



**TOLLCROSS HOUSING ASSOCIATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

## TOLLCROSS HOUSING ASSOCIATION LIMITED

### MEMBERS OF THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISORS FOR THE YEAR ENDED 31 MARCH 2021

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#### Committee of Management

Ms A Bell	Chairperson
Mr C Elliot	Vice Chairperson
Ms E Skimins	Secretary
Mr W Dougan	
Mr I Smith	
Ms C Newton	Resigned 24 September 2020
Mrs A Phillips	
Mrs E Garscadden	
Ms E Stewart	
Mr B McNally	
Mr S Fleming	
Ms G Connolly	
Ms T Findlay	
Ms G Wilson	Appointed 15 September 2020, resigned 15 July 2021
Mr J McMorrow	Co-optee
Mr D McPhail	Co-opted 28 June 2021

#### Executive Officers

Mr C Douglas	Chief Executive
Mr T Hastings	Finance Director
Mr F Donohoe	Technical Director
Miss A Fitzsimons	Corporate Services Director
Ms F Mills	Housing Director

#### Registered Office

868 Tollcross Road  
Glasgow  
G32 8PF

#### Auditor

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

#### Bankers

Clydesdale Bank plc  
47 Main Street  
Baillieston  
Glasgow  
G69 6SQ

#### Solicitors

BTO Solicitors LLP  
48 St Vincent Street  
Glasgow  
G2 5HS

# TOLLCROSS HOUSING ASSOCIATION LIMITED

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### **Registration information**

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered number 1798RS
The Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered number HCB197
Charity Number	SC040876

## **TOLLCROSS HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021**

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The Committee of Management presents their report (incorporating the Strategic Report) and the audited financial statements for the year ended 31 March 2021.

#### **Strategic Report**

##### **Principal activities**

The principal activity of the Association is the provision of affordable rented accommodation. The Association is a limited company incorporated in Scotland.

##### **Strategy and objectives**

The Association has previously identified four key themes which it continues to use to deliver the aim of improving housing conditions within our area of operation. The themes are: -

To invest and develop our assets, whereby we will investigate all new build development opportunities and provide the highest quality homes for our tenants and applicants. During the 2020-21 financial year we provided 12 new mid-market rent homes at our Canmore Street development, which are let via our subsidiary company, Auchenshuggle Develops Limited, and continued to investigate the possibility of providing new homes on vacant land at Altyre Street. As well as continuing with our new build development programme, we have also tried to ensure that our existing stock is well maintained, within the confines of COVID-19 restrictions and this included replacing 145 central heating systems, 14 bathrooms and 19 kitchens at a cost of £561,000.

To sustain financial viability, whereby we will ensure that we have appropriate and robust business practices in place to support our Business Plan and ensure the long term sustainability of the Association. Quarterly consideration is given to financial performance against budget and lenders covenants and necessary alterations are made to ongoing activities where necessary.

To engage with tenants and customers, whereby we will establish a range of ways for our service users to engage with us and participate in the decision making processes, where appropriate. Our Performance Improvement Network (PIN) was established in 2013 and is comprised of service users who are involved in monitoring how the Association is performing against standards set by the Scottish Government within the Scottish Social Housing Charter. The work carried out by the PIN has previously been acknowledged at The National Good Practices Awards.

To provide a great workplace environment, whereby we will engage with our staff and work in partnership with them to establish a positive staff culture. The majority of our staff moved into our new headquarters in early July 2018, which meant that all of our departments were situated in one place for the very first time. This has proved to be beneficial for both staff and service users. The majority of staff worked from home during the financial year in line with Government guidance, with a phased return to the office now underway, as restrictions are eased. A number of changes to working practices were made to enable staff to work effectively from home and these will continue as we return to the office to help reduce costs and waste of resources.

##### **Review of business and future developments**

The results for the year are set out in the Statement of Comprehensive Income on page 11.

During the year to 31 March 2021, the Association has continued its main business of providing affordable rented accommodation for people in housing need. The Association has also carried out a programme of maintenance and improvements to its properties, although this has been restricted by Government COVID regulations.

Wider Role activities undertaken during the year included delivery of food parcels to those in need due to the pandemic, the opening of a Pantry in the area for a period of time, part funding of two money advice staff in conjunction with Tollcross Community Trust and Shettleston Housing Association, as well as continuing with our long established Advice Centre.

In 2021/22 the Association will continue in its main business and will also seek opportunities in terms of development, wider action and other initiatives.

## TOLLCROSS HOUSING ASSOCIATION LIMITED

### REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

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#### Review of business and future developments (continued)

The Association is a member of the Scottish Housing Association Pension Scheme (SHAPS) and the Strathclyde Pension Fund (SPF). Details of the performance of the SPF scheme can be found in note 24 and of the SHAPS scheme in note 25 of the financial statements.

#### Principal risks and uncertainties

The principal risks that have been identified and the steps that are being taken to mitigate them are as follows: -

The ongoing pandemic has had an adverse effect on the Association's activities since the beginning of the year, particularly in relation to letting homes and the collection of rent. Void loss is also higher than anticipated, as for a period during lockdown contractors were been unable to access properties to undertake repairs and the Association has therefore taken significantly longer to re-let many void properties. Steps were taken to overcome these issues and risk assessments were undertaken to allow safe access to void properties and a new video system was introduced to help with tenant viewings. Rent arrears have increased as many tenants' employment situations were adversely affected by the pandemic. Many more tenants have now moved on to Universal Credit and this has contributed to the arrears increase. In addition, the closure of the Scottish Courts and the Government's withdrawal of landlords' power to evict tenants with large rent arrears have also contributed to the arrears problem. Everything possible is now being done to address the increase in arrears and the Association, as always, is offering as much help and advice to tenants who find it difficult to pay their rent.

Pre Covid, the Government reforms to the Welfare Benefits system had already had a detrimental impact on the Association's arrears performance. The introduction of Universal Credit has been phased, but eventually the Association expects that around 1,000 tenants will be moved on to this system. As noted above, there has been a sharp increase in Universal Credit claimants as tenants' circumstances changed as a result of the pandemic. As a result, arrears have increased and many tenants have found it harder to pay their rent.

Any deterioration in the performance of the defined benefit pension schemes may result in an increase in the contribution levels required from the Association, above those included in the Business Plan. We have already closed one final salary scheme to new entrants and continue to monitor the performance of the schemes at the relevant valuation dates. The 2018 valuation of the SHAPS scheme showed continued improvement in the overall performance of the scheme and this was given further consideration by the Management Committee in late 2019. At present no further changes are proposed to the participation in the pension schemes but the situation will be reviewed as further information becomes available. It is difficult to say what impact the pandemic will have on the performance of pension schemes. The next planned full valuation of the scheme will take place in 2021 with the results available in 2022.

Non-compliance with Regulatory Standards may have an effect on the level of engagement with the Scottish Housing Regulator which can cause reputational damage to the Association. A rigorous internal audit program has been put in place and this has helped to ensure that Standards continue to be met. In October 2020 the Association submitted the required Annual Assurance Statement to the SHR. This statement confirmed that the Association was fully compliant, with no material non compliances with the Regulatory Standard. However, the audit process did identify a few areas for improvement. Appropriate action is being taken to address these issues.

Failure to manage Gas Servicing within our housing stock, in line with statutory requirements, is a risk that could have a significant impact on the Association and our tenants. Historically, the Association's gas servicing has been managed well through use of the Gas Maintenance Policy and Gas Maintenance Database. However, during the early phase of the lockdown it was impossible to access some properties as tenants did not want to increase their risk of contracting Covid -19. As a result the Association failed to carry out 74 gas safety inspection within the required 12 month period during the lockdown. The SHR was kept fully updated on these failures and all 74 inspections were completed as soon as tenants felt comfortable allowing access. In some cases access was forced to complete the essential safety checks.

The servicing regime is now back to normal and the Association will continue to use all of the tools available to ensure that the level of service provided remains at the optimum level.

## TOLLCROSS HOUSING ASSOCIATION LIMITED

### REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

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#### Key performance indicators

The Association uses key performance indicators to identify areas of improvement and to help provide further evidence of the effectiveness of the strategies and plans being implemented. The main KPI's reported for the 2020–21 financial year are detailed below:

Key performance indicator	Target	Actual performance
Average length of time to complete emergency repairs	6 hours	2.3 hours
Percentage of reactive repairs completed right first time	95%	95%
How many times in the reporting year did you not meet your statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or last checked.	0	74
Average time taken to re-let properties	16 days	56 days
Gross rent arrears at 31 March as a percentage of rent due for the reporting year	3.50%	3.84%
Percentage of allocations to statutory homeless households	90%	73%

#### The Committee of Management and Executive Officers

The Committee of Management and Executive Officers of the Association are listed on the first page of the financial statements.

Each member of the Committee of Management holds one fully paid share of £1 in the Association. 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 Committee.

#### Statement of Committee's responsibilities

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

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

The Committee of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. The Committee of Management must ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator. The Committee of Management is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Internal Financial Controls

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

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

## **TOLLCROSS HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021**

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#### **Internal Financial Controls (continued)**

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

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

The Management Committee have reviewed the system of internal financial control in existence in the Association for the year ended 31 March 2021 and until the date these financial statements have been signed. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the Auditor's Report on the financial statements.

#### **Disclosure of information to the auditor**

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

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

**TOLLCROSS HOUSING ASSOCIATION LIMITED  
REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE  
YEAR ENDED 31 MARCH 2021**

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**Auditor**

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

A formal tender process for the provision of external audit services for 2021/22 and onwards took place during the year. The Board will nominate the successful firm for appointment as external auditor at the AGM. Azets Audit Services will cease to act as auditor from this date.

The Report of the Management Committee (incorporating the Strategic Report) has been approved by the Management Committee.

**By order of the committee**

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**Ms E Skimins  
Secretary**

Dated: 30 August 2021



## **TOLLCROSS HOUSING ASSOCIATION LIMITED**

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

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#### **Opinion**

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

In our opinion, the financial statements:

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

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

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

## TOLLCROSS HOUSING ASSOCIATION LIMITED

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

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#### Other information (continued)

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

We have nothing to report in this regard.

#### Group accounts: Section 99(3) of the Co-operative and Community Benefit Societies Act 2014

We agree with the opinion of the Management Committee of the Association that it would be of no real value to the members of the Association to consolidate or include the financial statements of the Association's subsidiary in group financial statements required to be prepared under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 for the year ended 31 March 2021, because of the immaterial nature of the subsidiary's transactions in the year.

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

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

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

#### Responsibilities of the Management Committee

As explained more fully in the Statement of the Management Committee's Responsibilities set out on page 3 the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Association through discussions with the Management Committee members and the senior management team, and from our knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Management Committee and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

## TOLLCROSS HOUSING ASSOCIATION LIMITED

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

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

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

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

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

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### Use of our report

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

Date: 30 August 2021

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

## **TOLLCROSS HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE AUDITOR TO THE MANAGEMENT COMMITTEE OF TOLLCROSS HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2021**

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In addition to our audit of the financial statements, we have reviewed your statement on pages 3 and 4 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 3 and 4 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 enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

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

Dated: 30 August 2021

**TOLLCROSS HOUSING ASSOCIATION LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021**

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	<b>Notes</b>	<b>2021 £</b>	<b>2020 £</b>
<b>Turnover</b>	4	<b>9,673,429</b>	9,373,028
Operating expenditure	4	<b>(6,384,522)</b>	(7,116,258)
<b>Operating surplus</b>	9	<b>3,288,907</b>	2,256,770
Interest receivable and other income	10	<b>41,744</b>	76,983
Interest payable and similar charges	11	<b>(1,025,933)</b>	(1,185,880)
<b>Surplus before tax</b>		<b>2,304,718</b>	1,147,873
Taxation	12	-	-
<b>Surplus for the year</b>		<b>2,304,718</b>	1,147,873
<b>Other comprehensive income</b>			
Actuarial (loss)/gain in respect of the Strathclyde Pension Fund	24	<b>(156,000)</b>	317,000
Actuarial (loss)/gain in respect of the SHAPS	25	<b>(744,000)</b>	732,000
<b>Total comprehensive income for the year</b>		<b>1,404,718</b>	2,196,873

The results for the year relate wholly to continuing activities.

The notes on pages 15 to 38 form part of these financial statements.

**TOLLCROSS HOUSING ASSOCIATION LIMITED****STATEMENT OF CHANGES IN CAPITAL AND RESERVES  
AS AT 31 MARCH 2021**

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	<b>Share Capital</b>	<b>Revenue Reserves</b>	<b>Pension Reserve</b>	<b>Total Capital &amp; Reserves</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 April 2020	<b>127</b>	<b>31,469,560</b>	<b>(618,000)</b>	<b>30,851,687</b>
Total comprehensive income for the year	-	<b>2,185,718</b>	<b>(781,000)</b>	<b>1,404,718</b>
Shares issued during the year	<b>4</b>	-	-	<b>4</b>
Shares cancelled during the year	<b>(15)</b>	-	-	<b>(15)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2021	<b>116</b>	<b>33,655,278</b>	<b>(1,399,000)</b>	<b>32,256,394</b>

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES  
AS AT 31 MARCH 2020**

	<i>Share Capital</i>	<i>Revenue Reserves</i>	<i>Pension Reserve</i>	<i>Total Capital &amp; Reserves</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Balance at 1 April 2019	<i>140</i>	<i>30,303,687</i>	<i>(1,649,000)</i>	<i>28,654,827</i>
Total comprehensive income for the year	-	<i>1,165,873</i>	<i>1,031,000</i>	<i>2,196,873</i>
Shares issued during the year	<i>6</i>	-	-	<i>6</i>
Shares cancelled during the year	<i>(19)</i>	-	-	<i>(19)</i>
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	<i>127</i>	<i>31,469,560</i>	<i>(618,000)</i>	<i>30,851,687</i>

The notes on pages 15 to 38 form part of these financial statements.

**TOLLCROSS HOUSING ASSOCIATION LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2021**

	Notes	2021 £	2020 £
<b>Tangible fixed assets</b>			
Housing properties	13	<b>62,007,302</b>	62,592,712
Other fixed assets	15	<b>3,780,353</b>	3,838,289
Fixed asset investments	16	<b>1</b>	-
		<b>65,787,656</b>	66,431,001
<b>Current assets</b>			
Debtors	17	<b>253,213</b>	250,556
Current asset investments	18a	<b>6,173,564</b>	6,152,854
Cash and cash equivalents	18b	<b>4,042,737</b>	2,313,844
		<b>10,469,514</b>	8,717,254
<b>Creditors: amounts falling due within one year</b>	19	<b>(2,696,563)</b>	(2,684,181)
<b>Net current assets</b>		<b>7,772,951</b>	6,033,073
<b>Total assets less current liabilities</b>		<b>73,560,607</b>	72,464,074
<b>Creditors: amounts falling due after more than one year</b>	20	<b>(39,905,213)</b>	(40,994,387)
Pension - Strathclyde Pension Fund defined benefit liability	24	<b>(715,000)</b>	(517,000)
Pension – SHAPS defined benefit liability	25	<b>(684,000)</b>	(101,000)
<b>Net assets</b>		<b>32,256,394</b>	30,851,687
<b>Capital and reserves</b>			
Share capital	22	<b>116</b>	127
Revenue reserve		<b>33,655,278</b>	31,469,560
Pension reserve		<b>(1,399,000)</b>	(618,000)
		<b>32,256,394</b>	30,851,687

The financial statements were authorised for issue by the Management Committee on 30 August 2021 and are signed on its behalf by:

.....  
**Ms A Bell** Chairperson

.....  
**Mr C Elliot** Vice Chairperson

.....  
**Ms E Skimins** Secretary

The notes on pages 15 to 38 form part of these financial statements.



**TOLLCROSS HOUSING ASSOCIATION LIMITED**

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

	Notes	£	2021 £	£	2020 £
<b>Net cash generated from operating activities</b>	26		<b>4,405,563</b>		<b>3,044,901</b>
<b>Cash flow from investing activities</b>					
Purchase of property, plant and equipment		<b>(825,850)</b>		<b>(2,834,712)</b>	
Proceeds from sale of property, plant and equipment		-		-	
Grants received		-		209,886	
Investment in subsidiary		1		-	
Interest received		<b>41,744</b>		<b>76,983</b>	
			<b>(784,105)</b>		<b>(2,547,843)</b>
<b>Cash flow from financing activities</b>					
Interest paid		<b>(1,012,933)</b>		<b>(1,144,880)</b>	
New secured loans		<b>4,044,285</b>		-	
Repayment of borrowings		<b>(4,903,211)</b>		<b>(826,002)</b>	
Issue of share capital		4		6	
Withdrawal (deposit to) current asset investments		<b>(20,710)</b>		<b>(855,439)</b>	
			<b>(1,892,565)</b>		<b>(2,826,315)</b>
<b>Net changes in cash and cash equivalents</b>			<b>1,728,893</b>		<b>(2,329,257)</b>
Cash and cash equivalents at 1 April			<b>2,313,844</b>		<b>4,643,101</b>
<b>Cash and cash equivalents at 31 March</b>			<b>4,042,737</b>		<b>2,313,844</b>

The notes on pages 15 to 38 form part of these financial statements.

**(i) Analysis of changes in net debt**

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
<b>Cash and cash equivalents</b>			
Cash	<b>2,313,844</b>	<b>1,728,893</b>	<b>4,042,737</b>
<b>Borrowings</b>			
Debt due within one year	<b>(858,926)</b>	<b>(33,017)</b>	<b>(891,943)</b>
Debt due after one year	<b>(29,230,686)</b>	<b>891,943</b>	<b>(28,338,743)</b>
	<b>(30,089,612)</b>	<b>858,926</b>	<b>(29,230,686)</b>
<b>Total</b>	<b>(27,775,768)</b>	<b>2,587,819</b>	<b>(25,187,949)</b>

## TOLLCROSS HOUSING ASSOCIATION LIMITED

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

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#### 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 United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Accounting Requirements 2019 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018. The principal accounting policies are set out below.

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

The presentation currency is pounds sterling and the financial statements are rounded to the nearest whole number. The Association is a Co-operative and Community Benefit Society limited by shares and is incorporated in the United Kingdom. The Association is a registered social landlord (HCB 197) and a registered charity (SC040876) in Scotland. The registered address is available on the first page of the financial statements. The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities.

#### 2. Principal accounting policies

##### (a) Basis of accounting

These financial statements have been prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards.

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

##### (b) Going concern

The Management Committee anticipates that a surplus will be generated in the year to 31 March 2022. The Association has a healthy cash position and thus the Management Committee is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements. As outlined in the Report of the Management Committee of the Association we have considered the expected impact of COVID-19 when arriving at this conclusion.

## TOLLCROSS HOUSING ASSOCIATION LIMITED

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

---

#### 2. Principal accounting policies (continued)

##### (c) Turnover

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

Income from rental and service charges, factoring and commercial letting activities is recognised when the Association is entitled to it, it is probable it will be received and it can be measured reliably. Income from revenue grants receivable have been covered in a separate accounting policy below.

##### (d) Apportionment of management expenses

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

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

##### (e) Interest receivable

Interest receivable is recognised in the Statement of Comprehensive Income using the effective interest rate 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) Fixed assets - Housing properties

Housing properties are stated at cost, less accumulated depreciation. The development cost of housing properties includes:

1. Cost of acquiring land and buildings;
2. Development expenditure including administration costs;
3. Interest charged on the mortgage loans raised to finance the scheme;
4. Amounts equal to acquisition and development allowances received; and
5. Administration costs relating to private finance.

These costs are either termed "qualifying costs" by the Scottish Government for approved social housing grant schemes or are considered for mortgage loans by the relevant lending authorities or are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the accounts for the year, provided that the dates of issue or valuation are prior to the year end.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

## TOLLCROSS HOUSING ASSOCIATION LIMITED

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

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#### 2. Principal accounting policies (continued)

##### (g) Fixed assets - Housing properties (continued)

Interest is capitalised from first draw down of private finance according to the funding arrangements agreed by the Scottish Government. This will normally occur after SHG has been claimed up to the agreed limit.

All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated.

##### (h) Depreciation

###### 1. Housing properties

Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected useful economic life. There is no depreciation charged on assets under construction. The following major components and useful lives have been identified by the Association:

Land	- not depreciated
Structure	- Over 100 years
Roof	- Over 50 years
Radiators	- Over 30 years
Windows	- Over 25 years
Kitchen	- Over 20 years
Bathroom	- Over 20 years
Boilers	- Over 15 years

###### 2. Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life at the following rates:

Fixtures & Fittings	- Over 4 years
Office Property	- Over 15 years
New Office Property	- Over 50 years
Commercial Premises	- Over 10 years
Computer Equipment	- Over 3 years

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

##### (i) Government capital grants

Social Housing Grant (SHG), at amounts approved by The Scottish Government, is paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the assets it relates to on completion of the development phase.

The accrual model requires the Association to recognise income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

## TOLLCROSS HOUSING ASSOCIATION LIMITED

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

---

#### 2. Principal accounting policies (continued)

##### (j) Government revenue grants

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

##### (k) 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 Association is entitled to them, it is probable they will be received and they can be measured reliably.

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.

##### (l) Debtors

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

##### (m) Rental arrears

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

##### (n) Current asset investments

Current asset investments are represented by long term deposits with financial institutions repayable after more than three months.

##### (o) 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.

##### (p) 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.

##### (q) Loans

Mortgage loans are advanced by private lenders or The Scottish Government under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by The Scottish Government.

## TOLLCROSS HOUSING ASSOCIATION LIMITED

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

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#### 2. Principal accounting policies (continued)

##### (r) Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at 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 Association terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

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

##### (s) Pensions (Notes 24 and 25)

The Association participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and the Strathclyde Pension Fund (SPF) and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in each scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

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

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

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

## TOLLCROSS HOUSING ASSOCIATION LIMITED

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

---

#### 2. Principal accounting policies (continued)

##### (t) Financial commitments

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

##### (u) Sale of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

#### 3. Judgement in applying policies and key sources of 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 Management Committee 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; and
- The amount disclosed as 'operating profit' is representative of activities that would normally be regarded as 'operating'; and
- The identification of a cash-generating unit for impairment purposes.

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

##### **Estimate**

##### **Basis of estimation**

Valuation of housing properties

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

Useful lives of other fixed assets

The useful lives of other fixed assets are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.

The main components of housing properties and their useful lives

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

Recoverable amount of rental and other trade receivables

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

**TOLLCROSS HOUSING ASSOCIATION LIMITED**

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

**3. Judgement in applying policies and key sources of uncertainty (continued)**

<u>Estimate</u>	<u>Basis of estimation</u>
The obligations under the SHAPS and Strathclyde pension schemes	This has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate. Additionally, the impact of Guaranteed Minimum Pension (GMP) equalisation has been included in the SHAPS and Strathclyde defined benefit liabilities.
Allocation of costs for shared ownership	Management and administration costs are allocated on the basis of rental income that shared ownership properties represent of the Association's total rental income.

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

				<b>2021</b>			<i>2020</i>
	<b>Notes</b>	<b>Turnover</b>	<b>Operating</b>	<b>Operating</b>	<i>Turnover</i>	<i>Operating</i>	<i>Operating</i>
		£	expenditure	surplus/ (deficit)	£	expenditure	surplus/ (deficit)
			£	£		£	£
Affordable lettings	5	9,556,196	(6,082,530)	3,473,666	9,279,795	(6,849,059)	2,430,736
Other activities	6	117,233	(301,992)	(184,759)	93,233	(267,199)	(173,966)
		<u>9,673,429</u>	<u>(6,384,522)</u>	<u>3,288,907</u>	<u>9,373,028</u>	<u>(7,116,258)</u>	<u>2,256,770</u>



TOLLCROSS HOUSING ASSOCIATION LIMITED

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

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	Other £	2021 Total £	2020 Total £
<b>Affordable lettings</b>						
Rent receivable net of service charges	8,881,230	247,738	38,802	-	9,167,770	8,947,450
Service charges	179,377	-	-	-	179,377	189,026
<b>Gross income from rents and service charges</b>	<b>9,060,607</b>	<b>247,738</b>	<b>38,802</b>	<b>-</b>	<b>9,347,147</b>	<b>9,136,476</b>
<b>Less voids</b>	<b>(87,235)</b>	<b>(26,573)</b>	<b>-</b>	<b>-</b>	<b>(113,808)</b>	<b>(58,300)</b>
<b>Net income from rents and service charges</b>	<b>8,973,372</b>	<b>221,165</b>	<b>38,802</b>	<b>-</b>	<b>9,233,339</b>	<b>9,078,176</b>
Release of deferred Government capital grants	197,259	-	-	-	197,259	188,187
Other revenue grants	125,598	-	-	-	125,598	13,432
<b>Total turnover from affordable letting activities</b>	<b>9,296,229</b>	<b>221,165</b>	<b>38,802</b>	<b>-</b>	<b>9,556,196</b>	<b>9,279,795</b>
<b>Expenditure</b>						
Management and maintenance administration costs	2,679,183	-	-	-	2,679,183	2,996,053
Service charges	382,181	-	-	-	382,181	364,546
Planned cyclical maintenance including major repairs	585,762	-	-	-	585,762	931,131
Reactive maintenance costs	990,172	-	-	-	990,172	1,128,833
Bad debts – rents and service charges	124,146	-	-	-	124,146	76,921
Depreciation of affordable housing	1,321,086	-	-	-	1,321,086	1,351,575
<b>Operating expenditure for affordable letting activities</b>	<b>6,082,530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,082,530</b>	<b>6,849,059</b>
<b>Operating surplus on letting activities, 2021</b>	<b>3,213,699</b>	<b>221,165</b>	<b>38,802</b>	<b>-</b>	<b>3,473,666</b>	
<i>Operating surplus on letting activities, 2020</i>	<i>2,145,150</i>	<i>246,458</i>	<i>39,128</i>	<i>-</i>		<i>2,430,736</i>

TOLLCROSS HOUSING ASSOCIATION LIMITED

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

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

	Grants from Scottish Ministers	Other revenue grants	Other income	Total Turnover 2021	Total Turnover 2020	Operating expenditure bad debts	Other operating expenditure	Operating surplus/ (deficit) 2021	Operating surplus/ (deficit) 2020
	£	£	£	£	£	£	£	£	£
Wider role activities *	-	-	8,616	8,616	-	-	(124,607)	(115,991)	(108,223)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	89,243	89,243	87,824	-	(149,042)	(59,799)	(36,990)
Development and construction of property activities	-	-	-	-	-	-	(28,343)	(28,343)	(34,162)
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-
Other agency /management services	-	-	14,061	14,061	-	-	-	14,061	-
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Development and improvements for sale to non-RSLs	-	-	-	-	-	-	-	-	-
Other activities	-	-	5,313	5,313	5,409	-	-	5,313	5,409
Total from other activities, 2021	-	-	117,233	117,233	-	-	(301,992)	(184,759)	-
Total from other activities, 2020	-	-	93,233	-	93,233	-	(267,199)	-	(173,966)

\*Undertaken to support the community, other than the provision, construction, improvement and management of housing.

**TOLLGROSS HOUSING ASSOCIATION LIMITED**

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

**7. Directors emoluments**

The directors are defined as the members of the Management Committee, the Chief Executive and any other person reporting directly to the Chief Executive or the Management Committee. No emoluments were paid to any member of the Management Committee during the year (2020 – none). The Association considers key management personnel to be the Management Committee and the Executive Officers of the Association only.

	<b>2021</b>	<b>2020</b>
	£	£
Emoluments payable to Chief Executive (excluding pension contributions)	<b>81,074</b>	79,803
Pension contributions payable in respect of the Chief Executive	<b>13,427</b>	10,030
Total expenses reimbursed to directors in so far as not chargeable to United Kingdom income tax	<b>852</b>	5,092

The emoluments of key management (excluding pension contributions and including benefits in kind) for the year were £342,796 (2020 - £321,377). Their employers' NI contributions for the year were £41,206 (2020 - £38,667) and their pension contributions (including the past service element) for the year were £58,033 (2020 - £38,646).

	<b>2021</b>	<b>2020</b>
Number of Directors during the year were as follows (excluding pension contributions):		
£60,001 - £70,000	<b>4</b>	3
£70,001 - £80,000	-	1
£80,001 - £90,000	<b>1</b>	-

**8. Employee information**

	<b>2021</b>	<b>2020</b>
	No	No
The average monthly number of persons employed during the year was:		
Office staff	<b>44</b>	46

	<b>2021</b>	<b>2020</b>
	£	£
Staff costs (including directors' emoluments):		
Wages and salaries	<b>1,657,255</b>	1,677,985
Social security costs	<b>155,430</b>	162,198
Pension costs (Notes 24 and 25)	<b>240,642</b>	214,744
Defined benefit pension liability – staff service costs - Strathclyde scheme	<b>30,000</b>	119,000
Defined benefit pension liability – staff service costs - SHAPS	<b>9,621</b>	32,762
	<b>2,092,948</b>	2,206,689

**9. Operating surplus**

	<b>2021</b>	<b>2020</b>
	£	£
Operating surplus is stated after charging:		
Depreciation - charge	<b>1,390,524</b>	1,337,833
Depreciation – loss on disposal of components	<b>78,671</b>	154,186
Auditor's remuneration		
- In their capacity as auditor	<b>15,600</b>	14,383
- In respect of other services	<b>660</b>	510

**TOLLGROSS HOUSING ASSOCIATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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<b>10. Interest receivable and other income</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Interest receivable on deposits	<b>41,744</b>	<b>76,983</b>
	<b>41,744</b>	<b>76,983</b>

  

<b>11. Interest payable and similar charges</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bank interest payable	<b>1,012,933</b>	<b>1,144,880</b>
SHAPS defined benefit pension liability – interest charge (Note 25)	<b>1,000</b>	<b>21,000</b>
Strathclyde Pension Fund – interest expense (Note 24)	<b>12,000</b>	<b>20,000</b>
	<b>1,025,933</b>	<b>1,185,880</b>

**12. Taxation**

There is no tax liability due as the Association is a registered charity.

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**13. Tangible fixed assets – Housing properties**

	Housing Properties Held for Letting £	Housing Properties under construction £	Shared Ownership Properties Held for Letting £	Mortgage to Rent Properties £	Total £
<b>Cost</b>					
At 1 April 2020	65,685,373	1,714,313	456,797	480,872	68,337,355
Additions - units	-	38,093	-	-	38,093
- components	693,067	-	-	4,516	697,583
Disposals – units	-	-	-	-	-
- components	(127,492)	-	-	(780)	(128,272)
Transfers	1,488,571	(1,488,571)	-	-	-
At 31 March 2021	67,739,519	263,835	456,797	484,608	68,944,759
<b>Depreciation</b>					
At 1 April 2020	5,677,219	-	30,628	36,796	5,744,643
Charge for year	1,229,697	-	5,102	7,616	1,242,415
On disposals – units	-	-	-	-	-
- components	(49,308)	-	-	(293)	(49,601)
Transfers	-	-	-	-	-
At 31 March 2021	6,857,608	-	35,730	44,119	6,937,457
<b>Net Book Value</b>					
<b>At 31 March 2021</b>	<b>60,881,911</b>	<b>263,835</b>	<b>421,067</b>	<b>440,489</b>	<b>62,007,302</b>
At 31 March 2020	60,008,154	1,714,313	426,169	444,076	62,592,712

Additions to Housing Properties during the year includes no capitalised interest (2020 - £nil) and no capitalised administration costs (2020 - £nil). All housing properties are freehold. Properties with a cost of £nil (2020 - £nil) and accumulated depreciation of £nil (2020 - £nil) have been disposed of in the year for net proceeds (after grant recycled of £nil (2020 - £nil)) of £nil (2020 - £nil). Included in freehold housing properties is land with a historic cost allocation of £5,607,289 (2020: £5,518,340).

**14. Housing stock**

The number of units of accommodation in management was as follows:	Units in Management 2021	Units in Management 2020
General needs	2,226	2,226
Shared ownership	17	17
Supporting housing	58	58
Mid-market rent	12	-
	<b>2,313</b>	<b>2,301</b>

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<b>15. Tangible fixed assets – other fixed assets</b>	<b>Office Premises &amp; lock ups £</b>	<b>Fixtures Fittings &amp; Equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2020	4,100,348	293,194	4,393,542
Additions during year	57,525	32,648	90,173
Disposals	-	(44,058)	(44,058)
	<u>4,157,873</u>	<u>281,784</u>	<u>4,439,657</u>
<b>At 31 March 2021</b>			
<b>Depreciation</b>			
At 1 April 2020	350,294	204,959	555,253
Charge for year	81,349	66,760	148,109
On disposals	-	(44,058)	(44,058)
	<u>431,643</u>	<u>227,661</u>	<u>659,304</u>
<b>At 31 March 2021</b>			
<b>Net Book Value</b>			
<b>At 31 March 2021</b>	<u>3,726,230</u>	<u>54,123</u>	<u>3,780,353</u>
<i>At 31 March 2020</i>	<u>3,750,054</u>	<u>88,235</u>	<u>3,838,289</u>

<b>16. Investments</b>	<b>2021 £</b>	<b>2020 £</b>
Investment in subsidiary undertaking	<u>1</u>	<u>-</u>

During 2020/21 Tollcross Housing Association Limited acquired 1 ordinary £1 share in Auchenshuggle Develops Limited. This represents a 100% shareholding in Auchenshuggle Develops Limited, a company registered in Scotland, whose principal activity is that of the rental of mid-market rental properties to tenants. The registered address is 868 Tollcross Road, Glasgow, G32 8PF.

Auchenshuggle Develops Limited commenced trading on 1 October 2020. As at 31 March 2021 the capital and reserves and profit for the year of Auchenshuggle Develops Limited were:

	<b>2021 £</b>	<b>2020 £</b>
Capital and reserves	<u>4,432</u>	<u>-</u>
Profit for the year	<u>4,431</u>	<u>-</u>

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<b>17. Debtors</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Rental debtors	<b>341,318</b>	258,816
Provision for bad debts	<b>(212,343)</b>	(134,782)
	<b>128,975</b>	124,034
Amounts owed by subsidiary undertaking	<b>14,074</b>	-
Prepayments and accrued income	<b>75,512</b>	97,770
Amounts due from owners	<b>21,215</b>	14,719
Other debtors	<b>13,437</b>	14,033
	<b>253,213</b>	250,556
	<b>253,213</b>	250,556
<b>18(a) Current asset investments</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Current asset investments	<b>6,173,564</b>	6,152,854
	<b>6,173,564</b>	6,152,854
<b>18(b) Cash and cash equivalents</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Balances held in current accounts	<b>1,378,242</b>	655,888
Balances held in deposit accounts	<b>2,664,495</b>	1,657,956
	<b>4,042,737</b>	2,313,844
	<b>4,042,737</b>	2,313,844
<b>19. Creditors – Amounts falling due within one year</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Housing loans	<b>891,943</b>	858,926
Trade creditors	<b>146,968</b>	404,461
Accruals and deferred income	<b>327,917</b>	189,820
Other creditors	<b>389,894</b>	360,020
Other taxes and social security costs	<b>86,211</b>	52,506
Rents in advance	<b>656,371</b>	621,161
Deferred capital grants (note 21)	<b>197,259</b>	197,287
	<b>2,696,563</b>	2,684,181
	<b>2,696,563</b>	2,684,181
Included within the other taxes and social security costs is £44,023 (2020 - £10,563) in respect of pension contributions outstanding at the year end.		
<b>20. Creditors – Amounts falling due after more than one year</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Housing loans	<b>28,338,743</b>	29,230,686
Deferred capital grants (note 21)	<b>11,566,470</b>	11,763,701
	<b>39,905,213</b>	40,994,387
	<b>39,905,213</b>	40,994,387

**TOLLCROSS HOUSING ASSOCIATION LIMITED**

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**20. Creditors – Amounts falling due after more than one year (cont'd)**

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments.

The net book value of housing properties secured at the year end was £35,872,890 (2020 - £36,189,981).

	2021 £	2020 £
Between one and two years	954,256	891,943
Between two and five years	7,437,650	3,050,105
In five years or more	19,946,837	25,288,638
	<u>28,338,743</u>	<u>29,230,686</u>

**21. Deferred capital grants**

	2021 £	2020 £
Deferred capital grants 1 April	11,960,988	11,939,289
Grants received in year	-	209,886
Released to income in year	(197,259)	(188,187)
Deferred capital grants at 31 March	<u>11,763,729</u>	<u>11,960,988</u>

	2021 £	2020 £
<b>Split:</b>		
Due within one year	197,259	197,287
Due between one and two years	197,259	197,287
Due between three and five years	591,777	591,861
Due after five years	10,777,434	10,974,553
	<u>11,763,729</u>	<u>11,960,988</u>

**22. Share capital**

	2021 £	2020 £
Shares of £1 each fully paid and issued at 1 April	127	140
Shares issued in year	4	6
Shares cancelled in year	(15)	(19)
As at 31 March	<u>116</u>	<u>127</u>

All shares are non-withdrawable and do not carry any right to interest or dividend.



**TOLLCROSS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**23. Revenue commitments**

At 31 March 2021, the Association had total future minimum lease commitments under non-cancellable operating leases as set out below:

	<b>2021 Other leases £</b>	<i>2020 Other leases £</i>
Within one year	<b>1,389</b>	<i>1,286</i>
Between two and five years	-	-
Over five years	-	-
	<b>1,389</b>	<i>1,286</i>

**24. Pensions - Strathclyde Pension Fund liability**

As a result of the second stage transfer, 18 employees were transferred from Glasgow Housing Association Limited to Tollcross Housing Association Limited. Of these 18 employees, 12 are members of the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Scheme (Scotland) Regulations 1998, as amended.

The main financial assumptions used by the Council's Actuary, Hymans Robertson, in their FRS 102 calculations are as follows:

<b>Assumptions as at</b>	<b>31 March 2021</b>	<i>31 March 2020</i>
Inflation / pension increase rate	<b>2.85%</b>	<i>1.8%</i>
Salary increases	<b>3.55%</b>	<i>2.9%</i>
Discount rate	<b>2.00%</b>	<i>2.3%</i>

**Mortality**

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2020 model with an allowance for smoothing of recent mortality experience and long term rates of 1.5% p.a. for males and 1.25% p.a. for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>Males</b>	<b>Females</b>
Current pensioners	<b>19.8 years</b>	<b>22.6 years</b>
Future pensioners	<b>21.2 years</b>	<b>24.7 years</b>

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b>Sensitivity analysis</b>	<b>Approximate % increase to employer liability</b>	<b>Approximate monetary amount (£000)</b>
0.5% decrease in real discount rate	<b>12%</b>	<b>477</b>
0.5% increase in the salary increase rate	<b>2%</b>	<b>83</b>
0.5% increase in the pension increase rate	<b>9%</b>	<b>380</b>

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**24. Pensions - Strathclyde Pension Fund liability (continued)**

The table below compares the present value of the scheme liabilities, based on the Actuary's assumptions, with the estimated employer assets.

Net pension liability as at	<b>31 March 2021 £000</b>	<i>31 March 2020 £000</i>
Estimated employer assets (A)	<b>3,356</b>	<i>2,554</i>
Present value of scheme liabilities	<b>(4,071)</b>	<i>(3,071)</i>
Present value of unfunded liabilities	-	-
Total value of liabilities (B)	<b>(4,071)</b>	<i>(3,071)</i>
Net pension liability (A) – (B)	<b>(715)</b>	<i>(517)</i>
	<b>31 March 2021 £000</b>	<i>31 March 2020 £000</i>
<b>Reconciliation of defined benefit obligation</b>		
<b>Opening defined benefit obligation</b>	<b>(517)</b>	<i>(695)</i>
Current service cost	<b>(145)</b>	<i>(230)</i>
Interest cost	<b>(12)</b>	<i>(20)</i>
Contributions by members	<b>115</b>	<i>111</i>
Actuarial (loss)/gain	<b>(156)</b>	<i>317</i>
<b>Closing defined benefit obligation</b>	<b>(715)</b>	<i>(517)</i>
	<b>31 March 2021 £000</b>	<i>31 March 2020 £000</i>
Analysis of the amount charged to operating surplus:		
Service cost	<b>145</b>	<i>230</i>
Contributions	<b>(115)</b>	<i>(111)</i>
Total operating charge	<b>30</b>	<i>119</i>
Net Interest cost	<b>12</b>	<i>20</i>
	<b>31 March 2021 £000</b>	<i>31 March 2020 £000</i>
Analysis of the amount recognised in the Statement of Other Comprehensive Income:		
Actuarial (loss)/gain recognised as other comprehensive income	<b>(156)</b>	<i>317</i>

**24b. Contingent liability – Strathclyde Pension Fund**

Guaranteed Minimum Pension (GMP) is the minimum pension which an occupational pension scheme in the UK has to provide for those employees who were contracted out of the State Earnings-Related Pension Scheme (SERPS).

Both pension scheme members and sponsoring employers paid lower National Insurance contributions at the time of accrual given the lower benefits being accrued for the member by the state.

Women can currently receive their GMP benefits at age 60 compared to age 65 for men. GMP also accrued at a faster rate for women than men. Historically some defined benefit schemes had different retirement ages for men and women. Therefore schemes are required to “equalise” pension ages and overall benefit scales between males and females. The Scheme actuary is therefore required to estimate the impact of GMP and include an allowance for the increase in calculated liabilities.

The impact of GMP equalisation for the Association is not expected to be significant and the scheme actuaries will perform the calculation in 2021/22.

**25. Pensions – SHAPS liability**

Tollcross Housing Association Limited participates in the Scottish Housing Associations’ Pension Scheme (the “Scheme”).

The Scheme is a multi-employer defined benefit scheme which provides benefit to some 150 non-associated employers. The Scheme is funded. 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 offers six benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate;
- Career average revalued earnings with a 1/60th accrual rate;
- Career average revalued earnings with a 1/70th accrual rate;
- Career average revalued earnings with a 1/80th accrual rate;
- Career average revalued earnings with a 1/120th accrual rate contracted in; and
- Defined Contribution (DC option).

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

The Association has elected to operate the Final salary with 1/60th accrual rate benefit option for active members and defined contribution or career average revalued earnings with a 1/70th accrual rate for new members from 1 April 2015.

During the accounting period the Association paid contributions at the rate of 16.6% of pensionable salaries. Employee contributions were 16.2% in relation to the Final Salary 1/60<sup>th</sup> scheme.

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

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

## TOLLCROSS HOUSING ASSOCIATION LIMITED

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

#### 25. Pensions – SHAPS liability (continued)

As at the Statement of Financial Position date there were 30 (2020 - 28) active members of the Scheme employed by Tollcross Housing Association Limited. The annual pensionable payroll in respect of these members was £1,060,966 (2020 - £980,426). Tollcross Housing Association Limited continues to offer membership of the Scheme to its employees.

The last triennial valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £877 million. The valuation revealed a shortfall of assets compared to liabilities of £121 million, equivalent to a past service funding level of 87.9%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

In addition the contribution rates for the final salary with 1/60<sup>th</sup> accrual from 1 April 2021 is 16.6% employer contributions and 16.2% employee contributions.

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

- Price inflation - RPI	3.35% per annum
- Price inflation - CPI	2.35% per annum
- Discount rate - pre retirement	3.12% per annum
- Discount rate – post retirement	3.12% per annum
- Pensionable earnings growth	3.35% per annum

#### New recovery plan

Following consultation between the Scheme Committee and the Employers Committee, a new recovery plan to recover the deficit of £121m, based on a full share of liabilities approach, has been agreed. This means that the total deficit contributions due to the Scheme from 1 April 2021 has not increased however each employer's share will change to reflect their new liability profile at 30 September 2018.

The SHAPS 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.

At 1 April 2018, on initial recognition of the multi-employer defined benefit scheme, the opening adjustment to the liability was £297,000 to recognise a liability of £971,000 as at 1 April 2018.

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

	31 March 2021 £'000	31 March 2020 £'000
Fair value of plan assets	6,373	5,854
Present value of defined benefit obligation	(7,057)	(5,955)
<b>Defined benefit liability to be recognised</b>	<b>(684)</b>	<b>(101)</b>

**TOLLCROSS HOUSING ASSOCIATION LIMITED**  
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**25. Pensions – SHAPS liability (continued)**

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

	<b>Year ended 31 March 2021 £'000</b>	<i>Year ended 31 March 2020 £'000</i>
Defined benefit obligation at start of period	(5,955)	(6,576)
Current service cost	(77)	(125)
Expenses	(5)	(6)
Interest expense	(141)	(151)
Contributions by plan participants	(80)	(78)
Actuarial gains/(losses) due to scheme experience	106	(19)
Actuarial gains/(losses) due to changes in demographic assumptions	-	38
Actuarial (losses)/gains due to changes in financial assumptions	(1,143)	690
Benefits paid and expenses	238	272
<b>Defined benefit liability at the end of the period</b>	<b>(7,057)</b>	<b>(5,955)</b>

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

	<b>Year ended 31 March 2021 £'000</b>	<i>Year ended 31 March 2020 £'000</i>
Fair value of plan assets at start of the period	5,854	5,622
Interest income	140	130
Experience on plan assets (excluding amounts included in interest income) - gain	293	23
Contributions by the employer	244	273
Contributions by plan participants	80	78
Benefits paid and expenses	(238)	(272)
<b>Fair value of plan assets at end of period</b>	<b>6,373</b>	<b>5,854</b>

**Defined benefit costs recognised in the Statement of Comprehensive Income**

	<b>Period from 31 March 2020 to 31 March 2021 £'000</b>	<i>Period from 31 March 2019 to 31 March 2020 £'000</i>
Current service cost	77	125
Admin expenses	5	6
Net interest expense	1	21
<b>Defined benefit costs recognised in Statement of Comprehensive Income</b>	<b>83</b>	<b>152</b>

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**25. Pensions – SHAPS liability (continued)**

**Defined benefit costs recognised in Other Comprehensive Income**

	<b>Period ended 31 March 2021 £'000</b>	<i>Period ended 31 March 2020 £'000</i>
Experience on plan assets (excluding amounts included in net interest cost - gain)	293	23
Experience gains and losses arising on the plan liabilities – gain/(loss)	106	(19)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	-	38
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)/gain	(1,143)	690
<b>Total amount recognised in other comprehensive income – (loss)/gain</b>	<b>(744)</b>	<b>732</b>

**Fund allocation for employer's calculated share of assets**

	<b>31 March 2021 £'000</b>	<i>31 March 2020 £'000</i>
Global Equity	986	805
Absolute Return	314	360
Distressed Opportunities	218	107
Credit Relative Value	184	141
Alternative Risk Premia	256	469
Fund of Hedge Funds	-	-
Emerging Markets Debt	257	208
Risk Sharing	228	185
Insurance-Linked Securities	133	157
Property	114	109
Infrastructure	356	345
Private Debt	150	116
Opportunistic Illiquid Credit	163	143
High Yield	167	-
Opportunistic Credit	174	-
Cash	2	-
Corporate Bond Fund	481	428
Liquid Credit	110	153
Long Lease Property	148	143
Secured Income	350	325
Over 15 Year Gilts	3	74
Liability Driven Investment	1,532	1,542
Net Current Assets	47	44
<b>Total Assets</b>	<b>6,373</b>	<b>5,854</b>

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**25. Pensions – SHAPS liability (continued)**

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

<b>Assumptions as at</b>	<b>31 March 2021 % per annum</b>
Discount rate	2.17
Inflation (RPI)	3.28
Inflation (CPI)	2.86
Salary growth	3.86
Allowance for commutation of pension for cash at retirement	75% of maximum allowance

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

	<b>Life expectancy at age 65 (years)</b>
Male retiring in 2021	21.5
Female retiring in 2021	23.4
Male retiring in 2041	22.8
Female retiring in 2041	25.0

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2020 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**

	<b>Number</b>	<b>Total earnings (£'000s p.a.)</b>	<b>Average age (unweighted)</b>
Males	6	311	58
Females	6	233	51
<b>Total</b>	<b>12</b>	<b>544</b>	<b>54</b>

**Deferred members**

	<b>Number</b>	<b>Deferred pensions (£'000s p.a.)</b>	<b>Average age (unweighted)</b>
Males	3	7	53
Females	2	14	48
<b>Total</b>	<b>5</b>	<b>21</b>	<b>51</b>

**Pensioners**

	<b>Number</b>	<b>Pensions (£'000s p.a.)</b>	<b>Average age (unweighted)</b>
Males	6	89	63
Females	4	31	66
<b>Total</b>	<b>10</b>	<b>120</b>	<b>64</b>

**25. Pensions – SHAPS liability (continued)**

**Employer debt on withdrawal**

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing 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.

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

The Association has been notified by TPT of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2020. As of this date the estimated employer debt for the Association was £4,336,566.

**GMP equalisation**

Guaranteed Minimum Pension (GMP) is the minimum pension which an occupational pension scheme in the UK has to provide for those employees who were contracted out of the State Earnings-Related Pension Scheme (SERPS).

Both pension scheme members and sponsoring employers paid lower National Insurance contributions at the time of accrual given the lower benefits being accrued for the member by the state.

Women can currently receive their GMP benefits at age 60 compared to age 65 for men. GMP also accrued at a faster rate for women than men. Historically some defined benefit schemes had different retirement ages for men and women. Therefore schemes are required to "equalise" pension ages and overall benefit scales between males and females. The Scheme actuary is therefore required to estimate the impact of GMP and include an allowance for the increase in calculated liabilities.



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<b>26. Net cash flow from operating activities</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Surplus for the year	<b>2,304,718</b>	1,147,873
<i>Adjustments for non-cash items:</i>		
Carrying amount of tangible fixed asset disposals	-	-
Depreciation of tangible fixed assets including loss on disposal of components	1,469,195	1,492,019
(Increase)/decrease in debtors	(2,657)	9,191
(Decrease) in trade and other creditors	(20,608)	(501,873)
Interest charge in respect of the defined benefit pension liabilities	13,000	41,000
Staff service costs in respect of the defined benefit pension liabilities	39,621	151,762
<i>Adjustments for investing and financing activities:</i>		
Proceeds from sale of tangible fixed assets	-	-
Interest payable	1,012,933	1,144,880
Interest received	(41,744)	(76,983)
Release of deferred Government Capital Grants	(197,259)	(188,187)
SHAPS past service deficit contribution paid	(171,621)	(174,762)
Shares cancelled	(15)	(19)
Net cash inflow from operating activities	<b>4,405,563</b>	<b>3,044,901</b>

**27. Legislative provisions**

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

**28. Related party transactions**

The membership of the Management Committee at the Association is drawn from the local community, with some members also being tenants. Members of the Management Committee who are tenants receive no favourable treatment and such transactions are carried out at arm's length.

The Association has Board members who are also tenants. The total rent received in the year relating to tenant Board members is £37,534 (2020 - £31,691). The total rent arrears relating to tenant Board members included within debtors at the year end is £495 (2020 - £68). The total rent prepaid in advance relating to tenant Board members included within creditors is £1,595 (2020 - £1,541).

During the year the Association charged rent of £14,400 (2020 - £nil) to its subsidiary, Auchenshuggle Develops Limited and a management charge of £14,061 (2020 - £nil). The amount due by the subsidiary included within debtors at the year end is £14,074 (2020- £nil).

**29. Future operating income**

At 31 March 2021, the Association had total future operating lease income under non-cancellable operating leases as set out below:

	<b>2021</b>	<b>2020</b>
	<b>Land and buildings</b>	<b>Land and buildings</b>
	<b>£</b>	<b>£</b>
Within one year	<b>28,800</b>	-
Between two and five years	<b>28,800</b>	-
Over five years	<b>14,400</b>	-
	<b>72,000</b>	-