

Principal



Scott-Moncrieff
business advisers and accountants

With **Campbell Dallas**
a Group company

CAIRN HOUSING ASSOCIATION LIMITED
GROUP REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

The Scottish Housing Regulator: HEP218
Scottish Charity Number: SC016647

CAIRN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

Board of Management

Mr D Jamieson, Chairperson
Mr A Lamont, Vice Chairperson
Mr S E G Guest
Mr W Gillespie
Mr M Allan
Mrs H Barton
Mr N Wood
Mr L Casserly
Ms J Browne (co-optee)
Ms L Crawford
Mr N Chapman
Mr D Venters (resigned 29/09/19)
Ms G Walch (resigned 02/08/19)
Mr J Clark (resigned 23/04/19)

Executive Officers

Mr J MacGilp, Chief Executive and Secretary
Mr D Adam, Director of Finance and Business Services
Mr J Davidson, Director of Customer Services (Left
28/08/20)

Secretary

Mr J MacGilp

Head Office

Bellevue House
22 Hopetoun Street
Edinburgh
EH7 4GH

Auditor

Scott-Moncrieff Audit Services
25 Bothwell Street
Glasgow
G2 6NL

Bankers

The Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh
EH2 2YB

Other Lenders

Santander plc
Bridle Road
Bootle
Merseyside
L30 4GB

Registration numbers

Financial Conduct
The Scottish Housing Regulator
Registered Scottish Charity

2335R(S)
HEP218
SC016647

CAIRN HOUSING ASSOCIATION LIMITED
GROUP REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

Contents	Page
Report of the Board of Management (incorporating the Strategic Report)	1-6
Independent Auditor's Report to the members of Cairn Housing Association Limited on the financial statements	7-9
Report of the Auditor to the members of Cairn Housing Association Limited on Internal Financial Controls	10
Group Statement of Comprehensive Income	11
Association Statement of Comprehensive Income	12
Group Statement of Changes in Capital and Reserves	13
Association Statement of Changes in Capital and Reserves	14
Group Statement of Financial Position	15
Association Statement of Financial Position	16
Group Statement of Cash Flows	17-18
Association Statement of Cash Flows	19-20
Notes to the Financial Statements	21-62

CAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

The Board of Management present their Report and the audited financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the Group is the provision of affordable housing for rent and related services for tenants and other parties.

Cairn Housing Group consists of:-

- Cairn Housing Association Limited (as Group Parent), a registered social landlord incorporated in Scotland;
- ANCHO Limited, which is a subsidiary of Cairn Housing Association, and a registered social landlord incorporated in Scotland and based in North Ayrshire. Its principal activity is the provision of affordable housing for rent and related services for tenants and other parties; and
- Cairn Homes & Services Limited (trading as Cairn Living), which undertakes a range of non-charitable and commercial activities including management of homes at mid-market rent, full-market rent and garage management services.

Review of the Group's business

The financial year to 31 March 2020 has been a further year of sustained good business performance in most areas and service improvement for the Cairn Housing Group to the benefit of our tenants and other customers and the communities we work in.

Highlights during the year have included:-

- External recognition for our service delivery continued to be achieved, with the UK-wide Customer Service Excellence re-accreditation and improved scores again this year. Through rigorous external validation, this demonstrates our commitment to providing the best service to our tenants and supports one of our core values of Customer First;
- Delivery of a substantial investment programme of over £3 million across the Group in our existing homes across Scotland. This has directly improved the quality of life for tenants and supported our commitment to our vision of Great Homes including investment in new kitchens, new bathrooms, energy efficiency work, and heating systems;
- Continued progress has been made in the delivery of the Tenant Promises to ANCHO tenants as part of the commitments in the constitutional partnership, including stock investment, rent guarantee and locally based services;
- Work on further integration between Cairn HA and ANCHO has continued with shared IT systems, policies and processes and joint management across the Group;
- Business performance on key performance indicators remain satisfactory or good in most areas with details below;
- Despite significant challenges through the impact of the UK Government's welfare changes and roll out of Universal Credit, our income management has held up well, with good performance on rent collection for ANCHO at 99.4% and a very commendable 103% for Cairn HA;
- The Group's income was beginning to be affected by the Covid-19 pandemic at the close of financial year and response and recovery to this will be a priority area of focus in the coming year;

CAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Review of the Group's business (continued)

- Cairn HA experienced a drop in void relet performance with a significant fall in performance during the year due to operational challenges in the North. This will be a priority area of focus in the coming year. ANCHO achieved a very high performing 5.4 days average relet time during the year;
- Cairn HA's continued work on staff engagement recently achieved recognition with the Best Companies awards, again winning a top 50 place in the prestigious Sunday Times Top 100 Best Companies for not-for-profit organisation across UK. Across all sectors of business in Scotland, Cairn remains a top place to work;
- Overhead savings continue to be made following last year's head office move to Hopetoun Street, which will achieve even further savings totalling £1 million over the next 8 years;
- The Group submitted its first Annual Assurance Statement to the Regulator (SHR) in October 2019 setting out confirmation that Cairn HA and ANCHO both comply with all required statutory and regulatory requirements. The Statement committed to a continuous improvement plan focusing on further work on equality and diversity, implementation of the independent governance improvement plan and involvement of customers in preparations for next year's statement;
- Compliance with regulatory standards and best practice will continue to drive our governance and management of the Group and our positive working relationship with the Regulator;
- Our Group development strategy and programme of new build homes continues to be delivered informed by Scottish Government guidance and will be revised to guide our intended increase in new build development programme over the next few years as part of a controlled growth strategy and to meet local housing needs in communities across the country;
- Through our income maximisation and benefits advice service we have again secured significant additional benefits for our customers;
- We have delivered 16 new homes in 2019/20 to meet local housing need in local communities, with an active programme still to be delivered;
- Cairn HA's garages are now managed through Cairn Homes & Services Limited, with plans to move ANCHO's garages to benefit from that further integrated approach;
- The Group delivered a range of successful Community Development projects in communities across Scotland through the Cairn Community Fund;
- The Cairn Customer Panel has continued its valuable work in providing scrutiny and improvement recommendations from a tenants' perspective, including work on service charges;
- We have worked with TPAS/TIS to review our overall approach to customer involvement which will inform a new strategy next year with a greater focus on digital involvement and enabling a wider group of tenants being involved in helping us continue to improve; and
- Cairn and Ancho continue to take a pro-active approach to Asset Management, with a new Group Asset Management Strategy informing our integrated approach across the Group. Detailed work is underway to plan for the delivery of a major programme of upgrades and conversion of our stock of Retirement Courts across the country.

CAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Financial performance

The Association's operating surplus increased from £2,148,509 in 2018/19 to £2,389,286 in 2019/20 mainly due to increased rental income. The Association generated a deficit for the year of £174,490 (2019: surplus of £543,971), due to increased financing costs due to the drawdown of additional funding to fund the continued investment in existing units as well as fund our new development programme.

The Group generated a surplus after taxation of £3,129,623 (2019: £2,025,651) which included a release from negative goodwill of £2,539,909 (2019: £1,058,295). ANCHO returned an overall surplus of £714,052 (2019 restated: £742,998) for the full year ended 31 March 2020 with Cairn Homes and Services generating a profit after tax of £67,711 (2019: £29,640). The Group surplus for the year has been taken to the Revenue Reserve.

Future Developments

The operating and financial environment continues to be challenging, but the Group continues to be self-aware and pro-active in making important decisions on finance and strategy and set a direction to continue to build a resilient and successful organisation. The Board and the management team of Cairn Housing Association, and in their role as Group parent, are confident about the future of the Group as a whole, and are focused on delivering our vision of Great Homes, Great Services, and Great People. We will continue our commitment to continue to modernise and change where required - including delivery of the new 'Our Digital Future' strategy and to operate the business in the long term interests of current and future customers in communities throughout Scotland.

Cairn Homes and Services Limited's plans to expand activities will include increasing the number of units leased from Cairn Housing Association Limited. In addition, the directors are considering other ways in which to increase the Company's activities in the coming year.

As part of our business and financial planning we have the financial capacity to increase our new build development activity in the coming years. We intend to complete the delivery of our significant newbuild development programme over the next five years.

We will also continue to explore collaboration and potential organisational partnerships with other RSLs as we look to strengthen business resilience and capacity to have a greater impact on the quality of lives of our customers and communities.

Growth & Partnerships

Cairn continues to be open to a range of service partnerships and joint working with others to achieve our strategic objectives in the interest of current and future customers and the communities throughout Scotland.

CAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Risks and Uncertainties

Cairn continues to be a strong and resilient social business. There are a number of opportunities ahead such as growth through new build development and constitutional partnership opportunities.

We will continue to robustly identify and manage our risk profile and take mitigating actions as required and to pay close attention to the wider financial, economic and political environments, such as Brexit and the constitutional future of the country, which may affect our business and our customers. We will continue to develop our business continuity planning and oversee key risks such as securing income to the organisation and our response to ongoing changes to welfare and social security; the wider financial environment, regulatory compliance and our asset management strategy.

Key performance indicators

The Group continues to closely monitor key performance indicators, including those required under the Annual report on The Scottish Social Housing Charter. We also pay particular attention to key financial indicators on gearing and interest cover to ensure ongoing financial stability and to meet our lending covenants.

Governance

Cairn Housing Association Limited has a Board of Management elected by the shareholding members of the Association at the AGM each year. The Board directs the strategy, sets policies, oversees the overall direction and monitors the business plan of the Association and its two subsidiaries (ANCHO Limited and Cairn Homes & Services).

The Board also ensures appropriate levels of assurance and strategic risk management, including external advice where appropriate, and compliance with regulatory standards. The members of the Board of Management are currently unpaid, other than expenses.

We review the Board Succession & Development Plan each year, following annual personal development meetings, to ensure the appropriate level and mix of skills and experience and keeping up to date with regulatory requirements and best practice standards. There were 3 resignations and no retirees during 2019/20. Cairn HA and ANCHO are members of the Scottish Federation of Housing Associations and ensures positive working relationships with our Regulators, (SHR and OSCR), local authorities and other partners.

The Group is committed to continuous improvement and the Board sets challenging business targets, which are regularly monitored and reviewed by the Board and Senior Management Team.

Governance arrangements at Cairn include an Audit & Performance Committee, a Remuneration Committee and a Customer Panel working with the Group to provide an additional level of scrutiny and to support improvement activities. There are also stand alone Board Meetings for ANCHO and Cairn Homes and Services Limited.

The Board of Management and Executive Officers

The Board of Management and executive officers of the Association are listed on the first page of the financial statements. Each member of the Board of Management holds one fully paid share of £1 in Cairn HA. The executive officers of the Association hold no interest in the Association's share capital and although not having the legal status of directors they act as executives within the authority delegated by the Board. The Schedule of Delegated Authorities was reviewed during 2019/20 to ensure the appropriate balance of enabling operational effectiveness with proper board oversight and decisions making where required.

CAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Statement of the Board of Management's Responsibilities

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

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

The Board of Management, advised by the Senior Management Team, is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Association. The Board of Management must ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator. They are also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on internal financial controls

The Board of Management is responsible for the Group's and the Association's system of internal financial control.

Internal financial controls are those procedures established by the senior management team, and reviewed by the Group Audit & Performance Committee, in order to provide reasonable assurance on the safeguarding of assets and the maintenance of proper accounting records and the reliability of financial information used within the Group and the Association or for publication. Such a system of controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The approach adopted by the Board of Management to provide effective financial control can be summarised as follows:

- (a) An appropriate control environment has been created by careful recruitment and training of staff and provision of comprehensive guidance on the standards and controls to be applied throughout the Group. A comprehensive programme of internal audit covering over time all the Group's main activities is on-going. Reports are made to the Group Audit & Performance Committee with appropriate action taken where necessary.
- (b) Management information systems have been developed to provide accurate and timeous data on all aspects of the business. Management accounts comparing actual results against budget are presented to the Board of Management quarterly.
- (c) Major business risks and their financial implications are assessed by reference to established criteria.
- (d) The financial implications of major business risks are controlled by means of delegated authorities, which reserve significant matters to the Board of Management for decision, segregation of duties in appropriate areas and physical controls over assets and access to records as detailed in the Financial Regulations.

CAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Statement on internal financial controls (continued)

- (e) The Board of Management monitors the operation of the internal financial control system by considering regular reports from management and the external and internal auditors and ensures appropriate corrective action is taken to address any reported weaknesses.

While retaining overall responsibility for internal financial control, the Board of Management has delegated the day to day administration of the Group and the Association to the executive officers.

The Board of Management confirms it is satisfied with the effectiveness of the Group's and the Association's system of internal financial control as it operated during the year under review.

Disclosure of information to the auditor

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


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

Auditor

The appointed auditor, Scott-Moncrieff, tendered their resignation during 2019 and were replaced by Scott-Moncrieff Audit Services. Scott-Moncrieff Audit Services have expressed their willingness to continue in office as auditor and will be proposed for reappointment at the Annual General Meeting.

The Report of the Board of Management (incorporating the Strategic Report) has been approved by the Board of Management:

By order of the Board


Mr J MadGill
Secretary

Date: 10/4/20

CAIRN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAIRN HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

Opinion

We have audited the financial statements of Cairn Housing Association Limited (the 'Parent Association') and its subsidiaries (the 'Group') for the year ended 31 March 2020 which comprise the Group and Association Statements of Comprehensive Income, the Group and Association Statements of Changes in Capital and Reserves, the Group and Association Statements of Financial Position, the Group and Association Statements of Cash Flows and the notes to the financial statements, 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 Group's and the Parent Association's affairs as at 31 March 2020 and of the Group's and the Parent Association's 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 Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator.

Basis for opinion

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

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

Other information

The Board of Management 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.

CAIRN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAIRN HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

Other information (continued)

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 by the Parent Association; or
- the Parent Association has not kept proper accounting records; or
- the Parent Association's financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Board of Management

As explained more fully in the Statement of the Board of Management's Responsibilities set out on page 5, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

CAIRN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAIRN HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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

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 Parent Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014.

Our audit work has been undertaken so that we might state to the Parent Association's members, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Association, and the Parent Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Scott-Moncrieff Audit Services

Scott-Moncrieff Audit Services, Statutory Auditor
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
25 Bothwell Street
Glasgow
G2 6NL

Date: *10/9/20*

CAIRN HOUSING ASSOCIATION LIMITED

**REPORT OF THE AUDITOR TO THE MEMBERS OF CAIRN HOUSING ASSOCIATION LIMITED
ON INTERNAL FINANCIAL CONTROLS**

FOR THE YEAR ENDED 31 MARCH 2020

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 5 and 6 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 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 5 and 6 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 Board of Management and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Board of Management's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

Scott-Moncrieff Audit Services

Scott-Moncrieff Audit Services, Statutory Auditor
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
25 Bothwell Street
Glasgow
G2 6NL

Date: 10/9/20

CAIRN HOUSING ASSOCIATION LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	4	20,890,799	18,173,708
Operating expenditure	4	(17,539,587)	(15,679,976)
Operating surplus	4	3,351,212	2,493,732
Gain on sale of property, plant and equipment	10	20,289	161,518
Interest receivable	11a	202,645	11,921
Interest payable and similar charges	12	(2,980,252)	(2,103,416)
Negative goodwill	14	2,539,909	1,058,295
Revaluation gain on investment properties	15c	-	409,135
Surplus for the year before taxation		3,133,803	2,031,185
Taxation	13	(4,180)	(5,534)
Surplus after taxation		3,129,623	2,025,651
Other comprehensive income			
Initial recognition of the SHAPS defined benefit pension scheme	24	-	(1,172,313)
Actuarial gain/(loss) in respect of the SHAPS defined benefit pension scheme	24	3,077,000	(699,000)
Actuarial gain/(loss) in respect of the Strathclyde defined benefit pension scheme	24	440,000	(222,000)
Total comprehensive income for the year		6,646,623	(67,662)

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

CAIRN HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	4	17,634,420	<i>16,750,541</i>
Operating expenditure	4	(15,245,134)	<i>(14,602,032)</i>
Operating surplus	4	2,389,286	<i>2,148,509</i>
Gain on sale of property, plant and equipment	10	20,289	<i>161,518</i>
Interest receivable	11b	201,958	<i>6,875</i>
Interest payable and similar charges	12	(2,786,023)	<i>(2,042,446)</i>
Revaluation gain on investment properties	15d	-	<i>269,515</i>
(Deficit)/surplus for the year before taxation		(174,490)	<i>543,971</i>
Taxation	13	-	<i>-</i>
(Deficit)/surplus after taxation		(174,490)	<i>543,971</i>
Other comprehensive income			
Initial recognition of the SHAPS defined benefit pension scheme	24	-	<i>(1,172,313)</i>
Actuarial gain/(loss) in respect of the SHAPS defined benefit pension scheme	24	3,077,000	<i>(699,000)</i>
Total comprehensive income for the year		2,902,510	<i>(1,327,342)</i>

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

CAIRN HOUSING ASSOCIATION LIMITED**GROUP STATEMENT OF CHANGES IN CAPITAL AND RESERVES****AS AT 31 MARCH 2020**

	Share capital £	Revenue reserve £	Total reserves £
Balance at 1 April 2019	92	54,700,938	54,701,030
Total comprehensive income for the year	-	6,646,623	6,646,623
Cancelled shares during the year	(4)	-	(4)
Balance at 31 March 2020	<u>88</u>	<u>61,347,561</u>	<u>61,347,649</u>

AS AT 31 MARCH 2019

	<i>Share capital £</i>	<i>Revenue reserve £</i>	<i>Total reserves £</i>
Balance at 1 April 2018	96	54,768,600	54,768,696
Total comprehensive income for the year	-	(67,662)	(67,662)
Cancelled shares during the year	(11)	-	(11)
Issued during the year	7	-	7
Balance at 31 March 2019	<u>92</u>	<u>54,700,938</u>	<u>54,701,030</u>

The notes form part of these financial statements.

CAIRN HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES

AS AT 31 MARCH 2020

	Share capital £	Revenue reserve £	Total reserves £
Balance at 1 April 2019	92	53,450,452	53,450,544
Total comprehensive income for the year	-	2,902,510	2,902,510
Cancelled shares during the year	(4)	-	(4)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	88	56,352,962	56,353,050
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

AS AT 31 MARCH 2019

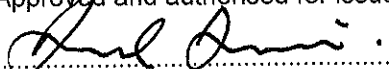
	Share capital £	Revenue reserve £	Total reserves £
Balance at 1 April 2018	96	54,777,794	54,777,890
Total comprehensive income for the year	-	(1,327,342)	(1,327,342)
Cancelled shares during the year	(11)	-	(11)
Shares issued during the year	7	-	7
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2019	92	53,450,452	53,450,544
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements.


CAIRN HOUSING ASSOCIATION LIMITED
GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Notes	£	2020 £	£	Restated 2019 £
Negative goodwill	14		(9,101,343)		(11,641,244)
Tangible fixed assets and investments					
Housing properties	15a		128,805,921		121,661,377
Investment properties	15c		10,069,794		12,515,682
Other fixed assets	15e		1,364,746		1,452,636
			<u>140,240,461</u>		<u>135,629,695</u>
Current assets					
Debtors	17	2,382,538		2,488,382	
Cash and cash equivalents	18a	4,842,009		2,327,720	
Investments	18b	17,031,513		-	
			<u>24,256,060</u>	<u>4,816,102</u>	
Creditors: amounts falling due within one year	19	(5,169,040)		(10,532,915)	
Net current liabilities			<u>19,087,020</u>		<u>(5,716,813)</u>
Total assets less current liabilities			<u>150,226,138</u>		<u>118,271,638</u>
Creditors: amounts falling due after more than one year	20	(88,383,876)		(59,160,439)	
SHAPS defined benefit pension scheme	24		(113,537)		(3,698,000)
Strathclyde defined benefit pension scheme	24		(381,000)		(712,000)
Deferred taxation	25		(76)		(169)
Net assets			<u>61,347,649</u>		<u>54,701,030</u>
Capital and reserves					
Share capital	26		88		92
Revenue reserves	27		61,347,561		54,700,938
			<u>61,347,649</u>		<u>54,701,030</u>

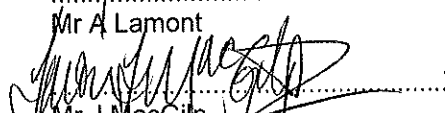
Approved and authorised for issue by the Board of Management on


.....
Mr D Jamieson

Chairperson


.....
Mr A Lamont

Vice Chairperson


.....
Mr J MacGill

Secretary

The notes form part of these financial statements.

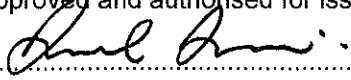
CAIRN HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

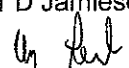
	Notes	£	2020 £	£	Restated 2019 £
Tangible fixed assets and investments					
Housing properties	15b		107,217,396		101,641,012
Investment properties	15d		9,482,674		11,928,562
Other fixed assets	15f		1,286,167		1,373,686
Investments	15g		1		1
			<u>117,986,238</u>		<u>114,943,261</u>
Current assets					
Debtors due after one year	16	1,210,000		700,000	
Debtors within one year	17	2,048,108		2,144,157	
Cash and cash equivalents	18a	4,601,360		1,920,066	
Investments	18b	17,031,513		-	
			<u>24,890,981</u>	<u>4,764,223</u>	
Creditors: amounts falling due within one year	19	(3,818,192)		(9,671,064)	
Net current liabilities			<u>21,072,789</u>		<u>(4,906,841)</u>
Total assets less current liabilities			<u>139,059,027</u>		<u>110,036,420</u>
Creditors: amounts falling due after more than one year	20		(82,592,440)		(52,887,876)
SHAPS defined benefit pension scheme	24		(113,537)		(3,698,000)
Net assets			<u>56,353,050</u>		<u>53,450,544</u>
Capital and reserves					
Share capital	26		88		92
Revenue reserves	27		56,352,962		53,450,452
			<u>56,353,050</u>		<u>53,450,544</u>

Approved and authorised for issue by the Board of Management on

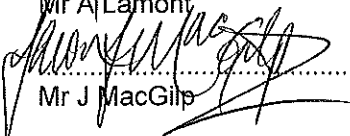

.....
Mr D Jamieson

Chairperson

10/9/20


.....
Mr A Lamont

Vice Chairperson


.....
Mr J MacGill

Secretary

The notes form part of these financial statements.

CAIRN HOUSING ASSOCIATION LIMITED
GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Net cash generated from operating activities	28	7,189,828	4,449,816
Cash flow from investing activities			
Payments to acquire and improve housing stock		(7,743,639)	(10,208,436)
Payments to acquire investment property		-	(3,092,220)
Purchase of other fixed assets		(205,885)	(581,791)
HAG and other capital grants received		3,132,511	5,531,324
Proceeds from sale of tangible fixed assets and investment properties		40,406	500,563
Movement of cash balance to investments	18	(17,031,513)	-
Interest received		202,645	11,921
Improvement to investment properties		(41,170)	(15,974)
Cash acquired through acquisition		-	759,986
		(21,646,645)	(7,094,627)
Taxation paid		-	-
Cash flow from financing activities			
Interest paid		(2,882,252)	(2,012,416)
Housing loans repaid		(7,046,428)	(18,014,574)
Housing loans received		27,500,000	23,300,000
Loans acquired through acquisition		-	-
		17,571,320	3,273,010
Net change in cash and cash equivalents		3,114,503	628,199
Cash and cash equivalents at beginning of year	18	1,727,506	1,099,307
Cash and cash equivalents at end of the year	18	4,842,009	1,727,506

CAIRN HOUSING ASSOCIATION LIMITED
GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

(i) Analysis of changes in net debt

	Restated At 1 April 2019 £	Cash flows £	Other non- cash changes £	At 31 March 2020 £
Cash and cash equivalents				
Cash	2,327,720	2,514,289	-	4,842,009
Overdrafts	(600,214)	600,214	-	-
	<u>1,727,506</u>	<u>3,114,503</u>	-	<u>4,842,009</u>
Current asset investments	-	17,031,513	-	17,031,513
Borrowings				
Debt due within one year	(7,008,929)	7,046,428	(1,251,846)	(1,214,347)
Debt due after one year	(50,541,039)	(27,500,000)	1,366,468	(76,674,571)
	<u>(57,549,968)</u>	<u>(20,453,572)</u>	<u>114,622</u>	<u>(77,888,918)</u>
Total	<u>(55,822,462)</u>	<u>(307,556)</u>	<u>114,622</u>	<u>(56,015,396)</u>

The notes form part of these financial statements.

CAIRN HOUSING ASSOCIATION LIMITED
ASSOCIATION STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 Restated £
Net cash generated from operating activities	28	5,058,056	4,020,197
Cash flow from investing activities			
Payments to acquire and improve housing stock		(5,587,301)	(8,969,952)
Payments to acquire investment property		-	(3,092,220)
Purchase of other fixed assets		(199,889)	(578,191)
HAG and other capital grants received		3,132,511	5,531,324
Proceeds from sale of tangible fixed assets and investment properties		40,406	500,563
Movement of cash balance to investments		(17,031,513)	-
Interest received		201,958	6,875
Improvement to investment properties		(41,170)	(15,974)
		(19,484,998)	(6,617,575)
Taxation paid		-	-
Cash flow from financing activities			
Loan to ANCHO Limited		(510,000)	(700,000)
Interest paid		(2,707,023)	(1,961,446)
Housing loans repaid		(6,574,527)	(17,816,713)
Housing loans received		27,500,000	23,300,000
		17,708,450	2,821,841
Net change in cash and cash equivalents		3,281,508	224,463
Cash and cash equivalents at beginning of year	18	1,319,852	1,095,389
Cash and cash equivalents at end of the year	18	4,601,360	1,319,852

CAIRN HOUSING ASSOCIATION LIMITED
ASSOCIATION STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

(i) Analysis of changes in net debt

	Restated At 1 April 2019 £	Cash flows £	Other non- cash changes £	At 31 March 2020 £
Cash and cash equivalents				
Cash	1,920,066	2,681,294	-	4,601,360
Overdrafts	(600,214)	600,214	-	-
	<u>1,319,852</u>	<u>3,281,508</u>	<u>-</u>	<u>4,601,360</u>
Current asset investments	-	17,031,513	-	17,031,513
Borrowings				
Debt due within one year	(6,538,723)	6,574,527	(771,251)	(735,447)
Debt due after one year	(44,292,928)	(27,500,000)	885,873	(70,907,055)
	<u>(50,831,651)</u>	<u>(20,925,473)</u>	<u>114,622</u>	<u>(71,642,502)</u>
Total	<u>(49,511,799)</u>	<u>(612,452)</u>	<u>114,622</u>	<u>(50,009,629)</u>

The notes form part of these financial statements.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. General Information

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Housing Requirements 2019 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018. The principle accounting policies are set out below.

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

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

These financial statements represent the results of the Group and Association and are presented in £GPB.

The Association is a Co-operative and Community Benefit Society Limited by shares and is incorporated in Scotland. The Association is a registered social landlord (HEP218) and a registered charity (SC016647). The registered address of the Group is Bellevue House, 22 Hopetoun Street, Edinburgh EH7 4GH.

2. Principle Accounting policies

(a) Basis of accounting and consolidation

The financial statements are prepared under the historical cost convention, subject to the revaluation of certain fixed assets, and in accordance with applicable accounting standards and statements of recommended practice. The effect of events relating to the year ended 31 March 2020, which occurred before the date of approval of the financial statements by the Board of Management have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2020 and of the results for the year ended on that date.

(b) Going concern

The financial statements have been prepared on a going concern basis by the Board of Management as surpluses are expected in 2020/21 and 2021/22, maintaining a healthy cash position across the Group. This included the Board's assessment of the impact of COVID-19 on the Group's and the Association's operations and financial performance in the 12 months following the signing of these financial statements. Thus the Board continues to adopt the going concern basis of accounting in preparing the financial statements.

(c) Turnover

Turnover represents rental and service charge income, fees receivable and revenue grants receivable from local authorities and from the Scottish Government. Also included is any income from first tranche shared ownership disposals and management fees from the factoring of properties for private owners as the provision of factoring services is accounted for on an agency basis.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Principle Accounting policies (continued)

(d) Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of the number of units (excluding garages) relevant to that area of the business.

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

(e) Interest receivable

Interest receivable is recognised in the Statement of Comprehensive Income using the effective interest method.

(f) Interest payable

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

(g) Negative goodwill

Negative goodwill arising on consolidation represents the excess of the fair value of the identifiable assets and liabilities of ANCHO transferred over to the group on the date the strategic partnership commenced, which was 1 November 2019. The negative goodwill will be released over its estimated useful life which is deemed to be five years from acquisition.

(h) Tangible fixed assets - housing properties

Housing properties are stated at deemed cost based on an Existing Use Value at 1 April 2014. From this date, housing properties have been accounted for under historical cost. The development cost of housing properties includes the following:

- (i) cost of acquiring land and buildings;
- (ii) development expenditure; and
- (iii) internal administrative costs relating to the acquisition and development of housing properties.

These costs are termed "qualifying costs" by the Scottish Government for approved Housing Association Grant.

Expenditure on schemes is written off in the year unless it is recognised that the schemes will be developed to completion.

Refurbishment expenditure on existing properties is capitalised to the extent that the expenditure represents improvements to the properties or replacement of components.

(i) Shared ownership transactions

First tranche proceeds arising from part-owners' purchase of equity in shared ownership schemes is regarded as sales of assets held for sale and is treated as turnover. The percentage of development costs representing the estimated first tranche percentages to be sold is shown as current assets until sold. Remaining costs are treated as fixed assets and sales taking place after the initial purchase are accounted for as disposals of fixed assets.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Principle Accounting policies (continued)

(j) Government capital grants

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

(k) Government revenue grants

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

(l) Non-government capital and revenue grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable. A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

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

(m) Depreciation

Housing properties

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties held for letting on practical completion of construction.

Freehold land is not depreciated.

Housing properties held for letting are considered to comprise the following components which are depreciated over estimated economic lives as follows:

Component	Useful Economic Life
Structure	60 years
Kitchens	20 years
Bathrooms	25 years
Central heating systems (excl boilers)	30 years
Boilers	25 years
Lifts	25 years
Roofs	60 years
Windows and doors	25 years
Rewiring	30 years
LD2	25 years
Fire doors	25 years
Fire stopping	25 years
Solar panels	25 years

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Principle Accounting policies (continued)

(m) Depreciation (continued)

In the year of replacement, the Net Book Value of the component being replaced is written off and is included in the depreciation charge for the year in accordance with the RSL SORP.

Shared ownership housing properties

Depreciated over 60 years.

Other fixed assets

Depreciation is provided on other fixed assets at rates calculated to write off cost evenly over expected useful lives as follows:

Heritable office properties	Over 60 years
Office furniture and equipment	4 to 10 years

(n) Pensions (Note 24)

SHAPS

Up until 1 April 2014, Cairn HA participated in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and retirement benefits to employees are funded by the contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

On 1 April 2014 these employees were transferred to a Defined Contribution Scheme within the Scottish Housing Association Pension Scheme (SHAPS). All new staff members are eligible to participate in a defined contribution scheme provided by Standard Life.

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

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

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

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Principle Accounting policies (continued)

(n) Pensions (Note 24) (continued)

Strathclyde Pensions Trust

ANCHO participates in the centralised Strathclyde Pensions Trust defined benefits pension scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the scheme. Payments are made to the Trust in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating employers taken as a whole.

The expected cost to the Association of pensions is charged to Total Comprehensive Income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole.

The difference between the fair value of the assets held in the Association's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognized in the Group's Statement of Financial Position as a pension scheme liability.

(o) Operating leases

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

(p) Investment properties

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

(q) Investments

Fixed asset investments are stated at cost, less any provisions required where there has been a permanent diminution in their value.

(r) Debtors

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

(s) Rental arrears

Rental arrears represent amounts due by tenants for rental of affordable housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in note 17.

(t) Cash and Cash Equivalents

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

(u) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Principle Accounting policies (continued)

(v) Financial instruments

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

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

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

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

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

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

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

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

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

Estimate

Valuation of housing properties

Useful lives of property, plant and equipment

Basis of estimation

Housing Properties are held at deemed cost which is based on an existing use valuation at the date of transition to FRS 102 of 1 April 2014.

The useful lives of property, plant and equipment are based on the knowledge of senior management at the Group, with reference to expected asset life cycles.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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

Estimate

The main components of housing properties and their useful lives

Recoverable amount of rental and other trade receivables

The obligations under the SHAPs and the Strathclyde defined benefit pension schemes

The valuation of investment properties

Basis of estimation

The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and are based on costing models.

Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.

This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

The investment properties were valued by an appropriately qualified surveyor using market data at the date of valuation.

CAIRN HOUSING ASSOCIATION LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2020

4. Particulars of turnover, operating expenditure and operating surplus

Group	Turnover £	Operating Expenditure £	2020		2019	
			Operating Surplus £	Turnover £	Operating Expenditure £	Operating Surplus £
Affordable lettings (note 5a)	18,709,939	16,027,062	2,682,877	16,199,344	14,283,794	1,915,550
Other activities (note 6a)	1,994,998	1,476,743	518,255	1,914,570	1,372,008	542,562
Cairn Homes and Services Limited	185,862	35,782	150,080	59,794	24,174	35,620
	<u>20,890,799</u>	<u>17,539,587</u>	<u>3,351,212</u>	<u>18,173,708</u>	<u>15,679,976</u>	<u>2,493,732</u>

Association	Turnover £	Operating Expenditure £	2020		2019	
			Operating Surplus £	Turnover £	Operating Expenditure £	Operating Surplus £
Affordable lettings (note 5b)	15,807,926	13,961,635	1,846,291	15,014,570	13,346,162	1,668,408
Other activities (note 6b)	1,826,494	1,283,499	542,995	1,735,971	1,255,870	480,101
	<u>17,634,420</u>	<u>15,245,134</u>	<u>2,389,286</u>	<u>16,750,541</u>	<u>14,602,032</u>	<u>2,148,509</u>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

5a. Particulars of turnover, operating expenditure and operating surplus or (deficit) from affordable letting activities	General Needs Housing £	Amenity Housing £	Sheltered Housing £	Supported Housing £	Shared Ownership £	2020 £	2019 £
Group							
Rent receivable net of service charges	12,916,022	1,577,457	1,886,558	120,050	94,270	16,594,357	14,176,800
Service charges net of voids	315,579	602,656	1,102,845	142,384	4,438	2,167,902	2,013,977
Gross income from rents and service charges	13,231,601	2,180,113	2,989,403	262,434	98,708	18,762,259	16,190,777
Less: Rental voids	(177,874)	(103,139)	(37,012)	(6,392)	(1,473)	(325,890)	(261,774)
Net income from rents and service charges	13,053,727	2,076,974	2,952,391	256,042	97,235	18,436,369	15,929,003
Release of deferred capital government grant	63,685	-	-	-	-	63,685	84,764
Grants from the Scottish Ministers	112,462	66,277	26,869	4,277	-	209,885	185,577
Total turnover from affordable letting activities	13,229,874	2,143,251	2,979,260	260,319	97,235	18,709,939	16,199,344
Management and maintenance administration costs	4,696,607	828,601	1,031,390	33,273	73,285	6,663,156	6,030,822
Service costs	318,484	603,242	1,060,785	2,333	10,920	1,995,764	1,834,295
Planned and cyclical maintenance	689,326	119,425	231,853	7,681	11,589	1,059,874	1,056,976
Responsive maintenance costs	2,060,909	408,688	518,276	26,360	34,207	3,048,440	2,551,749
Bad debt provision	(19,496)	-	-	-	-	(19,496)	(19,496)
Write offs	145,745	36,294	23,578	9,212	2,766	217,595	306,326
Non-refundable rent	(1,548)	(723)	(843)	-	(1,358)	(4,472)	(9,931)
Impairment	-	-	-	-	-	-	-
Depreciation of affordable housing	2,203,410	363,888	454,859	28,525	15,519	3,066,201	2,533,053
Operating expenditure for affordable letting activities	10,093,437	2,359,415	3,319,898	107,384	146,928	16,027,062	14,283,794
Operating surplus or (deficit) for affordable lettings 2020	3,136,437	(216,164)	(340,638)	152,935	(49,693)	2,682,877	
<i>Operating surplus for affordable lettings – 2019</i>	<i>2,328,310</i>	<i>(237,086)</i>	<i>(283,728)</i>	<i>157,843</i>	<i>(49,789)</i>		<i>1,915,550</i>
Number of units in management:							
2020	2,876	476	590	19	42	4,003	
2019	2,831	474	590	19	42	3,956	

Included in depreciation of affordable housing is £331,191 (2019: £305,135) relating to the loss on disposal of components.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

5b. Particulars of turnover, operating expenditure and operating surplus or (deficit) from affordable letting activities	General Needs Housing £	Amenity Housing £	Sheltered Housing £	Supported Housing £	Shared Ownership £	2020 £	2019 £
Association							
Rent receivable net of service charges	10,010,114	1,577,457	1,886,558	120,050	94,270	13,688,449	12,987,858
Service charges net of voids	315,579	602,656	1,102,845	142,384	4,438	2,167,902	2,013,977
Gross income from rents and service charges	10,325,693	2,180,113	2,989,403	262,434	98,708	15,856,351	15,001,835
Less: Rental voids	(173,447)	(103,139)	(37,012)	(6,392)	(1,473)	(321,463)	(257,074)
Net income from rents and service charges	10,152,246	2,076,974	2,952,391	256,042	97,235	15,534,888	14,744,761
Release of deferred capital government grant	63,153	-	-	-	-	63,153	84,232
Grants from the Scottish Ministers	112,462	66,277	26,869	4,277	-	209,885	185,577
Total turnover from affordable letting activities	10,327,861	2,143,251	2,979,260	260,319	97,235	15,807,926	15,014,570
Management and maintenance administration costs	3,787,814	828,601	1,031,390	33,273	73,285	5,754,363	5,563,309
Service costs	318,484	603,242	1,060,785	2,333	10,920	1,995,764	1,834,295
Planned and cyclical maintenance	628,400	119,425	231,853	7,681	11,589	998,948	1,042,971
Responsive maintenance costs	1,603,268	408,688	518,276	26,360	34,207	2,590,799	2,368,188
Bad debt provision	(19,496)	-	-	-	-	(19,496)	(19,496)
Write offs	95,856	36,294	23,578	9,212	2,766	167,706	293,000
Non-refundable rent	(1,548)	(723)	(843)	-	(1,358)	(4,472)	(9,930)
Impairment	-	-	-	-	-	-	-
Depreciation of affordable housing	1,615,232	363,888	454,859	28,525	15,519	2,478,023	2,273,825
Operating expenditure for affordable letting activities	8,028,010	2,359,415	3,319,898	107,384	146,928	13,961,635	13,346,162
Operating surplus or (deficit) for affordable lettings 2020	2,299,851	(216,164)	(340,638)	152,935	(49,693)	1,846,291	-
<i>Operating surplus for affordable lettings – 2019</i>	<i>2,328,310</i>	<i>(237,086)</i>	<i>(283,728)</i>	<i>157,843</i>	<i>(49,789)</i>	<i>-</i>	<i>1,668,408</i>
Number of units in management:							
2020	2,204	476	590	19	42	3,331	-
2019	2,159	474	590	19	42	3,284	-

Included in depreciation of social housing is £220,126 (2019: £140,650) relating to the loss on disposal of components.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

6a. Particulars of turnover, operating expenditure and operating surplus or (deficit) from other activities	Grants from Scottish Ministers		Other Revenue Grants		Supporting People Income		Other Income		Total turnover		Operating Expenditure - bad debts		Other operating expenditure		Operating surplus or (deficit) 2020		Operating surplus or (deficit) 2019	
Group	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Care and repair of property	404,196	-	60,082	-	-	-	-	-	464,278	-	-	-	409,065	55,213	66,497			
Wider role	168,725	-	-	-	-	-	-	-	168,725	-	-	-	166,040	2,685	35,545			
Commercial rent from investment properties	-	-	-	-	745,474	-	-	745,474	745,474	-	-	-	537,596	207,878	276,608			
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Support activities	23,000	52,834	-	-	-	-	-	75,834	75,834	-	-	-	200,476	(124,642)	(98,354)			
Care activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Factoring activities	-	-	-	-	99,027	-	-	99,027	99,027	-	-	-	22,542	76,485	17,544			
Service charge admin recharge	-	-	-	-	42,927	-	-	42,927	42,927	-	-	-	69,683	(26,756)	12,979			
Third party recharge costs	-	-	-	-	104,498	-	-	104,498	104,498	-	-	-	34,420	70,078	46,512			
Other activities	-	-	-	-	294,235	-	-	294,235	294,235	36,921	-	-	-	257,314	185,231			
Total from other activities 2020	595,921	52,834	60,082	1,286,161	1,994,998	36,921	1,439,822	518,255										
Total from other activities 2019	538,498	56,389	75,952	1,243,731	1,914,570	28,781	1,343,227	542,562										

The other activity headings as noted in The Scottish Housing Regulator's Determination of Accounting Requirements (2019) do not apply.

CAIRN HOUSING ASSOCIATION LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2020

6b. Particulars of turnover, operating expenditure and operating surplus or (deficit) from other activities	Association								
	Grants from Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total turnover	Operating Expenditure - bad debts	Other operating expenditure	Operating surplus or (deficit) 2020	Operating surplus or (deficit) 2019
	£	£	£	£	£	£	£	£	£
Care and repair of property	404,196	60,082	-	-	464,278	-	409,065	55,213	66,497
Commercial rent from investment properties	-	-	-	742,756	742,756	-	537,596	205,160	255,741
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	52,834	-	52,834	-	176,941	(124,107)	(100,696)
Care activities	-	-	-	-	-	-	-	-	-
Factoring activities	-	-	-	76,121	76,121	-	32,752	43,369	31,597
Service charge admin recharge	-	-	-	42,927	42,927	-	69,683	(26,756)	12,979
Third party recharge costs	-	-	-	126,843	126,843	-	34,420	92,423	46,512
Other activities	-	-	-	320,735	320,735	23,042	-	297,693	167,471
Total from other activities 2020	404,196	60,082	52,834	1,309,382	1,826,494	23,042	1,260,457	542,995	
Total from other activities 2019	404,196	75,952	56,389	1,199,434	1,735,971	28,781	1,227,089		480,101

The other activity headings as noted in The Scottish Housing Regulator's Determination of Accounting Requirements (2019) do not apply.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

7a. Employees – Group	2020	2019
	£	£
Staff costs during year:		
Wages and salaries	4,622,030	4,155,965
Social security costs	430,703	381,733
Pension costs	598,991	340,318
Pension costs – Strathclyde Pension Scheme	90,000	151,000
Death in service	42,535	49,411
Accrued holiday pay	124,007	116,185
Agency costs	65,905	31,603
Redundancy and compensation payments (including NI)	6,368	99,025
	5,980,539	5,325,240

During the year past service deficit contributions of £586,463 (2019: £563,772) were paid.

	2020	2020	2019	2019
	Ave	FTE	Ave	FTE
	No.	No.	No.	No.
Average weekly number and the full time equivalent (FTE) employees of the Association including staff on an agency basis during the year was				
Office staff	110	96	99	87
HomeWorks staff	16	17	16	15
Housing managers and other staff	75	40	77	42
	201	153	192	144

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

7b. Employees –Association	2020	2019
	£	£
Staff costs during year:		
Wages and salaries	4,084,183	3,921,205
Social security costs	377,675	358,756
Pension costs	528,940	306,947
Death in service	26,515	45,433
Accrued holiday pay	122,288	114,911
Agency costs	26,361	30,761
Redundancy and compensation payments (including NI)	6,368	99,025
	5,172,330	4,877,038

During the year past service deficit contributions of £586,463 (2019: £563,772) were paid.

	2020	2020	2019	2019
	Ave	FTE	Ave	FTE
	No.	No.	No.	No.
Average weekly number and the full time equivalent (FTE) employees of the Association including staff on an agency basis during the year was				
Office staff	110	96	97	85
HomeWorks staff	13	14	12	12
Housing managers and other staff	61	26	63	28
	184	136	172	125

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

8a. Directors' emoluments – Group

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

	2020	2019
	£	£
Aggregate emoluments payable to the key management team (which includes all the officers earning > £60k) (excluding pension contributions) amounted to:	<u>379,987</u>	<u>317,501</u>
Total emoluments payable to the Chief executive (excluding pension contributions) amounted to:	<u>113,658</u>	<u>112,170</u>
The numbers of officers including the highest paid Officer who received emoluments (excluding pension contributions) in the following ranges were:	Number	Number
£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	2	2
£90,001 - £100,000	-	-
£100,001 - £110,000	<u>1</u>	<u>1</u>

Total pension contributions to the key management team (which includes all officers earning > £60k) were £47,098 (2019: £48,873). No enhanced or special terms apply to membership and the key management team have no other pension arrangements to which the Group contributes. Employers NI contributions for the key management team were £44,107 (2019: £40,877).

The Chief Executive is an ordinary member of the Group's pension scheme described in Note 24. The Association's contributions for the Chief Executive in the year amounted to £12,711 (2019: £12,527).

	£	£
Total Board of Management expenses reimbursed in so far as not chargeable to United Kingdom Income Tax	<u>21,671</u>	<u>15,225</u>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

8b. Directors' emoluments –Association

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

	2020	2019
	£	£
Aggregate emoluments payable to the key management team (which includes all the officers earning > £60k) (excluding pension contributions) amounted to:	280,849	279,361
Total emoluments payable to the Chief executive (excluding pension contributions) amounted to:	113,658	112,170
The numbers of officers including the highest paid Officer who received emoluments (excluding pension contributions) in the following ranges were:	Number	Number
£70,001 - £80,000	-	-
£80,001 - £90,000	2	2
£90,001 - £100,000	-	-
£110,001 - £115,000	1	1

Total pension contributions to the key management team (which includes all officers earning > £60k) were £31,784 (2019: £42,197). No enhanced or special terms apply to membership and the key management team have no other pension arrangements to which the Group contributes. Employers NI contributions for the key management team were £32,802 (2019: £33,472).

The Chief Executive is an ordinary member of the Group's pension scheme described in Note 24. The Association's contributions for the Chief Executive in the year amounted to £12,711 (2019: £12,528).

	£	£
Total Board of Management expenses reimbursed in so far as not chargeable to United Kingdom Income Tax	17,054	13,223

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

9. Operating surplus	2020	2019
	£	£
Operating surplus is stated after charging:		
Group		
Depreciation:		
- charge	3,028,620	2,530,553
- loss on disposal of components	331,191	305,135
Auditor's remuneration:		
- External audit services	34,149	27,851
- non-audit services	11,692	8,783
- internal audit services	17,430	23,532
	=====	=====
Association		
Depreciation:		
- charge	2,545,140	2,428,749
- loss on disposal of components	220,126	140,650
Auditor's remuneration:		
- External audit services	20,250	17,414
- non-audit services	11,692	8,291
- internal audit services	17,430	23,532
	=====	=====

Scott-Moncrieff are also the internal auditor.

10. Gain on sale on property, plant and equipment	2020	2019
	£	£
Group and association		
Gain on right to buy sales	-	19,700
Gain on supported sales	-	221,553
Gain on shared ownership tranches	20,289	-
Gain on general needs	-	44,121
Loss on other fixed assets	-	(123,856)
	=====	=====
	20,289	161,518

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

11a. Interest receivable – Group	2020	2019
	£	£
Interest receivable on bank deposits	<u>202,645</u>	<u>11,921</u>
11b. Interest receivable – Association	2020	2019
	£	£
Interest receivable on bank deposits	<u>201,958</u>	<u>6,875</u>
12. Interest payable and similar charges	2020	2019
Group	£	£
On bank loans	2,881,632	2,011,970
SHAPS – finance cost (note 24)	79,000	81,000
Strathclyde Pension Scheme – finance cost (note 24)	19,000	10,000
Bank charges	620	446
	<u>2,980,252</u>	<u>2,103,416</u>
Association	2020	2019
	£	£
On bank loans	2,707,023	1,961,446
Defined benefit pension liability – interest charge (note 24)	79,000	81,000
	<u>2,786,023</u>	<u>2,042,446</u>
13. Taxation		
Group		
The Association is a Scottish Charity and no liability to Corporation Tax arises on its charitable activities in the year. Corporation tax is due on the profit generated by Cairn Homes and Services Limited in 2019/20.		
	2020	2019
	£	£
Corporation Tax due on other activities (Cairn Homes and Services Limited)	4,273	5,365
Deferred tax provision (Cairn Homes and Services Limited)	(93)	169
	<u>4,180</u>	<u>5,534</u>
Association	2020	2019
	£	£
Corporation Tax due on other activities	<u>-</u>	<u>-</u>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

14. Goodwill	£
Cost	
At 1 April 2019	(12,699,539)
Additions	(8)
	<u> </u>
At 31 March 2020	<u><u>(12,699,547)</u></u>
Amortisation	
At 1 April 2019	1,058,295
Charge for year	2,539,909
	<u> </u>
At 31 March 2020	<u><u>3,598,204</u></u>
Net book value	
At 31 March 2020	<u><u>(9,101,343)</u></u>
At 31 March 2019	<u><u>(11,641,244)</u></u>

The negative goodwill relates to ANCHO joining the Cairn Housing Group on 1 November 2019.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

15a. Tangible fixed assets and investments	Housing Properties held for letting	Shared Ownership held for letting	Housing Properties in the course of construction	Housing Properties Total
	£	£	£	£
(a) Housing properties Group				
Cost or valuation				
At the start of the year	129,313,913	973,716	2,883,336	133,170,965
Additions during year				
- properties	58,465	-	-	58,465
- new developments/components	-	-	4,636,068	4,636,068
- improvements to existing property (replacement components)	3,049,106	-	-	3,049,106
Transfer	2,672,477	(32,625)	(2,639,852)	-
Investment property transferred during the year	2,473,347	-	-	2,473,347
Disposals during year				
- properties	(391,168)	(9,751)	-	(9,751)
- replaced components	-	-	-	(391,168)
At the end of the year	137,176,140	931,340	4,879,552	142,987,032
Depreciation				
At the start of the year	11,428,482	81,106	-	11,509,588
Charge for year	2,719,491	15,519	-	2,735,010
Disposals during year				
- properties	-	(3,510)	-	(3,510)
- replaced components	(59,977)	-	-	(59,977)
At the end of the year	14,087,996	93,115	-	14,181,111
Net book value				
At 31 March 2020	123,088,144	838,225	4,879,552	128,805,921
At 31 March 2019	117,885,431	892,610	2,883,336	121,661,377

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

15b. Tangible fixed assets and investments	Housing Properties held for letting	Shared Ownership held for letting	Housing Properties in the course of construction	Housing Properties Total
	£	£	£	£
(b) Housing properties Association				
Cost or valuation				
At the start of the year	106,699,695	973,716	2,883,336	110,556,747
Additions during year	58,465	-	-	58,465
- properties				
- new developments/components			4,636,068	4,636,068
- improvements to existing property (replacement components)	892,768	-	-	892,768
Transfer	2,672,477	(32,625)	(2,639,852)	-
Investment property transferred during the year	2,473,347	-	-	2,473,347
Disposals during year				
- properties	(257,670)	(9,751)	-	(9,751)
- replaced components				(257,670)
At the end of the year	112,539,082	931,340	4,879,552	118,349,974
Depreciation				
At the start of the year	8,834,629	81,106	-	8,915,735
Charge for year	2,242,378	15,519	-	2,257,897
Disposals during year				
- properties	-	(3,510)	-	(3,510)
- replaced components	(37,544)	-	-	(37,544)
At the end of the year	11,039,463	93,115	-	11,132,578
Net book value				
At 31 March 2020	101,499,619	838,225	4,879,552	107,217,396
At 31 March 2019	97,865,066	892,610	2,883,336	101,641,012

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

15. Tangible fixed assets and investments (cont'd)

15 (a) Tangible fixed assets and investments (continued)

Group

Total cost of components capitalised for the year amounted to £3,049,106 (2019: £3,252,050). The amount spent on maintenance of housing properties held for letting can be seen in note 5a.

Additions to Housing Properties during the year includes £nil capitalised interest (2019: £nil) and £nil capitalised administration costs (2019: £nil). All housing properties are freehold. Properties with a cost of £9,751 (2019: £179,886) and accumulated depreciation of £3,510 (2019: £10,672) have been disposed of in the year for net proceeds of £20,289 (2019: £500,563). Components with a cost of £391,168 (2019: £357,055) and accumulated depreciation of £59,977 (2019: £51,920) have been disposed of for £nil (2019: £nil) net proceeds.

Included in freehold housing properties is land with a historic cost allocation of £17,098,882 (2019: £16,395,380).

The housing properties were revalued as at 1 April 2014 (by Jones Lang LaSalle Limited) on an existing value basis and this value was used as the deemed cost from that date in accordance with FRS 102.

15 (b) Tangible fixed assets and investments (continued)

Association

Total cost of components capitalised for the year amounted to £892,768 (2019: £1,260,594). The amount spent on maintenance of housing properties held for letting can be seen in note 5b.

Additions to Housing Properties during the year includes £nil capitalised interest (2019: £nil) and £nil capitalised administration costs (2019: £nil). All housing properties are freehold. Properties with a cost of £9,751 (2019: £179,826) and accumulated depreciation of £3,510 (2019: £10,672) have been disposed of in the year for net proceeds of £20,289 (2019: £500,563). Components with a cost of £257,670 (2019: £166,483) and accumulated depreciation of £37,544 (2019: £25,833) have been disposed of for £nil (2019: £nil) net proceeds.

Included in freehold housing properties is land with a historic cost allocation of £14,093,225 (2019: £13,389,723).

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

15. Tangible fixed assets and investments (cont'd)

15 (c) Investment properties Group	2020 £	2019 £
At 1 April	12,515,682	9,078,833
Acquired on ANCHO joining the group	-	447,500
Component additions during year	41,170	15,974
Property additions during year	-	3,092,220
Property disposals during year	(13,711)	(8,940)
Revaluation gain during year	-	409,135
Transfer to housing properties	(2,473,347)	(519,040)
	10,069,794	12,515,682

Investment properties are accommodation, offices and garages leased to 3rd parties. The turnover and operating expenditure in relation to these properties is disclosed in Note 6a. There are 330 (2019: 357) investment properties.

The investment properties were revalued as at 1 April 2019 (by Jones Lang LaSalle Limited) in accordance with FRS 102.

The minimum lease payments receivable in respect of leases in relation to investment properties are due within one year. This amounted to £807,633 (2019: £764,943). During the year, 24 Abbey Court, 64 Kinmylies Way, 1 & 51 Cairn Court, 1 – 15 Woodlands Brae and 37 Queensgate was transferred to housing properties from investment properties. These are held for mid market rent and per the RSL SORP these should be included in housing property.

15 (d) Investment properties Association	2020 £	2019 £
At 1 April	11,928,562	9,078,833
Component additions during year	41,170	15,974
Property additions during year	-	3,092,220
Property disposals during year	(13,711)	(8,940)
Revaluation gain during year	-	269,515
Transfer to housing properties	(2,473,347)	(519,040)
	9,482,674	11,928,562

Investment properties are accommodation, offices and garages leased to 3rd parties. The turnover and operating expenditure in relation to these properties is disclosed in Note 6b. There are 151 (2019: 178) investment properties.

The investment properties were revalued as at 1 April 2020 (by Jones Lang LaSalle Limited) in accordance with FRS 102.

The minimum lease payments receivable in respect of leases in relation to investment properties are due within one year. This amounted to £742,914 (2019: £752,276).

During the year, 24 Abbey Court, 64 Kinmylies Way, 1 & 51 Cairn Court, 1 – 15 Woodlands Brae and 37 Queensgate was transferred to housing properties from investment properties. These are held for mid market rent and per the RSL SORP these should be included in housing property.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

15. Tangible fixed assets and investments (cont'd)

	Heritable Office Property £	Office Furniture and Equipment £	Fixtures and Fittings £	Other Fixed Assets Total £
15 (e) Other fixed assets Group				
Cost				
At start of year	786,323	2,405,579	3,652	3,195,554
Additions during year	-	205,885	-	205,885
Disposals	-	(268)	-	(268)
At end of year	<u>786,323</u>	<u>2,611,196</u>	<u>3,652</u>	<u>3,401,171</u>
Depreciation				
At start of year	231,126	1,509,135	2,657	1,742,918
Provided during year	14,087	278,926	597	293,610
Disposals	-	(103)	-	(103)
At end of year	<u>245,213</u>	<u>1,787,958</u>	<u>3,254</u>	<u>2,036,425</u>
Net book value				
At 31 March 2020	<u>541,110</u>	<u>823,238</u>	<u>398</u>	<u>1,364,746</u>
At 31 March 2019	<u>555,197</u>	<u>896,444</u>	<u>995</u>	<u>1,452,636</u>

	Heritable Office Property £	Office Furniture and Equipment £	Other Fixed Assets Total £
15 (f) Other fixed assets Association			
Cost			
At start of year	706,059	2,304,188	3,010,247
Additions during year	-	199,889	199,889
Disposals	-	(268)	(268)
At end of year	<u>706,059</u>	<u>2,503,809</u>	<u>3,209,868</u>
Depreciation			
At start of year	211,880	1,424,681	1,636,561
Provided during year	12,376	274,867	287,243
Disposals	-	(103)	(103)
At end of year	<u>224,256</u>	<u>1,699,445</u>	<u>1,923,701</u>
Net book value			
At 31 March 2020	<u>481,803</u>	<u>804,364</u>	<u>1,286,167</u>
At 31 March 2019	<u>494,179</u>	<u>879,507</u>	<u>1,373,686</u>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

15. Tangible fixed assets and investments (cont'd)

15 (g) Investments Association	2020 £	2019 £
Investment in subsidiary undertaking: Cairn Homes and Services Limited	<u>1</u>	<u>1</u>

Cairn Housing Association Limited owns 1 ordinary £1 share in Cairn Homes and Services Limited (SC341478). The investment is held at cost. This represents a 100% shareholding in Cairn Homes and Services Limited, a company registered in Scotland, whose principal activity is the rental of housing units at mid-market rent. Cairn Homes and Services Limited made a profit of £67,711 (2019: £29,640) for the year ended 31 March 2020 and had net assets of £38,158 (2019: £20,447).

The Association's other subsidiary is Ancho Limited. Ancho Limited made a surplus of £714,052 (2019: £742,998) for the year ended 31 March 2020 and had net assets of £14,057,785 (2019: £12,903,275).

16. Debtors due after more than one year Association	2020 £	2019 £
Amounts owed by subsidiary	<u>1,210,000</u>	<u>700,000</u>
	<u>1,210,000</u>	<u>700,000</u>

The loan to ANCHO is a fixed interest loan and is repayable on the 25th anniversary of the date of the first advance which was 27 September 2018. The interest rate is 3.5% per annum.

17. Debtors due within one year Group	2020 £	2019 <i>Restated</i> £
Rent arrears	849,474	904,691
Less: provision for bad debts	(428,816)	(425,356)
	<u>420,658</u>	<u>479,335</u>
Prepayments and accrued income	1,768,577	1,958,094
Other debtors	166,602	40,354
Factoring arrears	26,701	10,599
	<u>2,382,538</u>	<u>2,488,382</u>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

17. Debtors due within one year (cont'd)

Association	2020 £	2019 Restated £
Rent arrears	664,930	718,232
Less: provision for bad debts	(337,860)	(359,193)
	<u>327,070</u>	<u>359,039</u>
Amounts owed by subsidiary	49,454	11,994
Prepayments and accrued income	1,671,584	1,773,124
	<u>2,048,108</u>	<u>2,144,157</u>

18a Cash and cash equivalents
Group

	2020 £	2019 £
Deposit accounts < 3 months	2,110,875	1,272,906
Current account	2,731,134	1,054,814
	<u>4,842,009</u>	<u>2,327,720</u>
Overdraft	-	(600,214)
	<u>4,842,009</u>	<u>1,727,506</u>

Association	2020 £	2019 £
Deposit accounts < 3 months	2,024,281	1,000,000
Current account	2,577,079	920,066
	<u>4,601,360</u>	<u>1,920,066</u>
Overdraft	-	(600,214)
	<u>4,601,360</u>	<u>1,319,852</u>

18b Investments
Group & Association

	2020 £	2019 £
Deposit accounts > 3 months	17,031,513	-
	<u>17,031,513</u>	<u>-</u>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

19. Creditors: amounts falling due within one year	2020	<i>2019</i>
Group	£	<i>Restated</i> £
Bank overdraft	-	600,214
Current instalments due on loans (note 21)	1,214,347	7,008,929
Trade creditors	498,938	427,466
Other creditors	15,033	14,387
Prepaid rents and service charges	470,703	657,862
Rents to be refunded	-	-
Accruals	2,893,746	1,715,321
Other taxes and social security	2,950	18,606
Deferred Government capital grant (note 23)	63,685	84,764
Corporation tax	9,638	5,366
	5,169,040	<i>10,532,915</i>
	1,214,347	<i>7,008,929</i>
	2020	<i>2019</i>
	£	<i>Restated</i> £
Association		
Bank overdraft	-	600,214
Current instalments due on loans (note 22)	735,447	6,538,723
Trade creditors	248,940	222,002
Amounts owed to subsidiary	1	1
Prepaid rents and service charges	401,960	599,201
Rents to be refunded	-	-
Accruals	2,365,741	1,608,085
Other taxes and social security	2,950	18,606
Deferred Government capital grant (note 23)	63,153	84,232
	3,818,192	<i>9,671,064</i>
	735,447	<i>7,138,937</i>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

20. Creditors: amounts falling due after more than one year	2020	<i>2019</i>
	£	<i>Restated</i>
		£
Group		
Housing loans (note 21)	76,674,571	<i>50,541,039</i>
Deferred Government capital grant (note 23)	11,709,305	<i>8,619,400</i>
	<u>88,383,876</u>	<i><u>59,160,439</u></i>
Secured creditors	<u>76,674,571</u>	<i><u>50,541,039</u></i>
	2020	<i>2019</i>
	£	<i>Restated</i>
		£
Association		
Housing loans (note 22)	70,907,055	<i>44,292,928</i>
Deferred Government capital grant (note 23)	11,685,385	<i>8,594,948</i>
	<u>82,592,440</u>	<i><u>52,887,876</u></i>
Secured creditors	<u>70,907,055</u>	<i><u>44,292,928</u></i>

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

21. Loans	2020	<i>2019</i>
Group	£	<i>Restated</i> £
Loans or mortgages secured by charges on the Group's housing properties:		
Loans advanced by:		
Private lenders	77,888,918	<i>57,549,968</i>
Amounts falling due in:		
One year (note 19)	1,214,347	<i>7,008,929</i>
One year or more but less than two years (note 20)	1,222,978	<i>1,217,623</i>
Two years or more but less than five years (note 20)	8,743,439	<i>3,705,241</i>
Five years or more (note 20)	66,708,154	<i>45,618,175</i>
	77,888,918	<i>57,549,968</i>

The loans are advanced to finance the development and refurbishment of housing properties and are repayable by quarterly instalments of principal and interest. The loans bear interest at rates between 2.22% and 4.51%.

The Group's lenders have standard securities of the Social Housing Units and investment properties with a carrying value of £107,078,860.

22. Loans	2020	<i>2019</i>
Association	£	<i>Restated</i> £
Loans or mortgages secured by charges on the Association's housing properties:		
Loans advanced by:		
Private lenders	71,642,502	<i>50,831,651</i>
Amounts falling due in:		
One year (note 19)	735,447	<i>6,538,723</i>
One year or more but less than two years (note 20)	735,446	<i>738,723</i>
Two years or more but less than five years (note 20)	7,206,338	<i>2,216,169</i>
Five years or more (note 20)	62,965,271	<i>41,338,036</i>
	71,642,502	<i>50,831,651</i>

The loans are advanced to finance the development and refurbishment of housing properties and are repayable by quarterly instalments of principal and interest. The loans bear interest at rates between 2.67% and 4.51%.

The Association's lenders have standard securities of the Social Housing Units and investment properties with a carrying value of £90,371,992.

Prior year adjustment

A prior year adjustment has been raised in respect of loan fees. Loan fees should be offset against the loan in which they relate and amortised of the length of the loan.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

23. Deferred capital grants	2020	2019
	£	£
Group		
Deferred capital grants 1 April	8,704,164	3,232,088
Deferred capital grants acquired through acquisition	-	25,516
Grants received in year	3,132,511	5,531,324
Grant released in year	(63,685)	(84,764)
	<u>11,772,990</u>	<u>8,704,164</u>
Deferred capital grants 31 March	<u>11,772,990</u>	<u>8,704,164</u>
Split:		
< 1 year	63,685	84,764
1-2 years	63,685	84,764
2-5 years	191,055	254,292
> 5 years	11,454,565	8,280,344
	<u>11,772,990</u>	<u>8,704,164</u>
Association		
	2020	2019
	£	£
Deferred capital grants 1 April	8,679,180	3,232,088
Grants received in year	3,132,511	5,531,324
Grant released in year	(63,153)	(84,232)
	<u>11,748,538</u>	<u>8,679,180</u>
Deferred capital grants 31 March	<u>11,748,538</u>	<u>8,679,180</u>
Split:		
< 1 year	63,153	84,232
1-2 years	63,153	84,232
2-5 years	189,459	252,696
> 5 years	11,432,773	8,258,020
	<u>11,748,538</u>	<u>8,679,180</u>
Total	<u>11,748,538</u>	<u>8,679,180</u>

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

24. Pension scheme – Group and Association

(i) Defined Contribution Scheme

On 31 March 2014 the Association moved its pension provision from a defined benefit scheme via the Scottish Housing Associations' Pension Scheme to a defined contribution scheme via the Scottish Housing Associations' Pension Scheme and Standard Life.

61 members of staff are members of the Scottish Housing Association's Defined Contribution Pension Scheme. This scheme was closed to new entrants on 1 April 2014. The assets of the scheme are administered by The Pensions Trust and are independent of the Association.

The contributions paid in respect of the Scottish Housing Association's Defined Contribution Pension Scheme are variable with the maximum employer contribution of 12%.

65 members of staff are members of the Standard Life Group Personal Pension Scheme. This scheme is used for auto enrolment as well as being open to new members. The assets of the scheme are administered by Standard Life and are independent of the Association.

The contributions paid in respect of the Standard Life Group Personal Pension Scheme are variable with the maximum employer contribution of 10%.

(ii) SHAPS defined benefit scheme

Cairn Housing Association Limited participated in the Scottish Housing Association Pension Scheme (the scheme). Cairn Housing Association Limited has elected to operate the Defined Contributions Option for existing members, with this defined benefit scheme closed to new members from 1 April 2014. However, the Association is still required to fund the past service deficit liability.

The scheme is a multi-employer scheme which provides benefits to over 150 non-associated employers. The scheme is a defined benefit scheme in the UK. With effect from 1 April 2020, the pension scheme is accounted for under FRS102 as a defined benefit scheme.

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

The scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

24. Pension scheme – Group and Association (continued)

The SHAPS defined benefit pension liability is accounted for as a defined benefit pension scheme from 1 April 2018 onwards. In accordance with FRS 102 section 28, the operating and financing costs of pension and post retirement schemes (determined by TPT) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	31 March 2020 £'000	31 March 2019 £'000
Fair value of plan assets	18,245	18,095
Present value of defined benefit obligation	<u>(18,359)</u>	<u>(21,793)</u>
Defined benefit liability to be recognised	<u><u>(114)</u></u>	<u><u>(3,698)</u></u>

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Defined benefit obligation at start of period	(21,793)	(20,423)
Current service cost	-	-
Expenses	(18)	(16)
Interest expense	(485)	(517)
Actuarial (loss)/gain due to scheme experience	(28)	73
Actuarial gain/(loss) due to changes in demographic assumptions	123	(61)
Actuarial gain/(loss) due to changes in financial assumptions	2,149	(1,245)
Benefits paid and expenses	<u>1,693</u>	<u>436</u>
Defined benefit liability at the end of the period	<u><u>(18,359)</u></u>	<u><u>(21,793)</u></u>

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

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Fair value of plan assets at start of the period	18,095	16,982
Interest income	406	436
Experience on plan assets (excluding amounts included in interest inc - gain	833	574
Contributions by the employer	604	539
Benefits paid and expenses	<u>(1,693)</u>	<u>(436)</u>
Fair value of plan assets at end of period	<u><u>18,245</u></u>	<u><u>18,095</u></u>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

24. Pension scheme – Group and Association (continued)

Defined benefit costs recognised in the Statement of Comprehensive Income

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Current service cost		-
Admin expenses	18	16
Net interest expense	79	81
	<u> </u>	<u> </u>
Defined benefit costs recognised in Statement of Comprehensive Income	97	97
	<u> </u>	<u> </u>

Defined benefit costs recognised in Other Comprehensive Inco

	Period ended 31 March 2020 £'000	Period ended 31 March 2019 £'000
Experience on plan assets (excluding amounts included in net interest cost - gain	833	574
Experience gains and losses arising on the plan liabilities – (loss)/gain	(28)	73
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	123	(61)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	2,149	(1,285)
	<u> </u>	<u> </u>
Total amount recognised in other comprehensive income – gain/(loss)	3,077	(699)
	<u> </u>	<u> </u>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

24. Pension scheme – Group and Association (continued)

Fund allocation for employer's calculated share of assets

	31 March 2020 £'000	31 March 2019 £'000
Global Equity	2,509	2,911
Absolute Return	1,120	1,533
Distressed Opportunities	333	309
Credit Relative Value	439	314
Alternative Risk Premia	1,462	1,011
Fund of Hedge Funds	-	50
Emerging Markets Debt	649	580
Risk Sharing	578	525
Insurance-Linked Securities	489	469
Property	340	359
Infrastructure	1,076	758
Private Debt	361	233
Opportunistic Liquid Credit	444	
Corporate Bond Fund	1,333	1,269
Liquid Credit	478	
Long Lease Property	446	220
Secured Income	1,013	631
Over 15 Year Gilts	232	465
Index Linked all stock gilts	-	-
Liability Driven Investment	4,805	6,439
Net Current Assets	138	19
Total Assets	18,245	18,095

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

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

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

24. Pension scheme – Group and Association (continued)

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2020	21.5
Female retiring in 2020	23.2
Male retiring in 2040	22.8
Female retiring in 2040	24.5

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2017 model with an allowance for smoothing of recent mortality experience and long term rates of 1.25% p.a. for males and 1% p.a. for females.

Member data summary

Active members

	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	21	922	50
Females	36	1,045	51
Total	57	1,967	50

Deferred members

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	30	143	52
Females	58	127	52
Total	88	270	52

Pensioners

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	26	133	69
Females	56	239	72
Total	82	372	71

Employer debt on withdrawal

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

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

24. Pension scheme – Group and Association (continued)

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

The Association has been notified by TPT of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2019. As of this date the estimated employer debt for the Association was £15,224,272.

(iii) Strathclyde Pension Fund

ANCHO Limited contributes to Strathclyde Pension Fund administered by Glasgow Council, a defined benefit scheme, which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The assets of the scheme are held in a separate trustee-administered fund. The pension costs are assessed with the advice of independent qualified actuaries, using the projected unit method. The date of the valuation was 31 March 2020.

The assumptions and other data that have the most significant effect on the determination of the contribution levels of the scheme are as follows:-

Inflation / Pension Increase Rate	2020
Salary scale increases per annum	1.8%
Discount rate	2.9%
	2.3%

The estimated split of assets in the scheme and expected rate of return were:-

	2020
Equities	59%
Bonds	26%
Property	13%
Cash	2%

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

24. Pension scheme – Group and Association (continued)

Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.4 years	23.7 years
Future pensioners	23.4 years	25.8 years
		2020
		£
Estimated employer asset share		4,201,000
Present value of scheme liabilities		(4,582,000)
Present value of unfunded liabilities		-
Total value of liabilities		<u>(4,582,000)</u>
Net Pension (Liability)		<u>(381,000)</u>
		2020
		£
Service costs		(163,000)
Employers' contributions		73,000
Total operating charge		<u>(90,000)</u>
		2020
		£
Analysis of amount credited to other finance income		
Interest Income on Plan Assets		109,000
Interest on pension scheme liabilities		(128,000)
Total Net interest		<u>(19,000)</u>
Total defined benefit cost in Total Comprehensive Income		<u>(109,000)</u>
		2020
		£
Actual return less expected return on pension scheme assets		(294,000)
Experience gains and losses arising on the scheme liabilities		18,000
Changes in financial assumptions underlying the present		529,000
Changes in demographic assumptions		187,000
Value of the scheme assets		-
Actuarial gain in pension plan recognised in Other Comprehensive Income		<u>440,000</u>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

24. Pension scheme – Group and Association (continued)

Movement in pension deficit during the year	2019
	£
Deficit on joining group	(712,000)
Current service cost	(163,000)
Employers contributions	73,000
Past service costs	-
Estimated Benefits paid	-
Net returns on assets	(19,000)
Actuarial gain/(loss)	440,000
Deficit at the end of the year	(381,000)

25. Deferred tax

	2020
	£
Charged to profit or loss (in respect of Cairn Homes and Services Limited)	76
At end of year	76

The deferred taxation balance is made up as follows:-

	2020	2019
	£	£
Fixed asset timing differences	76	169
At end of year	76	169

26. Share capital

	2020	2019
	£	£
Group and Association		
Shares of £1 each issued and fully paid		
At 1 April 2019	92	96
Cancelled during the year	(4)	(11)
Issued during the year	-	7
At 31 March 2020	88	92

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. Called up share capital on the Statement of Financial Position has been adjusted to reflect the number of shares held by active members.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

27. Reserves

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

28. Net cash inflow from operating activities

Group	2020	2019
	£	<i>Restated</i>
		£
Surplus for the year	3,129,623	2,025,651
<u>Adjustment for non-cash items</u>		
Taxation charge	4,180	5,534
Depreciation charges including loss on disposal of components	3,359,811	2,835,688
Impairment charge	-	-
Release of negative goodwill	(2,539,909)	(1,058,295)
Increase/(Decrease) in creditors	1,047,727	(3,604)
Decrease/(Increase) in debtors	(8,778)	(419,232)
Share capital cancelled	(4)	(11)
Carrying amount of tangible fixed asset disposals	20,117	339,045
SHAPS past service deficit movements	-	40,772
Revaluation gain in investment properties	-	(409,135)
SHAPS finance cost	79,000	81,000
SPF – Finance cost	19,000	10,000
SPF – staff costs	90,000	151,000
Negative goodwill additions	8	-
<u>Adjustments for investing or financing activities</u>		
Issue of shares	-	7
Proceeds from the sale of fixed assets	(40,406)	(500,563)
Release of deferred government grants	(63,685)	(84,764)
Interest payable	2,882,252	2,012,416
Interest receivable	(202,645)	(11,921)
SHAPS past service deficit payment	(586,463)	(563,772)
Net cash (outflow)/inflow from operating activities	<u>7,189,828</u>	<u>4,449,816</u>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

28. Net cash inflow from operating activities (continued)

Association	2020	<i>2019</i>
	£	<i>Restated</i>
		£
(Deficit)/Surplus for the year	(174,490)	543,971
<u>Adjustment for non-cash items</u>		
Depreciation charges including loss on disposal of components	2,765,266	2,569,399
Impairment charge	-	-
Decrease in creditors	571,697	96,227
Increase) in debtors	(18,573)	(186,702)
Share capital cancelled	(4)	(11)
Carrying amount of tangible fixed asset disposals and investment properties	20,117	339,045
SHAPS past service deficit movements	-	40,772
Revaluation gain in investment properties	-	(269,515)
SHAPS finance cost	79,000	81,000
<u>Adjustments for investing or financing activities</u>		
Issue of shares	-	7
Proceeds from the sale of fixed assets	(40,406)	(500,563)
Release of deferred Government Grants	(63,153)	(84,232)
Interest payable	2,707,023	1,961,446
Interest receivable	(201,958)	(6,875)
SHAPS past service deficit payment	(586,463)	(563,772)
Net cash inflow from operating activities	<u>5,058,056</u>	<u>4,020,197</u>

29. Payments to members, Board members and Key Management

Group

No member of the Association received any fee or remuneration during the year (2019: £Nil). Members of the Board of Management were reimbursed for out of pocket travel and accommodation expenses amounting to £21,671 (2019: £14,057).

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

The total rent and service charge payable in the year relating to tenant Board members is £12,218 (2019: £9,228). The total rent and service charge arrears relating to tenant Board members included within debtors at the year end is £730 (2019: £564). The total prepaid rent and service charge relating to tenant Board members included within creditors at the year end is £nil (2019: £Nil).

The total remuneration (including pension contributions and benefits in kind) paid to Key Management who are deemed to be the Executive Officers was £508,356 (2019: £430,839).

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

29. Payments to members, Board members and Key Management (continued)

Association

No member of the Association received any fee or remuneration during the year (2019: £Nil). Members of the Board of Management were reimbursed for out of pocket travel and accommodation expenses amounting to £17,054. (2019: £13,223).

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

The total rent and service charge payable in the year relating to tenant Board members is £4,257 (2019: £4,257). The total rent and service charge arrears relating to tenant Board members included within debtors at the year end is £509 (2019: £256). The total prepaid rent and service charge relating to tenant Board members included within creditors at the year end is £nil. (2019: £nil).

The total remuneration (including pension contributions and benefits in kind) paid to Key Management who are deemed to be the Executive Officers was £ 398,416 (2019: £379,811).

30. Capital commitments

Group	2020 £	2019 £
Contracted	6,770,021	4,146,352
Approved but not contracted for	765,000	-
	<u>7,535,021</u>	<u>4,146,352</u>

This is to be funded by:

Private finance	5,236,032	2,287,407
Grants	2,121,868	1,488,945
From reserves	177,121	370,000
	<u>7,535,021</u>	<u>4,146,352</u>

Association	2020 £	2019 £
Contracted	6,770,021	4,023,690
Approved but not contracted for	-	-
	<u>6,770,021</u>	<u>4,023,690</u>

This is to be funded by:

Private finance	4,471,032	2,164,745
Grants	2,121,868	1,488,945
From reserves	177,121	370,000
	<u>6,770,021</u>	<u>4,023,690</u>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

31. Revenue commitments

Group

At 31 March 2020 the Association had total future minimum lease commitments under non-cancellable operating leases as set out below:

Group	Land & Buildings 2020 £	Other 2020 £	<i>Land & Buildings 2019 £</i>	<i>Other 2019 £</i>
Within a year	108,728	108,615	107,751	37,724
Within 2-5 years	356,389	-	362,301	-
After 5 years	356,389	-	440,607	-
	<u>821,506</u>	<u>108,615</u>	<u>910,659</u>	<u>37,724</u>
	<u><u>821,506</u></u>	<u><u>108,615</u></u>	<u><u>910,659</u></u>	<u><u>37,724</u></u>
Association	Land & Buildings 2020 £	Other 2020 £	<i>Land & Buildings 2019 £</i>	<i>Other 2019 £</i>
Within a year	89,098	105,883	88,121	37,724
Within 2-5 years	356,389	-	352,486	-
After 5 years	356,389	-	440,607	-
	<u>801,876</u>	<u>105,883</u>	<u>881,214</u>	<u>37,724</u>
	<u><u>801,876</u></u>	<u><u>105,883</u></u>	<u><u>881,214</u></u>	<u><u>37,724</u></u>

32. Prior year adjustment

In the prior year, the Association held unamortised loan fees within other debtors. This balance should have been offset against the loan balances in which they relate and amortised over the period of the loan, this in conjunction with FRS 102. This does not change the previously stated surplus or net assets.

