

Annual Return (AR30) form

Society Name: Pineview Housing Association Limited
Society Num: 2375 RS

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). 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 Mutuels Public Register.

For guidance on our registration function for societies, which includes guidance on the requirement to submit an Annual Return, please see [here](#)

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

31/03/2020

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 of Birth | Year of Birth |
|------------------|----------------|---------------|
| Jean Black | Oct | 1947 |
| Gail Boyle | Mar | 1956 |
| Asa Brooks | Aug | 1980 |
| Myra Frater | Aug | 1938 |
| Sharon Kane | Dec | 1971 |
| Winifred McPhail | Feb | 1943 |

| | | |
|-------------------|-----|------|
| Jamie Speirs | Sep | 1993 |
| David Syme | Oct | 1983 |
| Anna Welsh | Feb | 1965 |
| Jospehine McGinty | Feb | 1939 |
| Victoria Phelps | May | 1991 |
| Jim OConnor | Aug | 1956 |
| Daniel Martyn | Dec | 1975 |
| Matthew Dillon | Jun | 1991 |

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 Director 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.

None

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 of Birth | Year of Birth |
|-------------------|----------------|---------------|
| Joyce Orr | Dec | 1970 |

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

171

Turnover

2,918,619

Assets

29,108,894

Number of Employees

12

Share Capital

171

Highest rate of interest paid on shares

0

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](#)

SIC Code

Renting and operating of Housing Association real estate (68201)

*

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

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.

- ☒ Registered
☐ Not applicable

OSCR Number

SC038237

5.6 Is the society a housing association?

- ☐ No
☒ Yes

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

- ☐ Homes and Communities Agency
☒ Scottish Housing Regulator
☐ The Welsh Ministers

Scottish Housing Registration
Number

HAC231

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
- ☒ No

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').

You must answer the questions set out in in the next section of this form, depending on which condition for registration you meet.

If you are not sure which condition for registration applies to the society please see chapters 4 and 5 of our guidance [here](#).

7.1 Condition for Registration

- ☐ Co-operative society
- ☒ Community Benefits society

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.

To provide good quality affordable housing for rent and home ownership and maintain quality through appropriate long term investment.

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.

The provision of good quality affordable and well maintained housing for rent and home ownership.

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.

Through the provision of good quality housing management services and long term investment in the housing stock

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.

Residents of the Association's properties within the G15 area.

7B.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?

Surpluses are set aside to fund planned component replacements within our properties in line with our life cycle costings and 30 year plan.

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

Pineview Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2020



Registered Housing Association No. HAC231

FCA Reference No. 2375R(S)

Scottish Charity No. SC038237

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**Members of the Management Committee, Executives and Advisers
For the Year End 31 March 2020**

Management Committee

| | |
|-------------------|---------------------------|
| Victoria Phelps | Chairperson |
| Josephine McGinty | Vice-Chairperson |
| Jim O'Conner | Treasurer |
| Jean Black | |
| Gail Boyle | (Resigned 25 June 2019) |
| Asa Brooks | (Resigned 30 April 2019) |
| Matthew Dillon | (Appointed 30 April 2019) |
| Myra Frater | |
| Sharon Kane | |
| Winifred McPhail | |
| Daniel Martyn | (Appointed 28 May 2019) |
| Jamie Speirs | (Resigned 12 August 2019) |
| David Syme | |
| Anna Welsh | |

Executive Officers

| | |
|-----------|------------------------|
| Joyce Orr | Director and Secretary |
|-----------|------------------------|

Registered Office

5 Rozelle Avenue
Drumchapel
Glasgow
G15 7QR

External Auditors

Chiene & Tait
Chartered Accountants
Dublin Street
Edinburgh
EH3 6NL

Internal Auditors

Wylie and Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Finance Agents

FMD Financial Services
KCEDG Commercial Centre 61
Unit 29 Ladyloan Place
Glasgow
G15 8LB

Bankers

Bank of Scotland
19 Roman Road
Bearsden
Glasgow
G61 2SP

Solicitors

TC Young
7 West George Street
Glasgow
G2 1BA

Report of the Management Committee for the Year End 31 March 2020

The Management Committee presents its report and the Financial Statements for the year ended 31 March 2020.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2375R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC038237.

Principal Activities

The objects of the Association are:

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

Review of Business and Future Developments

Context

Pineview Housing Association Ltd is a community based housing association in the Drumchapel area of Glasgow. As at 31 March 2020 the Association owns 534 properties, part owns 22 shared ownership properties and provides factoring services for a further 29 properties. At 31/03/20 the Association has a Management Committee of 11 members, made up of 5 Association tenants and 6 others with an interest in the Association.

The worldwide pandemic of Covid19 will obviously have an impact on the Association, so although only beginning to impact late in the financial year (March 2020) it is essential that it is considered. The Management Committee are continually reviewing the impact of Covid19 on our tenants, customers, staff, stock and business generally. The Association has robust business continuity plans in place which allow the business to be managed and impact to be minimised. Scenario planning is being undertaken and reviewed to allow the Association to consider the potential immediate impact along with medium and long-term impact.

The Association was recently selected as preferred bidder to consider a transfer of engagements from Kendoon Housing Association Ltd. The Association is now undertaking the required due diligence to determine if this proposed process will be of benefit to the tenants of both Pineview and Kendoon. Statutorily required tenant consultation will be undertaken by Kendoon. If the Kendoon tenants vote to transfer to Pineview this will result in an additional 319 properties becoming part of Pineview's housing stock within the Drumchapel area.

Report of the Management Committee for the Year End 31 March 2020 (Continued)

Treasury Management

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

The Association, as a matter of policy, does not enter into transactions of a speculative nature. Surplus funds are managed carefully using long-established banks or building societies. The Treasury Management position of the Association is reviewed by the Management Committee every quarter and the Treasury Management Policy is reviewed by the Management Committee every year.

Risk Management

The Association has an active risk management process, including policy, matrix register and business continuity planning (disaster recovery). All major risks are considered in order that mitigating action can be planned.

Key risks include, for example, Covid19 pandemic; Brexit uncertainty; welfare reform impacts; loss of key personnel; inadequate controls; fraud; health and safety failures; changes in regulatory requirements; data security etc. Risks are mitigated with robust policies, procedures and a range of internal and external audits. The Management Committee further ensure mitigation by reviewing external information and advice, maintaining active membership of representative and good practice bodies, and through seeking specialist external advice where it is require such as advice on IT security and data protection.

Financial Review

The Association needs to have reserves to ensure that the organisation can function into the future and meet its future liabilities, including the repair, maintenance and replacement investment needs of its properties. In the year to 31 March 2020 the Association made a surplus of £365,063 against a budgeted position of £259,323. Some of this extra surplus was due to efficiencies created during the year, however, a large proportion was due to a suspension on reactive, cyclical and planned maintenance and replacement works due to Covid19. These works, and the costs for them, will be picked up when restrictions are removed and it is safe to undertake the works. Any surpluses that the Association makes are set aside within reserves for future business and works.

The Association reports an operating margin of 14% (26% 2019). The main driver of the difference from the previous year being higher expenditure on cyclical, planned and reactive repair costs carried out to the Association's properties.

As at 31 March 2020 the Association has cash to the value of £4,077,033 and has loan debt at a value of £3,234,733, having paid £289,038 off its loan debt during the year.

As at 31 March 2020 the Association has a net asset value position of £8,789,218 (this is the assumed net worth of the Association and is not a cash item).

Report of the Management Committee for the Year End 31 March 2020 (Continued)

Value for Money

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

Ensuring the collection of rental income, and supporting tenants to make rent payments, remains a priority for the Association. While working to keep rents affordable we need to ensure that we maximise our collection of rental charges due. This has been a challenge with the UK Government Welfare Reforms, and more recently with the impact of Covid19. However, Association staff continue to work with our tenants to assist and help resolve any debt issues.

Tenant involvement is crucial to the success of the Association and we are very grateful to our active Resident and Customer Forum for all the work they do with us. A comprehensive tenant satisfaction survey was undertaken during the year and the result of this, alongside our ongoing repair satisfaction survey work, feeds into our annual return on the Charter. 94.67% of our tenants that were surveyed were satisfied with the opportunities to participate in the decision making process of the Association.

During the year 1,843 reactive repairs were undertaken. In addition to day to day repair work, the Association continues to undertake planned replacements of components and cyclical maintenance works. During 2019/20 the Association continued its ongoing cyclical maintenance and planned renewal programmes including boiler and kitchen replacement programmes, cyclical painterwork and fire protection work. This work was halted in mid-March 2020 due to Covid19 restrictions. These works, and the costs for them, will be picked up when restrictions are removed and it is safe to undertake the works.

During 2019/20 the Association also undertook a review of our schedule of rates cost for future planned maintenance and renewal costs. This ensures that we have robust information to keep our asset management information updated and allows the Association to proactively financially plan for the future. The information forms the basis of projections to ensure that property standards are maintained in the long-term. The Management Committee utilise this information to regularly review the short, medium and long-term viability of the Association.

Donations

During the year the Association made charitable donations of £780. An additional £2,714 was given in gifts and hospitality (such as AGM prizes, Pensioners Xmas etc) and a further £3,135 of additional contributions were made to local projects and charities through fundraising or Drumcog.

Report of the Management Committee for the Year End 31 March 2020 (Continued)

Governance

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

The Management Committee developed and submitted their Annual Assurance Statement (AAS) to the Scottish Housing Regulator by the due deadline. This AAS was a new regulatory requirement and the Management Committee submitted a positive AAS advising of their assurance of the Association's compliance with regulatory requirements.

Management Committee, Executive Officers

The Association is controlled by a Management Committee. 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.

Report of the Management Committee for the Year End 31 March 2020 (Continued)

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 - 2015. 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 Statement of Comprehensive Income (income and expenditure account) and Statement of Financial Position (balance sheet), have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

Disclosure of Information to the Auditor

In so far as the Management Committee are aware, at the time this report is approved:

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

Statement on Internal Financial Control

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

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records;
- 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 2020. 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 £780 (2019 £520).

Auditors

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

By order of the Management Committee



Joyce Orr

Secretary

Date 30/06/2020

Report by the Auditors to the Members of Pineview Housing Association Limited on Corporate Governance Matters

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 7-8 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 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 on Internal Financial Controls on pages 7-8 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through our enquiry of certain members of the 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 Controls 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 Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

Chiene & Tait

Chiene + Tait LLP
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

6 July 2020

Independent Auditor's Report to the Members of Pineview Housing Association Limited

Opinion

We have audited the financial statements of Pineview Housing Association Limited (the Association) for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the 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 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – 2019.

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 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.

Independent Auditor's Report to the Members of Pineview Housing Association Limited
(Continued)

Other information

The Management Committee are 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 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

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:

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

Responsibilities of the Management Committee

As explained more fully in the Statement of the Management Committee's Responsibilities set out on page 6, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee are responsible for assessing the 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.

Independent Auditor's Report to the Members of Pineview Housing Association Limited
(Continued)

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Association's members, as a body, in accordance with 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.



Chiene + Tait LLP
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

6 July 2020

Statement of Comprehensive Income for the Year End 31 March 2020

| | Notes | 2020 £ | 2019 £ |
|---|-------|----------------|----------------|
| <u>Revenue</u> | 2 | 2,918,619 | 2,933,358 |
| Operating Costs | 2 | (2,509,836) | (2,167,065) |
| <u>Operating Surplus</u> | | 408,783 | 766,293 |
| Interest Receivable and Other Income | | 37,949 | 34,336 |
| Interest Payable and Similar Charges | 8 | (70,669) | (82,540) |
| Other Finance Income / (Charges) | 11 | (11,000) | (11,000) |
| | | (43,720) | (59,204) |
| <u>Surplus for the Year</u> | 9 | 365,063 | 707,089 |
| Other comprehensive income | | | |
| Adjustment relating to Opening Pension Liability | | | (137,000) |
| Actuarial Gains/ (Losses) on defined benefit Pension Plan | | 363,000 | (95,000) |
| <u>Total Comprehensive Income</u> | | 728,063 | 475,089 |

The notes on pages 17 to 32 form part of these financial statements.


Statement of Financial Position as at 31 March 2020

| | Notes | 2020 | 2019 |
|--|--------|---------------------|---------------------|
| | | £ | £ |
| Non-Current Assets | | | |
| Housing Properties - Depreciated Cost | 12 (a) | 24,895,688 | 25,554,366 |
| Other Non-current Assets | 12 (b) | 71,752 | 66,306 |
| | | <u>24,967,440</u> | <u>25,620,672</u> |
| Current Assets | | | |
| Receivables | 15 | 64,422 | 81,136 |
| Investments | 25 | 3,797,410 | 3,744,462 |
| Cash at bank and in hand | | 279,622 | 286,486 |
| | | <u>4,141,454</u> | <u>4,112,084</u> |
| Creditors: Amounts falling due within one year | 16 | (640,259) | (635,972) |
| Net Current Assets | | <u>3,501,195</u> | <u>3,476,112</u> |
| Total Assets Less Current Liabilities | | <u>28,468,635</u> | <u>29,096,784</u> |
| Creditors: Amounts falling due after more than one year | 17 | (2,944,627) | (3,250,336) |
| Pensions and Other Provisions For Liabilities and Charges | | | |
| Scottish Housing Association Pension Scheme | 26 | (45,000) | (453,000) |
| | | <u>(45,000)</u> | <u>(453,000)</u> |
| Deferred Income | | | |
| Social Housing Grants | 19 | (16,689,790) | (17,332,280) |
| | | <u>(16,689,790)</u> | <u>(17,332,280)</u> |
| Net Assets | | <u>8,789,218</u> | <u>8,061,168</u> |
| Equity | | | |
| Share Capital | 20 | 171 | 184 |
| Revenue Reserves | | 8,834,047 | 8,513,984 |
| Pension Reserves | | (45,000) | (453,000) |
| | | <u>8,789,218</u> | <u>8,061,168</u> |

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 30 June 2020

Committee Member

Victoria Phelps



Victoria Phelps (Jul 2, 2020 14:39 GMT+1)
Committee Member

David Syme



David Syme (Jul 2, 2020 15:37 GMT+1)
Secretary

Joyce Orr



The notes on pages 17 to 32 form part of these financial statements.

Statement of Cash Flows for the Year Ended 31 March 2020

| | Notes | 2020 | | 2019 | |
|---|-------|-----------|----------------|-----------|----------------|
| | | £ | £ | £ | £ |
| Net cash inflow from operating activities | 18 | | 661,501 | | 948,819 |
| Investing Activities | | | | | |
| Improvements to Housing Properties | | (270,980) | | (490,778) | |
| Purchase of Other Fixed Assets | | (22,704) | | (8,866) | |
| Changes on short term deposits with banks | | (52,948) | | (363,944) | |
| Net cash outflow from investing activities | | | (346,632) | | (863,588) |
| Financing Activities | | | | | |
| Interest Received on Cash and Cash Equivalents | | 37,949 | | 34,336 | |
| Interest Paid on Loans | | (70,669) | | (82,540) | |
| Loan Principal Repayments | | (289,038) | | (278,959) | |
| Share Capital Issued | | 25 | | 28 | |
| Net cash outflow from financing activities | | | (321,733) | | (327,135) |
| Decrease in cash | | | (6,864) | | (241,904) |
| Opening Cash & Cash Equivalents | | | 286,486 | | 528,390 |
| Closing Cash & Cash Equivalents | | | 279,622 | | 286,486 |
| Cash and Cash equivalents as at 31 March | | | | | |
| Cash | | | 279,622 | | 286,486 |
| | | | 279,622 | | 286,486 |

The notes on pages 17 to 32 form part of these financial statements.

Statement of Changes in Equity as at 31 March 2020

| | Share Capital | Scottish Housing Association Pension reserve | Revenue Reserve | Total |
|------------------------------------|--------------------------|---|----------------------------|------------------|
| | £ | £ | £ | £ |
| Balance as at 1 April 2018 | 191 | | 7,585,895 | 7,586,086 |
| Issue of Shares | 28 | | | 28 |
| Cancellation of Shares | (35) | | | (35) |
| Other comprehensive income | | (453,000) | 221,000 | (232,000) |
| Surplus for the year | | | 707,089 | 707,089 |
| Balance as at 31 March 2019 | 184 | (453,000) | 8,513,984 | 8,061,168 |
| Balance as at 1 April 2019 | 184 | (453,000) | 8,513,984 | 8,061,168 |
| Issue of Shares | 25 | | | 25 |
| Cancellation of Shares | (38) | | | (38) |
| Other comprehensive income | | 408,000 | (45,000) | 363,000 |
| Surplus for the year | | | 365,063 | 365,063 |
| Balance as at 31 March 2020 | 171 | (45,000) | 8,834,047 | 8,789,218 |

The notes on pages 17 to 32 form part of these financial statements.

Financial Statement for the Year Ended 31 March 2020 – Notes to the Financial Statements

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 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 2015.

Going Concern

The Management Committee are aware of material uncertainties related to Covid-19 that may cast doubt upon the Association's ability to continue as a going concern. However, the Management Committee are continually developing and implementing mitigating actions and processes to ensure that the Association continues to function and manage future operations and those of their workforce and stakeholders. The Management Committee is satisfied of the Association's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Revenue

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

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

Retirement Benefits

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

Valuation Of Housing Properties

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

| Component | Useful Economic Life |
|----------------|----------------------|
| Kitchens | 15 Years |
| Bathrooms | 30 Years |
| Boilers | 15 Years |
| Radiators | 30 Years |
| Windows | 30 Years |
| External Doors | 30 Years |
| Internal Doors | 40 Years |
| Rewiring | 40 Years |
| Structures | 50 Years |

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation and Impairment of Other Non-Current Assets

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

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

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

Social Housing Grant and Other Grants in Advance/Arrears

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

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

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

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

Sales Of Housing Properties

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

Leases/Leased Assets

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

Works to Existing Properties

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

PRINCIPAL ACCOUNTING POLICIES (Continued.)

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

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

b) Identification of cash generating units

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

c) Pension Liability

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has adopted this valuation method in line with FRS102.

Financial Instruments - Basic

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

Estimation Uncertainty

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

a) Rent Arrears - Bad Debt Provision

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

b) Life Cycle of Components

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

c) Useful life of properties, plant and equipment

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

d) Defined pension liability

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

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

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

Pineview Housing Association Limited

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

| | | 2020 | | | 2019 | | |
|-------------------------------|-------|------------------|------------------|-------------------------------|------------------|------------------|-------------------------------|
| | Notes | Turnover | Operating Costs | Operating Surplus / (Deficit) | Turnover | Operating Costs | Operating Surplus / (Deficit) |
| | | £ | £ | £ | £ | £ | £ |
| Affordable letting activities | 3 | 2,899,463 | 2,486,187 | 413,276 | 2,914,368 | 2,143,374 | 770,994 |
| Other Activities | 4 | 19,156 | 23,649 | (4,493) | 18,990 | 23,691 | (4,701) |
| Total | | 2,918,619 | 2,509,836 | 408,783 | 2,933,358 | 2,167,065 | 766,293 |

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

| | General | | | 2020 | 2019 |
|---|------------------|-------------------|------------------|------------------|------------------|
| | Needs Housing | Sheltered Housing | Shared Ownership | Total | Total |
| | £ | £ | £ | £ | £ |
| Revenue from Lettings | | | | | |
| Rent receivable net of service charges | 2,125,652 | 22,961 | 41,971 | 2,190,584 | 2,139,410 |
| Service charges receivable | 38,702 | 12,003 | 3,599 | 54,304 | 80,099 |
| Gross income from rent and service charges | 2,164,354 | 34,964 | 45,570 | 2,244,888 | 2,219,509 |
| Less: Rent losses from voids | 909 | - | - | 909 | 942 |
| Net Rents Receivable | 2,163,445 | 34,964 | 45,570 | 2,243,979 | 2,218,567 |
| Grants released from deferred income | 621,540 | - | 20,950 | 642,490 | 679,481 |
| Other revenue grants | 12,994 | - | - | 12,994 | 16,320 |
| Total turnover from affordable letting activities | 2,797,979 | 34,964 | 66,520 | 2,899,463 | 2,914,368 |
| Expenditure on affordable letting activities | | | | | |
| Management and maintenance administration costs | 816,353 | - | 12,682 | 829,035 | 741,990 |
| Service Costs | 33,838 | 17,635 | - | 51,473 | 54,967 |
| Planned and cyclical maintenance, including major repairs | 449,568 | - | - | 449,568 | 145,144 |
| Reactive maintenance costs | 218,798 | - | - | 218,798 | 180,751 |
| Bad Debts - rents and service charges | 7,655 | - | - | 7,655 | 20,858 |
| Depreciation of affordable let properties | 905,979 | - | 23,679 | 929,658 | 999,664 |
| Impairment of affordable letting activities | - | - | - | - | - |
| Operating costs of affordable letting activities | 2,432,191 | 17,635 | 36,361 | 2,486,187 | 2,143,374 |
| Operating surplus on affordable letting activities | 365,788 | 17,329 | 30,159 | 413,276 | 770,994 |
| 2019 | 727,166 | 15,293 | 28,535 | | |

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

| | Other Income £ | Total Turnover £ | Operating Costs Bad Debts £ | Operating Costs Other £ | Operating Surplus / (Deficit) 2020 £ | Operating Surplus / (Deficit) 2019 £ |
|------------------------------------|----------------------|------------------------|--------------------------------------|----------------------------------|--|--|
| Wider role activities | - | - | - | 12,761 | (12,761) | (12,201) |
| Factoring | 19,156 | 19,156 | - | 10,888 | 8,268 | 7,500 |
| Total From Other Activities | 19,156 | 19,156 | - | 23,649 | (4,493) | (4,701) |
| 2019 | 18,990 | 18,990 | - | 23,691 | (4,701) | |

5. OFFICERS' EMOLUMENTS

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

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

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

Emoluments payable to Director (excluding pension contributions)

Total Emoluments paid to key management personnel

£60,001 to £70,000

| 2020 | 2019 |
|--------|--------|
| £ | £ |
| 64,710 | 63,225 |
| 9,448 | 9,235 |
| 64,710 | 63,225 |
| 74,158 | 70,821 |
| Number | Number |
| 1 | 1 |

6. EMPLOYEE INFORMATION

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

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

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

Temporary, Agency and Seconded Staff

| 2020 | 2019 |
|---------|---------|
| No. | No. |
| 11 | 12 |
| 12 | 12 |
| £ | £ |
| 407,066 | 384,042 |
| 38,127 | 36,514 |
| 40,964 | 38,904 |
| 73,280 | 14,427 |
| 559,437 | 473,887 |

During the year employer contributions of £15,176 (2019: £13,795) were made to the Scottish Housing Association Defined Contribution scheme.

7. GAIN/ LOSS ON SALE OF HOUSING STOCK

There have been no sales of housing stock during the year.

| | 2020 | 2019 |
|-------------------------------------|-------------------|-------------------|
| | £ | £ |
| Sales Proceeds | - | - |
| Cost of Sales | - | - |
| | <u> </u> | <u> </u> |
| Gain/ Loss On Sale Of Housing Stock | - | - |
| | <u> </u> | <u> </u> |

8. INTEREST PAYABLE & SIMILAR CHARGES

On Bank Loans & Overdrafts

| | 2020 | 2019 |
|----------------------------|-------------------|-------------------|
| | £ | £ |
| On Bank Loans & Overdrafts | 70,669 | 82,540 |
| | <u> </u> | <u> </u> |
| | 70,669 | 82,540 |
| | <u> </u> | <u> </u> |

9. SURPLUS FOR THE YEAR

Surplus For The Year of £365,063 is stated after charging/(crediting):

Depreciation - Tangible Owned Fixed Assets

Auditors' Remuneration - Audit Services

Operating Lease Rentals - Other

| | 2020 | 2019 |
|--|-------------------|-------------------|
| | £ | £ |
| Depreciation - Tangible Owned Fixed Assets | 946,916 | 1,008,916 |
| Auditors' Remuneration - Audit Services | 9,300 | 8,500 |
| Operating Lease Rentals - Other | 2,743 | 2,743 |
| | <u> </u> | <u> </u> |

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

11. OTHER FINANCE INCOME / CHARGES

Interest Cost on Pension Scheme

| | 2020 | 2019 |
|---------------------------------|-------------------|-------------------|
| | £ | £ |
| Interest Cost on Pension Scheme | 11,000 | 11,000 |
| | <u> </u> | <u> </u> |

12. NON-CURRENT ASSETS

| (a) Housing Proper | Housing Properties Held for Letting £ | Shared Ownership Completed £ | Total £ |
|---------------------------|--|---|--------------------|
| COST | | | |
| As at 1 April 2019 | 39,233,467 | 1,238,909 | 40,472,376 |
| Additions | 250,540 | 20,440 | 270,980 |
| Disposals | (122,506) | - | (122,506) |
| | <hr/> | <hr/> | <hr/> |
| As at 31 March 2020 | 39,361,501 | 1,259,349 | 40,620,850 |
| | <hr/> | <hr/> | <hr/> |
| DEPRECIATION | | | |
| As at 1 April 2019 | 14,500,841 | 417,169 | 14,918,010 |
| Charge for Year | 905,979 | 23,679 | 929,658 |
| Disposals | (122,506) | - | (122,506) |
| | <hr/> | <hr/> | <hr/> |
| As at 31 March 2020 | 15,284,314 | 440,848 | 15,725,162 |
| | <hr/> | <hr/> | <hr/> |
| NET BOOK VALUE | | | |
| As at 31 March 2020 | 24,077,187 | 818,501 | 24,895,688 |
| | <hr/> | <hr/> | <hr/> |
| As at 31 March 2019 | 24,732,626 | 821,740 | 25,554,366 |
| | <hr/> | <hr/> | <hr/> |

Additions to housing properties include capitalised major repair costs to existing properties of £250,540 and purchase of property of £20,440 (2019 £490,778).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £905,449 (2019 £816,673). This includes the amount capitalised for component additions of £250,540 (2019 £490,778).

The Association's Lenders have standard securities over Housing Property with a carrying value of £17,724,140 (2019 £18,112,763).

12. NON CURRENT ASSETS (Continued)

| (b) Other Tangible Assets | Office Premises & Equipment £ | Furniture & Equipment £ | Motor Vehicles £ | Total £ |
|----------------------------------|--|--|---------------------------------|--------------------|
| COST | | | | |
| As at 1 April 2019 | 171,590 | 131,794 | 30,546 | 333,930 |
| Additions | - | 22,704 | - | 22,704 |
| | | | | |
| As at 31 March 2020 | 171,590 | 154,498 | 30,546 | 356,634 |
| | | | | |
| AGGREGATE DEPRECIATION | | | | |
| As at 1 April 2019 | 119,546 | 117,532 | 30,546 | 267,624 |
| Charge for year | 3,432 | 13,826 | - | 17,258 |
| | | | | |
| As at 31 March 2020 | 122,978 | 131,358 | 30,546 | 284,882 |
| | | | | |
| NET BOOK VALUE | | | | |
| As at 31 March 2020 | 48,612 | 23,140 | - | 71,752 |
| | | | | |
| As at 31 March 2019 | 52,044 | 14,262 | - | 66,306 |
| | | | | |

13. CAPITAL COMMITMENTS

| | 2020 £ | 2019 £ |
|--|-------------------|-------------------|
| Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements | 91,492 | 565,322 |

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

14. COMMITMENTS UNDER OPERATING LEASES

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-

Other

Not later than one year

Later than one year and not later than five years

Later than five years

| 2020 £ | 2019 £ |
|-------------------|-------------------|
| 3,437 | 2,743 |
| 4,093 | 7,986 |
| - | |

Pineview Housing Association Limited

15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 £ | 2019 £ |
|------------------------------------|-----------|-----------|
| Arrears of Rent & Service Charges | 116,929 | 93,716 |
| Less: Provision for Doubtful Debts | (99,060) | (71,000) |
| | | |
| Other Receivables | 17,869 | 22,716 |
| | 46,553 | 58,420 |
| | | |
| | 64,422 | 81,136 |

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 £ | 2019 £ |
|------------------------------|-----------|-----------|
| Housing Loans | 290,106 | 273,435 |
| Trade Payables | 82,691 | 108,213 |
| Rent Received in Advance | 160,877 | 160,015 |
| Other Payables | 48,670 | 34,525 |
| Accruals and Deferred Income | 57,915 | 59,784 |
| | | |
| | 640,259 | 635,972 |

At the balance sheet date there were pension contributions outstanding of £NIL (2019 £NIL).

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

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Housing Loans | 2,944,627 | 3,250,336 |
| | 2,944,627 | 3,250,336 |
| Housing Loans | | |
| Amounts due within one year | 290,106 | 273,435 |
| Amounts due in one year or more but less than two years | 314,779 | 274,052 |
| Amounts due in two years or more but less than five years | 838,493 | 776,864 |
| Amounts due in more than five years | 1,791,355 | 2,199,420 |
| | | |
| | 3,234,733 | 3,523,771 |
| Less: Amount shown in Current Liabilities | 290,106 | 273,435 |
| | 2,944,627 | 3,250,336 |

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

| Lender | Number of Properties Secured | Effective Interest Rate | Maturity (Year) | Variable / Fixed |
|-----------------|--------------------------------------|-------------------------|-----------------|------------------|
| Clydesdale Bank | Standard security over 29 properties | 1.04% | 2022 | Variable |
| Clydesdale Bank | Standard security over 29 properties | 0.72% | 2023 | Variable |
| Clydesdale Bank | Standard security over 29 properties | 2.33% | 2025 | Fixed |
| Clydesdale Bank | Standard security over 56 properties | 1.07% | 2029 | Variable |
| Clydesdale Bank | Standard security over 38 properties | 0.72% | 2031 | Variable |
| Nationwide | Standard security over 51 properties | 1.31% | 2031 | Fixed |
| Nationwide | Standard security over 36 properties | 1.38% | 2033 | Fixed |
| Nationwide | Standard security over 87 properties | 1.38% | 2033 | Fixed |

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

Pineview Housing Association Limited

18. STATEMENT OF CASH FLOWS

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

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Surplus for the year | 365,063 | 707,089 |
| Depreciation | 946,916 | 1,008,916 |
| Gain on disposal | - | - |
| Amortisation of Capital Grants | (642,490) | (679,481) |
| Change in debtors | 16,714 | 5,144 |
| Change in creditors | 8,056 | (95,018) |
| Unwinding of Discount on Pension Liability | - | (46,000) |
| Transfer of interest to financial activities | (32,720) | 48,204 |
| Share Capital Written Off | (38) | (35) |
| Net cash inflow from operating activities | 661,501 | 948,819 |

Analysis of Changes in Net Debt

| | 2019 £ | Cash flows £ | Non-cash changes Finance leases | Other changes | 2020 £ |
|---------------------------|-------------|-----------------|------------------------------------|---------------|-------------|
| Long-term borrowings | (3,250,336) | 305,709 | | | (2,944,627) |
| Short-term borrowings | (273,435) | (16,671) | | | (290,106) |
| | | | | | - |
| Total liabilities | (3,523,771) | 289,038 | - | - | (3,234,733) |
| Cash and cash equivalents | 4,030,948 | 46,085 | | | 4,077,033 |
| Total net debt | 507,177 | 335,123 | - | - | 842,300 |

19. DEFERRED INCOME

| | Housing Properties Held for Letting £ | Shared Ownership Completed £ | Total £ |
|---|---|---------------------------------------|------------|
| Social Housing Grants | | | |
| As at 1 April 2019 | 28,360,143 | 1,000,244 | 29,360,387 |
| Eliminated on disposal of components and property | (89,547) | - | (89,547) |
| As at 31 March 2020 | 28,270,596 | 1,000,244 | 29,270,840 |
| Amortisation | | | |
| As at 1 April 2019 | 11,664,941 | 363,166 | 12,028,107 |
| Amortisation in year | 621,540 | 20,950 | 642,490 |
| Eliminated on disposal | (89,547) | - | (89,547) |
| As at 31 March 2020 | 12,196,934 | 384,116 | 12,581,050 |
| Net book value | | | |
| As at 31 March 2020 | 16,073,662 | 616,128 | 16,689,790 |
| As at 31 March 2019 | 16,695,202 | 637,078 | 17,332,280 |

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

| | 2020 £ | 2019 £ |
|---------------------------------|------------|------------|
| Amounts due within one year | 642,490 | 679,481 |
| Amounts due in one year or more | 16,047,300 | 16,652,799 |
| | 16,689,790 | 17,332,280 |

20. SHARE CAPITAL**Shares of £1 each Issued and Fully Paid**

| | 2020 £ | 2019 £ |
|---------------------|-----------|-----------|
| As at 1 April 2019 | 184 | 191 |
| Issued in year | 25 | 28 |
| Cancelled in year | (38) | (35) |
| As at 31 March 2020 | 171 | 184 |

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

Pineview Housing Association Limited

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-

| | 2020 No. | 2019 No. |
|--|-------------|-------------|
| General Needs - Built by Association | 426 | 425 |
| General Needs - Purchased by Association | 107 | 107 |
| Shared Ownership | 22 | 23 |
| Supported Housing | 1 | 1 |
| | <u>556</u> | <u>556</u> |

22. RELATED PARTY TRANSACTIONS

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

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

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

| | 2020 £ | 2019 £ |
|---|---------------|---------------|
| Rent received from tenants on the Management Committee and their close family members | <u>30,140</u> | <u>37,575</u> |

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £227 (2019 £190).

| | | |
|---|----------|----------|
| Members of the Management Committee who are tenants | <u>5</u> | <u>6</u> |
|---|----------|----------|

23. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 5 Rozelle Avenue, Drumchapel, Glasgow .

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

24. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £674 (2019 £696) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

25. INVESTMENTS**Short term deposits**

| | 2020 | 2019 |
|---------------------|-----------|-----------|
| | £ | £ |
| Short term deposits | 3,797,410 | 3,744,462 |

26. SHAPS PENSION PROVISION

| | 2020 | 2019 |
|----------------------------------|-------------------|-------------------|
| | £ | £ |
| As at 1 April 2019 | (453,000) | - |
| Decrease/(increase) in Provision | 408,000 | (453,000) |
| | <u> </u> | <u> </u> |
| Balance as at 31 March 2020 | (45,000) | (453,000) |

The pension provision is equal to the deficit in the plan, arrived at by deducting the present value of defined benefit obligation from the fair value of plan assets - as detailed at note 27.

In the year to 31st March 2020 the deficit in the plan has reduced due to the impact of actuarial gains on the defined benefit obligation and gains on the plan assets and contributions paid by the employer and members.

27 RETIREMENT BENEFIT OBLIGATIONS**Scottish Housing Association Pension Scheme**

Pineview Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme). The assets of which are held in a separate trustee administered fund. The Association has employees in the defined contribution scheme and employees in the defined benefit scheme.

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

The last valuation of the Scheme was performed as at 30th September 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%). 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.

27 RETIREMENT BENEFIT OBLIGATIONS**Fair value of scheme assets by category**

| | 2020 | 2019 |
|-----------------------------|-------------|-------------|
| | £000 | £000 |
| Growth Assets | 1,251 | 1,119 |
| Matching Plus | 477 | 262 |
| Liability Driven Investment | 667 | 853 |
| Net Current Assets | 18 | 2 |
| | <hr/> | <hr/> |
| | 2,413 | 2,236 |
| | <hr/> | <hr/> |

Net Pension Liability

| | 2020 | 2019 |
|---------------------------------------|-------------|-------------|
| | £000 | £000 |
| Fair value of employer's assets | 2,413 | 2,236 |
| Present value of scheme liabilities | (2,458) | (2,689) |
| Present value of unfunded liabilities | - | - |
| | <hr/> | <hr/> |
| | (45) | (453) |
| | <hr/> | <hr/> |

Reconciliation of fair value of employer assets

| | 2020 | 2019 |
|---------------------------------------|-------------|-------------|
| | £000 | £000 |
| Opening fair value of employer assets | 2,236 | 2,050 |
| Expected Return on Assets | 53 | 54 |
| Contributions by Members | 54 | 21 |
| Contributions by the Employer | 97 | 94 |
| Actuarial Gains / (Losses) | 22 | 74 |
| Estimated Benefits Paid | (49) | (57) |
| | <hr/> | <hr/> |
| Closing fair value | 2,413 | 2,236 |
| | <hr/> | <hr/> |

Reconciliation of defined benefit obligations

| | 2020 | 2019 |
|---|-------------|-------------|
| | £000 | £000 |
| Opening defined benefit obligation | 2,689 | 2,454 |
| Current Service Cost | 41 | 39 |
| Interest Expense | 64 | 63 |
| Contributions by members | 22 | 21 |
| Actuarial Losses/ (Gains) | (309) | 169 |
| Estimated Benefits Paid | (49) | (57) |
| | <hr/> | <hr/> |
| Closing defined benefit obligation | 2,458 | 2,689 |
| | <hr/> | <hr/> |

27. RETIREMENT BENEFIT OBLIGATIONS**Analysis of amount charged to the Statement of Comprehensive Income**

| | 2020 | 2019 |
|--|---------------|---------------|
| | £ | £ |
| Charged to operating costs: | | |
| Service cost | 13,071 | 10,059 |
| | <hr/> | <hr/> |
| | 13,071 | 10,059 |
| | <hr/> | <hr/> |
| | 13,071 | 10,059 |
| Charged to Other Finance Costs / (Income) | | |
| Expected Return on employer assets | (43,000) | (54,000) |
| Interest on pension scheme liabilities | 52,000 | 63,000 |
| | <hr/> | <hr/> |
| | 9,000 | 9,000 |
| | <hr/> | <hr/> |
| | 52,000 | 63,000 |
| | <hr/> | <hr/> |
| Net Charge to the Statement of Comprehensive Income | 22,071 | 19,059 |

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

| | 2020 | 2019 |
|--|-------------|-------------|
| | £ | £000 |
| Actuarial gain/(loss) recognised in year | 363,000 | (95,000) |
| Cumulative actuarial gains | 268,000 | (95,000) |

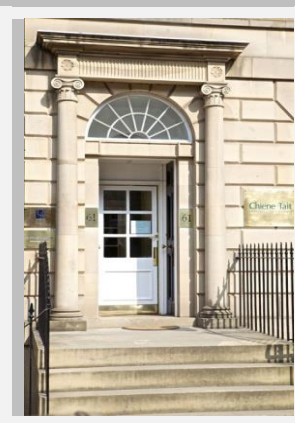
Actuarial gain/(loss) is a non-cash item that occurs due to changes in actuarial assumptions used by The Pensions Trust (TPT) for the Scottish Housing Associations' Pension Scheme (SHAPS). This figure can be subject to significant change year on year.

28. SUBSEQUENT EVENTS

Subsequent to the year-end the Management Committee are aware of material uncertainties related to Covid-19 that may cast doubt upon the Association's ability to continue as a going concern. However, the Management Committee are continually developing and implementing mitigating actions and processes to ensure that the Association continues to function and manage future operations and those of their workforce and stakeholders.

PINEVIEW HOUSING ASSOCIATION

Audit Summary Report for the year ended 31 March 2020 to those charged with governance



Chiene + Tait

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Limitations of this report

This report refers only to material matters we have identified from our audit of the financial statements of Pineview Housing Association, for the year ended 31 March 2020, that we think merit being brought to your attention. The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all issues affecting the financial statements of Pineview Housing Association.

Any recommendations for improvements should be assessed by you for their full commercial impact before they are implemented. We draw your attention to the fact that management are responsible for identifying, evaluating and managing risk, including new risks and those which change.

This report has been prepared solely for your use as a Management Committee and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

1 EXECUTIVE SUMMARY

Introduction

The purpose of this report is to highlight the key issues affecting the preparation of the financial statements for the year ended 31 March 2020. It is also used to report to management matters arising from our audit work and to meet the mandatory requirements of International Standard on Auditing (UK) 260 – *Communication with those charged with governance*.

Changes to our audit plan

In the conduct of our audit, we have not had to alter or change our audit plan, which we communicated to you in our Audit Planning Document dated April 2020.

Status of the audit

Our audit is substantially complete although we are finalising our procedures in the following areas:

- Review of final version of the financial statements to be signed;
- Obtaining and reviewing the letter of representation.
- Updating our post balance sheet events review to the date of signing the financial statements.

Audit adjustments

The audit adjustments processed were of a presentational nature only and had no effect on the reported position as at 31 March 2020.

Control matters

Management are responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of financial control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to the Management Committee.

We have not identified any recommendations that require to be made to the Management Committee, as noted in section 3, in relation to internal control weaknesses.

Matters arising from the financial statements audit and any recommendations have been discussed with senior management.

Financial statements opinion

We propose to give an unqualified opinion on the financial statements of Pineview Housing Association.

Appreciation

We would like to take the opportunity to record our appreciation for the assistance provided by your finance team, staff and FMD during our audit.

2 AUDIT AND ACCOUNTING ISSUES

Issues identified at planning stage

As noted in our audit planning document submitted to the Management Committee, the following audit risk areas in respect of the financial statements being materially misstated were identified as significant matters and therefore were considered in detail during our audit fieldwork.

| Risk and audit response | Resolution |
|--|--|
| Audit risks | |
| <u>Risk</u> | |
| Ownership of housing stock | We have obtained confirmation of ownership of title of housing stock and we are therefore satisfied over the existence of such stock. |
| <u>Response</u> | |
| Obtain third party title deed certification on a sample basis. | |
| <u>Risk</u> | |
| Valuation of housing stock | We have reviewed the carrying value of housing stock within the financial statements and are satisfied that there does not appear to be any evidence of impairment. We would seek to confirm this with the Management Committee. |
| <u>Response</u> | |
| We will review the carrying value in comparison to external valuations and cash flow projections for evidence of potential impairment. | |

| Risk and audit response | Resolution |
|---|--|
| <p><u>Risk</u></p> <p>Recoverability of rent and other arrears</p> <p><u>Response</u></p> <p>Review doubtful debt provisions for adequacy against the age profile of debts and the results of post year end testing on debt recoverability.</p> | <p>From the audit work carried out, we are satisfied that rent and tenant arrears are recoverable. There was no evidence of any material bad debts arising.</p> <p>Post year end we understand that the level of rent arrears has not been significantly impacted by the Covid-9 pandemic.</p> |
| <p><u>Risk</u></p> <p>Completeness of borrowings and compliance with funding covenants</p> <p><u>Response</u></p> <p>Verification to third party confirmation and review reports monitoring compliance with covenants during the year.</p> | <p>The completeness of borrowing has been tested with no matters arising.</p> <p>We have performed covenant testing and have not identified any issues of non-compliance with funding covenants.</p> |
| <p><u>Risk</u></p> <p>Completeness of income</p> <p><u>Response</u></p> <p>Perform analytical review procedures and completeness testing on the rent accounting system. Agree key sources of non-rental income to third party agreements.</p> | <p>Testing of controls, along with completeness of income testing, confirmed our understanding of the rental income procedures and the implementation and effectiveness of these procedures.</p> <p>An analytical review of rental income was carried out, with actual income in line with our expectations. Substantive testing was also performed, and no issues were noted. Therefore, we are satisfied that income is complete and not materially misstated.</p> |

| Risk and audit response | Resolution |
|---|---|
| <p><u>Risk</u></p> <p>Related party transactions. Under the clarified ISAs we are required to consider the susceptibility to material misstatement due to fraud or error resulting from related party relationships and transactions.</p> | <p>From discussions with management, at the planning stage, during fieldwork and from a review of Board minutes, confirmed that related party transactions had been appropriately recorded in the financial statements.</p> |
| <p><u>Response</u></p> <p>Discuss with management and review minutes to confirm all related party transactions are correctly identified, recorded and disclosed.</p> | <p>Our audit testing and review of journal entries through the accounting system, did not highlight any evidence of additional related party transactions.</p> |
| <p><u>Risk</u></p> <p>Fraud/management override. We have a duty under ISAs to consider and assess the risk of fraud/management override impacting each of our clients.</p> | <p>Management confirmed that they were not aware of any instances of fraud that should be brought to our attention. They confirmed they remain satisfied that the systems and controls in place were appropriate to mitigate the risk of fraud.</p> |
| <p><u>Response</u></p> <p>We will ask the Board and management for their assessment of fraud/management override risk and the procedures in place to identify and mitigate the risk. We will also seek confirmation of any fraud that may have arisen during the year. We will also review journal entries for evidence of potential management override.</p> | <p>We did not identify any instances of fraud or management override from the audit work completed. We were satisfied with the controls in place to identify and mitigate the risk of fraud.</p> |

| Risk and audit response | Resolution |
|---|---|
| <p><u>Risk</u></p> <p>Financial reporting risks Continued compliance with the Statement of Recommended Practice for social housing providers (SORP 2018) and Financial Reporting Standard (FRS) 102.</p> | <p>We have reviewed the financial statements of the Association and completed disclosure checklists. We are satisfied that the financial statements continue to comply with relevant regulations and reporting standards.</p> |
| <p><u>Response</u></p> <p>We will review the financial statements to ensure both the recognition and measurement, and the presentation and disclosure requirements of FRS 102 continue to be met. Best practice and developments in interpretation of the new framework will be considered.</p> | |

Issues arising during the Audit

During the course of our audit work we noted the following issues that we wish to bring to your attention:

| Issue | Resolution |
|---|---|
| <p>Covid-19</p> <p>We have reviewed the budgets and forecasts for the forthcoming year and beyond and note that the current lockdown is not anticipated to have a significant impact on the results of the Association. We understand that a forecast surplus of £381k is anticipated for 2020/21 with a cash increasing by £27k to £4.1m.</p> | <p>Appropriate disclosure in relation to Covid-19 has been made within the financial statements. We would seek to confirm with the Committee that they are satisfied that the Association has sufficient resources to meet liabilities as they fall due for the foreseeable future.</p> |
| <p>Recoverability of rental debts</p> <p>From our testing on debtors we noted that the level of rental debtors has increased at the year end from £94k to £117k. The bad debt provision has also increased in line with policy resulting in an overall decrease of £5k.</p> | <p>As the level of gross rental arrears has risen this year we would seek to understand if there are any issues in respect of rent management and collection.</p> |

| Issue | Resolution |
|---|--|
| <p>Other activities</p> <p>The Association's financial statements (per note 4) show that a deficit is being made on Wider role activities. There is a risk that the Association's resources are being utilised by non-core activities.</p> | <p>We would seek confirmation from the Committee that they are satisfied with the long-term plans for these activities.</p> |
| <p>Pensions Movement</p> <p>The latest pension valuation has resulted in a significant fall in the liability due by the Association at the year end. Per the financial statements the pensions liability due in more than one year has decreased from £453k to £45k.</p> | <p>We are satisfied that the movement in the pension liability has been accounted for and disclosed accurately within the financial statements. However, we would wish to remind the Committee that this is purely an accounting adjustment and reflects the value of the pension fund at a particular moment in time. With the current lockdown due to Covid-19 it is likely that this liability will increase as at 31 March 2021.</p> |

3 INTERNAL CONTROL

Weaknesses and governance issues arising during the audit

We noted no accounting and internal control weaknesses in the current year.

This does not constitute a comprehensive statement of weaknesses that may exist in internal controls or of all improvements which may be made.

4 AUDIT ADJUSTMENTS

Misstatements

We are required to communicate all uncorrected misstatements to you, other than those considered to be clearly trivial. We are pleased to report that there are no uncorrected misstatements arising from our audit.

Impact of audit adjustments made

There were presentational and disclosure changes which arose during the course of our audit and, as agreed with you, have been reflected in the financial statements.

5 ISA 260 REPORTING REQUIREMENTS

International Standard on Auditing ('ISA') 260 "Communication of audit matters with those charged with governance" requires us to communicate relevant matters relating to the audit of the financial statements to those charged with governance.

We have set out opposite how each of the key areas has been addressed and where they have been reported:

| ISA 260 Requirement | C + T Response |
|--|---|
| Confirmation of the independence of both the Firm and the audit team | Confirmed. |
| Confirmation of audit approach and scope | Confirmed via planning document. |
| Consideration of significant accounting policies | Considered throughout the audit process and discussed with management as appropriate. |
| Consideration of any material risks and exposures | Considered throughout the audit process and further within this report. |
| Consideration of material uncertainties casting doubt on the entity's ability to continue as a going concern | None noted. |
| Significant disagreements with management | None noted. |
| Expected modifications to the auditor's report | None noted. |
| Material weakness in the accounting and internal control system | None noted. |

I DRAFT LETTER OF REPRESENTATION

The following management representations will be requested from the Management Committee in relation to the financial statements of Pineview Housing Association Limited and have been drafted as they will be required in a letter from the Management Committee to us.

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the company's financial statements for the year ended 31 March 2020. These enquiries have included inspection of supporting documentation where appropriate and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

GENERAL

1. We have fulfilled our responsibilities as the Management Committee, as set out in the terms of your engagement letter under the Co-operative and Community Benefit Societies Act 2014, the Housing Scotland Act 2010, the Determination of the Accounting Requirements 2019 and the Housing SORP 2018 Statement of Recommended Practice for social housing providers, for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) (the SORP), for being satisfied that they give a true and fair view and for making accurate representations to you.
2. All the transactions undertaken by the Association have been properly reflected and recorded in the accounting records.
3. All the accounting records have been made available to you for the purpose of your audit. We have provided you with unrestricted access to all appropriate persons within the Association, and with all other records and related information requested, including minutes of all Board, general and management meetings, and correspondence with the Association's regulatory body.
4. The financial statements are free of material misstatements, including omissions.

INTERNAL CONTROL AND FRAUD

5. We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.
6. We have disclosed to you all instances of known or suspected fraud affecting the Association involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.
7. We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the Association's financial statements communicated by current or former employees, analysts regulators or others.

ASSETS AND LIABILITIES

8. The Association has satisfactory title to all assets and there are no liens or encumbrances on the Association's assets, except for those that are disclosed in the notes to the financial statements.
9. All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.

10. We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.

11. We have not breached any covenants which might affect any outstanding loans.

ACCOUNTING ESTIMATES

12. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

LEGAL CLAIMS

13. We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

LAWS AND REGULATIONS

14. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

RELATED PARTIES

15. Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with legislative and accounting standards requirements.

SUBSEQUENT EVENTS

16. All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

GOING CONCERN

17. We believe that the Association's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Association's needs. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the Association's ability to continue as a going concern need to be made in the financial statements.

Yours faithfully

.....

Signed on behalf of the Management Committee

[Date]





**HM Revenue
& Customs**

**Charity, Assets & Residence
Charities**
St John's House
Merton Road
Liverpool
L75 1BB

Marlon Magee
Pineview Housing Association Limited
5 Rozelle Avenue
Drumchapel
Glasgow
G15 7QR

Tel 08453 020203

Fax 0151 472 6268

www.hmrc.gov.uk

Date 10 September 2007
Our Ref CR60725
Your Ref

| | | | |
|-----------------------------------|--------|--------------------|--|
| PINEVIEW HOUSING CO-OP LTD | | | |
| Actioned By: | | Passed for Payment | |
| Scan | Signed | File | |
| DATE REC'D | | 13 SEP 2007 | |
| COMMENTS | | | |

Dear Ms Magee

Pineview Housing Association Limited

Thank you for your letter of 6 September 2007.

We accept that Pineview Housing Association Limited is a charity for tax purposes under our reference CR60725 with effect from 15 May 2007. Please note only payments received on or after that date can be eligible Gift Aid payments.

Enclosures

- An authorised signatory form. You must complete this after reading carefully and send it with your first repayment claim.
- Repayment form R68, schedule(s) and guidance notes. *If you need more specific information on Gift Aid please see the paragraph overleaf headed "HMRC website".*
- Notice and application form for the 'Giving to charity through the Tax Return' scheme.

Please

- Keep this letter safe. It is the charity's evidence that it can claim the available tax exemptions.
- Pass it on to any successor and tell us who we should contact in the future. We will also need a new authorised signatory form.
- Do not send us any accounts unless we send you a tax return for completion.
- Tell us of changes to the charity's name or activities and provide any relevant documentation.

Information is available in large print, audio tape and Braille formats.
Type Talk service prefix number - 18001

Head of Unit: Keith Moore



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INVESTOR IN PEOPLE



The Tax Exemption

Income and capital gains arising in the course of charitable activities are normally covered by the tax exemption. But you should be aware that this might not apply where you have:

- significant levels of trading outside the primary purpose of the charity or
- expended funds for non-charitable purposes or
- made non-qualifying loans or investments.

Your Tax Obligation

If you think there may be tax to pay you should let us know as soon as possible. Charities, like everyone else are subject to the usual tax obligation to notify chargeability.

Tax Returns

Charities fall within the Self Assessment taxation legislation. There is a requirement to complete a Tax Return when requested to do so. The relevant forms can be obtained from the telephone order-line number (0845 300 6555 for Companies and 0845 9000 404 for Trusts) or by direct download from the website. Please note that accounts should only be submitted with a completed Tax Return.

HM Revenue & Customs Website

There is also general information about the tax reliefs and exemptions available to charities on the HMRC website: www.hmrc.gov.uk by clicking on:

- 'Charities & Donors' (under 'Quick Links').

Information about the Gift Aid scheme is given in Chapter 3 of the Guidance Notes.

| More help and information | Tel | Fax |
|---|--|---------------|
| Gift Aid/Booklets/Repayment Claims | 08453 020203 | 0151 472 6268 |
| Charity Trading/Expenditure/Loans and Investments | 0151 472 6043 or 6046 | 0151 472 6268 |
| Charity Accounts and Tax Returns | 08453 020203 | 0151 472 6268 |
| Employees PAYE | 0845 607 0143 | |
| Value Added Tax | 08453 020203 | 0151 472 6060 |
| Non domestic rates | Your Local Authority Finance Department. | |

To help us improve customer service, please quote our reference number and provide a daytime telephone number in any correspondence.

Yours sincerely

J. Shaw

J Shaw (Miss)

Title Assistant

CTY1