

ALBYN HOUSING SOCIETY LIMITED
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Registered Housing Association Number 64
Financial Conduct Authority Number 1776 R (S)
Charity Number SC027123

ALBYN HOUSING SOCIETY LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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Registration Particulars

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014
Scottish Housing Regulator	Registration number – 1776 R (S)
Charity Number	Housing (Scotland) Act 2010
	Registration number – 64
	SC027123

ALBYN HOUSING SOCIETY LIMITED
BOARD, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2023

Board

L McInnes
C Patching
JA Convery
I Fosbrooke
R Bremner (resigned 09 May 2022)
C Warner
F Mustarde
D G Cargill
A Currie
N Istephan
N McLelland (from 12 September 2022)
S Macleod (from 12 September 2022)

Executive Officers

K Morrison
A Martin
M Knight
M Beers (to 22 July 2022)
L Macleod

Registered Office

98-104 High Street
Invergordon IV18 0DL

Auditor

RSM UK Audit LLP
Third Floor Centenary House
69 Wellington Street
Glasgow
G2 6HG

Internal Auditor

Wylie & Bisset
168 Bath Street
Glasgow G2 4TP

Bankers

Royal Bank of Scotland
Fifth Floor, Kirkstane House
139 St Vincent Street
Glasgow G2 5JF

Solicitors

Harper MacLeod LLP
Citypoint 65
Haymarket Terrace
Edinburgh EH12 5HD

ALBYN HOUSING SOCIETY LIMITED

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2023

The Board presents its report and the audited financial statements for the year ended 31 March 2023.

Principal Activities

The principal activity of Albyn Housing Society Limited (“Albyn”) is the development, management and maintenance of housing in the Highlands of Scotland for people in housing need.

Albyn is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society, The Office of the Scottish Charities Regulator (“OSCR”) as a Scottish Charity and the Scottish Housing Regulator as a Registered Social Landlord (“RSL”).

Our Strategic Aims

Our Vision

To maintain and build quality homes, providing excellent customer service and giving opportunities for people and communities to flourish.

Our Strategic Objectives

Albyn has as its Strategic Objectives:

- 1. Our homes** - Develop 418 properties across the Business Plan period following Board risk assessment, to ensure we meet net zero and sustainability goals. Focus our asset management investment priorities on energy efficiency measures in line with our customers’ views ascertained during the rent increase consultation for 2023/24
- 2. Our customers** – Through our reviews in 2023 of our Customer Experience, Equalities and Engagement strategies we will embed a redesign of our teams to bring improvement to know more about our customers, increase inclusion, satisfaction and increase opportunities for customers to participate.
- 3. Our people** – Our staffing structures are designed to offer the best services for our customers, hub, home, roam trial end and evaluation – implementation of new way of working, nurture and promote good staff engagement, performance management programme review, L & D matrix including core competencies, embedding of equalities, diversity and inclusion, care for our staff’s health and well-being, and continue to implement our People Strategy approved in 2022.
- 4. Our finances and digital inclusion** – Manage external impacts by being effective stewards of our tenant’s money, apply for grants and external funding opportunities to support our tenants, invest in system improvements to deliver efficient and effective services and implement our Digital Strategy.
- 5. Our partnerships** – Creation of a Partnership Engagement Strategy to improve Albyn’s reputation across the sector. Also by being thought leaders through our innovative and sector leading FIT homes sensor technology.

Albyn works to the following core values and behaviours:

- Being Caring
- Being Adaptable
- Being Professional

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Albyn has three wholly owned subsidiaries. Albyn Enterprises Limited (“AEL”), the objective of which is to undertake activities of a non-charitable nature that will help Albyn to meet its objectives, Highland Residential (Inverness) Limited (“HRL”), the objective of which is to undertake factoring and low-cost home ownership and rental and one dormant entity, Suund Limited, which has been formed for the potential exploitation of innovation and currently remains a dormant company.

The table below shows the homes that we manage:

Managed Property Numbers	2023	2022
Tenanted Properties	3,420	3,374
Managed on Behalf of Others	14	17
Shared Ownership Properties	109	113
Properties Leased to HRL for Mid Market Rent	214	202
Total	3,757	3,706

Financial Review

Albyn made a surplus of £1,157k (2022 – £4,370k) during the year. The consolidated results of Albyn and its trading subsidiaries, Albyn Enterprises Limited and Highland Residential (Inverness) Limited gave a surplus of £1,185k (2022 - £4,379k).

The surplus recorded for the financial year to 31 March 2023 includes charges and actuarial losses and gains to the statement of comprehensive income for the defined benefit pension scheme. The surplus for the year prior to these losses, gains and charges was £1,714k (2022 - £3,392k) for the Society and £1,742k (2022 – £3,401k) for the consolidated result of the Society and trading subsidiaries.

The defined benefit liability as at 31 March 2023 is £513k (2022 - £213k). This has therefore resulted in an increase in the liability at 31 March 2023 of £300k.

During the financial year deficit reduction payments have been made of £260k which have been supplemented by an actuarial loss of £557k (2022: gain of £978k) and other charges to the Statement of Comprehensive Income of £3k (2022 - £29k), arriving at a closing liability at 31 March 2023 of £513k (2022: £213k).

Future deficit reduction payments have now ceased as advised by the scheme trustees following the recent triannual review indicating that further payments are no longer required.

Due to the unpredictable nature of the underlying assumptions in calculating the future liability, there is likely to be some volatility in the pension liability at each financial year end.

Albyn has held discussion with its main bankers and as the movement on the liability is a non-cash movement, it does not anticipate there being any adverse impact on the Society's loan covenants.

The cash surplus generated by Albyn Housing Society in the year continues to be reinvested in homes for our tenants through our new build programme and our investment in the quality of our existing homes.

Albyn remains in a strong financial position; we continue to have a substantial major repair investment programme with work to comply with the Scottish Housing Quality Standards (“SHQS”) and the Energy Efficiency Standard for Social Housing (“EESH”), as well as maintaining the quality of our homes. We have budgeted for expenditure on improvements to our homes of £1.5m in the next

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financial year as our programme meets our own lifecycle replacement requirements and the identified needs of the Stock Condition Survey.

Our ongoing budget for improvements will continue to increase in each year as the delivery of our Asset Management Strategy is realised and the requirements of meeting more stringent environmental and energy efficiency measures becomes clearer.

The Board of Albyn has approved a development programme of around 100 units per annum over the course of the next 5-year planning period. This follows delivery of in excess of 750 houses over the course of the past 5-year period as Albyn increased its development activities.

Cash surpluses will continue to be made, subject to our planned major repair programme over the next few years, and we will continue to make efficiency savings in our operational costs wherever possible.

Following the wider economic challenges driving up inflation and energy costs we continue to focus on the challenges facing our customers in the current economic climate by securing support with energy bills enabling tenancies to be maintained and for tenants to meet their obligations to housing costs. Our budgets and plans have been prepared to provide support for these challenges whilst maintaining cash flows and meeting key performance indicators.

Development and Performance

This report details developments that have occurred during the year relating to the main activities undertaken by Albyn and how we have performed.

Corporate Governance

Albyn has a Board (detailed on page 15) which is elected by the members of the Society. It is the responsibility of the Board to develop the strategy, setting of policy and overall direction for Albyn. They also monitor the operational activities of Albyn. Board members undertake this work in a voluntary, unpaid capacity.

The Executive Team (listed on page 16) together with the managers have been responsible for delivering the strategy and undertaking the operational activities in line with the agreed policies throughout the year.

The Society appointed a permanent Chief Executive in June 2022 following a period operating under interim arrangements.

During the year the Board made good progress implementing an action plan during a period where the regulatory status of Albyn was Compliant (under review).

Subsequently, the Scottish Housing Regulator confirmed that Albyn's regulatory status would be Compliant with the regulatory framework and published an engagement plan to this effect in March 2023.

The Regulator continues to classify Albyn as being of "systemic importance". The Regulator refers to a number of RSLs as 'systemically important' because of their stock size, turnover or level of debt or because of their significance within their area of operation. They need to maintain a comprehensive understanding of how our business model operates and the risks we face, so they seek some additional assurance through our regulation plans. It is important to bear in mind that higher levels of regulatory engagement do not therefore mean we are poorly performing.

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Operational Review

Albyn operated during the year with a structure covering three core teams. These include a Customer Services Team, Asset Management & Investment Team and a Finance & Corporate Services Team. This structure has remained in place for some time.

During the year a redesign of the Customer Services and Assets & Investment teams was carried out with a new structure consisting of a functional Income, Tenancy Sustainment, Operations, and Repair & maintenance team implemented from 1 April 2023. This revised structure, moving away from a geographical customer service model is expected to enhance the customer experience and build on our performance and service levels.

During the year, the implementation of a new Housing Management System, Civica CX went live in May 2022. This implementation programme provides an upgrade and replacement of the existing core housing management system to better serve tenants and deliver enhanced functionality. The implementation of this system now provides a platform from which we can meet our strategic objectives for our Customer Experience and build further integration of our systems in accordance with our IT strategic goals.

We continued our focus on our rent collection figures, following the recent pandemic and the following inflationary and energy cost related pressures on the ability of tenants to meet their rental obligations. We provide access to a Trust fund to support those most vulnerable and the Board approved the creation of a £100k Energy Fund as part of the budget for 2022/23 to help those most affected by fuel poverty. We have also been successful in year by attracting further grant funding from the SFHA's Social Housing Fuel Support Fund of £145k which has enhanced our ability to support those tenants in most need.

Our development programme has continued and we remain committed to the role that Albyn can play in expanding the supply of social and affordable housing in the Scottish Highlands. We engage positively with the local housing partnership and will develop over 400 new homes across our business plan period.

Customer Services Team

High quality customer service is central to the success of our business. Over the last few years, we have been developing new ways to improve our service delivery, both through changes to organisational structures and through building on the successful methods we currently use.

We have continued to develop our Customer Services Team to push day to day decision making through to the front-line staff, enabling them to respond more effectively and efficiently to our customers' needs. Local initiatives on arrears accounts and new, improved ways of ensuring that our new tenants have the best possible chance of sustaining a successful tenancy have delivered against our objectives for our customers who are living in our homes.

Albyn continues to have an increasing proportion of tenants who are supported with their housing costs. We continue to encourage direct payment of housing related benefits and have improved our direct debit facilities to provide greater flexibility for those wishing to manage their rent payments using this system.

We are committed to ensuring our tenants have direct input into our service delivery and are continually looking for new ways to enable them to do this. We have developed a number of specialist focus groups where tenants can participate and gain knowledge in areas of interest to them. We have

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communicated regularly with our tenants providing notification of changes to service delivery and how they can get support for housing needs. We have surveyed our tenants during the financial year on rent levels. Responses to our surveys have been consistently strong with a response rate of around 40% providing valuable information on which to drive further service improvement. This year has been particularly challenging due to the high inflation and cost pressure throughout the economy. Tenants selected a 5% increase in rent levels effective from 1 April 2023 with a clear understanding on our ability to invest in stock improvements.

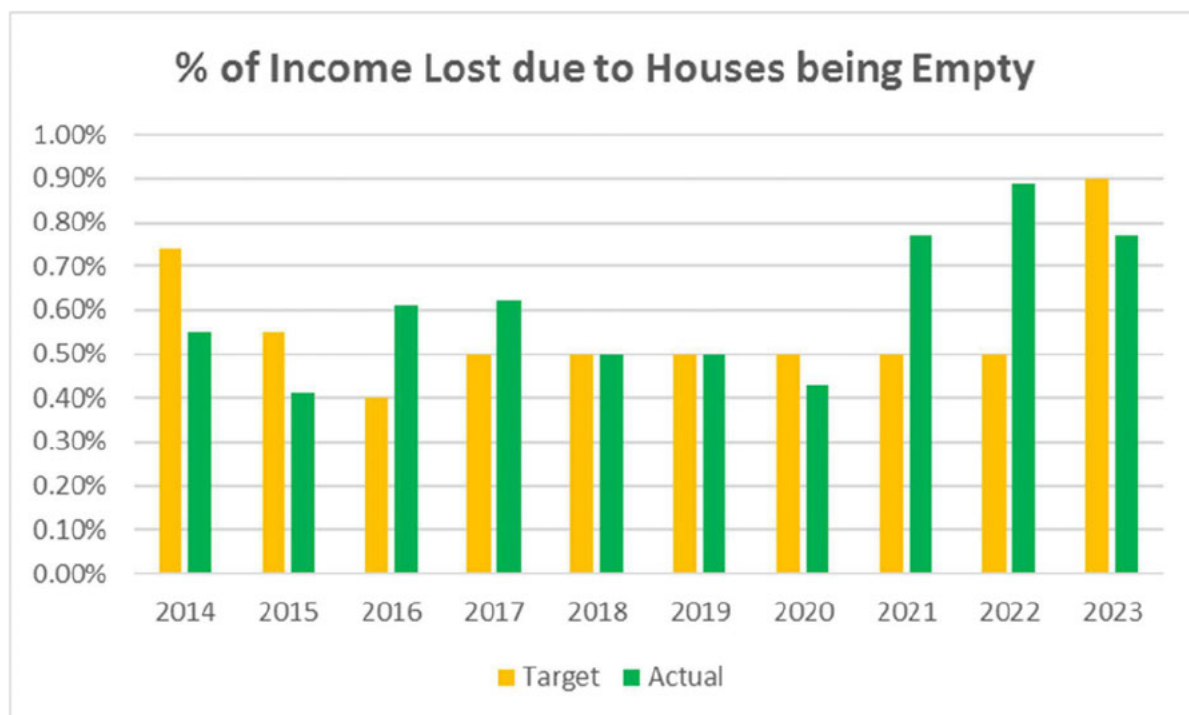
We continued to work in partnership with our tenants to be able to publish a Tenants' Charter Report that delivers the information that matters to them on our performance against the requirements of the Scottish Social Housing Charter in an easy-to-read format.

Allocations

We continue to recognise the importance of allocating houses to new tenants to minimise the cost of empty homes. This urgency supports minimising costs and enables Albyn to maximise its impact to house applicants on the waiting list as quickly as possible. With the on-going development activity both within Albyn and our partner organisations in the Highlands, we continued to re-house a large number of families in the year.

Families re-homed in the year	2023	2022
Re-lets	234	261
New Build / other Acquisitions	58	130
Total	292	391
Average Days taken to fill an empty home	31	29

The average number of days taken to fill our empty homes increased slightly in the year as more complex improvements were required to bring void properties to lettable standards. However, the costs of void periods in the year as a percentage of income was 0.77% (last year: 0.89%) Current and historic voids performance is set out in the graph below:



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Historically we have found that it takes us longer to allocate homes in Caithness and a handful of developments in the more rural parts of the Highlands. With experienced officers dealing with the homes in these areas, and the Choice Based Lettings initiative implemented, we continue to work hard to keep our lost income as low as possible.

We achieve high levels of satisfaction with the condition of our homes, with 77% of tenants responding to tenancy surveys indicating that they are satisfied with the quality of their home.

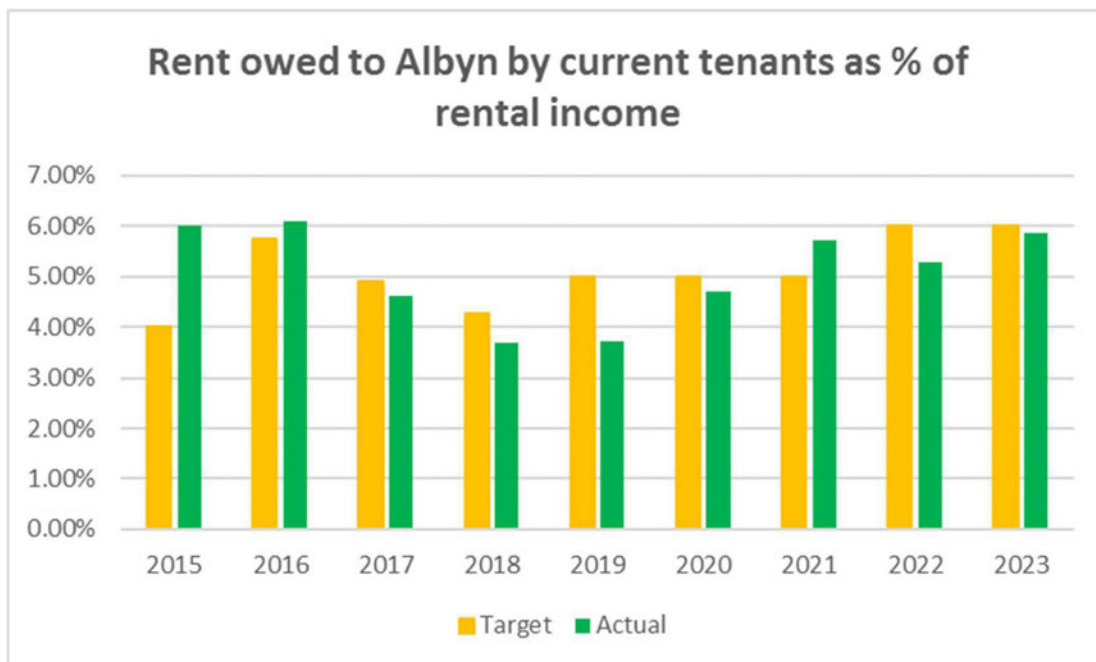
We constantly review the performance of our homes in terms of the amount of money they cost us and how happy our tenants are with them, so that we can be proactive in deciding the future use of our homes.

Rent Arrears

Rent arrears performance has been maintained in comparison with the previous year as we continue to work hard to support tenants to meet their rental obligations during challenging economic circumstances especially with the impact of the cost of energy. The allocation of arrears workload has been spread across the Officer and Assistant group, and we have continued to improve our internal reporting and monitoring processes, maintaining early-intervention processes whilst respecting the importance of sustaining tenancies. The creation of a dedicated Income Team within the Customer Services department will further enhance our ability to maintain arrears at acceptable levels.

At the end of the year a total of 1,782 tenants (2022 – 1,642) elected to have their housing costs paid directly to their landlord. We continue to encourage tenants to elect for this method of payment of rent as it supports a managed control of housing rental arrears. We are continuing to work in partnership across the Highlands on a number of initiatives with local RSLs and the Highland Council to establish access to support for our tenants who may be struggling with the cost of living.

The graph below details our recent performance on rent arrears for tenants in our homes:



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Tenancy Management

We continue to work in partnership with other local agencies to tackle Anti-Social Behaviour (“ASB”) and to manage our estates.

Number of ASB Cases opened in the year		2023	2022
Category 1	Most serious and involves criminal activity	44	24
Category 2	Deliberate attempt to cause disturbance or annoyance	88	83
Total		132	107

The number of reported nuisance and anti-social behaviour cases we have to deal with at any one time increased in the year, although remains a low percentage of all tenancies, and predominantly in the less serious category, Category 2. It is always worth noting that whilst the ASB cases can be small in numeric terms as a proportion of the overall number of homes we manage, the cases often require a disproportionate amount of time and effort to find a resolution. These cases invariably require close customer liaison and support.

The number of tenancies created in the financial year that were still successfully in place after a year remains high at 95.24% (2022 – 94.90%).

Reactive Repairs

Our performance in Reactive Repairs has weakened in the year as normal service levels are embedded in the post pandemic period and is detailed in the following tables:

Category	Performance Measure	Target	2023	2022
Emergency	Average time to complete	8 hours	7.3 hrs	5.44 hrs
Non-Emergency	Average time to complete	10 days	7.04 days	6.85 days
Right First Time			85.95%	86.58%

The total number of reactive repairs completed during the reporting year was 9,851 (2022 – 8,129). 86.8% (2022 – 82.2%) of tenants who returned the satisfaction survey were satisfied with the overall quality of our repairs service.

Communities

Albyn is committed to working with our tenants and communities to develop innovative solutions to enable people to live in their own homes as long as it is safe for them to do so.

We are continuing to develop our software platform to assist people to live safely in their homes, as well as working on an innovative design for homes to enable people who are unwell to live at home for as long as is possible, rather than being in a bed in hospital. This is part of the Highlands & Islands City Region Deal and will run until 2027.

The software will support tenants and carers through on-line access to the services they need. We continue to work with partners such as the NHS, Scottish Government and the Highland Council.

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Asset Management & Investment Team

We commissioned a stock condition survey to cover all of our housing stock during 2022/23 to ensure that all properties have been inspected and the information we hold is as accurate as possible.

During the year we incurred expenditure on improvements to our homes as follows:

Replacement Type	2023	2022
	£000's	£000's
Energy Efficiency Measures	1,394	1,308
Window and Door Replacements	48	446
Kitchen Replacements	47	329
Bathroom Replacements	1,304	75
Individual Property Upgrades and Other Costs	304	32
Total	3,097	2,190

Expenditure on improving our homes accelerated in the year following a slowdown in investment during the restrictive years of the pandemic. Our programme will continue into the planning period being informed by our Asset Management Strategy which will be approved by the Board in 2023.

It is essential that all properties with gas central heating are serviced at not more than 12 monthly intervals, and we put in place procedures which ensured that we hit this target. Where access to carry out gas servicing is not possible, we have followed HSE advice and guidance in risk assessing each situation on a case-by-case basis. All properties where it was not possible to meet this obligation are evidenced by this process.

Category	Performance Measure	Target	2023	2022
Gas Servicing	Within 12 Mths of previous inspection	100%	100.0%	99.8%
	Within 13 Mths of previous inspection	100%	100.0%	99.8%

The development programme has continued in year with site starts and completions being delivered to plan. We are increasingly seeing tendered costs in excess of benchmark which is leading to further assessment and requirements of larger Government grants. This process has resulted in some delay to project starts in the year.

Looking ahead, the Board have reaffirmed their commitment to a medium-term ambition to develop 100 properties per annum to enable resources to be focused on stock improvement as well as new home development. We completed or purchased 58 homes for rent during the year to 31 March 2023 (2022 - 162).

We did not buy back any Shared Ownership properties in the year for use in our Mid-Market Rent programme (2022 – 2) but sold our share in 4 Shared Ownership properties during the year.

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Developments completed in the year	Rented	MMR	Total
Castlepark, Dingwall	30		30
Elizabeth Crescent, Dornoch		4	4
Lomond Gardens, Inverness		8	8
Firth Avenue, Inverness	8		8
Allan Gardens, Dornoch	8		8
Total	46	12	58

The table below details our expenditure on these completed projects and the way in which they were financed:

Development Funding	2023	2022
	£000's	£000's
Expenditure	10,036	28,358
Grant	4,775	14,715
Loan	5,261	7,000
Own resources	0	6,643

Finance & Corporate Services Team

Albyn's Finance & Corporate Services Team, which includes ICT, continued to support the Albyn Group throughout the year. The team supported the Board in reviewing the number of houses we would build and ensuring that the corporate and financial governance of the Society remained strong.

The team has continued to work with the operational teams in Albyn, AEL and HRL to provide up to date and streamlined processes and systems to help them provide good service to our customers on a day-to-day basis.

During the 22/23 year, our ICT strategy is being implemented focusing on the key findings of the review carried out in the previous year. The output of this work will aim to deliver robust secure systems, enabling efficient and effective processes enhancing the customer experience of Albyn as a landlord.

Albyn Enterprises Limited

Albyn Enterprises Limited (AEL), is a wholly owned subsidiary.

The Board has been working on moving the company to a non-trading status in the year by transferring all employees, assets and liabilities to other parts of the group. This work is expected to be completed during the next financial year.

Highland Residential (Inverness) Limited

Following the transfer of activities from AEL to HRL at the beginning of 2017, the team has continued to develop its offering to the affordable homes market through expansion of MMR and development of the factoring service.

In the year to 31 March 2023, the Factoring Services team continued to deliver services to tenants of Albyn as well as the owners of homes in our developments. The portfolio of mid-market rental homes

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grew, and our other sales and lettings activities performed well. Against this backdrop, the business continued its improved performance delivering a strong operating surplus for the year.

Other Matters

Credit Payment Policy

Albyn's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is within thirty days.

Rental Income

Albyn's Rent Policy is based on the size, type and facilities available to each home. The policy ensures that the rent structure is easy to administer and covers the wide variations of properties that we own and manage. The rent charged is reviewed annually to ensure that the rents cover the required costs. The rent increase was consulted with tenants for the 2022/23 financial year. This policy follows the generally accepted practice / principles of the RSL Sector.

Sales of Housing Properties

We did not sell any homes in the year on the open market in 2023 (2022 – nil) and 4 (2022 - 2) Shared Ownership properties in the year.

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, and grants relating to the share of the 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.

Management Structure

The Board has overall responsibility for Albyn and there is a formal schedule of matters specifically reserved for decision by the Board.

Risk Management Policy

The Board has a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the six critical success factors for Albyn then analysing the types of risks Albyn faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Board has reviewed the adequacy of Albyn's current internal controls.

The Board has set policies on internal controls which cover the following:

- consideration of the type of risks Albyn faces
- the level of risks which they regard as acceptable
- the likelihood of the risks concerned materialising
- Albyn's ability to reduce the incidence and impact on the business of risks that do materialise
- management of the costs of operating particular controls relative to the benefit obtained.

In order to ensure that these policies are adhered to, management has:

- clarified the responsibility of management to implement the Board's policies and to identify and evaluate risks for the Board's consideration
- communicated that employees have responsibility for internal control as part of their accountability for achieving objectives
- embedded the control system in the organisation's operations so that it becomes part of the culture of Albyn
- developed systems to respond quickly to evolving risks arising from factors within the charity and to changes in the external environment

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- included procedures for reporting failings immediately to appropriate levels of management and the Board together with details of corrective action being undertaken.

Albyn holds a full strategic risk register but has identified the following key risks in the year and their mitigation is as follows:

Our Homes - Requirements to meet Housing to 2040 and the impact that this could have on our ability to develop new homes.

Our recent stock condition survey provides a better insight into the investment needs of our existing housing stock and the resources required to meet current and future standards. This enables the prioritisation of resources to achieve an appropriate balance between investment in existing stock and the supply of affordable housing through our development programme.

Our Customers – The cost of living and recent energy price increases and its impact on tenants ability to meet rental obligations.

Albyn provides for access to an energy fund each year to support the most vulnerable tenants to heat their homes. This is supplemented by external funding for which Albyn has been successful in securing a broad range of support to ease pressure and help to sustain tenancies.

Our People - Poor staff engagement for service improvements and business change.

The recent redesign of customer services has brought about significant change across several staffing teams. The implementation of the new structures has been executed working in partnership with recognised trade unions and staff are being supported with access to training needed to excel in new roles.

Our Finances - Macro-economic factors impacting on inflation of costs and interest rates.

Albyn holds a significant debt portfolio with a mix of fixed and floating interest rate exposure. The treasury management function includes a regular review of exposure to interest rate risk through assessment of the portfolio using external expertise.

Our financial models are based upon CPI as an inflationary driver and when pressures of inflation impact on tenant affordability we reflect tenant preferences through an impact assessment on the levels of investment that are affordable in order to maintain financial stability and meet lender obligations.

Our Partnerships - Objectives of the Society are misaligned with those of our stakeholders.

Albyn works closely with partners across all areas of our business and particularly in relation to the development programme. Engagement with key partners on the City Region Deal programme and our innovation in housing is expected to reach clear outcomes in the near future. Our approach to partnership is informed by tenant engagement to help direct our efforts.

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Sustainability and Asset Management

Albyn has a Sustainability Strategy, with a focus on sustaining Albyn as a business whilst helping improve the quality of life for the residents in our communities. This Strategy is supported by an Asset Management Strategy which identifies initiatives for sustaining / improving the performance of our property assets. We will update our Asset Management Strategy following the completion of the stock condition survey in 2023.

Albyn has a long-term programme of major repairs to cover work which has become necessary since the original development was completed, including works required for subsequent legislative changes such as SHQS, EESSH and carbon net zero. This includes replacement or repairs to parts of the properties which have come to the end of their useful economic lives. The costs of these repairs are charged to the Income and Expenditure Account, unless it is agreed they be capitalised within the terms outlined in the Statement of Recommended Practice for Registered Social Landlords.

Budgetary Process

Each year the Board approves the five-year budgets and rolling thirty-year strategic Business Plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Board of variances from the budget, updating forecasts for the year where necessary together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

Treasury Management

Albyn has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Board. In this way Albyn manages its borrowing arrangements to ensure that it is always in a position to meet financial obligations as they fall due, whilst minimising excess cash and liquid resources held. The Treasury Management Policy was reviewed by the Board on 15 December 2020 and will be reviewed again at the end of the 2023 calendar year.

Albyn, as a matter of policy, does not enter into transactions of a speculative nature. Albyn has a mix of fixed and variable rate finance, which it considers appropriate at this time.

Going Concern

Since the economy emerged from the recent pandemic, a number of new challenges have emerged relating to price inflation and the impact of energy costs on our customers and the business. The Board have considered a number of sensitivities within the organisation's financial plans and have a reasonable basis on which make to judgements on the impact.

On 14 March 2023, the Board approved the annual budget and financial forecast for the forthcoming period. The key assumptions and targets have been set with reference to the management of business risk during the previous year in which greater uncertainty of the global economic impacts of rising inflation, energy costs and conflict were prevalent. The Board continues to employ sensitivity testing with a number of differing scenarios after which the Board has further considered the impact on the business as a going concern.

Based on the budgetary processes detailed above, the Board has a reasonable expectation that Albyn has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Quality and Integrity of Staff

The integrity and competence of staff is ensured through high recruitment standards and subsequent training and development. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Chief Executive.

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Our staff also have the opportunity to take part in a range of training opportunities to develop their skills and knowledge.

Albyn is committed to involving staff in decision-making and drafting policy. Albyn enjoys strong relationship with its recognised trade union working collaboratively to establish new and revised policy to meet the interest of the business and its staff.

Employee Involvement and Health and Safety

Albyn encourages employee involvement in all major initiatives and maintaining Health & Safety standards in all areas. A Health and Safety Committee is in place which includes membership from across the society. The outcomes of the work of the Committee inform both the Board and Leadership Team's oversight of the health and safety system.

Disabled Employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with Albyn may continue. It is the policy of Albyn that training, career development and promotion opportunities should be available to all employees.

Future Prospects

Albyn will continue with its policy of improving the quality of housing and housing services within its area of activity working with its existing and new partners.

The Board have approved an ongoing commitment to develop additional houses to contribute to the government's overall targets for growth in affordable housing in Scotland. This commitment is reviewed each year as part of the Business Planning process. The medium-term commitment as set out in our Business Plan is to complete an additional 100 social housing units each financial year subject to affordability and the support provided through Government grants.

ALBYN HOUSING SOCIETY LIMITED

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2023

Board

The Board of Albyn during the year to 31 March 2023 and up to 27 June 2023 was as follows:

Name	Office Bearing	Date Appointed	Attendance at Board Meetings	Committee Membership
Ms L McInnes	Chairperson 01/01/22 - Present	Casual Vacancy 01/01/22 Board Member 12/09/22 - Present	64%	
Mr C Patching	Vice Chair 16/09/20 – 10/08/21 and 01/01/22 – Present	Board Member 16/09/20 - Present	91%	Rem
Mr I Fosbrooke	Secretary 16/09/20 - Present	Board Member 13/09/16 - Present	91%	Rem
Mr J A Convery		Board Member 01/09/03 – Present	64%	A&RM, Rem,
Ms C Warner		Board Member 16/09/20 - Present	73%	A&RM, Rem
Ms F Mustarde		Board Member 16/09/20 - Present	45%	A&RM
Mr D G Cargill		Board Member 29/09/21 - present	82%	
Ms A Currie		Co-opted 14/12/21 Board Member 12/09/22 - Present	73%	
Mr N Istephan		Co-opted 14/12/21 Board Member 12/09/22 - Present	91%	A&RM
Ms N McLelland		Board Member 12/09/22 - Present	57%	
Mr S MacLeod		Co-opted 12/09/22 - Present	100% (A&RM only)	A&RM

Committees

Audit & Risk Management Committee (“A&RM”)

Remuneration Committee (“Rem”)

Each member of the Board holds one fully paid share of £1.00 in Albyn. The executive officers of Albyn hold no interest in Albyn's share capital and although not having the legal status of “director” they act as executives within the authority delegated by the Board.

Board and Officers' Insurance

Albyn has purchased and maintains insurance to cover its Board and officers against liabilities in relation to their duties on behalf of Albyn, as authorised by the Society's rules.

ALBYN HOUSING SOCIETY LIMITED

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2023

Executive Team

The Directors of Albyn at 31 March 2023 was as follows:

Ms Kirsty Morrison	Chief Executive (From 01 June 2022)
Ms Maureen Knight	Executive Director of Operations
Mr Andrew Martin	Executive Director of Group Services
Ms Morag Beers	Director of Assets and Subsidiaries (Until 22 July 2022)
Ms Laurie MacLeod	Head of Human Resources

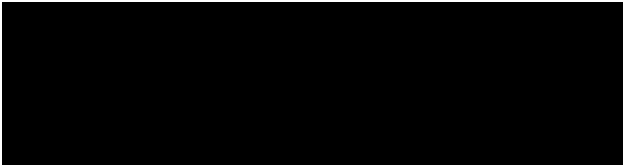
Disclosure of Information to the Auditor

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

Auditor

A resolution for the reappointment of RSM UK Audit LLP, as auditors of the Society, will be proposed at the Annual General meeting.

By order of the Board



Secretary
27 June 2023

ALBYN HOUSING SOCIETY LIMITED
STATEMENT OF BOARD'S RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2023

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and of the Group and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is not appropriate to presume that the Society will continue in business.

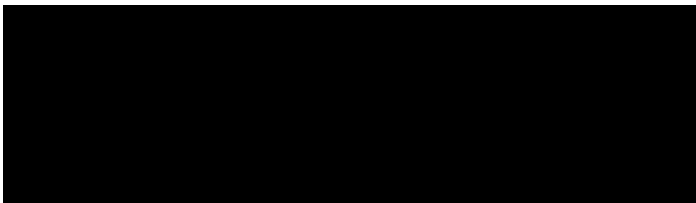
The Board is responsible for instituting adequate systems of internal control and for:

- safeguarding assets
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the keeping of proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Society and of the Group and to enable it to ensure that the financial statements comply with with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Accounting Requirements 2019.

The Board is responsible for the maintenance and integrity of the financial information included on the Albyn Housing Society website.

By order of the Board



27 June 2023

ALBYN HOUSING SOCIETY LIMITED

BOARD'S STATEMENT OF INTERNAL FINANCIAL CONTROL

FOR THE YEAR ENDED 31 MARCH 2023

The Board acknowledges its ultimate responsibility for ensuring that the Society 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:

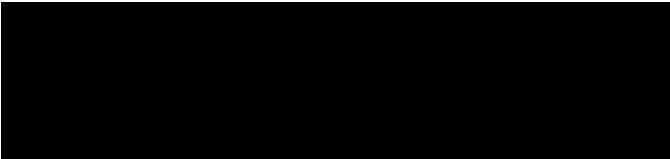
- the reliability of financial information used within the Society, or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable, and not absolute, assurance against material financial misstatement or loss or failure to meet objectives. Key elements of the Society'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 Society's assets;
- experienced and suitably qualified staff take responsibility for the important business functions and annual appraisal procedures that have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the Management Team and Board to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through the Board;
- the Audit & Risk Management Committee receives reports from management and from the external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed, and that a general review of the major risks facing the Society is undertaken; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal and external audit reports.

The effectiveness of the Society's system of internal financial control has been reviewed by the Audit & Risk Management Committee for the year ended 31 March 2023. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in these financial statements or in the auditor's report on the financial statements.

By order of the Board



Secretary
27 June 2023

REPORT BY THE AUDITOR TO THE MEMBERS OF
ALBYN HOUSING SOCIETY LIMITED
ON CORPORATE GOVERNANCE MATTERS
FOR THE YEAR ENDED 31 MARCH 2023

In addition to our audit of the Financial Statements, we have reviewed your statement on page 18 concerning the Society's compliance with the information required by the Regulatory Standards for systemically important RSLs 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 to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Board and Officers of the Society and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Society'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 page 18 has provided the disclosures required by the relevant Regulatory Standards for systemically important RSLs 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.

RSM UK AUdit LLP

RSM UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Third Floor Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date 25/07/23

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ALBYN HOUSING SOCIETY LIMITED

FOR THE YEAR ENDED 31 MARCH 2023

Opinion

We have audited the financial statements of Albyn Housing Society Limited (the 'Society') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Capital and Reserves, the Statement of Cashflows and 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Society's affairs as at 31 March 2023 and of their income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board'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 about the Society's or Group'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 Board with respect of 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 Board 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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ALBYN HOUSING SOCIETY LIMITED

FOR THE YEAR ENDED 31 MARCH 2023

material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of Board Responsibilities set out on page 17, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Society 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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ALBYN HOUSING SOCIETY LIMITED

FOR THE YEAR ENDED 31 MARCH 2023

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Society operate in and how they are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Co-operative and Community Benefit Societies Act 2014, the Scottish Housing Acts and the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included, reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are the Housing (Scotland) Acts 2006, 2010, 2014, the Energy Efficiency Standard for Social Housing (ESSH) and the Scottish Charity Regulator (OSCR). We performed audit procedures to inquire of management and those charged with governance whether the Society are in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The Group audit engagement team identified the risk of management override of controls and the existence, completeness and valuation of rental income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, in relation to management override of internal controls. Audit procedures in relation to assertion risks for rental income included but were not limited to substantive analytical review to test the rental income that was recognised and assess whether it was recognised in accordance with rent review letters or signed tenancy agreements which agree to the housing management system.

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

Use of our report

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

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

RSM UK AUdit LLP

25/07/23.....2023

ALBYN HOUSING SOCIETY LIMITED
STATEMENT OF COMPREHENSIVE INCOME - GROUP
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
Turnover	2	23,627	22,787
Operating expenditure	2	(18,421)	(16,758)
Operating Surplus	7	<u>5,206</u>	<u>6,029</u>
Loss on disposal of fixed assets	6	(57)	(173)
Interest receivable	9	17	-
Interest and financing costs	10	(3,430)	(2,452)
Surplus before tax		<u>1,736</u>	<u>3,404</u>
Taxation	11	6	(3)
Surplus for the Year		<u><u>1,742</u></u>	<u><u>3,401</u></u>
<i>Other Comprehensive Income</i>			
Actuarial (Loss)/Gain in respect of pension schemes	30	(557)	978
Total Comprehensive Income for the year	24	<u><u>1,185</u></u>	<u><u>4,379</u></u>

The accompanying notes form part of these financial statements.

ALBYN HOUSING SOCIETY LIMITED
STATEMENT OF COMPREHENSIVE INCOME - SOCIETY
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
Turnover	2	23,038	22,231
Operating expenditure	2	(17,955)	(16,295)
Operating Surplus	7	<u>5,083</u>	<u>5,936</u>
Loss on disposal of fixed assets	6	(57)	(173)
Interest receivable	9	117	81
Interest and financing costs	10	(3,430)	(2,452)
Surplus before tax		<u>1,714</u>	<u>3,392</u>
Taxation	11	-	-
Surplus for the Year		<u>1,714</u>	<u>3,392</u>
<i>Other Comprehensive Income</i>			
Actuarial (loss)/gain in respect of pension schemes	30	(557)	978
Total Comprehensive Income for the year	24	<u>1,157</u>	<u>4,370</u>

The accompanying notes form part of these financial statements.

ALBYN HOUSING SOCIETY LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES - GROUP
FOR THE YEAR ENDED 31 MARCH 2023

	Share Capital £000	Revenue Reserve £000	Total Reserves £000
Balance at 01 April 2022	1	41,836	41,837
Total comprehensive Income for the year	-	1,185	1,185
Cancelled shares during the year	-	-	-
New shares issued during the year	-	-	-
Balance at 31 March 2023	<u><u>1</u></u>	<u><u>43,021</u></u>	<u><u>43,022</u></u>
Balance at 01 April 2021	1	37,457	37,458
Total comprehensive Income for the year	-	4,379	4,379
Cancelled shares during the year	-	-	-
New shares issued during the year	-	-	-
Balance at 31 March 2022	<u><u>1</u></u>	<u><u>41,836</u></u>	<u><u>41,837</u></u>

The notes form part of these financial statements

ALBYN HOUSING SOCIETY LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES - SOCIETY
FOR THE YEAR ENDED 31 MARCH 2023

	Share Capital £000	Revenue Reserve £000	Total Reserves £000
Balance at 01 April 2022	1	41,607	41,608
Total comprehensive Income for the year	-	1,157	1,157
Cancelled shares during the year	-	-	-
New shares issued during the year	-	-	-
Balance at 31 March 2023	<u>1</u>	<u>42,764</u>	<u>42,765</u>
Balance at 01 April 2021	1	37,237	37,238
Total comprehensive Income for the year	-	4,370	4,370
Cancelled shares during the year	-	-	-
New shares issued during the year	-	-	-
Balance at 31 March 2022	<u>1</u>	<u>41,607</u>	<u>41,608</u>

The notes form part of these financial statements

ALBYN HOUSING SOCIETY LIMITED
STATEMENT OF FINANCIAL POSITION - GROUP
AT 31 MARCH 2023

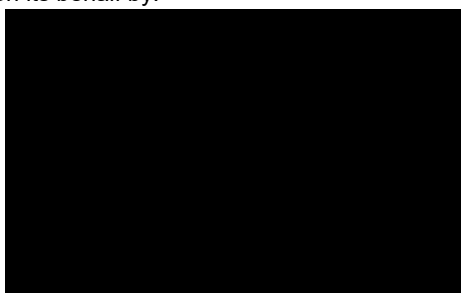
	Notes	2023 £'000	2022 £'000
Fixed Assets			
Housing properties	13	302,461	293,184
Other tangible fixed assets	14	2,208	2,337
Investments	15	<u>1</u>	<u>1</u>
		304,670	295,522
Current Assets			
Stock and Work in Progress	16	1,378	2,694
Trade and other debtors	17	2,312	2,129
Cash and cash equivalents	25	<u>8,631</u>	<u>6,664</u>
		12,321	11,487
Current Liabilities			
Creditors due within one year	18	<u>(11,452)</u>	<u>(10,308)</u>
Net Current Assets		869	1,179
Total Assets Less Current Liabilities		<u>305,539</u>	<u>296,701</u>
Creditors: amounts falling due after more than one year			
	19	(261,848)	(254,499)
Provision For Liabilities	22	(156)	(152)
Provisions for Liabilities - Defined Benefit Liability	30	(513)	(213)
Total Net Assets		<u>43,022</u>	<u>41,837</u>
Capital and Reserves			
Share capital	23	1	1
Income and Expenditure Reserve	24	43,021	41,836
		<u>43,022</u>	<u>41,837</u>

The financial statements on pages 23 to 27 were approved by the Board and authorised for issue on 27 June 2023 and are signed on its behalf by:

Lesley McInnes - Chair

Carl Patching - Vice Chair

Ian Fosbrooke - Secretary



ALBYN HOUSING SOCIETY LIMITED
STATEMENT OF FINANCIAL POSITION - SOCIETY

AT 31 MARCH 2023

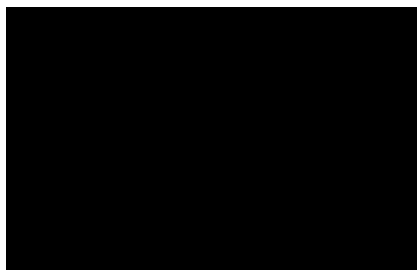
	Notes	2023 £'000	2022 £'000	2022 £'000
Fixed Assets				
Housing properties	13		302,461	293,184
Other tangible fixed assets	14		2,136	2,260
Investments	15		<u>1</u>	<u>1</u>
			304,598	295,445
Current Assets				
Stock and Work in Progress	16	1,379		2,694
Trade and other debtors	17	2,421		2,269
Cash and cash equivalents	25	<u>8,016</u>		<u>6,093</u>
		11,816		11,056
Current Liabilities				
Creditors due within one year	18	<u>(11,146)</u>		<u>(10,049)</u>
Net Current Assets				
			670	1,007
Total Assets Less Current Liabilities				
			<u>305,268</u>	<u>296,452</u>
Creditors: amounts falling due after more than one year				
	19		(261,848)	(254,499)
Provisions for Liabilities	22		(142)	(133)
Provisions for Liabilities - Defined Benefit Liability	30		(513)	(213)
Total Net Assets				
			<u>42,765</u>	<u>41,608</u>
Capital and Reserves				
Share capital	23		1	1
Income and Expenditure Reserve	24		42,764	41,607
			<u>42,765</u>	<u>41,608</u>

The financial statements on pages 23 to 27 were approved by the Board and authorised for issue on 27 June 2023 and are signed on its behalf by:

Lesley McInnes - Chair

Carl Patching - Vice Chair

Ian Fosbrooke - Secretary



ALBYN HOUSING SOCIETY LIMITED
STATEMENT OF CASHFLOWS - GROUP
FOR THE YEAR ENDED 31 MARCH 2023

	2023		2022	
	£'000	£'000	£'000	£'000
Surplus before Tax for the year		1,741		3,404
Adjustments for non-cash items:				
Depreciation of tangible fixed assets	5,699		5,363	
Amortisation of capital grants	(3,195)		(3,065)	
Increase in provisions	3		12	
Gain on disposal of tangible fixed assets	57		(173)	
Interest receivable	(18)		-	
Interest payable	3,430		2,452	
Taxation paid	<u>-</u>		<u>-</u>	
		<u>5,976</u>		<u>4,589</u>
Operating cash flows before movements in working capital		7,717		7,993
Decrease/(Increase) in properties held for sale	1,315		(70)	
Decrease/(increase) in trade and other debtors	497		(643)	
Increase/(decrease) in trade and other creditors	<u>170</u>		<u>(1,161)</u>	
		<u>1,982</u>		<u>(1,874)</u>
Cash generated from operations		9,699		6,119
Cash flow from investing activities				
Development of own property	(14,782)		(15,214)	
Purchase of other fixed assets	(144)		(206)	
Proceeds from sale of tangible fixed assets	239		173	
Grants received	5,744		4,595	
Interest received	<u>18</u>		<u>-</u>	
Net cash used in investing activities		(8,925)		(10,652)
Cash flow from financing activities				
Interest paid	(3,426)		(2,452)	
Loans received	7,000		7,000	
Loans repaid	(2,121)		(2,088)	
Payments to pension past service deficit	<u>(260)</u>		<u>(406)</u>	
Net cash from financing activities		1,193		2,054
Net Increase/(decrease) in cash and cash equivalents		<u>1,967</u>		<u>(2,479)</u>

Note 25 should be read in conjunction with this statement.

ALBYN HOUSING SOCIETY LIMITED
STATEMENT OF CASHFLOWS - SOCIETY
FOR THE YEAR ENDED 31 MARCH 2023

	2023		2022	
	£'000	£'000	£'000	£'000
Surplus for the year		1,714		3,392
Adjustments for non-cash items:				
Depreciation of tangible fixed assets	5,692		5,356	
Amortisation of capital grants	(3,195)		(3,065)	
Increase in provisions	9		9	
Gain on disposal of tangible fixed assets	57		(173)	
Interest receivable	(117)		(81)	
Interest payable	<u>3,430</u>		<u>2,452</u>	
		<u>5,876</u>		<u>4,498</u>
Operating cash flows before movements in working capital		7,590		7,890
Decrease/(increase) in properties held for sale	1,315		(70)	
Decrease/(increase) in trade and other debtors	539		(712)	
Decrease/(increase) in trade and other creditors	<u>111</u>		<u>(1,136)</u>	
		<u>1,965</u>		<u>(1,918)</u>
Cash generated from operations		9,555		5,972
Cash flow from investing activities				
Development of own property	(14,782)		(15,214)	
Purchase of other fixed assets	(142)		(206)	
Proceeds from sale of tangible fixed assets	239		173	
Grants received	5,744		4,595	
Interest received	21		4	
Gift Aid donation received	<u>96</u>		<u>77</u>	
Net cash used in investing activities		(8,824)		(10,571)
Cash flow from financing activities				
Interest paid	(3,426)		(2,452)	
Loans received	7,000		7,000	
Loans repaid	(2,121)		(2,088)	
Payments to pension past service deficit	<u>(261)</u>		<u>(404)</u>	
Net cash from financing activities		1,192		2,056
Net increase/(decrease) in cash and cash equivalents		<u>1,923</u>		<u>(2,543)</u>

Note 25 should be read in conjunction with this statement.

ALBYN HOUSING SOCIETY LIMITED

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1 Accounting Policies

The principal accounting policies of the Group and the Society are set out in the paragraphs below.

a. Legal Status

Albyn Housing Society Limited is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society, and the Scottish Housing Regulator as a Registered Social Landlord under the Housing (Scotland) Act 2010. Albyn Housing Society Limited adopted Charitable Rules on 18 March 1997 and its Charity Number is SC 027123.

The Society's address is listed on page 1. Its principal activities and the nature of its operations are detailed on page 2.

b. Basis of Accounting

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2014 "Statement of Recommended Practice for Registered Housing Providers" and the comply with the Determination of Accounting Requirements 2019, and under the historical cost convention.

Albyn Housing Society Limited is a public benefit entity (PBE).

The financial statements are prepared in Sterling (£).

c. Basis of Consolidation

The consolidated financial statements consolidate the accounts of the Society and its commercial subsidiaries, Albyn Enterprises Limited ("AEL") and Highland Residential (Inverness) Limited ("HRL").

d. Critical Accounting Estimates and Areas of Judgement

Preparation of the financial statements requires management to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are included below:

i. Useful lives of properties

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on industry averages and our review of our stock. Uncertainties in these estimates relate to the length of time certain components in our homes will last, with varying levels of use potentially lengthening or shortening the lives of these components.

ii. Recoverable amount of rent arrears and debtors

Management considers the reasonable likelihood of rent arrears and debtors being

ALBYN HOUSING SOCIETY LIMITED

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recoverable based on past experience. While every effort is made not to over-estimate the amounts which will be recovered by the Society in the future, the actual amounts which might be received are often outwith the Society's control.

iii. **Defined benefit obligation**

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 30). The net defined benefit pension liability at 31 March 2023 was £513k (2022 - £213k).

e. Going Concern

Each year the Board approves the five-year budgets and rolling thirty-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Board of variances from the budget, updated forecasts for the year where necessary together with information on the key risk areas.

On 14 March 2023, the Board approved the annual budget and financial forecast for the forthcoming period. The key assumptions and targets have been set with reference to the management of business risk during the previous year in which greater uncertainty of the global economic impacts of rising inflation, energy costs and conflict. The Board continues to employ sensitivity testing with a number of differing scenarios after which the Board has further considered the impact on the business as a going concern.

On that basis the Board has a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. As a result, we continue to adopt the going concern basis of accounting in preparing the annual financial statements.

f. Turnover and Revenue Recognition

Turnover comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sale of properties built for sale, other services provided at the invoice value (excluding VAT) and revenue grants receivable in the period.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the transaction.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

g. Government Grants

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received, such as relevant costs being incurred and paid for.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of

ALBYN HOUSING SOCIETY LIMITED

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the structure (excluding land) under the accruals model.

On disposal of an asset for which a government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant, a liability is included in the Statement of Financial Position to recognise this obligation.

h. Other Grants

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

i. Tangible Fixed Assets - Housing Properties

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent and shared ownership.

Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs; or
- A significant extension to the life of the property.

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover.

The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Where the first tranche has been sold prior to the acquisition of the properties, these are included in fixed assets only.

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j. Depreciation of Housing Properties

Freehold land or assets under construction are not depreciated.

The Society separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis over the following years which are estimated lives for accounting purposes:

Land	Nil
Assets under Construction	Nil
Structure	100 Years
Roof	70 Years
Windows and Doors	30 Years
Heating	15 Years
Kitchen	20 Years
Bathroom	30 Years
Other Mechanical and Engineering Works	30 Years

k. Impairments of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Society estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the income and expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

l. Low Cost Initiatives for First Time Buyers ("LIFT")

LIFT transactions are grants received from a grant making body and passed on to an eligible beneficiary. A grant making body has a benefit of a fixed charge on the property entitling the grant making body to a share of the proceeds on the sale of the property by the beneficiary. These are classified as investments and are carried at historical cost with the linked finance cost (the grant received) being deducted from the gross amount of the LIFT asset.

Completed properties for outright sale (mainly LIFT Properties) and work in progress are valued at the lower of cost and net realisable value. Cost comprises the cost of land, development and interest. Net realisable value is based on estimated sale price after allowing for all further costs of completion and disposal.

m. Sales of Housing Accommodation

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

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sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grant removed from the financial statements.

n. Shared Ownership

Proceeds from first tranche disposals of shared ownership properties are accounted for in the Income and Expenditure account of the period in which the disposal occurs, with any surpluses on disposal recognised in the Income and Expenditure account as turnover. The cost of disposal of first tranche disposals is included within cost of sales. The first tranche element of any unsold properties is shown as a current asset.

o. Other Tangible Fixed Assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Freehold buildings	Up to 75 years
Computer equipment	4 years
Fixtures, fittings and equipment	7 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

p. Leases and Hire Purchase Contracts

Rentals paid under operating leases are charged to income as incurred.

q. Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale.

All other borrowing costs are expensed as incurred.

r. Value Added Tax

The Society is VAT registered, however a large proportion of income, namely rents, is exempt for VAT purposes therefore giving rise to a Partial Exemption calculation. Expenditure is shown inclusive of VAT.

s. Deposits and Liquid Resources

Cash comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

ALBYN HOUSING SOCIETY LIMITED
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t. Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

Employees are entitled to carry forward up to five days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Society is demonstrably committed to terminating the employment of an employee or to provide termination benefits.

u. Retirement Benefits

Defined contribution plans

For defined contribution schemes the amount charged to income and expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Defined benefit plans

Scottish Housing Association Pension Scheme (SHAPS)

The Association recognises its share of scheme assets and scheme liabilities as a past service deficit liability based on the present value of the Association's deficit funding agreement.

As at the year ended 31 March 2023, the net defined benefit pension deficit liability was £512k, which has been included within the provisions for pensions liability in the financial statements.

In the year ended 31 March 2023, the current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. Refer to Note 30 for more details.

v. Provisions

Provisions are recognised when Albyn Housing Society Limited has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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4 Particulars of Turnover, Operating Costs and Operating Surplus - Group			Operating costs	2023	2022
	Notes	Turnover £'000	£'000	Operating surplus £'000	Operating surplus £'000
Affordable Letting Activities	3	21,437	(14,678)	6,759	7,564
Other Activities	4	2,189	(3,743)	(1,553)	(1,535)
Total		23,627	(18,421)	5,206	6,029
2022		22,787	(16,758)	6,029	

2.2 Particulars of Turnover, Operating Costs and Operating Surplus - Society			Operating costs	2023	2022
	Notes	Turnover £'000	£'000	Operating surplus £'000	Operating surplus £'000
Affordable Letting Activities	3	21,206	(14,851)	6,355	6,878
Other Activities	4	1,832	(3,103)	(1,271)	(942)
Total		23,038	(17,955)	5,084	5,936
2022		22,231	(16,295)	5,936	

3.1 Particulars of Turnover, Operating Costs and Operating Surplus from Affordable Letting Activities - Group		General Needs Housing £'000	Shared Ownership Housing £'000	2023 £'000	2022 £'000
Rent Receivable Net of Service Charges		17,435	278	17,713	16,425
Service Charges		750	-	750	695
Gross Income from Rents and Service Charges		18,185	278	18,463	17,120
Less Voids		(221)	-	(221)	(136)
Net Income from Rents and Service Charges		17,964	278	18,242	16,984
Grants Released from Deferred Income		3,195	-	3,195	3,066
Total Turnover from Affordable Letting Activities		21,159	278	21,437	20,050
Management and Maintenance Administration Costs		4,423	131	4,554	3,935
Service Costs		649	-	649	170
Planned and Cyclical Maintenance including Major Repairs Costs		960	-	960	743
Reactive Maintenance Costs		2,785	-	2,785	2,213
Bad Debts - Rents and Service Charges		39	-	39	133
Depreciation of Affordable Let Properties		5,665	26	5,691	5,293
Operating Costs for Affordable Letting Activities		14,521	157	14,678	12,487
Operating Surplus for Affordable Lettings Activities		6,638	121	6,759	7,564
2022		7,433	131	7,564	

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3.2 Particulars of Turnover, Operating Costs and Operating Surplus from Affordable Letting Activities - Society

	General Needs Housing £'000	Shared Ownership Housing £'000	2023 £'000	2022 £'000
Rent Receivable Net of Service Charges	17,204	278	17,482	16,269
Service Charges	750	-	750	696
Gross Income from Rents and Service Charges	17,954	278	18,232	16,965
Less Voids	(221)	-	(221)	(136)
Net Income from Rents and Service Charges	17,733	278	18,011	16,829
Grants Released from Deferred Income	3,195	-	3,195	3,065
Total Turnover from Affordable Letting Activities	20,928	278	21,206	19,894
Management and Maintenance Administration Costs	4,437	131	4,569	3,935
Service Costs	807	-	807	699
Planned and Cyclical Maintenance including Major Repairs Costs	960	-	960	743
Reactive Maintenance Costs	2,785	-	2,785	2,213
Bad Debts - Rents and Service Charges	39	-	39	133
Depreciation of Affordable Let Properties	5,666	26	5,691	5,293
Operating Costs for Affordable Letting Activities	14,694	157	14,851	13,016
Operating Surplus for Affordable Lettings Activities	6,234	121	6,355	6,878
2022	6,747	131	6,878	

4.1 Particulars of Turnover, Operating Costs and Operating Surplus from Other Activities - Group

	Grants from Scottish Ministers £'000	Revenue Grants £'000	Other Income £'000	Total Turnover £'000	Operating Costs £'000	2023 Operating Surplus /(Loss) £'000	2022 Operating Surplus /(Loss) £'000
Factoring	-	-	247	247	(172)	76	(298)
Contracted out activities undertaken for registered social landlords	-	-	-	-	-	-	-
Contracted out activities undertaken for other organisations	-	-	-	-	-	-	-
Uncapitalised Development Administration Costs	-	-	-	-	(1,283)	(1,283)	(949)
NSSE Properties for Sale	1,571	-	-	1,571	(1,571)	-	-
Other Activities	-	-	371	371	(717)	(346)	(307)
Operating Deficit	1,571	-	618	2,189	(3,743)	(1,553)	(1,554)
2022	2,061	-	675	2,736	(4,290)	(1,554)	

The Determination includes additional information lines to those shown in notes 3 above.

The Board does not feel that any additional information is required with regards to these notes.

4.2 Particulars of Turnover, Operating Costs and Operating Surplus from Other Activities - Society

	Grants from				2023 Operating Costs £'000	2023 Operating Surplus /(Loss) £'000	2022 Operating Surplus /(Loss) £'000
	Scottish Ministers £'000	Other Income £'000	Total Turnover £'000	Operating Costs £'000			
Contracted out activities undertaken for registered social landlords	-	-	-	-	-	-	-
Contracted out activities undertaken for other organisations	-	-	-	-	-	-	-
Uncapitalised Development Administration Costs	-	-	-	(1,282)	(1,282)	(949)	
Other Activities	-	261	261	(250)	11	7	
NSSE Properties for Sale	1,571	-	1,571	(1,571)	-	-	
Operating Deficit	1,571	261	1,832	(3,103)	(1,271)	(942)	
2022	2,061	276	2,337	(3,279)	(942)		

The Determination includes additional information lines to those shown in notes 3 above.

The Board does not feel that any additional information is required with regards to these notes.

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5 Accommodation in Management - Group and Society

	Tenanted	Mid-Market Rent	Managed on behalf of others	Shared Ownership	2023 No	2022 No
The number of properties in management were as follows:						
1 April	3,374	202	17	113	3,706	3,543
Additions during the year	46	12	(3)	-	55	165
Conversion from Shared Ownership		-		-	-	-
Disposals				(4)	(4)	(2)
31 March 2023	3,420	214	14	109	3,757	3,706
2022	3,374	202	17	113	3,706	

6 a Surplus on Sale of Fixed Assets - Housing Properties

	Group		Society	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Sale proceeds	239	78	239	78
Carrying value of fixed assets	(106)	(93)	(106)	(93)
	133	(15)	133	(15)
Capital Grant repaid	-	-	-	-
	133	(15)	133	(15)

6 b Deficit on Replacement of Components

	(190)	(158)	(190)	(158)
	(57)	(173)	(57)	(173)

7 Operating surplus

Operating surplus is stated after charging:

Auditors' remuneration	34	40	25	33
Operating lease rentals [note 29]	41	46	41	46
Surplus on disposal of tangible fixed assets [note 6]	133	(15)	133	(15)
Depreciation of housing properties	5,691	5,293	5,691	5,293
Depreciation of other tangible fixed assets	274	245	267	237

RSM UK Audit LLP's associated company received £0 (2022 - £0) for professional services other than audit.

8 Key Management Personnel and Employees

	Group		Society	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
[a] Staff costs including Key Management Personnel's emoluments				
Salaries	3,335	2,967	3,084	2,671
Social security costs	370	302	346	279
Defined contribution pension cost	213	209	207	203
	3,918	3,478	3,637	3,153
Temporary, seconded and agency staff costs	164	62	137	55
Development administration costs capitalised	(254)	(527)	(254)	(527)
	3,828	3,013	3,520	2,681

Average monthly number of full time equivalent persons employed

	No	No	No	No
Asset Management and Investment	18	13	18	13
Customer Services	35	36	35	36
Factoring	3	4	-	-
Sales and Letting	3	4	-	-
Innovative Projects	0	1	-	-
Finance and Corporate Services	28	25	27	25
	86	83	79	74

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[b] Key Management Personnel

Under FRS102 Albyn Housing Society has defined "key management personnel" as the members of the senior management team whose posts are set out on page 14 of the Report and Financial Statements.

	Salary Bands		2023	2022
	£ 60,001	£ 70,000	Group and Society No	No
Number of Key Management Personnel earning:	£ 60,001	£ 70,000	1	1
	£ 70,001	£ 80,000	2	3
	£ 80,001	£ 90,000	1	2
	£ 100,001	£ 110,000	1	-
			2023	2022
			£	£
Aggregate emoluments payable to key management personnel (excluding pension contributions but including benefits in kind)			374,764	374,420
Aggregate pension contributions in relation to the above key management personnel			12,866	14,765
Emoluments payable to the Chief Executive (excluding pension contributions)			102,026	94,318

A total of £nil (2022 - £nil) was paid to no (2022 - 1) Board member(s) under a contract for services in the year. Expenses paid to Board Members totalled £2,394 (2022 - £1,449).

9 Interest Receivable and Similar Income

	Group		Society	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Interest receivable from banks	18	-	21	4
Gift Aid Donation from Subsidiary	(0)	-	96	77
	18	-	117	81

10 Interest and Financing Costs

Bank and Building Society loans and overdrafts	3,625	2,770	3,625	2,770
Defined Benefit pension charge	-	29	-	29
	3,625	2,799	3,625	2,799
Less: Interest Capitalised on housing properties constructed	(195)	(347)	(195)	(347)
	3,430	2,452	3,430	2,452

11 Taxation

Current Tax:				
UK corporation tax on profits of current year	-	-	-	-
Deferred Tax:				
Origination and reversal of timing differences	6	(3)	-	-
	6	(3)	-	-
Reconciliation of Current Tax charge:				
Profit on ordinary activities before taxation	119	89		
Profits exempt due to charitable exemption	(122)	(96)		
	(3)	(7)		
Effects of depreciation in excess of capital allowances	9	6		
Tax adjustments and other timing differences	(6)	1		
Profits subject to Corporation Tax	-	-		
Tax charge at 19% / 20%	-	-		

Albyn Housing Society Limited was recognised as a Charity on 18 March 1997. Albyn Housing Society Limited does not undertake any activities outwith those associated with its charitable activities. Albyn Housing Society Limited has no liability to Corporation Tax.

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12 Intangible Fixed Assets - Group

	Website & Branding £'000
Cost	
1 April 2022	21
Additions	-
Disposals	-
31 March 2023	21
Amortisation	
1 April 2022	21
Charge	-
Disposals	-
31 March 2023	21
Net Book Value	
31 March 2023	-
31 March 2022	-

13 Tangible Fixed Assets - Housing Properties - Group and Society

	Rented Occupation £'000	Shared Ownership £'000	Under Construction £'000	Total £'000
Cost				
1 April 2022	333,508	3,893	15,017	352,417
Additions	-	-	15,262	15,262
Transfers	-	-	-	-
Properties acquired	-	-	-	-
Works to existing properties	3,097	-	(3,097)	-
Schemes completed	10,750	-	(10,750)	-
Adjustments	-	-	-	-
Disposals	(648)	(107)	-	(755)
31 March 2023	346,707	3,786	16,431	366,924
Depreciation				
1 April 2022	58,320	914	-	59,234
Depreciation charged in year	5,666	26	-	5,691
Released on disposal	(457)	(4)	-	(461)
31 March 2023	63,528	935	-	64,463
Net Book Value				
31 March 2023	283,179	2,851	16,431	302,461
31 March 2022	275,187	2,979	15,018	293,184
			2023	2022
Expenditure on works to existing properties			£'000	£'000
Improvement work capitalised			-	-
Replacement component spend capitalised			3,097	2,191
Amounts charged to income and expenditure			16	15
Total major repairs spend			3,113	2,206
Finance costs				
Aggregate amount of finance costs included in the cost of housing properties			2,093	1,898

The cost of land included in the costs above totals £47,202,487 (2022 - £46,550,487)

Albyn Housing Society Limited considers individual schemes to be separate cash generating units when assessing for impairment, in accordance with Statement of Recommended Practice 2018.

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14.1 Tangible Fixed Assets - Other Fixed Assets - Group

	Offices £'000	Equipment £'000	Total £'000
Cost			
1 April 2022	2,437	1,792	4,229
Additions	-	144	144
Disposals	-	-	-
31 March 2023	<u>2,437</u>	<u>1,936</u>	<u>4,373</u>
Depreciation			
1 April 2022	638	1,254	1,892
Charge	38	235	273
Disposals	-	-	-
31 March 2023	<u>676</u>	<u>1,489</u>	<u>2,165</u>
Net Book Value			
31 March 2023	<u>1,761</u>	<u>447</u>	<u>2,208</u>
31 March 2022	<u>1,799</u>	<u>538</u>	<u>2,337</u>

14.2 Tangible Fixed Assets - Other Fixed Assets - Society

	Offices £'000	Equipment £'000	Total £'000
Cost			
1 April 2022	2,437	1,622	4,059
Additions	-	142	142
Disposals	-	-	-
31 March 2023	<u>2,437</u>	<u>1,764</u>	<u>4,201</u>
Depreciation			
1 April 2022	639	1,159	1,798
Charge	38	228	266
Disposals	-	-	-
31 March 2023	<u>678</u>	<u>1,387</u>	<u>2,064</u>
Net Book Value			
31 March 2023	<u>1,759</u>	<u>377</u>	<u>2,136</u>
31 March 2022	<u>1,798</u>	<u>462</u>	<u>2,260</u>

15 Fixed Assets Investments

Other Investments - Group and Society

Apple Juice (Applecross) Ltd 1,000 shares in Community Benefit Society Community Hydro Scheme

Subsidiary Undertakings - Society

Albyn Housing Society Limited's subsidiary undertakings are:

<i>Name of undertaking</i>	<i>Class of shareholding</i>	<i>Proportion of nominal value held directly</i>	<i>Nature of business</i>
Albyn Enterprises Ltd	Ordinary	100% (2022 - 100%)	Property related activities
Highland Residential (Inverness) Ltd	Ordinary	100% (2022 - 100%)	Renting/operating of housing real estate
Sunnd Ltd	Ordinary	100% (2022 - 100%)	Dormant

16 Stock and Work in Progress

	Group		Society	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Properties for Sale	<u>1,379</u>	<u>2,694</u>	<u>1,379</u>	<u>2,694</u>
	<u>1,379</u>	<u>2,694</u>	<u>1,379</u>	<u>2,694</u>

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17 Debtors	Group		Society	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Rent and service charges receivable	1,285	988	958	862
Less: provision for bad and doubtful debts	<u>(426)</u>	<u>(370)</u>	<u>(338)</u>	<u>(282)</u>
	859	618	620	580
HAG receivable	1,038	347	1,038	347
Other debtors	132	732	106	708
Prepayments and accrued income	282	285	276	282
Amounts due from Group undertakings	<u>-</u>	<u>-</u>	<u>297</u>	<u>263</u>
	<u>2,312</u>	<u>1,982</u>	<u>2,337</u>	<u>2,180</u>
Amounts falling due after more than one year				
Amounts due from Group undertakings	<u>-</u>	<u>-</u>	<u>84</u>	<u>89</u>
	<u>2,312</u>	<u>1,982</u>	<u>2,421</u>	<u>2,269</u>

18 Creditors: amounts falling due within one year

Debt [note 20]	2,689	2,601	2,689	2,601
Rent and service charges received in advance	958	620	958	620
Deferred capital grants [note 21]	3,121	3,075	3,121	3,075
Trade creditors	1,900	1,399	1,840	1,348
Corporation tax [note 11]	-	-	-	-
Other taxation and social security costs	104	88	99	79
Other creditors	1,955	1,636	1,759	1,584
Accruals and deferred income	724	761	679	742
Amounts due to Group undertakings	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>11,452</u>	<u>10,180</u>	<u>11,146</u>	<u>10,049</u>

Included in creditors is an amount of £1,041,857 (2022 - £1,041,857) relating to payments due to the Scottish Government. £nil (2022 - £nil) relates to capital and £1,041,857 (2022 - £1,041,857) to revenue activities.

19 Creditors: amounts falling due after more than one year

Debt [note 20]	91,462	86,671	91,462	86,671
Deferred capital grants [note 21]	<u>170,386</u>	<u>167,828</u>	<u>170,386</u>	<u>167,828</u>
	<u>261,848</u>	<u>254,499</u>	<u>261,848</u>	<u>254,499</u>
Included in creditors are:				
Amounts repayable other than by instalments falling due after more than five years	187,900	185,529	187,900	185,529
Amounts repayable by instalments falling due after more than five years	<u>51,865</u>	<u>43,658</u>	<u>51,865</u>	<u>43,658</u>
	<u>239,765</u>	<u>229,187</u>	<u>239,765</u>	<u>229,187</u>

20 Debt Analysis - Borrowings

	Group		Society	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Creditors: amounts falling due within one year				
Bank Loans	<u>2,689</u>	<u>2,601</u>	<u>2,689</u>	<u>2,601</u>
Creditors: amounts falling due after more than one year				
Bank Loans	<u>91,462</u>	<u>86,671</u>	<u>91,462</u>	<u>86,671</u>

The loans are secured by specific charges on Albyn Housing Society Limited's properties and the capital instalments are repayable over periods as indicated at varying rates of interest ranging from 0% to 5.82% (2022 - 0% to 5.82%).

Based on the lender's earliest repayment date, borrowings are repayable as follows:

In the next year	2,689	2,601	2,689	2,601
In the second year	2,767	2,673	2,767	2,673
In the third to fifth year	8,790	9,441	8,790	9,441
In more than five years	<u>79,905</u>	<u>74,557</u>	<u>79,905</u>	<u>74,557</u>
	<u>94,151</u>	<u>89,272</u>	<u>94,151</u>	<u>89,272</u>

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21 Deferred Capital Grant

	Group		Society	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
1 April 2022	170,902	169,198	170,902	169,198
Grants received in the year	6,478	5,078	6,478	5,078
Grants reduced in the year	(678)	(309)	(678)	(309)
Grant released in the year	<u>(3,195)</u>	<u>(3,065)</u>	<u>(3,195)</u>	<u>(3,065)</u>
31 March 2023	<u>173,507</u>	<u>170,902</u>	<u>173,507</u>	<u>170,902</u>
Amounts to be released within one year	3,121	3,075	3,121	3,075
Amounts to be released in more than one year	<u>170,386</u>	<u>167,827</u>	<u>170,386</u>	<u>167,827</u>
	<u>173,507</u>	<u>170,902</u>	<u>173,507</u>	<u>170,902</u>

Capital Grants received to 31 March 2023 total £217,781,000 (2022 - £217,781,000); if the Society were to sell its assets this amount would be repayable from the proceeds.

22 Provisions for liabilities and charges

Biomass Infrastructure Replacement Fund	142	133	142	133
Deferred Tax	<u>14</u>	<u>19</u>	<u>-</u>	<u>-</u>
	<u>156</u>	<u>152</u>	<u>142</u>	<u>133</u>
1 April 2022	152	141	133	124
Added in the year	4	9	9	9
Deferred tax charge in statement of comprehensive income	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>
31 March 2023	<u>156</u>	<u>152</u>	<u>142</u>	<u>133</u>

23 Share Capital

	Group		Society	
	2023 No	2022 No	2023 No	2022 No
Allocated, allotted, called up and fully paid Ordinary shares of £1 each				
1 April 2022	51	50	51	50
Joined during the year	3	3	3	3
Left during the year	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
31 March 2023	<u>52</u>	<u>51</u>	<u>52</u>	<u>51</u>

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

24 Reserves

	Group		Society	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
1 April 2022	41,836	37,457	41,607	37,237
Surplus for the year	<u>1,184</u>	<u>4,379</u>	<u>1,157</u>	<u>4,370</u>
31 March 2023	<u>43,020</u>	<u>41,836</u>	<u>42,764</u>	<u>41,607</u>

25.1 Cash and Cash Equivalents - Group

Analysis of the balance of Cash as shown in the balance sheet.	2023	Change	2022
	£'000	£'000	£'000
Bank and Cash in hand	<u>8,631</u>	<u>1,967</u>	<u>6,664</u>
	<u>8,631</u>	<u>1,967</u>	<u>6,664</u>

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25.2 Cash and Cash Equivalents - Society

	2023 £'000	Change £'000	2022 £'000
Analysis of the balance of Cash as shown in the balance sheet.			
Bank and Cash in hand	8,016	1,923	6,093
	<u>8,016</u>	<u>1,923</u>	<u>6,093</u>

26 Treasury Management

A byn Housing Society Limited has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Board. In this way Albyn Housing Society Limited manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held. At 31 March 2023 Albyn Housing Society Limited has a loan facility in place which is available to be drawn down. The amount available is £8m.

A byn Housing Society Limited, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2023 A byn Housing Society Limited has a mix of fixed and variable rate finance, which it considers appropriate at this time.

27 Related Party Transactions

Members of the Board are related parties of the Society as defined by FRS102. The related party relationships of the members of the Board are summarised as:

Mr I Fosbrooke is a member of the Board of Albyn Housing Society Limited and a tenant of A byn. The rent which tenant Board members pay for their home and any balances on their tenancy accounts are managed at arms' length in accordance with the Society's policies and procedures in force from time to time.

Mr R Bremner is an elected councillor with the Highland Council. Any transactions with the Highland Council are made at arm's length, on normal commercial terms and members cannot use their position to gain advantage.

A byn Housing Society is in receipt of a non Interest bearing loan provided by The Highland Council to support the acquisition of development land for social housing. An amount of £490,000 (2022 - £490,000) was outstanding at the balances sheet date and is disclosed under Creditors: amounts falling due within one year.

28 Capital Commitments

	Group		Society	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Capital expenditure contracted for but not provided in the financial statements	14,096	14,686	14,096	14,686

All developments in progress have been approved by Scottish Government for payment of HAG. Albyn Housing Society Limited expects that the Scottish Government will finance most of the expenditure by HAG with the remaining expenditure being financed by loans from lenders.

29 Obligations under Operating Leases

The total future minimum lease payments under non-cancellable operating leases for fixed assets are as follows:

		Group		Society	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Land and Buildings	Expiring				
	In the next year	38	42	38	42
	In the second year	38	38	38	38
	In the third to fifth year	102	108	102	108
	In more than five years	<u>259</u>	<u>281</u>	<u>259</u>	<u>281</u>
		<u>436</u>	<u>468</u>	<u>436</u>	<u>468</u>

30 Retirement Benefits

Scottish Housing Association Pension Scheme (SHAPS)

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2021. This valuation revealed a deficit of £27m. There are no plans to reintroduce deficit contributions at this point following a pause introduced in September 2022. The next triennial valuation will take place in 2024.

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

Under the defined benefit pension accounting approach, the SHAPS net deficit is £513k as at 31 March 2023.

Present Values Of Defined Benefit Obligation, Fair Value Of Assets And Defined Benefit Asset (Liability)

	2023	2022
	£'000	£'000
Fair value of plan assets	9,873	14,596
Present value of defined benefit obligation	10,386	14,809
(Deficit) in plan	(513)	(213)

Reconciliation Of Opening And Closing Balances Of The Defined Benefit Obligation

	2023	2022
	£'000	£'000
Defined benefit obligation at start of period	14,809	15,901
Current service cost	-	-
Expenses	14	14
Interest expense	408	337
Contributions by plan participants	-	-
Actuarial (gains)/losses due to scheme experience	(265)	112
Actuarial (gains)/losses due to changes in demographic assumptions	(248)	50
Actuarial (gains)/losses due to changes in financial assumptions	(3,931)	(1,181)
Benefits paid and expenses	(401)	(424)
Defined benefit obligation at end of period	10,386	14,809

Reconciliation Of Opening And Closing Balances Of The Fair Value Of Plan Assets

	2023	2022
	£'000	£'000
Fair value of plan assets at start of period	14,596	14,305
Interest income	405	308
Experience on plan assets (excluding amounts included in interest income)	(5,001)	(41)
Contributions by the employer	274	448
Benefits paid and expenses	(401)	(424)
Fair value of plan assets at end of period	9,873	14,596

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £267,000 (2021: £1,288,000).

Defined Benefit Costs Recognised In Statement Of Comprehensive Income (SoCI)

	2023	2022
	£'000	£'000
Expenses	14	14
Net interest expense	3	29
Defined benefit costs recognised in statement of comprehensive income (SoCI)	17	43

Defined Benefit Costs Recognised In Other Comprehensive Income

	2023	2022
	£'000	£'000
Experience on plan assets (excl amounts included in net interest cost) - (loss)/gain	(5,001)	(41)
Experience gains and losses arising on the plan liabilities - gain	265	(112)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain/(loss)	248	(50)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/(loss)	3,931	1,181
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain/(loss)	(557)	978
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-	-
Total amount recognised in other comprehensive income - (loss)/gain	(557)	978

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Assets	2023	2022
	£'000	£'000
Absolute Return	134	669
Alternative Risk Premia	57	603
Cash	41	40
Corporate Bond Fund	13	923
Credit Relative Value	377	468
Currency Hedging	19	(53)
Distressed Opportunities	304	523
Emerging Markets Debt	76	543
Global Equity	261	2,886
High Yield	50	142
Infrastructure	1,064	911
Insurance-Linked Securities	275	306
Liquid Credit	-	93
Liability Driven Investment	4,180	3,532
Long Lease Property	331	421
Net Current Assets	22	47
Over 15 Year Gilts	-	6
Opportunistic Credit	1	51
Opportunistic Illiquid Credit	436	484
Private Debt	441	367
Property	411	378
Risk Sharing	720	476
Secured Income	660	780
Total assets	9,873	14,596

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

Key Assumptions	2023	2022
	£'000	£'000
Discount Rate	4.88%	2.79%
Inflation (RPI)	3.20%	3.59%
Inflation (CPI)	2.74%	3.20%
Salary Growth	3.74%	4.20%
	75% of	75% of
Allowance for commutation of pension for cash at retirement	maximum allowance	maximum allowance

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

	2023	2022
	Life expectancy at age 65	Life expectancy at age 65 (Years)
Male retiring now	20.5	21.6
Female retiring now	23.0	23.9
Male retiring in 20 years	21.7	22.9
Female retiring in 20 years	24.4	25.4