 and 14 and amounts owed to group undertaking in Note 16.

Included within the debtors balances at the year end is an intercompany loan due to the Association from the subsidiary. During the year, capital repayments were made by the subsidiary of £124,182 (2020: £130,142) and interest payments of £38,040 (2020: £50,810). The balance of the loan outstanding at the year end is £1,746,053 (2020: £1,858,298).