FINANCIAL CONDUCT AUTHORITY

Annual Return (AR30) form

Section 1 – About this form

An Annual Return must be completed by all societies registered under the Co-operative and Community Benefit Societies Act 2014 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1965) or the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1969). The Annual Return must include:

- this form;
- a set of the society's accounts; and
- where required, an audit report or report on the accounts.

A society must submit the Annual Return within 7 months of the end of the society's financial year. Failure to submit on time is a prosecutable offence.

Please note that this form, including any details provided on the form, will be made available to the public through the Mutuals Public Register https://mutuals.fca.org.uk.

For guidance on our registration function for societies under the Co-operative and Community Benefit Societies Act 2014, which includes guidance on the requirement to submit an Annual Return, please see here: https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf

Section 2 – About this application

Society name	Southside Housing Association
Register number	1694R(s)
Registered address	135 Fifty Pitches Road
Postcode	G51 4EB

2.1 What date did the financial year covered by these accounts end?

3	1		0	3		2	0	1	9

Section 3 – People

3.1 Please provide the names of the people who were directors of the society during the financial year this return covers. Some societies use the term 'committee member' or 'trustee' instead of 'director'. For ease of reference, we use 'director' throughout this form.

Name of director	Month and year of birth	
Margaret McIntyre	January	1946
Iain Dyer	April	1938
Betty Macneill	October	1944
Kenneth Ross	August	1934
Hanif Mirza		1939
Surjit Singh Chowdhary	August	1945
Alan Ferguson	September	1955
Jonah Chireka	October	1974
Alex Cameron	March	1989
Lucy A Cowan		
Parveen Mahmoud	March	1971
Munir Chowdry	November	1951
Bob Turnbull	February	1942

Continue on to a separate sheet if necessary.

3.2 All directors must be 16 or older. Please confirm this is this case:

All directors are aged 16 or over ☒

3.3 Societies are within the scope of the Company Directors Disqualification Act 1986 (CDDA). Please confirm that no director is disqualified under that Act:

No director is disqualified ☒

3.4 Please state any close links which any of the directors has with any society, company or authority. 'Close links' includes any directorships or senior positions held by directors of the society in other organisations.

Alan Ferguson – Director of SHARE

3.5 Please provide the name of the person who was secretary at the end of the financial year this return covers. Societies must have a secretary.

Name of secretary	Month and year of birth	
Iain Dyer		1938

Section 4 – Financial information

4.1 Please confirm that:

accounts are being submitted with this form	☒
the accounts comply with relevant statutory and accounting requirements	☒
the accounts are signed by two members and the secretary (3 signatures in total)	☒

4.2 Based on the accounts, please provide the information requested below for the financial year covered by this return.

Number of members	203
Turnover	£12,603,926
Assets	£41,729,829
Number of employees (if any)	111

Share capital	**203**
Highest rate of interest paid on shares (if any)	**N/A**

4.3 What Standard Industrial Classification code best describes the society's main business? Where more than one code applies, please select the code that you feel best describes the society's main business activity. You will find a full list of codes here: http://resources.companieshouse.gov.uk/sic/

68201

Section 5 – Audit

Societies are required to appoint an auditor to audited unless they are small or have disapplied this requirement. For further guidance see chapter 7 of our guidance: https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf

5.1 Please select the audit option the society has complied with:

Full professional audit	☒
Auditor's report on the accounts	☒
Lay audit	☐
No audit	☐

5.2 Please confirm the audit option used by the society is compliant with the society's own rules and the Act

We have complied with the audit requirements	☒

5.3 Please confirm any audit report (where required) is being submitted with this Annual Return

Yes	☒
Not applicable	☐

The information below impacts the level of audit required of the society's accounts. Please provide answers to the following questions.

5.4 Is this society accepted by HM Revenue and Customs (HMRC) as a charity for tax purposes?

Yes ☒

No ☐

5.5 If the society is registered with the Office of the Scottish Charity Regulator (OSCR) please provide your OSCR registration number.

Not applicable ☐

OSCR number:	SCO36009

5.6 Is the society a housing association?

No ☐ Go to **section 6**

Yes ☒ Go to question **5.7**

5.7 Please confirm which housing regulator you are registered with, and provide the registration number they have given you:

		Registration number
Homes and Communities Agency	☐	
Scottish Housing Regulator	☒	HCB186
The Welsh Ministers	☐	
Department for Communities (Northern Ireland)	☐	

Section 6 – Subsidiaries

6.1 Is the society a subsidiary of another society?

Yes ☐

No ☒

6.2 Does the society have one or more subsidiaries? (As defined in sections 100 and 101 of the Act)

Yes ☒ Continue to question 6.3

No ☐ Continue to Section 7

6.3 If the society has subsidiaries, please provide the names of them below (or attach an additional sheet)

Registration Number	Name
SC286509	Southside Factoring and Related Services

6.4 Please provide below (or on a separate sheet) the names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions: (the society must have written authority from us to exclude a subsidiary from group accounts)

Registration Number	Name	Reason for exclusion

Section 7– Condition for registration

All societies are registered meeting one of two conditions for registration. These are that the society is either:

- a bona fide co-operative society ('co-operative society'); **or**
- are conducting business for the benefit of the community ('community benefit society').

A society must answer the questions set out in either Section 7A or Section 7B of this form, depending on which condition of registration it meets.

If you are not sure which condition for registration applies to the society please see chapters 4 and 5 of our guidance:
https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf

Section 7A - Co-operative societies

Co-operative societies must answer the following questions in relation to the financial year covered by this return.

7A.1 What is the business of the society? For example, did you provide housing, manufacture goods, develop IT systems etc.

Registered Social Landlord
Provision of affordable rented accommodation

7A.2 Please describe the members' common economic, social and cultural needs and aspirations. In answering this question, please make sure it is clear what needs and aspirations members had in common.

7A.3 How did the society's business meet those needs and aspirations? You have described the society's business answer to question 7A.1, and in question 7A.2 you have described the common needs and aspirations of members. Please now describe how during the year that business met those common needs and aspirations.

7A.4 How did members democratically control the society? For example, did the members elect a board at an annual general meeting; did all members collectively run the society.

7A.5 What did the society do with any surplus or profit? For instance, did you pay a dividend to members (and if so, on what basis); did money get reinvested in the business; put into reserves; used for some other purpose?

Section 7B - Community benefit societies

Community benefit societies must answer the following questions in relation to the financial year covered by this return.

7B.1 What is the business of the society? For example, did you provide social housing, run an amateur sports club etc.

Provision of high quality, affordable social housing.

7B.2 Please describe the benefits to the community the society delivered? Here we are looking to see *what* the benefits to the community were. Community can be said to be the community at large. For example, did you relieve poverty or homelessness through the provision of social housing.

Provision of affordable social housing along with wider services including Care and Repair, Handyperson Service, Welfare/Money advice and a range of community engagement activities.

7B.3 Please describe how the society's business delivered these benefits? The business of the society must be conducted for the benefit of the community. Please describe *how* the society's business (as described in answer to question 7B.1) provided benefit to the community.

7B.4 Did the society work with a specific community, and if so, please describe it here? For instance, were the society's activities confined to a specific location; or to a specific group of people? Please note that in serving the needs of any defined community, the society should not inhibit the benefit to the community at large.

Communities in the Southside of Glasgow, in particular, Cardonald, Half-Way and Pollokshields

7B.5 What did the society do with any surplus or profit? For instance, did you donate the money; did money get reinvested in the business; put into reserves; used for some other purpose?

Re-invest surpluses to maintain and enhance our current stock, building of new social housing stock and regeneration of green spaces

7B.6 Please state any significant commercial arrangements that the society has, or had, with any other organisation that could create, or be perceived as creating, a conflict of interest. Please tell us how you ensured that any such conflict of interest did not prevent the society from acting for the benefit of the community.

None

Section 8– Declaration

The secretary of the society must complete this section.

Name	**Iain Dyer**
My signature below confirms that the information in this form is accurate to the best of my knowledge	
Signature	
Position	**Secretary**
Date	I.A.D. 26.09.19

Section 9 – Submitting this form

Please submit a signed, scanned version of this form along with your accounts and any auditor's report by email to: mutualsannrtns@fca.org.uk.

Or you can post the form to:

Mutual Societies
Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

This form is available on the Mutuals Society Portal:
https://societyportal.fca.org.uk

Registered as a Limited Company in England and Wales No. 1920623. Registered office as above.

01 JUL 2019

Alexander Sloan
Accountants and Business Advisers

Southside Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2019

Registered Housing Association No. HCB186

FCA Reference No. 1694R(S)

Scottish Charity No. SCO36009

SOUTHSIDE HOUSING ASSOCIATION LIMITED

CONTENTS

	Page
MEMBERS OF THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS	1
REPORT OF THE MANAGEMENT COMMITTEE	2 - 10
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	11
REPORT OF THE AUDITORS	12 - 13
STATEMENT OF COMPREHENSIVE INCOME	14
STATEMENT OF FINANCIAL POSITION	15
STATEMENT OF CASH FLOWS	16
STATEMENT OF CHANGES IN EQUITY	17
NOTES TO THE FINANCIAL STATEMENTS	18 - 41

SOUTHSIDE HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31 MARCH 2019

MANAGEMENT COMMITTEE

Margaret McIntyre	Chairperson
Betty MacNeil	Vice Chairperson (From 31.05.2018)
Iain Dyer	Secretary
Kenneth Ross	
Hanif Mirza	Resigned 30.08.2018
Surjit Singh Chowdhary	
Alan Ferguson	
Jonah Chireka	
Alex Cameron	
Lucy A Cowan	
Bob Turnbull	
Parveen Mahmoud	Vice Chair (To 26.04.2018) (Resigned 26.04.2018)
Munir Choudry	Joined 30.08.2018

EXECUTIVE OFFICERS

Patrick McGrath	Director
Allan Forfar	Head of Housing Management
Norma Taylor	Deputy Director
Manda Wright	Head of Finance
Donna Reilly	Head of Investment & Development

REGISTERED OFFICE

135 Fifty Pitches Road
Glasgow
G51 4EB

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

BDO LLP
4 Atlantic Quay
70 York Street
Glasgow

BANKERS

Bank of Scotland
236 Albert Drive
Glasgow
G41 2NL

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

SOUTHSIDE HOUSING ASSOCIATION LIMITED

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

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

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.1694R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SCO36009.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

Review of Business and Future Activities

The Association reported an operating surplus of £495,784. The reserves balance of £41,729,829 reported in the Statement of Financial Position (page 15) is, in part earmarked to support the continued investment in transferred stock.

Governing Body

The Association's Governing Body is the Management Committee which meets monthly. All meetings of the Committee were quorate in 2018/19 and 11 of the 12 places were filled at the AGM. A third of the Management Committee stood down in accordance with our rules and any members who had served for more than 9 consecutive years were subject to a review in accordance with the rules of the Association. All Committee members underwent an annual appraisal. The Association delegates some management functions to local Neighbourhood Committees and operates its Factoring and Mid Market Rented business through a commercial subsidiary, Southside Factoring and Related Services Ltd. An Inter-Company Agreement sets out the relationship between the parent and the subsidiary.

The Association has a complex network of Regulators. The principal regulator, the Scottish Housing Regulator continued to classify the Association as requiring "Low Engagement" but a new regulatory framework is being introduced in April 2019. The Care Inspectorate, which regulates housing support services, continued to classify services as "Good" or "Very Good". Other regulatory bodies, the Financial Conduct Authority and the Office of the Scottish Charity Regulator, had no significant engagement with the Association

SOUTHSIDE HOUSING ASSOCIATION LIMITED

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

Performance as a Registered Landlord

The Association continues to show strong patterns of performance on key service areas.

In May 2019 the Association submitted its Annual Report on the Scottish Social Housing Charter (ARC) and this indicated strong performance on many areas of activity but there are challenges in relation to the impact of Welfare Reform and the introduction of Universal Credit.

However challenges on customer satisfaction rates and efficiency in the letting of homes are evident. A summary of the key outputs for the past year compared with the previous two is produced in Table 1 below.

Table 1 –Summary of Performance Outputs Reported in the ARC.

Indicators	2016/17	2017/18	2018/19	Scottish Average 2017/18
Gross Rent Arears as a percentage of rent due (Indicator 31)	4.89	5.79	5.99	5.41
Average days to re-let properties (Indicator 35)	13.01	18.56	20.61	30.72
Percentage of rent due lost through empty properties (Indicator 34)	0.42	0.46	0.5	0.85
Percentage of tenancy offers refused (Indicator 18)	39.19	43.21	43.55	29.23
Percentage of Anti-Social Behaviour cases resolved in target (Indicator 19)	94.81	96.97		87.88
Percentage of New tenancies sustained for more than a year (Indicator 20)	95.17	92.61	93.1	88.66
Percentage of tenants satisfied with the standard of their home when moving in (Indictor 9)	97.56	96.15	91.18	90.24
Average hours taken to complete emergency repairs (Indicator 11)	1.33	1.93	1.97	3.96
Average length of time taken to complete non-emergency repairs (Indicator 12)	4.19	4.33	4.38	6.38
Percentage of homes with gas safety record renewed by anniversary date (Indicator 15)	100	100	99.6	99.81
Percentage of reactive repairs completed right first time (Indicator 13)	94.09	96.35	97.24	92.23
Satisfaction with repairs service (Indicator 16)	90.23	97.2	93.7	92.13
Parentage of self contained properties that meet SHQS (Indicator 7)	89.02	78.53	85.02	93.71
Percentage of stage 1 complaints resolved within SPSO timeframes (Indicators 4 & 5)	93.65	88.52	86.54	86.27
Percentage of stage 2 complaints resolved within SPSO timeframes (Indicators 4 & 5)	87.1	72.22	78.26	83.36

SOUTHSIDE HOUSING ASSOCIATION LIMITED

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

Performance as a Registered Landlord

A detailed comparative report on the ARC is delivered to every tenant in October each year. Under the new regulatory framework introduced in April 2019, the Association will also be issuing an annual assurance statement to customers that will highlight strengths and weaknesses in relation to our regulatory obligations. Historically we have issued an Annual Report to customers at our AGM in August each year, but given this new reporting obligation it is our intention to shift this reporting requirement to October each year and combine the report on the ARC, the annual assurance statement and the annual review of the year to this October juncture.

Investment in our Homes

In addition to the performance data highlights there were a number of significant milestones and outputs achieved over the past year including

•Funding of up to £30m was secured for investment in existing homes and building new homes through a new loan facility with Swedish Bank Handelsbanken
•We continued to improve and allocate individual pre-1919 tenement flats bought between 2014/15 and 2017/18 and restarted a programme of acquiring further flats in March 2019.
•The first phase of new homes on the former deck access flats site in St Andrew's Drive near completion
•Phase 2 of the St. Andrew's Drive stock was cleared and demolished and new homes will start being built later in 2019
•The refurbishment of 166 Gorbals Street is nearing completion and will be let early in 2019/20 for Mid Market Rent
•Portman Street new build for Mid Market Rent was completed
•Admiral Street new build for social housing and Mid Market Rent was completed
•An option appraisal of alternative heating systems for the mini multi flats in Cardonald and Pollokshields was completed and an air source heating system is being piloted in selected properties
•Work commenced on the new Halfway Community Park with financial support from the Green Infrastructure Fund and Glasgow City Council City Deal Funding.

The table on the next page details where the Association has spent money in the past year making improvements to tenants homes.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

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

Performance as a Registered Landlord (continued)

Capital and Revenue Improvement Projects 2018 -19			
Project ID	**Address**	**No of Properties**	**Spend**
Gas Boiler Upgrades	36 - 40 Kenmure St	4	213,822
	284 Maxwell Rd	5	
	198 Darnley St	1	
	63 - 89 Kenmure St	15	
	35 Herriet St	1	
	84 Craigie St	2	
	144 -146 McCulloch St	5	
	7 Allison St	4	
	125 Allison St	2	
	664 - 690 Pollokshaws Rd	9	
	609 - 629 Pollokshaws Rd	14	
	345 - 357 Pollokshaws Rd	14	
	8,14,16,20 & 28 Maxwell Rd	6	
	1704 -1744 Paisley Road West	8	
	90 Kenmure St	2	
	106 Battlefield Rd	1	
	24 Montrave St	2	
	26 Ellangowan Rd	1	
Heating System Upgrades	Adhoc - properties	8	41,939
Smoke and Heat Detector Upgrades	5 Queensland Ct	112	312,224
	15 Queensland Gdns	108	
	Hartlaw Cresc & Chirnside Pl	95	
	Moss Heights Ave	165	
	Swinton Pl / Invergyle Dr	125	
	150 Berryknowes Ave	124	
	Montrave Path	14	
	Montrave St	2	
	Mossview Quad	3	
Kitchen Replacement	Ad- hoc Properties	14	48,279
Bathroom Repalcement	84 Craigie St	4	46,679
	15 Auldburn Pl	1	
	Ad- Hoc Properties	8	
Loft Insulation - Top Up	Ibrox St / Midlock St	28	4,537
Common Fire Doors Upgrades	150 Berryknowes Ave	1 x High Rise Block	459,604
	12, 24, 36 and 48 Swinton Pl	4 x T 84 Blocks	
	30 Invergyle Dr	1 X T 84 Block	
Common Stairs & backcourt Lighting : I	1610 Paisley Road West	1 Deck Access Block	16,077
Common External and Internal Painter work (Cyclical Works)	70 Hartlaw Cresc / 133 Chirnside Pl		21,973
	80 Hartlaw Cresc/155 Chirnside Pl		21,973
	100 Hartlaw Cresc / 177 Chirnside Pl		21,973
	120 Hartlaw Cresc/ 199 Chirnside Pl		21,973
	150 Hartlaw Cresc/221 Chirnside Pl		21,973
	160 Hartlaw Cresc/243 Chirnside Pl		21,973
	200 Hartlaw Cresc		6,592
TOTAL			1,281,591

Building New Homes

Table 2 below sets out the scale of the Association's Development commitments over the past year and the new funding from Handelsbanken noted above will secure continuing capacity to address housing need in the local community.

No	Projects	Rent	MMR	Other	Grant Funding (millions)	SHA Funding (millions)	Complete
1	Portman Street, Ph 2		24		£1.0	£1.3	Apr 2018
2	Admiral Street	20	15		£2.1	£2.6	Feb 2019
3	Strathbungo Tenements		26		£1.0	£1.0	Apr 2019
4	St Andrews Drive, Ph 1	36		13	£4.3	£3.1	May 2019
5	166 Gorbals Street		6	1	£1.9	£0.5	Jun 2019
	TOTALS	**56**	**71**	**14**	**£10.30**	**£8.50**	

Wider Role

The Association has a role beyond simply being a social landlord and sees itself embedded in the local community and working alongside residents to build thriving neighbourhoods. The Association continues to invest in communities and employs Community Development staff to support this work. The Association continues to invest in local community bases including

- Community flat in Hartlaw Chirnside
- Residents Lounge in Queensland
- Community flat in Moss Heights Avenue in association with Govan Community Project
- A new Community Flat in 150 Berryknowes Road
- Community Base in 423 Shields Road in partnership with Glendale Women's Café
- Residents lounges in Herriet Court and Newark Drive former sheltered housing.

One of the big disappointments in 2018/19 was the failure of the partnership with the Nan McKay Hall for a new £2.1m Community Hub in Pollokshields. Having committed significant resources to securing £1m from the Big Lottery Fund and £550k from the Scottish Government, the withdrawal of the Nan McKay Hall from the partnership resulted in both funding commitments being withdrawn and the project being unable to progress. This is a huge loss to the existing community and future generations of residents in Pollokshields.

On a more positive note, and because of strong backing from the local Glasgow City Councilors, the Association was finally able to start work on a new Community Park in Halfway, Cardonald. This £2.2m investment for the local community includes £892k from Green Infrastructure Funding, £673k from GCC City Deal Funding, £550k from the Association's own resources , £100k from WREN Landfill monies, £20k from EB Scotland Landfill monies, £34k from Env2 monies and £2.5k from our good friends at the Glasgow Tree Lovers Society.

Building New Homes

In addition to this commitment to community support, the Association continues to invest heavily in advice services for both its tenants and the wider community. Our objective is to protect households and communities from the worst impact of Welfare Reform by ensuring we maximize people's entitlements.

We employ five specialist advice workers, including a debt counsellor, and three of these posts are paid for from the general rent account.

Two posts are paid for from a grant from the Big Lottery Fund. This is a five year grant and 2019/20 is the last year of this grant.

Southside Factoring and Related Services Ltd. (SFARS Ltd.)

The Association continues to operate a commercial subsidiary, SFARS Ltd. As a charity, the Association strives to ensure that this commercial subsidiary is a net contributor to the financial health of the Association. In most years the subsidiary delivers a small profit and the Association has the option to receive this surplus as a tax deductible distribution. In the past year, due to higher than anticipated staff costs, the subsidiary has run at a small loss but the business plan for SFARS projects health surpluses in the coming years. As the level of Mid Market Rent (MMR) business increases.

SFARS delivers two distinctly branded services, "Southside Residential" – a factoring service to 1000 owners, and "Southside Letting" –an MMR service to over 200 households. The growth in both services over the past year has been significant. Southside Residential took on over 170 new customers in 2018/19. During the same period, Southside Letting's portfolio grew through a mixture of new build for MMR and the re-provisioning of pre-1919 tenement flats bought under the GCC funded private acquisition programme. These re-provisioned properties are bought with 100% acquisition grant, and refurbished with a 50% repair grant. The properties are owned by SHA and leased to the subsidiary company. Also in 2018/19 SFARS launched a new 'Private Letting' partnership with private landlords and by the end of the year we were letting 28 properties for private landlords.

Care and Repair

The Association continues to manage Glasgow Care and Repair for the city with funding support from Glasgow City Council and the Health and Social Care Partnership. The range of services provided includes:

- basic advice work for private householders aged over 60,
- a handyperson service for elderly or disabled homeowners,
- a handyperson service for a number of different housing associations,
- a Home and Hospital Service to aid hospital discharge,
- a Scottish Government funded Equity Release scheme.

During 2018/19, the partnership with housing associations to deliver handyperson services to vulnerable

- Southside Housing Association
- Linthouse Housing Association
- Glen Oaks Housing Association
- Thenue Housing Association
- New Gorbals Housing Association
- Govanhill Housing Association
- Blackwood Housing Association

The Association continues to provide registered housing support services but on a reduced scale. Our former sheltered housing are now de-registered as a result of GCC cuts to warden services and are now designated as Retirement Housing. Given the cuts to the traditional sheltered housing warden service, the Association took the decision to create a new post to provide additional management support to these former sheltered housing developments. Our one remaining registered service is for the Saffron Project, which provides housing support for up to 22 young single homeless from a BME background. This service is funded by Glasgow City Council and is regulated by the Car inspectorate, who carry out regular inspections of the service. There were no inspections of the service in 2018/19 and the previous inspection in 2017/18 classified the service as "Very Good".

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

Management Committee and Executive Officers

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

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

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

Statement of Management Committee's Responsibilities

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

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

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

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

In so far as the Management Committee are aware:

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

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

Statement on Internal Financial Control

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

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

It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's systems include ensuring that:

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

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2019. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Donations

During the year the Association made charitable donations amounting to £6,037 (2018 - £5,259).

Auditors

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

By order of the Management Committee

Secretary
20 June 2019

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

In addition to our audit of the Financial Statements, we have reviewed your statement on page 10 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 10 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Alexander Sloan

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
20 June 2019

Alexander Sloan
Accountants and Business Advisers

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

Opinion

We have audited the financial statements of Southside Housing Association Limited (the 'Association') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2019 and of its surplus for the year then 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 Benefits Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2019.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

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 other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

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

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

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the 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.

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

Responsibilities of the Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities as set out on Page 9, the Management Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Alexander Sloan

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
20 June 2019

Alexander Sloan
Accountants and Business Advisers

SOUTHSIDE HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	£	2019 £	£	2018 £
REVENUE	2		12,603,926		11,880,939
Operating Costs	2		(12,257,429)		(10,580,600)
OPERATING SURPLUS			346,497		1,300,339
Gain On Sale Of Housing Stock	7	52,115		169,480	
Release of Negative Goodwill	22	111,000		111,000	
Interest Receivable and Other Income		86,254		72,791	
Interest Payable and Similar Charges	8	(70,082)		(41,895)	
Other Finance Income / (Charges)	10	(30,000)		(39,535)	
			149,287		271,841
SURPLUS FOR THE YEAR	9		**495,784**		**1,572,180**
Other comprehensive income					
Adjustment relating to Opening Pension Liability	25.		(284,057)		
Actuarial Gains/ (Losses) on defined benefit Pension Plan	25.		(476,000)		997,000
TOTAL COMPREHENSIVE INCOME			**(264,273)**		**2,569,180**

The notes on pages 18 to 41 form part of these financial statements.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	£	2019 £	£	2018 £
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	11 (a)		100,052,602		88,285,940
Intangible Assets	11 (b)		-		180
Other Non-current Assets	11 (c)		2,379,378		2,463,176
			102,431,980		90,749,296
Negative Goodwill	22		(4,664,824)		(4,775,824)
INVESTMENTS					
Investment in subsidiaries	24	1		1	
			1		1
CURRENT ASSETS					
Receivables	14	1,110,380		2,186,725	
Cash at bank and in hand		9,847,652		18,116,571	
		10,958,032		20,303,296	
CREDITORS: Amounts falling due within one year	15	(4,311,198)		(5,134,573)	
NET CURRENT ASSETS			6,646,834		15,168,723
TOTAL ASSETS LESS CURRENT LIABILITIES			104,413,991		101,142,196
CREDITORS: Amounts falling due after more than one year	16		(2,572,471)		(3,416,770)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish Housing Association Pension Scheme	27	(813,000)		-	
Strathclyde pension fund	26	(763,000)		(399,000)	
			(1,576,000)		(399,000)
DEFERRED INCOME					
Social Housing Grants	18	(58,454,456)		(55,169,285)	
Other Grants	18	(81,235)		(163,036)	
			(58,535,691)		(55,332,321)
NET ASSETS			**41,729,829**		**41,994,105**
EQUITY					
Share Capital	19		203		206
Revenue Reserves			43,305,626		42,392,899
Pension Reserves			(1,576,000)		(399,000)
			41,729,829		**41,994,105**

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 20 June 2019.

Chairperson **Vice Chairperson** **Secretary**

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The notes on pages 18 to 41 form part of these financial statements.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
Net cash inflow from operating activities	17		615,989		2,893,752
Investing Activities					
Acquisition and Construction of Properties		(15,063,093)		(10,218,475)	
Purchase of Other Fixed Assets		(6,273)		(131,867)	
Social Housing Grant Received		6,551,709		8,264,496	
Other Grants Received		-		34,323	
Changes on short term deposits with banks		-		7,107,452	
Proceeds on Disposal of Properties		72,127		119,792	
Proceeds on Disposal of Other Fixed Assets		2,700		-	
Net cash (outflow) / inflow from investing activities			(8,442,830)		5,175,721
Financing Activities					
Interest Received on Cash and Cash Equivalents		86,254		72,791	
Interest Paid on Loans		(32,692)		(41,895)	
Loan Arrangement fees		(250,000)		-	
Loan Principal Repayments		(245,640)		(249,930)	
Share Capital Issued		-		5	
Net cash outflow from financing activities			(442,078)		(219,029)
(Decrease) / increase in cash			(8,268,919)		7,850,444
Opening Cash & Cash Equivalents			18,116,571		10,266,127
Closing Cash & Cash Equivalents			**9,847,652**		**18,116,571**
Cash and Cash equivalents as at 31 March					
Cash			9,847,652		18,116,571
			9,847,652		**18,116,571**

The notes on pages 18 to 41 form part of these financial statements.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

	Share Capital	Strathclyde Pension Reserve	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£	£
Balance as at 31 March 2017	355	(1,292,000)	-	40,716,719	39,425,074
Issue of Shares	5	-		-	5
Cancellation of Shares	(154)	-		-	(154)
Other comprehensive income	-	997,000	-	-	997,000
Surplus for the year	-	-		1,572,180	1,572,180
Other movement		(104,000)		104,000	
Balance as at 31 March 2018	**206**	**(399,000)**	**-**	**42,392,899**	**41,994,105**
Balance as at 1 April 2018	206	(399,000)	-	42,392,899	41,994,105
Issue of Shares	-	-		-	-
Cancellation of Shares	(3)	-		-	(3)
Other comprehensive income	-	(316,000)	(444,057)	-	(760,057)
Other movements	-	(48,000)	(368,943)	416,943	-
Surplus for the year	-	-		495,784	495,784
Balance as at 31 March 2019	**203**	**(763,000)**	**(813,000)**	**43,305,626**	**41,729,829**

The revenue reserve balance shown above is, in part earmarked to support the continued investment in transferred stock.
The notes on pages 18 to 41 form part of these financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

Basis of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2019. A summary of the more important accounting policies is set out below.

Basis of Consolidation

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

Revenue

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

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

Retirement Benefits

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

The Association also participates in the Scottish Housing Associations Defined Benefit Pension Scheme where retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

The Association also participates in the Scottish Widows defined contribution pension scheme.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Windows	30 years
Kitchen	15 years
Bathroom	20 years
Central Heating	20 years
Boilers	15 years
Rewiring	25 years
Lift Installation	25 years
Structure	50 years
CCTV	10 years

1. PRINCIPAL ACCOUNTING POLICIES

Depreciation and Impairment of Other Non-Current Assets

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

Asset Category	Depreciation Rate
Office Premises	2%
Furniture and Fittings	33%
Computer & Office Equipment	20%-33%
Motor vehicles	20%

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

Social Housing Grant and Other Grants in Advance/Arrears

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

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

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

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

Sales Of Housing Properties

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

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

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

1. PRINCIPAL ACCOUNTING POLICIES

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

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

Capitalisation Of Development Overheads
Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

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

Service Charge Sinking Funds
The Association receives a service charge from owner occupiers to fund future planned maintenance, cyclical maintenance and car park costs. In accordance with the Statement of Recommended Practice the balance of unspent service income is included as a liability where amounts are repayable or contributions are reduced.

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

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

Negative Goodwill
Negative goodwill created through acquisition is written off to the Statement of Comprehensive Income as the non-cash assets acquired are depreciated or sold.

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

VAT

The Association is VAT registered but a large 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.

1. PRINCIPAL ACCOUNTING POLICIES

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties
In the judgement of the Board of Management the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units
The Association 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 Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Board of Management, 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. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has 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.

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.

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

a) Rent Arrears - Bad Debt Provision

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

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

c) Useful life of properties, plant and equipment

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

d) 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

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.

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

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

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

	Notes	2019 Turnover £	2019 Operating Costs £	2019 Operating Surplus / (Deficit) £	2018 Turnover £	2018 Operating Costs £	2018 Operating Surplus / (Deficit) £
Affordable letting activities	3	11,477,711	10,797,953	679,758	10,827,053	9,103,257	1,723,796
Other Activities	4	1,126,215	1,459,476	(333,261)	1,053,886	1,477,343	(423,457)
Total		**12,603,926**	**12,257,429**	**346,497**	**11,880,939**	**10,580,600**	**1,300,339**

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Sheltered Housing £	Shared Ownership £	2019 Total £	2018 Total £
Revenue from Lettings					
Rent receivable net of service charges	8,197,760	931,564	186,313	9,315,637	9,035,651
Service charges receiveable	329,730	28,699	5,740	364,169	210,161
Gross income from rent and service charges	8,527,490	960,263	192,053	9,679,806	9,245,812
Less: Rent losses from voids	71,538	-	-	71,538	62,059
Net Rents Receivable	8,455,952	960,263	192,053	9,608,268	9,183,753
Grants released from deferred income	1,677,691	-	-	1,677,691	1,520,329
Other revenue grants	173,546	15,172	3,034	191,752	122,971
Total turnover from affordable letting activities	10,307,189	975,435	195,087	11,477,711	10,827,053
Expenditure on affordable letting activities					
Management and maintenance administration costs	3,858,009	429,399	85,880	4,373,288	3,510,491
Service Costs	655,628	74,109	14,822	744,559	1,430,728
Planned and cyclical maintenance, including major repairs	1,328,263	150,140	30,028	1,508,431	1,121,384
Reactive maintenance costs	1,392,819	154,022	30,804	1,577,645	540,089
Bad Debts - rents and service charges	61,357	6,935	1,387	69,679	112,771
Depreciation of affordable let properties	2,524,351	-	-	2,524,351	2,387,794
Impairment of affordable letting activities	-	-	-	-	-
Operating costs of affordable letting activities	9,820,427	814,605	162,921	10,797,953	9,103,257
Operating surplus on affordable letting activities	**486,762**	**160,830**	**32,166**	**679,758**	**1,723,796**
2018	**1,349,037**	**265,413**	**120,138**		

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	Operating Costs Other	Operating Surplus / (Deficit) 2019	Operating Surplus / (Deficit) 2018
	£	£	£	£	£	£	£	£	£
Wider role activities	-	2,050	688	-	2,738	-	138,489	(135,751)	(177,384)
Commercial leases	-	-	-	82,461	82,461	-	17,700	64,761	80,263
Care and Repair	-	138,171	196,221	-	334,392	-	289,372	45,020	45,980
Support activities	-	200,063	17,564	-	217,627	-	242,235	(24,608)	(8,158)
Development costs	-	-	23,374	-	23,374	-	411,586	(388,212)	(227,755)
Other activities	-	-	-	465,623	465,623	-	360,094	105,529	(136,405)
Total From Other Activities	**-**	**340,284**	**237,847**	**548,084**	**1,126,215**	**-**	**1,459,476**	**(333,261)**	**(423,459)**
2018	**-**	**350,105**	**-**	**703,781**	**1,053,886**	**-**	**1,477,343**	**(423,457)**	

5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.	2019 £	2018 £
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	60,605	61,126
Pension contributions made on behalf on Officers with emoluments greater than £60,000	41,142	35,839
Emoluments payable to Chief Executive (excluding pension contributions)	59,381	61,126
Total Emoluments paid to key management personnel	370,450	357,640

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

	Number	Number
£60,001 to £70,000	1	1

6. EMPLOYEE INFORMATION

	2019 No.	2018 No.
The average monthly number of full time equivalent persons employed during the year was:	86	96
The average total number of Employees employed during the year was:	111	104
Staff Costs were:	£	£
Wages and Salaries	3,080,853	2,665,494
Social Security Costs	292,461	246,220
Other Pension Costs	486,550	474,256
Temporary, Agency and Seconded Staff	15,682	25,450
	3,875,546	3,411,420

7. GAIN ON SALE OF HOUSING STOCK

	2019	2018
	£	£
Sales Proceeds	72,127	119,792
Cost of Sales	(20,012)	(49,688)
Gain On Sale Of Housing Stock	52,115	169,480

8. INTEREST PAYABLE & SIMILAR CHARGES

	2019	2018
	£	£
On Bank Loans & Overdrafts	70,082	41,895

Interest capitalised was incurred at varying rates of interest.

9. SURPLUS FOR THE YEAR

	2019	2018
Surplus For The Year is stated after charging/(crediting):	£	£
Depreciation - Tangible Owned Fixed Assets	2,550,228	2,447,907
Auditors' Remuneration - Audit Services	12,600	11,880
Operating Lease Rentals - Other	17,402	40,657
Gain on sale of fixed assets	(54,815)	(169,480)

10. OTHER FINANCE INCOME / CHARGES

	2019	2018
	£	£
Interest on defined benefit schemes	30,000	-
Unwinding of Discounted Pension Liabilities	-	39,535

11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
COST				
As at 1 April 2018	103,651,090	18,634,240	4,189,559	126,474,889
Additions	-	14,042,719	360,437	14,403,156
Disposals	(641,609)	-	-	(641,609)
Schemes Completed	9,227,079	(9,227,079)	-	-
As at 31 March 2019	112,236,560	23,449,880	4,549,996	140,236,436
DEPRECIATION				
As at 1 April 2018	37,672,345	-	516,604	38,188,949
Charge for Year	2,370,303	-	91,000	2,461,303
Transfers	-	-	-	-
Disposals	(466,418)	-	-	(466,418)
As at 31 March 2019	39,576,230	-	607,604	40,183,834
NET BOOK VALUE				
As at 31 March 2019	72,660,330	23,449,880	3,942,392	100,052,602
As at 31 March 2018	65,978,745	18,634,240	3,672,955	88,285,940

Additions to housing properties include capitalised development administration costs of £Nil (2018 - £Nil) and capitalised major repair costs to existing properties of £788,205 (2018 - £272,031).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £3,086,076 (2018 - £1,933,504). The amount capitalised is £788,205 (2018 - £272,031) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £788,205 (2018 - £272,031) and improvement of £Nil (2018 - £Nil).

11. NON CURRENT ASSETS (Continued)

(b) Intangible Assets	Website & Software	Total
	£	£
COST		
As at 1 April 2018	540	540
Additions	-	-
As at 31 March 2019	540	540
AGGREGATE DEPRECIATION		
As at 1 April 2018	360	360
Charge for year	180	180
As at 31 March 2019	540	540
NET BOOK VALUE		
As at 31 March 2019	-	-
As at 31 March 2018	180	180

(c) Other Tangible Assets	Office Premises	Furniture & Equipment	Machinery & Equipment	Computer Equipment	Total
	£	£	£	£	£
COST					
As at 1 April 2018	2,528,643	81,122	105,224	422,495	3,137,484
Additions	-	3,216	16,554	3,057	22,827
Eliminated on Disposals	-	(35,051)	(33,745)	-	(68,796)
As at 31 March 2019	2,528,643	49,287	88,033	425,552	3,091,515
AGGREGATE DEPRECIATION					
As at 1 April 2018	404,034	57,396	55,020	157,858	674,308
Charge for year	49,751	16,428	14,296	8,450	88,925
Eliminated on Disposals	-	(35,051)	(33,745)	-	(68,796)
Revaluation of property rented out	17,700	-	-	-	17,700
As at 31 March 2019	471,485	38,773	35,571	166,308	712,137
NET BOOK VALUE					
As at 31 March 2019	2,057,158	10,514	52,462	259,244	2,379,378
As at 31 March 2018	2,124,609	23,726	50,204	264,637	2,463,176

12. CAPITAL COMMITMENTS

	2019	2018
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	1,188,470	11,342,807

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

13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-	2019	2018
	£	£
Other		
Not later than one year	19,133	19,324
Later than one year and not later than five years	53,180	69,606
Later than five years	-	2,273

14. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Arrears of Rent & Service Charges	592,865	499,600
Less: Provision for Doubtful Debts	(424,090)	(386,451)
	168,775	113,149
Social Housing Grant Receivable	-	1,513,795
Other Receivables	863,377	531,428
Amounts Due from Group Undertakings	78,228	28,353
	1,110,380	2,186,725

15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Housing Loans	218,774	218,820
Trade Payables	894,883	1,168,314
Rent Received in Advance	227,416	278,801
Social Housing Grant in Advance	893,990	855,154
Other Taxation and Social Security	95,301	78,706
Other Payables	980,950	779,514
Liability for Past Service Contributions	-	120,238
Accruals and Deferred Income	999,884	1,635,026
	4,311,198	5,134,573

At the balance sheet date there were pension contributions outstanding of £0 (2018 - £3,143).

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

	2019	2018
	£	£
Liability for Past Service Contributions	-	348,705
Housing Loans	2,572,471	3,068,065
	2,572,471	3,416,770
Housing Loans		
Amounts due within one year	218,774	218,820
Amounts due in one year or more but less than two years	218,688	219,992
Amounts due in two years or more but less than five years	592,304	615,288
Amounts due in more than five years	1,761,479	2,232,785
	2,791,245	3,286,885
Less: Amount shown in Current Liabilities	218,774	218,820
	2,572,471	3,068,065
Liability for Past Service Contributions		
Amounts due within one year	-	120,238
Amounts due in one year or more but less than two years	-	119,400
Amounts due in two years or more but less than five years	-	229,305
Amounts due in more than five years	-	-
	-	468,943
Less: Amount shown in Current Liabilities	-	120,238
	-	348,705

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

Lender	Number of Properties Secured	Interest Rate	Maturity (Year)	Variable / Fixed
Bank of Scotland	Standard security over Standard security over 26 properties properties	0.6%	2029	Variable
Nationwide Building Society	Standard security over Standard security over 150 properties properties	0.7%	2034	Variable
Nationwide Building Society	Standard security over Standard security over 82 properties properties	0.7%	2038	Variable
Royal Bank of Scotland	Standard security over Standard security over 19 properties properties	1.9%	2029	Variable
Royal Bank of Scotland	Standard security over Standard security over 102 properties properties	1.9%	2029	Fixed
Handelsbanken	Standard security over Standard security over 733 properties properties	1.9%	2024	Variable

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

17. STATEMENT OF CASH FLOWS

Reconciliation of surplus for the year to net cash inflow from operating activities	2019 £	2018 £
Surplus for the year	495,784	1,572,180
Depreciation	2,509,949	2,577,016
Gain on disposal	(54,815)	(122,979)
Amortisation of Intangible Fixed Assets	180	11,213
Change in Provisions for liabilities and charges	-	(104,000)
Amortisation of Capital Grants	(1,600,251)	(1,735,784)
Revaluation of properties	17,700	-
Change in debtors	(437,450)	103,163
Change in creditors	(98,543)	622,457
Unwinding of Discount on Pension Liability	(52,000)	73,001
Release of Negative Goodwill	(111,000)	(111,000)
Transfer of interest to financial activities	(53,562)	8,639
Share Capital Written Off	(3)	(154)
Net cash inflow from operating activities	615,989	2,893,752

Reconciliation of net cash flow to movement in net debt	2019 £	£	2018 £	£
(Decrease) / increase in cash	(8,268,919)		7,850,444	
Cashflow from change in net debt	844,345		219,024	
Movement in net debt during the year		(7,424,574)		8,069,468
Net debt at 1st April 2018		14,480,981		6,411,513
Net debt at 31 March 2019		7,056,407		14,480,981

Analysis of changes in net debt	*At 01 April 2018*	*Cashflows*	*Other Changes*	*At 31 March 2019*
Cash at bank and in hand	18,116,571	(8,268,919)		9,847,652
Bank overdrafts	-			-
	18,116,571	(8,268,919)	-	9,847,652
Debt: Due within one year	(218,820)	46		(218,774)
Due after more than one year	(3,416,770)	844,299		(2,572,471)
Net Debt	14,480,981	(7,424,574)	-	7,056,407

18. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Supporting People £	Total £
Social Housing Grants					
As at 1 April 2018	38,885,450	13,444,921	2,838,914	-	55,169,285
Additions in the year	3,541,500	1,457,578	-	-	4,999,078
Eliminated on disposal of components and property	(66,307)	(47,349)	-	-	(113,656)
Transferred	-	-	-	-	-
Amortisation in year	(1,543,473)	-	(56,778)		(1,600,251)
As at 31 March 2019	40,817,170	14,855,150	2,838,914	-	58,454,456
As at 31 March 2018	38,885,450	13,444,921	2,838,914	-	55,169,285
Other Grants					
As at 1 April 2018	-	-	-	163,037	163,037
Eliminated on disposal of components and property	-	-	-	(81,802)	(81,802)
As at 31 March 2019	-	-	-	81,235	81,235
As at 31 March 2019	-	-	-	81,235	81,235
As at 31 March 2018	-	-	-	163,037	163,037
Total grants net book value as at 31 March 2019	40,817,170	14,855,150	2,782,136	81,235	58,535,691
Total grants net book value as at 31 March 2018	38,885,450	13,444,921	2,838,914	163,037	55,332,322

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

	2019 £	2018 £
Amounts due within one year	1,600,251	1,484,654
Amounts due in one year or more	56,935,440	53,847,668
	58,535,691	55,332,322

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2019 £	2018 £
As at 1 April 2018	206	355
Issued in year	-	5
Cancelled in year	(3)	(154)
As at 31 March 2019	203	206

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.

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2019 No.	2018 No.
General Needs	2,232	2,251
Shared Ownership	45	49
Supported Housing	65	72
	2,342	2,372

21. RELATED PARTY TRANSACTIONS

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

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

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

	2019 £	2018 £
Rent received from tenants on the Management Committee and their close family members	55,585	41,410
Factoring charges received from factored owners on the Management Committee and their close family members	3,795	3,839

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £1,683 (2018 - £3,012).

Members of the Management Committee who are tenants	12	12
Members of the Management Committee who are local councillors	1	1

22. NEGATIVE GOODWILL

	2019	2018
	£	£
As at 1 April 2018	4,775,824	4,886,824
Release during the year	(111,000)	(111,000)
As at 31 March 2019	4,664,824	4,775,824

23. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 135 Fifty Pitches Road, Glasgow, G51 4EB.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in South Glasgow, Cardonald, Pollokshields, Halfway, Govanhill, Penilee.

24. INVESTMENTS

Investments in Subsidiaries	2019	2018
	£	£
Cost		
As at 1 April and 31 March	1	1
NBV		
As at 31 March	1	1
As at 1 April	1	1

In the opinion of the Management Committee the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

The Association has a 100% owned subsidiary named Southside Factoring and Related Services Ltd. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The aggregate amount of capital and reserves and the results of Southside Factoring and Related Services Ltd for the year ended 31 March 2019 were as follows:

	2019	2018
	£	£
Capital & Reserves	(7,124)	20,112
(Deficit) / Surplus for the year	(26,421)	14,687

The Association rents properties to the company which the company then rents out to tenants. During the year the Association charged the company £428,049 in rent (2018: £303,202). The Association recharges the company for costs it incurs on behalf of the company including staff costs. During the year £242,631 (2018: £192,1067) was recharged in staff costs. The Association charged the company £55,000 (2018: £55,000) in management fees . The company also charged the Association £125,424 (2018: £126,450) in factoring management fees during the year. At the year end the company owes the Association £78,228 (2018: the company owes the Association £28,353). The Association has agreed to provide financial support to the subsidiary for the next 12 months.

25. DEFINED BENEFIT PENSION PROVISION

	SHAPS Scheme	Strathclyde Scheme	2019	2018
	£	£	£	£
As at 1 April 2018	-	(399,000)	(399,000)	(1,292,000)
Adjustment relating to Opening Pension Liability	(284,057)		(284,057)	-
Adjustment for past service deficit	(468,943)		(468,943)	-
Other movement on profit or loss	100,000	(48,000)	52,000	(104,000)
Actuarial movement in current year	(160,000)	(316,000)	(476,000)	997,000
Balance as at 31 March 2019	(813,000)	(763,000)	(1,576,000)	(399,000)

The pension fund is administered by the Pensions Trust. Previously only the past service deficit was included as a liability in the financial statements as the Association's share of the pension assets and liabilities could not be determined. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The figures are available at 1 April 2017 and 31 March 2019. The Co-operative has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Co-operative and has therefore adopted this valuation method.

26 RETIREMENT BENEFIT OBLIGATIONS

Strathclyde Pension Fund Defined Benefit Scheme

The Association operates a defined benefit scheme as an admitted body under the Strathclyde Pension Fund, the assets of which are held in a separate trustee administered fund.

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

At the balance sheet date, there was 18 active member of the scheme employed by the Association. Total pension contributions made by the Association for the year were £117,000. Gross pensionable salaries for the year were £447,000.

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

Principal Actuarial Assumptions

Assumptions as at	2019 %p.a.	2018 %p.a.	2017 %p.a.
Salary increases	3.7%	3.6%	4.4%
Pension increases	2.5%	2.4%	2.4%
Discount rate	2.4%	2.7%	2.6%

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

	2019 £000	2018 £000	2017 £000
Employee members	4,111	3,454	4,626
Deferred pensioners	513	455	-
Pensioners	1,423	1,379	1,315
	6,047	5,288	5,941

Mortality Rates

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

	Males (Years)	Females (Years)
Current Pensioners	21.4	23.7
Future Pensioners	23.4	25.8

26 RETIREMENT BENEFIT OBLIGATIONS

Fair value of scheme assets by category

	2019	2018	2017
	£000	£000	£000
Equities	3,382	3,422	3,394
Gilts	-	-	-
Bonds	1,268	880	558
Property	528	538	465
Cash	106	49	232
	5,284	4,889	4,649

Net Pension Liability

	2019	2018	2017
	£000	£000	£000
Fair value of employer's assets	5,284	4,889	4,649
Present value of scheme liabilities	(6,047)	(5,288)	(5,941)
	(763)	(399)	(1,292)

Reconciliation of fair value of employer assets

	2019	2018	2017
	£000	£000	£000
Opening fair value of employer assets	4,889	4,649	3,711
Expected Return on Assets	133	122	131
Contributions by Members	30	29	30
Contributions by the Employer	144	117	125
Actuarial Gains / (Losses)	160	37	739
Estimated Benefits Paid	(72)	(65)	(87)
	5,284	4,889	4,649

Reconciliation of defined benefit obligations

	2019	2018	2017
	£000	£000	£000
Opening defined benefit obligation	5,288	5,941	4,358
Current Service Cost	180	187	137
Interest Cost	145	156	154
Contributions by members	30	29	30
Actuarial Gains	476	(960)	1,349
Estimated Benefits Paid	(72)	(65)	(87)
	6,047	5,288	5,941

26 RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Income and Expenditure Account

	2019 £000	2018 £000	2017 £000
Charged to operating costs:			
Service cost	180	187	137
Charged to Other Finance Costs / (Income)			
Expected Return on employer assets	(133)	(122)	(131)
Interest on pension scheme liabilities	145	156	154
	12	34	23
Net Charge to the Income and Expenditure Account	192	221	160

Actuarial Gain / (Loss) recognised in the Statement of Recognised Gains and Losses

	2019 £000	2018 £000	2017 £000
Actuarial gain/(loss) recognised in year	(316,000)	997,000	(610,000)
Cumulative actuarial gains	-	(70,000)	(1,067,000)

Analysis of projected amount to be charged to the Income & Expenditure Account for the year ended 31 March 2019

	£000	% of pay
Projected current service cost	(175)	-39%
Interest on obligation	(145)	-32%
Expected return on plan assets	133	30%
	(187)	-41%

Contributions made by the Association for the year ended 31 March 2019 are estimated to be approximately £147,000 (2018 - £126,000).

27 RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Southside Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme). The assets of which are held in a separate trustee administered fund.

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

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

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

At the balance sheet date, there was 16 active member of the scheme employed by the Association. Total pension contributions made by the Association for the year were £121,508. Gross pensionable salaries for the year were £Nil.

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

Principal Actuarial Assumptions

Assumptions as at	2019 %p.a.
Salary increases	3.3%
Pension increases	3.3%
Discount rate	2.3%

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

	2019 £000
Employee members	16
Deferred pensioners	12
Pensioners	9
	37

Mortality Rates

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

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

27 RETIREMENT BENEFIT OBLIGATIONS

Fair value of scheme assets by category

	2019 £000
Equities	-
Bonds	-
Property	80
Cash	-
	80

Net Pension Liability

	2019 £000
Fair value of employer's assets	4,008
Present value of scheme liabilities	(4,821)
	(813)

Reconciliation of fair value of employer assets

	2019 £000
Opening fair value of employer assets	3,709
Expected Return on Assets	96
Actuarial Gains / (Losses)	131
Estimated Benefits Paid	(50)
Closing fair value	3,886

Reconciliation of defined benefit obligations

	2019 £000
Opening defined benefit obligation	4,462
Expenses	4
Interest Cost	114
Contributions by members	-
Actuarial Gains	291
Estimated Benefits Paid	(50)
Closing defined benefit obligation	4,821

28 RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Income and Expenditure Account

	2019 £000
Charged to operating costs:	
Service cost	(4)
Charged to Other Finance Costs / (Income)	
Expected Return on employer assets	96
Interest on pension scheme liabilities	(114)
	(18)
Net Charge to the Income and Expenditure Account	(22)