

ALBYN HOUSING SOCIETY LIMITED
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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 2022

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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 2022

Board

L McInnes (from 01 January 2022)
M Smith (resigned 10 August 2021)
C Patching
JA Convery
I Fosbrooke
D Smith (resigned 14 December 2021)
R Bremner
P Adams (resigned 22 April 2021)
I Mclaughlan (retired 28 March 2022)
C Warner
N Drummond (resigned 18 November 2021)
F Mustarde
D G Cargill (from 29 September 2021)
A Currie (from 12 October 2021)
N Istephan (from 14 December 2021)

Executive Officers

L Buchanan (until August 2021)
K Morrison (from February 2021)
A Martin
M Knight (from September 2021)
M Beers
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
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The Board presents its report and the audited financial statements for the year ended 31 March 2022.

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

Our Strategic Objectives

Albyn has as its Strategic Objectives:

1. **Our homes** - We will provide high quality, affordable, sustainable, and energy-efficient homes by implementing an asset management strategy driven by tactical analysis of data and targeted investment
2. **Customer experience** – We will streamline our customers' journey and improve customer satisfaction by developing a Customer Experience Strategy to deliver a truly brilliant customer experience. Underpinning this strategy will be the successful implementation of Project Phoenix, delivering on our digital transformation agenda, to enable our customers more flexibility in how they interact with us to ensure that every customer is supported and valued.
3. **Our people** – Our working culture is respectful, effective, engaging, and inclusive and driven by our tenants' needs. We embrace agile and flexible working and the lessons we are learning from COVID 19, enabling cultural change, and driving the people agenda
4. **Our finances** – We will be efficient and effective stewards of our tenants' money and charitable resources to enable the delivery of affordable, quality services for our tenants. We will support the business to invest in stock improvement, systems, and our people
5. **Our partnerships** – We will use our expertise to influence social housing policy and develop partnerships across the Highlands that add value to our communities

Albyn works to the following core values and behaviours:

- Being Caring
- Being Adaptable
- Being Professional

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

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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	2022	2021
Tenanted Properties	3,374	3,244
Managed on Behalf of Others	17	16
Shared Ownership Properties	113	117
Properties Leased to HRL for Mid Market Rent	202	166
Total	3,706	3,543

Financial Review

Albyn made a surplus of £4,370,000 (2021 – £2,231,000) during the year. The consolidated results of Albyn and its trading subsidiaries, Albyn Enterprises Limited and Highland Residential (Inverness) Limited gave a surplus of £4,379,000 (2021 - £2,336,000).

The surplus recorded for the financial year to 31 March 2022 includes charges and actuarial gains to the statement of comprehensive income for the defined benefit pension scheme. The surplus for the year prior to these gains and charges was £3,392,000 (2021 - £3,960,000) for the Society and £3,401,000 (2021 – £4,065,000) for the consolidated result of the Society and trading subsidiaries.

The defined benefit liability as at 31 March 2022 is £213k (2021 - £1,596k). This has therefore resulted in a decrease in the liability at 31 March 2022 of £1,383k.

During the financial year deficit reduction payments have been made of £434k which have been supplemented by an actuarial gain of £978,000 (2021: loss of £1,729k) and other charges to the Statement of Comprehensive Income of £29k (2021: £2k), arriving at a closing liability at 31 March 2022 of £213k (2021: £1,596k).

Future deficit reduction payments will be made during the 2022/23 financial year of £448,000 as advised by the scheme Trustees.

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 £3.8m in the next financial year as our programme meets our own lifecycle replacement requirements.

Our ongoing budget for improvements will continue to increase in each year as the implementation of our stock improvement objective is realised and the requirements of meeting more stringent environmental and energy efficiency measures becomes clearer.

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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 worldwide coronavirus pandemic, service delivery has largely returned to normal as we continue to focus on the challenges facing our customers in the current economic climate such as cost of living pressures and fuel poverty. 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. During the financial year, the Board ceased paying selected Board member roles following a review of current policy. The payments made in the financial year are disclosed in note 8 to the accounts.

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.

Since the resignation of the former chief executive in August 2021, the Society has functioned with an interim Chief Executive whilst a strategic options appraisal was completed. The outcome of the Strategic Options Appraisal was that the needs of Albyn's customers were best served by the Society continuing to operate as an independent RSL with a development programme in line with what has been planned.

Following the acceptance of the Strategic Options Appraisal on 03 March 2022, the Board has commenced a recruitment programme to appoint the next permanent Chief Executive of Albyn.

During the year the Board commissioned an independent consultant to develop an action plan to improve governance within the Society. This action plan was agreed by the Board in October 2021 and is being implemented. Good progress has been made in delivering this plan during financial year, including strengthening of the Board with a number of experienced new members.

The Regulator has classified 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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The published Engagement Plan, issued in March 2022 by the Scottish Housing Regulator, defined their engagement with Albyn about its governance, financial management, stock quality and development plans and because it is a systemically important landlord. The plan identified Albyn's level of debt which supports its new build development activity as a particular area of risk in addition to the importance of Albyn to our area of operation. The Engagement plan confirms that Albyn's engagement status is compliant but under review as the Board needs to demonstrate the successful implementation of its action plan.

Operational Review

Albyn operates with an operational 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. We have continued to develop operational and job processes, and performance reporting processes, with training tailored to individual requirements.

During the year, the implementation of a new Housing Management System, under the name of 'Project Phoenix' continued with a targeted go-live date of the end of May 2022. This implementation programme will upgrade and replace the existing core housing management system in accordance with the project plan. The implementation of this system is expected to provide 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.

During the year we continued to focus on our rent collection figures, especially due to the identified risk of the pandemic and the 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 an Energy Fund as part of the budget for 2022/23 to help those most affected by fuel poverty. Our performance in rent collection and managing arrears has been successful during the reporting year but pressures for the future remain.

As pandemic related restrictions were eased, we have seen the completion of a number of development schemes which had been delayed by the impact of the pandemic on the construction sector. This has boosted stock numbers in the reporting year.

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 by Universal Credit ("UC") in all locations where we have properties. 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 during the pandemic providing notification of changes to service levels in response to the emerging Government guidance. We have surveyed our tenants during the financial year on rent levels and service charge policy. 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.

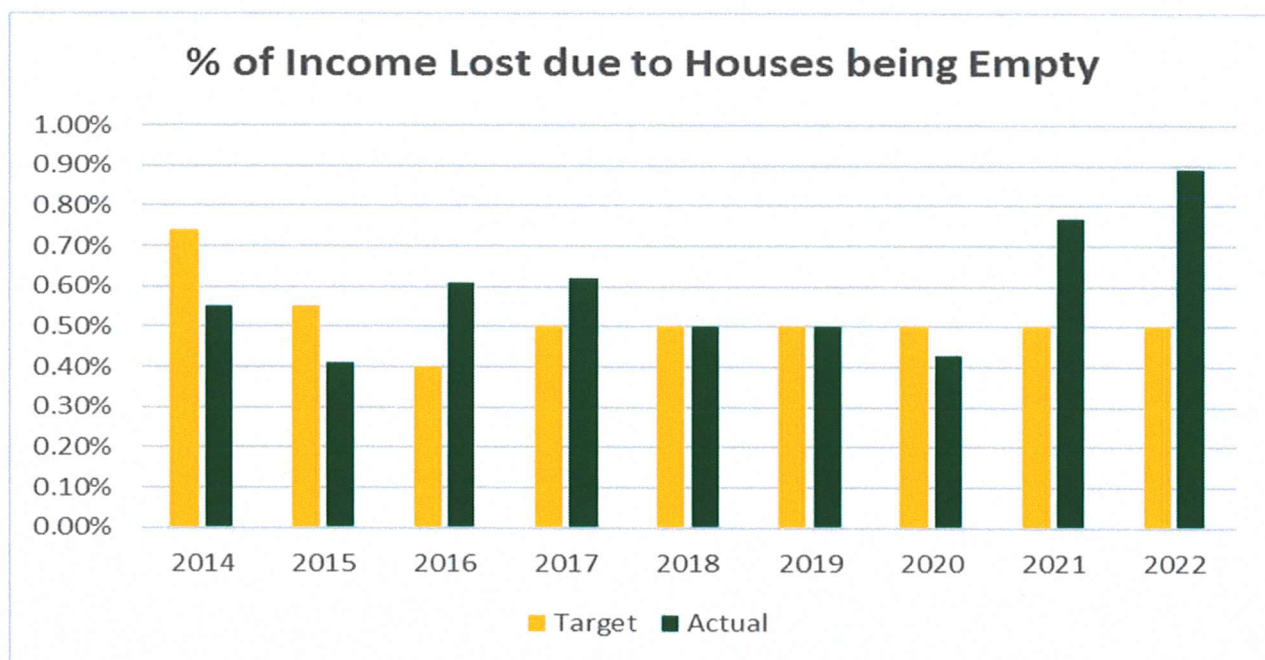
We continued to work in partnership with our tenants to be able to publish a Tenants' Charter Report that delivers the information that matters to them on our performance against the requirements of the Scottish Social Housing Charter in an easy-to-read format.

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	2022	2021
Re-lets	261	172
New Build / other Acquisitions	130	17
Total	391	189
Average Days taken to fill an empty home	29	39

The average number of days taken to fill our empty homes reduced during the year after lockdown restrictions were eased in Scotland. However, as more tenants chose to move home, we have seen an increase in the costs of void periods increasing from 0.77% to 0.89% of collectable rent across the year. Current and historic voids performance is set out in the graph below:



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

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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 100% of tenants responding to tenancy surveys indicating that they are satisfied with the quality of their new home when they move in.

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.

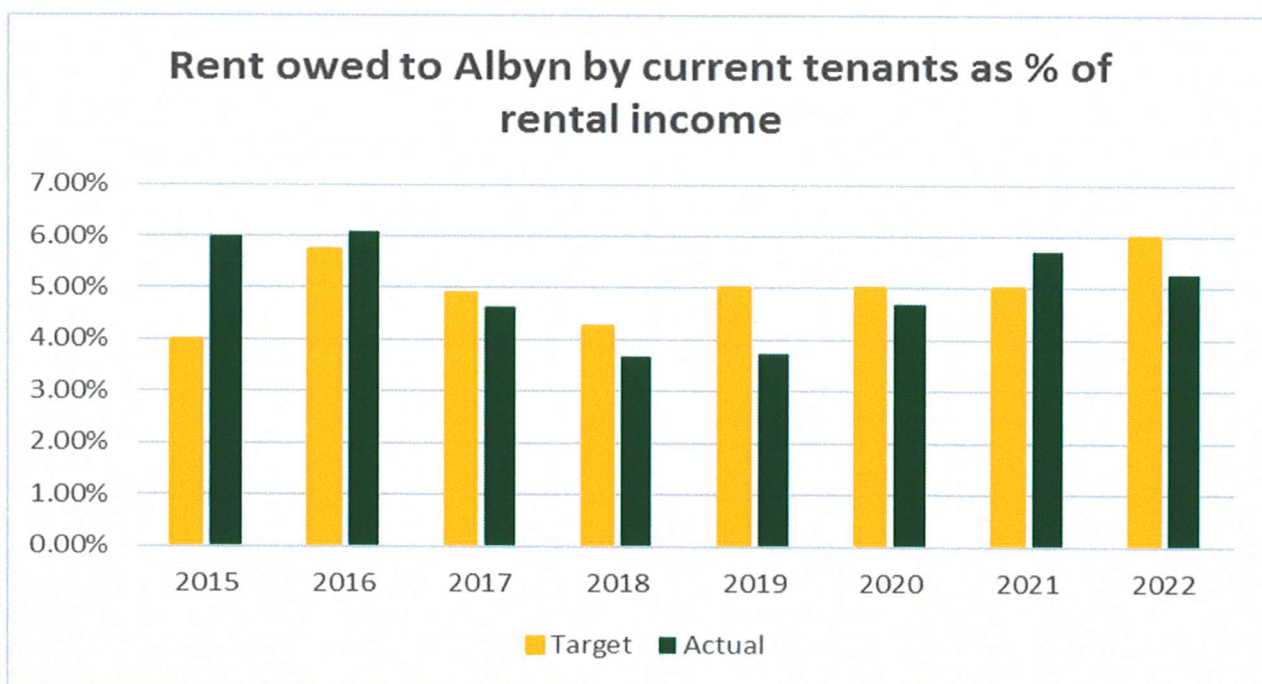
Rent Arrears

Rent arrears performance has improved compared with the previous year as we see the impact of changes to the profile of UC payments and the impact of the focus and hard work of our teams. 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.

Many of our customers remain affected by the “bedroom tax”. Discretionary Housing Payments have been in place for those affected and this helped to alleviate the shortfall in Housing Benefit and the negative financial impact on the tenants concerned.

At the end of the year a total of 1,398 tenants (2021 – 1,310) were UC claimants with this number continuing to rise. We expect a continuing acceleration due to the economic challenges faced as the economy recovers from the impact of the pandemic. We have been working on a number of initiatives with local RSLs and the Highland Council to establish good working partnerships to access support for our tenants who have been affected by the recent challenging events.

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



Tenancy Management

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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		2022	2021
Category 1	Most serious and involves criminal activity	24	15
Category 2	Deliberate attempt to cause disturbance or annoyance	83	53
Total		107	68

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 94.90% (2021 – 92.45%).

Reactive Repairs

Our performance in Reactive Repairs has weakened in the year as a result of service restrictions caused by the pandemic and is detailed in the following tables:

Category	Performance Measure	Target	2022	2021
Emergency	Average time to complete	8 hours	5.44 hrs	8.74 hrs
Non-Emergency	Average time to complete	10 days	6.85 days	6.06 days
Right First Time			86.58%	90.71%

The total number of reactive repairs completed during the reporting year was 8,129 (2021 – 6,220). 82.2% (2021 – 78.24%) 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. During the year we have worked on a number of innovative projects.

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.

The software will support them to do this by giving them on-line access to the services they need. We continue to work with partners such as the NHS, Scottish Government and the Highland Council with financial and other support being given by Highlands & Islands Enterprise.

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Asset Management & Investment Team

We have commissioned a stock condition survey to cover all of our housing stock during 2022 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	2022	2021
	£000's	£000's
Energy Efficiency Measures	1,308	308
Window and Door Replacements	446	2
Kitchen Replacements	329	15
Bathroom Replacements	75	-
Individual Property Upgrades and Other Costs	32	21
Total	2,190	346

Expenditure on improving our homes resumed following the reduction in activity during the pandemic. Our programme will continue to expand with increasing levels of investment in the next financial year.

It is essential that all properties with gas central heating are serviced within 12 months of the previous time, and we put in place procedures this year which ensured that we hit this target. Where access to carry out gas servicing is not possible due to the coronavirus, 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	2022	2021
Gas Servicing	Within 12 Mths of previous inspection	100%	99.8%	99%
	Within 13 Mths of previous inspection	100%	99.8%	99%

The ongoing development programme has recovered from the restrictions implemented during the pandemic and we have now seen a large number of new developments complete in the reporting year allowing us to allocate new homes to tenants.

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 162 homes for rent during the year to 31 March 2021 (2021 - 21).

In addition to the new properties we built or purchased below, we bought back 2 shared ownership properties to be rented out by HRL under the Mid-Market Rent (MMR) provisions and took over the management of one further property on behalf of others.

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Developments completed in the year	Rented	MMR	Total
Bailey Place, Inverness	37	9	46
Averon Gardens, Alness	32	12	44
Dalmore, Alness	37	8	45
MacPherson Way, Ardersier	23	4	27
Total	129	33	162

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

Development Funding	2022	2021
	£000's	£000's
Expenditure	28,358	13,347
Grant	14,715	8,022
Loan	7,000	3,000
Own resources	6,643	2,325

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.

In common with all teams across Albyn, the team has continued to work remotely throughout the 21/22 financial year ensuring that effective systems and processes are in place that enable income to be collected and payments made to suppliers and staff.

During the 21/22 year, our ICT strategy has been reviewed by the Board and will result in future consideration of improvements to accounting and payment systems software as we seek to develop further effectiveness and efficiency gains through the integration of our core systems.

Albyn Enterprises Limited

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

During the year employees of AEL continued to support Albyn in its activities. This was predominantly through the provision of project management to 'Project Phoenix' and support for the City Region Deal programme.

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 further development of the factoring service.

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In the year to 31 March 2022, 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 grew, and our other sales and lettings activities performed well despite periods of significant restriction. 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 2021/22 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 (2021 – 1) and 2 (2021 - 2) Shared Ownership properties in the year. We did not sell any homes under the Mortgage to Rent regulations (2021 - Zero).

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

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- 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
- 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 - The Coronavirus Pandemic (Covid-19) Impact on tenants' ability to meet rental obligations and on the Society's ability to deliver the services and obligations to tenants within planned resources.

Since March 2020 and the advent of a period of lockdown the Society has taken a number of mitigating measures to ease pressure on tenants and preserve resources available to the Society to meet urgent and emergency obligations. Whilst restrictions have been lifted, there remains a number of challenges in delivering services to our tenants.

- Customer Experience - Lack of staff buy in and engagement for change and transformation.

Project Phoenix implementation is now approaching its go-live date and is integrated with process improvement work engaging with staff. The outcomes of business process review are utilised in the scoping and specification of the new housing management system and will change the way that our staff work.

- Our People - Objectives of the Society are misaligned to or unsupported by the culture, behaviours and work activities pursued by members of the Leadership Team. Change to the objectives of the Society are fully understood by all staff and are matched by the working culture and behaviours.

The whole staff of Albyn have been engaged in a process to understand the purpose and culture of the organisation as we seek to develop a consistent understanding across the organisation as we emerge from the pandemic period and operate our new housing management system.

- Our Finances - Poor financial governance resulting in withdrawal of funding or inability to secure additional funding required

As a developing RSL, Albyn has an ongoing need to raise funds from our lenders to support our business plan objectives. It is therefore highly important that we follow strong financial governance practices, meet our obligations to our lenders and take professional advice in the development and implementation of our financial strategy.

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

The pandemic has impacted significantly on relations with key stakeholders in relation to the development programme. Engagement with key partners on the CRD programme expected to reach clear outcomes and continued focus on tenant engagement as service delivery returns to normal.

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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 Plan 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 2022.

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 and EESSH. 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 three-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.

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

The impact of the pandemic provided a significant risk since it emerged at the end of March 2020 resulting in a lockdown of many aspects of the economy and society and the impact that this period will bring to bear on the Society's operation and its tenants may be significant.

The approval of the budget and specific responsive measures in March 2020 by the Board proved to be sufficient to manage the risks associated with this unusual event.

Further challenges remain post pandemic relating to price inflation and the impact of energy costs on our customers. 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 29 March 2022, 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

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.

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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. 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. The Staff, Health, Safety & Environment Committee includes both Board and staff members to enable employer and employee involvement in these decisions. Albyn has an active working relationship with its recognised Trade Union the GMB.

Employee Involvement and Health and Safety

Albyn encourages employee involvement in all major initiatives and maintaining Health & Safety standards in all areas.

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 2022

Board

The Board of Albyn during the year to 31 March 2022 and up to 28 June 2022 was as follows:

Name	Office Bearing	Date Appointed	Attendance at Board Meetings	Committee Membership
Ms M Smith	Chairperson 16/09/20 – 10/08/21	Board Member 01/09/07 – 10/08/21	17%	SHSE, Perf, Rem
Mr J A Convery		Board Member 01/09/03 – Present	78%	A&RM, Perf, Rem, Trans
Mr I Fosbrooke	Secretary 16/09/20 - Present	Board Member 13/09/16 - Present	94%	SHSE, Trans
Ms D Smith		Co-opted 15/10/19 Board Member 30/06/20 – Resigned 14/12/21	81%	SHSE, A&RM
Mr R Bremner		Board Member 25/06/19 – Present	11%	A&RM
Mr P Adams		Co-opted 17/12/19 Board Member 30/06/20 Resigned 22/04/21	No meetings from point of resignation.	
Ms C Warner		Board Member 16/09/20 - Present	50%	Perf, A&RM, Rem
Mr C Patching	Vice Chair 16/09/20 – 10/08/21 and 01/01/22 – Present Acting Chair 10/08/21 – 01/01/22	Board Member 16/09/20 - Present	100%	SHSE, Rem, Trans
Mrs I McLaughlan		Board Member 16/09/20 – Retired 28/03/22	69%	Perf, Trans
Ms N Drummond		Board Member 16/09/20 Resigned 18/11/21	38%	SHSE, Perf, Rem
Ms F Mustarde		Board Member 16/09/20 - Present	33%	A&RM, Perf
Mr D G Cargill		Board Member 29/09/21 - present	88%	SHSE
Ms A Currie		Co-opted 12/10/21 – Present	50%	Trans
Mr N Istephan		Co-opted 14/12/21 – Present	80%	A&RM, SMs HSE
Ms L McInnes	Chairperson 01/01/22 - Present	Casual Vacancy 01/01/22 – Present	100%	SHSE, Trans

Committees

Performance Committee (“Perf”)

Staffing Health & Safety and the Environment Committee (“SHSE”)

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

Remuneration Committee (“Rem”)

Transformation Committee (“Trans”)

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 2022

Executive Team

The Directors of Albyn at 31 March 2022 was as follows:

Ms Lisa Buchanan	Chief Executive (until 03 August 2021)
Mr Andrew Martin	Director of Finance & Corporate Services
Ms Kirsty Morrison	Interim Chief Executive (from 10 August 2021)
Ms Maureen Knight	Interim Director of Customer Services (from 09 September 2021)
Ms Morag Beers	Director of Assets and Subsidiaries
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
28 June 2022

ALBYN HOUSING SOCIETY LIMITED
STATEMENT OF BOARD'S RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2022

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to ensure that financial statements are prepared for each financial year, which give a true and fair view of the Society's state of affairs and of the surplus or deficit of the Society for that period. In preparing those 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 the keeping of proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Society. The Board must ensure that the financial statements comply 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. It is responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

A large black rectangular redaction box covering the signature of the Board member.

Secretary
28 June 2022

ALBYN HOUSING SOCIETY LIMITED

BOARD'S STATEMENT OF INTERNAL FINANCIAL CONTROL

FOR THE YEAR ENDED 31 MARCH 2022

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 2022. 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
28 June 2022

**REPORT BY THE AUDITOR TO THE MEMBERS OF
ALBYN HOUSING SOCIETY LIMITED
ON CORPORATE GOVERNANCE MATTERS
FOR THE YEAR ENDED 31 MARCH 2022**

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
Statutory Auditor
Chartered Accountants
Third Floor Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date 06/07/22

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ALBYN HOUSING SOCIETY LIMITED
FOR THE YEAR ENDED 31 MARCH 2022

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 2022 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 2022 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 2022

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 2022

- 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 (EESH) 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

06/07/22
.....2022

ALBYN HOUSING SOCIETY LIMITED
STATEMENT OF COMPREHENSIVE INCOME - GROUP
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Turnover	2	22,787	20,639
Operating expenditure	2	(16,758)	(13,937)
Operating Surplus	7	<u>6,029</u>	<u>6,702</u>
(Loss)/gain on disposal of fixed assets	6	(173)	25
Interest receivable	9	0	4
Interest and financing costs	10	(2,452)	(2,666)
Surplus before tax		<u>3,404</u>	<u>4,065</u>
Taxation	11	(3)	-
Surplus for the Year		<u><u>3,401</u></u>	<u><u>4,065</u></u>
Other Comprehensive Income			
Actuarial Gain/(Loss) in respect of pension schemes	30	978	(1,729)
Total Comprehensive Income for the year	24	<u><u>4,379</u></u>	<u><u>2,336</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 2022

	Notes	2022 £'000	2021 £'000
Turnover	2	22,231	20,102
Operating expenditure	2	(16,295)	(13,509)
Operating Surplus	7	<u>5,936</u>	<u>6,593</u>
(Loss)/gain on disposal of fixed assets	6	(173)	25
Interest receivable	9	81	9
Interest and financing costs	10	(2,452)	(2,666)
Surplus before tax		<u>3,392</u>	<u>3,961</u>
Taxation	11	-	-
Surplus for the Year		<u><u>3,392</u></u>	<u><u>3,961</u></u>
Other Comprehensive Income			
Actuarial Losses in respect of pension schemes	30	978	(1,729)
Total Comprehensive Income for the year	24	<u><u>4,370</u></u>	<u><u>2,232</u></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 2022

	Share Capital £000	Revenue Reserve £000	Total Reserves £000
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>
Balance at 01 April 2020	1	35,121	35,122
Total comprehensive Income for the year	-	2,336	2,336
Cancelled shares during the year	-	-	-
New shares issued during the year	-	-	-
Balance at 31 March 2021	<u><u>1</u></u>	<u><u>37,457</u></u>	<u><u>37,458</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 2022

	Share Capital £000	Revenue Reserve £000	Total Reserves £000
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>
Balance at 01 April 2020	1	35,005	35,006
Total comprehensive Income for the year	-	2,232	2,232
Cancelled shares during the year	-	-	-
New shares issued during the year	-	-	-
Balance at 31 March 2021	<u>1</u>	<u>37,237</u>	<u>37,238</u>

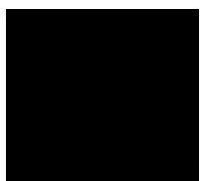
The notes form part of these financial statements.

ALBYN HOUSING SOCIETY LIMITED
STATEMENT OF FINANCIAL POSITION - GROUP
AT 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Fixed Assets			
Housing properties	13	293,184	283,266
Other tangible fixed assets	14	2,337	2,377
Investments	15	<u>1</u>	<u>1</u>
		295,522	285,644
Current Assets			
Stock and Work in Progress	16	2,694	2,625
Trade and other debtors	17	2,129	1,187
Cash and cash equivalents	25	<u>6,664</u>	<u>9,143</u>
		11,487	12,955
Current Liabilities			
Creditors due within one year	18	<u>(10,308)</u>	<u>(11,257)</u>
Net Current Assets		1,179	1,698
Total Assets Less Current Liabilities		<u>296,701</u>	<u>287,342</u>
Creditors: amounts falling due after more than one year			
	19	(254,499)	(248,146)
Provision For Liabilities	22	(152)	(142)
Defined Benefit Liability	30	(213)	(1,596)
Total Net Assets		<u>41,837</u>	<u>37,458</u>
Capital and Reserves			
Share capital	23	1	1
Income and Expenditure Reserve	24	41,836	37,457
		<u>41,837</u>	<u>37,458</u>

The financial statements on pages 23 to 47 were approved by the Board and authorised for issue on 28 June 2022 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 2022

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
Fixed Assets					
Housing properties	13		293,184		283,266
Other tangible fixed assets	14		2,260		2,291
Investments	15		1		1
			295,445		285,558
Current Assets					
Stock and Work in Progress	16	2,694		2,625	
Trade and other debtors	17	2,269		1,258	
Cash and cash equivalents	25	6,093		8,636	
		11,056		12,519	
Current Liabilities					
Creditors due within one year	18	(10,049)		(10,973)	
Net Current Assets			1,007		1,546
Total Assets Less Current Liabilities			296,452		287,104
Creditors: amounts falling due after more than one year					
	19		(254,499)		(248,146)
Provisions for Liabilities	22		(133)		(124)
Defined Benefit Liability	30		(213)		(1,596)
Total Net Assets			41,608		37,238
Capital and Reserves					
Share capital	23		1		1
Income and Expenditure Reserve	24		41,607		37,237
			41,608		37,238

The financial statements on pages 23 to 47 were approved by the Board and authorised for issue on 28 June 2022 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 2022

	2022		2021	
	£'000	£'000	£'000	£'000
Surplus before Tax for the year		3,404		4,065
Adjustments for non-cash items:				
Depreciation of tangible fixed assets	5,363		5,005	
Amortisation of capital grants	(3,065)		(2,945)	
Increase in provisions	12		8	
(Loss)/Gain on disposal of tangible fixed assets	(173)		25	
Interest receivable	-		(4)	
Interest payable	2,452		2,666	
Taxation paid	-		-	
		4,589		4,755
Operating cash flows before movements in working capital		7,993		8,820
(Increase)/Decrease in properties held for sale	(70)		(364)	
(Increase)/Decrease in trade and other debtors	(643)		79	
(Decrease)/Increase in trade and other creditors	(1,161)		1,073	
		(1,874)		787
Cash generated from operations		6,119		9,608
Cash flow from investing activities				
Development of own property	(15,214)		(13,244)	
Purchase of other fixed assets	(206)		(297)	
Proceeds from sale of tangible fixed assets	173		337	
Grants received	4,595		6,857	
Interest received	-		4	
			4	
Net cash used in investing activities		(10,652)		(6,343)
Cash flow from financing activities				
Interest paid	(2,452)		(2,666)	
Loans received	7,000		3,000	
Loans repaid	(2,088)		(2,027)	
Payments to pension past service deficit	(406)		(426)	
			(426)	
Net cash from/(used in) financing activities		2,054		(2,119)
Net (decrease)/increase in cash and cash equivalents		(2,479)		1,145

Note 25 should be read in conjunction with this statement.

ALBYN HOUSING SOCIETY LIMITED
STATEMENT OF CASHFLOWS - SOCIETY
FOR THE YEAR ENDED 31 MARCH 2022

	2022		2021	
	£'000	£'000	£'000	£'000
Surplus for the year		3,392		3,961
Adjustments for non-cash items:				
Depreciation of tangible fixed assets	5,356		4,995	
Amortisation of capital grants	(3,065)		(2,945)	
Increase in provisions	9		8	
(Loss)/Gain on disposal of tangible fixed assets	(173)		25	
Interest receivable	(81)		(9)	
Interest payable	<u>2,452</u>		<u>2,666</u>	
		<u>4,498</u>		<u>4,740</u>
Operating cash flows before movements in working capital		7,890		8,700
(Increase)/Decrease in properties held for sale	(70)		(364)	
(Increase)/Decrease in trade and other debtors	(712)		304	
(Decrease)/Increase in trade and other creditors	<u>(1,136)</u>		<u>1,051</u>	
		<u>(1,918)</u>		<u>991</u>
Cash generated from operations		5,972		9,691
Cash flow from investing activities				
Development of own property	(15,214)		(13,244)	
Purchase of other fixed assets	(206)		(297)	
Proceeds from sale of tangible fixed assets	173		337	
Grants received	4,595		6,857	
Interest received	4		7	
Gift Aid donation received	<u>77</u>		<u>2</u>	
		<u>(10,571)</u>		<u>(6,338)</u>
Net cash used in investing activities		(10,571)		(6,338)
Cash flow from financing activities				
Interest paid	(2,452)		(2,666)	
Loans received	7,000		3,000	
Loans repaid	(2,088)		(2,027)	
Payments to pension past service deficit	<u>(404)</u>		<u>(426)</u>	
		2,056		(2,119)
Net cash from/(used in) financing activities		2,056		(2,119)
Net (decrease)/increase in cash and cash equivalents		<u>(2,543)</u>		<u>1,234</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 2022 was £213k.

e. Going Concern

Each year the Board approves the five-year budgets and rolling three-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 29 March 2022, 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.

Government Grant received under the Coronavirus Job Retention Scheme are recognised as Turnover and included within Other Income.

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 2022, the net defined benefit pension deficit liability was £213k, which has been included within the provisions for pensions liability in the financial statements.

In the year ended 31 March 2022, 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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2 Particulars of Turnover, Operating Costs and Operating Surplus - Group		2022	2021		
Notes	Turnover £'000	Operating costs £'000	Operating surplus £'000		
Affordable Letting Activities	3	20,051	(12,487)	7,564	8,142
Other Activities	4	2,736	(4,271)	(1,535)	(1,440)
Total		22,787	(16,758)	6,029	6,702
2021		20,639	(13,937)	6,702	

2.2 Particulars of Turnover, Operating Costs and Operating Surplus - Society		2022	2021		
Notes	Turnover £'000	Operating costs £'000	Operating surplus £'000		
Affordable Letting Activities	3	19,894	(13,016)	6,878	7,500
Other Activities	4	2,337	(3,279)	(942)	(907)
Total		22,231	(16,295)	5,936	6,593
2021		20,102	(13,509)	6,593	

3.1 Particulars of Turnover, Operating Costs and Operating Surplus from Affordable Letting Activities - Group		2022	2021	
	General Needs Housing £'000	Shared Ownership Housing £'000	£'000	£'000
Rent Receivable Net of Service Charges	16,146	279	16,425	15,612
Service Charges	696	-	696	625
Gross Income from Rents and Service Charges	16,842	279	17,120	16,237
Less Voids	(136)	-	(136)	(112)
Net Income from Rents and Service Charges	16,706	279	16,984	16,125
Coronavirus Job Retention Scheme Grants	-	-	-	213
Grants Released from Deferred Income	3,066	-	3,066	2,945
Total Turnover from Affordable Letting Activities	19,772	279	20,050	19,283
Management and Maintenance Administration Costs	3,816	119	3,935	3,833
Service Costs	170	-	170	232
Planned and Cyclical Maintenance including Major Repairs Costs	743	-	743	470
Reactive Maintenance Costs	2,213	-	2,213	1,502
Bad Debts - Rents and Service Charges	133	-	133	56
Depreciation of Affordable Let Properties	5,264	29	5,293	5,048
Operating Costs for Affordable Letting Activities	12,339	148	12,487	11,141
Operating Surplus for Affordable Lettings Activities	7,433	131	7,564	8,142
2021	8,013	129	8,142	

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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	2022 £'000	2021 £'000
Rent Receivable Net of Service Charges	15,990	279	16,269	15,458
Service Charges	696	-	696	625
Gross Income from Rents and Service Charges	16,686	279	16,965	16,083
Less Voids	(136)	-	(136)	(112)
Net Income from Rents and Service Charges	16,550	279	16,829	15,971
Coronavirus Job Retention Scheme Grants	-	-	-	167
Grants Released from Deferred Income	3,065	-	3,065	2,945
Total Turnover from Affordable Letting Activities	19,615	279	19,894	19,083
Management and Maintenance Administration Costs	3,816	119	3,935	3,833
Service Costs	699	-	699	674
Planned and Cyclical Maintenance including Major Repairs Costs	743	-	743	470
Reactive Maintenance Costs	2,213	-	2,213	1,502
Bad Debts - Rents and Service Charges	133	-	133	56
Depreciation of Affordable Let Properties	5,264	29	5,293	5,048
Operating Costs for Affordable Letting Activities	12,868	148	13,016	11,583
Operating Surplus for Affordable Lettings Activities	6,747	131	6,878	7,500
2021	7,371	129	7,500	

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

	Grants from				2022	2021
	Scottish Ministers £'000	Other Income £'000	Total Turnover £'000	Operating Costs £'000	Operating Surplus /(Loss) £'000	Operating Surplus /(Loss) £'000
Factoring	-	248	248	(546)	(298)	(217)
Uncapitalised Development Administration Costs	-	-	-	(949)	(949)	(878)
NSSE Properties for Sale	2,061	-	2,061	(2,061)	-	-
Other Activities	-	427	427	(734)	(307)	(346)
Operating Deficit	2,061	675	2,736	(4,290)	(1,554)	(1,440)
2021	862	494	1,356	(2,796)	(1,440)	

The Determination includes additional information lines to those shown in notes 3 and 4 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				2022	2021
	Scottish Ministers £'000	Other Income £'000	Total Turnover £'000	Operating Costs £'000	Operating Surplus /(Loss) £'000	Operating Surplus /(Loss) £'000
Uncapitalised Development Administration Costs	-	-	-	(949)	(949)	(877)
Other Activities	-	276	276	(269)	7	(30)
NSSE Properties for Sale	2,061	-	2,061	(2,061)	-	-
Operating Deficit	2,061	276	2,337	(3,279)	(942)	(907)
2021	862	157	1,019	(1,926)	(907)	

The Determination includes additional information lines to those shown in notes 3 and 4 above.
The Board does not feel that any additional information is required with regards to these notes.

5 Accommodation in Management - Group and Society

	Tenanted	Mid-Market Rent	Managed on behalf of others	Shared Ownership	2022 No	2021 No
The number of properties in management were as follows:						
1 April	3,244	166	16	117	3,543	3,525
Additions during the year	130	34	1	-	165	22
Conversion from Shared Ownership	-	2	-	(2)	-	-
Disposals	-	0	-	(2)	(2)	(4)
31 March 2022	3,374	202	17	113	3,706	3,543

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6 a Surplus on Sale of Fixed Assets - Housing Properties	Group		Society	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Sale proceeds	78	388	78	388
Carrying value of fixed assets	(93)	(227)	(93)	(227)
Capital Grant repaid	(15)	161	(15)	161
	(15)	161	(15)	161
6 b Deficit on Replacement of Components	(158)	(136)	(158)	(136)
	(173)	25	(173)	25

7 Operating surplus

Operating surplus is stated after charging:

Auditors' remuneration	40	37	33	31
Operating lease rentals [note 29]	46	45	46	45
(Deficit)/Surplus on disposal of tangible fixed assets [note 6]	(15)	161	(15)	161
Depreciation of housing properties [note 13]	5,293	5,048	5,293	5,048
Depreciation of other tangible fixed assets [note 13]	245	204	237	194

RSM UK Audit LLP's associated company received £6,600 (2021 - £2,350) for professional services other than audit.

8 Key Management Personnel and Employees

[a] Staff costs including Key Management Personnel's emoluments	Group		Society	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Salaries	2,967	2,732	2,671	2,411
Social security costs	302	276	279	250
Defined contribution pension cost	209	211	203	203
	3,478	3,219	3,153	2,864
Temporary, seconded and agency staff costs	62	10	55	10
Development administration costs capitalised	(527)	(81)	(527)	(81)
	3,013	3,148	2,681	2,793

Average monthly number of full time equivalent persons employed	No	No	No	No
Asset Management and Investment	13	14	13	14
Customer Services	36	37	36	37
Factoring	4	4	-	-
Sales and Letting	4	5	-	-
Innovative Projects	1	2	-	-
Finance and Corporate Services	25	24	25	24
	83	87	74	75

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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 16 of the Report and Financial Statements.

	Salary Bands		Group and Society	
	£	£	No	No
Number of Key Management Personnel earning:	£ 60,001	£ 70,000	1	2
	£ 70,001	£ 80,000	3	1
	£ 80,001	£ 90,000	2	-
	£ 90,001	£ 100,000	-	1
			2022	2021
			£	£
Aggregate emoluments payable to key management personnel (excluding pension contributions but including benefits in kind)			374,420	332,290
Aggregate pension contributions in relation to the above key management personnel			14,765	21,332
Emoluments payable to the Chief Executive (excluding pension contributions)			94,318	92,056

The permanent Chief Executive resigned in August of 2021 and was replaced by an interim appointee in August 2021. There were no payments made to Board members in the year and a total of £6,597 paid to 1 Board member in 2021 under a contract for services in the year. Expenses paid to Board Members totalled £1,449 (2021 - £469).

9 Interest Receivable and Similar Income

	Group		Society	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Interest receivable from banks	0	4	4	7
Gift Aid Donation from Subsidiary	-	(0)	77	2
	0	4	81	9

10 Interest and Financing Costs

Bank and Building Society loans and overdrafts	2,770	2,753	2,770	2,753
Defined Benefit pension charge	29	2	29	2
	2,799	2,755	2,799	2,755
Less: Interest Capitalised on housing properties constructed	(347)	(89)	(347)	(89)
	2,452	2,666	2,452	2,666

11 Taxation

Current Tax:				
UK corporation tax on profits of current year	-	-	-	-
Deferred Tax:				
Origination and reversal of timing differences	-	-	-	-
	-	-	-	-
Reconciliation of Current Tax charge:				
Profit on ordinary activities before taxation	89	106		
Profits exempt due to charitable exemption	(96)	(77)		
	(7)	29		
Effects of depreciation in excess of capital allowances	6	9		
Tax adjustments and other timing differences	1	(38)		
Profits subject to Corporation Tax	-	-		
Tax charge at 19%	-	-		

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 2021		21
31 March 2022		<u>21</u>
Amortisation		
1 April 2021		21
31 March 2022		<u>21</u>
Net Book Value		
31 March 2022		<u>-</u>
31 March 2021		<u>-</u>

13 Tangible Fixed Assets - Housing Properties - Group and Society				
	Rented Occupation £'000	Shared Ownership £'000	Under Construction £'000	Total £'000
Cost				
1 April 2021	303,690	3,972	29,970	337,632
Additions	-	-	15,409	15,409
Transfers	62	(37)	(25)	-
Works to existing properties	2,191	-	(2,191)	-
Schemes completed	28,145	-	(28,145)	-
Disposals	(581)	(42)	-	(623)
31 March 2022	<u>333,507</u>	<u>3,893</u>	<u>15,018</u>	<u>352,418</u>
Depreciation				
1 April 2021	53,479	887	-	54,366
Depreciation charged in year	5,264	29	-	5,293
Released on disposal	(423)	(2)	-	(425)
31 March 2022	<u>58,320</u>	<u>914</u>	<u>-</u>	<u>59,234</u>
Net Book Value				
31 March 2022	<u>275,187</u>	<u>2,979</u>	<u>15,018</u>	<u>293,184</u>
31 March 2021	<u>250,211</u>	<u>3,085</u>	<u>29,970</u>	<u>283,266</u>
			2022 £'000	2021 £'000
Expenditure on works to existing properties				
Improvement work capitalised			-	21
Replacement component spend capitalised			2,191	322
Amounts charged to income and expenditure			15	20
Total major repairs spend			<u>2,206</u>	<u>363</u>
Finance costs				
Aggregate amount of finance costs included in the cost of housing properties			<u>1,898</u>	<u>1,551</u>

The cost of land included in the costs above totals £46,550,487 (2021: £44,076,351)

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 2021	2,437	1,587	4,024
Additions	-	205	205
31 March 2022	<u>2,437</u>	<u>1,792</u>	<u>4,229</u>
Depreciation			
1 April 2021	600	1,047	1,647
Charge	38	207	245
31 March 2022	<u>638</u>	<u>1,254</u>	<u>1,892</u>
Net Book Value			
31 March 2022	<u>1,799</u>	<u>538</u>	<u>2,337</u>
31 March 2021	<u>1,837</u>	<u>540</u>	<u>2,377</u>

14.2 Tangible Fixed Assets - Other Fixed Assets - Society

	Offices £'000	Equipment £'000	Total £'000
Cost			
1 April 2021	2,437	1,416	3,853
Additions	-	205	205
31 March 2022	<u>2,437</u>	<u>1,621</u>	<u>4,058</u>
Depreciation			
1 April 2021	601	960	1,561
Charge	38	199	237
31 March 2022	<u>639</u>	<u>1,159</u>	<u>1,798</u>
Net Book Value			
31 March 2022	<u>1,798</u>	<u>462</u>	<u>2,260</u>
31 March 2021	<u>1,836</u>	<u>456</u>	<u>2,292</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:

Name of undertaking	Class of shareholding	Proportion of nominal value held directly	Nature of business
Albyn Enterprises Ltd	Ordinary	100% (2021: 100%)	Property related activities
Highland Residential (Inverness) Ltd	Ordinary	100% (2021: 100%)	Renting/operating of housing real estate
Sunnd Ltd	Ordinary	100% (2021: 100%)	Dormant

16 Stock and Work in Progress

	Group		Society	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Stock and work in progress	<u>2,694</u>	<u>2,625</u>	<u>2,694</u>	<u>2,625</u>
	<u>2,694</u>	<u>2,625</u>	<u>2,694</u>	<u>2,625</u>

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17 Debtors	Group		Society	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Amounts falling due within one year				
Rent and service charges receivable	988	1,204	862	982
Less: provision for bad and doubtful debts	(370)	(298)	(282)	(235)
	<u>618</u>	<u>906</u>	<u>580</u>	<u>747</u>
HAG receivable	347	48	347	48
Other debtors	732	48	708	24
Prepayments and accrued income	285	185	282	182
Amounts due from Group undertakings	-	-	263	163
	<u>1,982</u>	<u>1,187</u>	<u>2,180</u>	<u>1,164</u>
Amounts falling due after more than one year				
Amounts due from Group undertakings	-	-	89	94
	<u>1,982</u>	<u>1,187</u>	<u>2,269</u>	<u>1,258</u>

18 Creditors: amounts falling due within one year

Debt [note 20]	2,601	2,551	2,601	2,551
Rent and service charges received in advance	620	541	620	541
Deferred capital grants [note 21]	3,075	2,861	3,075	2,861
Trade creditors	1,399	1,978	1,348	1,926
Other taxation and social security costs	88	82	79	74
Other creditors	1,636	2,846	1,584	2,637
Accruals and deferred income	761	398	742	383
Amounts due to Group undertakings	-	-	-	-
	<u>10,180</u>	<u>11,257</u>	<u>10,049</u>	<u>10,973</u>

Included in creditors is an amount of £1,041,857 (2021 - £1,300,903) relating to payments due to the Scottish Government. £0 (2021 - £154,554) relates to capital and £1,041,857 (2021 - £1,146,349) to revenue activities.

19 Creditors: amounts falling due after more than one year

Debt [note 20]	86,671	81,809	86,671	81,809
Deferred capital grants [note 21]	167,827	166,337	167,827	166,337
	<u>254,499</u>	<u>248,146</u>	<u>254,499</u>	<u>248,146</u>

Included in creditors are:

Amounts repayable other than by instalments falling due after more than five years	185,529	184,892	185,529	184,892
Amounts repayable by instalments falling due after more than five years	43,658	39,945	43,658	39,945
	<u>229,187</u>	<u>224,836</u>	<u>229,187</u>	<u>224,836</u>

20 Debt Analysis - Borrowings

	Group		Society	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Creditors: amounts falling due within one year				
Bank Loans	<u>2,601</u>	<u>2,551</u>	<u>2,601</u>	<u>2,551</u>
Creditors: amounts falling due after more than one year				
Bank Loans	<u>86,671</u>	<u>81,809</u>	<u>86,671</u>	<u>81,809</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% (2021 - 0% to 5.82%).

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

In the next year	2,601	2,551	2,601	2,551
In the second year	2,673	2,072	2,673	2,072
In the third to fifth year	9,441	9,792	9,441	9,792
In more than five years	74,557	69,945	74,557	69,945
	<u>89,272</u>	<u>84,360</u>	<u>89,272</u>	<u>84,360</u>

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21 Deferred Capital Grant	Group		Society	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
1 April 2021	169,198	165,311	169,198	165,311
Grants received in the year	5,078	8,022	5,078	8,022
Grants reduced in the year	(309)	(1,190)	(309)	(1,190)
Grant released in the year	(3,065)	(2,945)	(3,065)	(2,945)
31 March 2022	<u>170,902</u>	<u>169,198</u>	<u>170,902</u>	<u>169,198</u>
Amounts to be released within one year	3,075	2,861	3,075	2,861
Amounts to be released in more than one year	<u>167,827</u>	<u>166,337</u>	<u>167,827</u>	<u>166,337</u>
	<u>170,902</u>	<u>169,198</u>	<u>170,902</u>	<u>169,198</u>

Capital Grants received to 31 March 2022 total £217,781,000 (2021 - £213,012,000); if the Society were to sell its assets this amount would be repayable from the proceeds.

22 Provisions for liabilities and charges	Group		Society	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Biomass Infrastructure Replacement Fund	133	125	133	124
Deferred Tax	<u>19</u>	<u>17</u>	<u>-</u>	<u>-</u>
	<u>152</u>	<u>142</u>	<u>133</u>	<u>124</u>
1 April 2021	141	135	124	117
Added in the year	9	7	9	7
Deferred tax charge in statement of comprehensive income	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 March 2022	<u>153</u>	<u>142</u>	<u>133</u>	<u>124</u>

23 Share Capital	Group		Society	
	2022 No	2021 No	2022 No	2021 No
Allocated, allotted, called up and fully paid Ordinary shares of £1 each				
1 April 2021	50	50	50	50
Joined during the year	3	4	3	4
Left during the year	<u>(2)</u>	<u>(4)</u>	<u>(2)</u>	<u>(4)</u>
31 March 2022	<u>51</u>	<u>50</u>	<u>51</u>	<u>50</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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
1 April 2021	37,457	35,121	37,237	35,005
Surplus for the year	<u>4,379</u>	<u>2,336</u>	<u>4,370</u>	<u>2,232</u>
31 March 2022	<u>41,836</u>	<u>37,457</u>	<u>41,607</u>	<u>37,237</u>

25.1 Cash and Cash Equivalents - Group

Analysis of the balance of Cash as shown in the balance sheet.	2022 £'000	Change £'000	2021 £'000
Bank and Cash in hand	<u>6,664</u>	<u>(2,479)</u>	<u>9,143</u>
	<u>6,664</u>	<u>(2,479)</u>	<u>9,143</u>

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25.2 Cash and Cash Equivalents - Society

	2022	Change	2021
	£'000	£'000	£'000
Analysis of the balance of Cash as shown in the balance sheet.			
Bank and Cash in hand	6,093	(2,543)	8,636
	6,093	(2,543)	8,636

26 Treasury Management

Albyn 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 2022 Albyn Housing Society Limited has a loan facility in place which is available to be drawn down. The amount available is £15m.

Albyn Housing Society Limited, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2022 Albyn Housing Society Limited has a mix of fixed and variable rate finance, which it considers appropriate at this time.

27 Related Party Transactions

Albyn has applied the Section 33.1A exemption within FRS102 from disclosing transactions with wholly owned subsidiaries.

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 Albyn. 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 and Ms M Smith are elected councillors 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.

During the financial year, zero (2021: 1) Board member(s) received payments under a contract for services for their Board duties. The total amount paid in the financial year was zero (2021: £6,597)

Albyn 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 was outstanding at the balances sheet date and is disclosed under Creditors: amounts falling due within one year.

28 Capital Commitments

	Group		Society	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Capital expenditure contracted for but not provided in the financial statements	14,646	30,873	14,646	30,873
	14,646	30,873	14,646	30,873

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	
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000
Land and Buildings	Expiring				
	In the next year	42	45	42	45
	In the second year	38	41	38	41
	In the third to fifth year	108	122	108	122
	In more than five years	281	317	281	317
		468	525	468	525

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 2018. This valuation revealed a deficit of £198m. A Recovery Plan has been put in place to eliminate the deficit which runs to 28 February 2022 for the majority of employers, although certain employers have different arrangements.

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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 £213k as at 31 March 2022.

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

	2022	2021
	£'000	£'000
Fair value of plan assets	14,596	14,305
Present value of defined benefit obligation	14,809	15,901
(Deficit) in plan	(213)	(1,596)

Reconciliation Of Opening And Closing Balances Of The Defined Benefit Obligation

	2022	2021
	£'000	£'000
Defined benefit obligation at start of period	15,901	13,510
Current service cost	-	-
Expenses	14	14
Interest expense	337	314
Contributions by plan participants	-	-
Actuarial (gains)/losses due to scheme experience	112	4
Actuarial (gains)/losses due to changes in demographic assumptions	50	-
Actuarial (gains)/losses due to changes in financial assumptions	(1,181)	2,701
Benefits paid and expenses	(424)	(642)
Defined benefit obligation at end of period	14,809	15,901

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

	2022	2021
	£'000	£'000
Fair value of plan assets at start of period	14,305	13,219
Interest income	308	312
Experience on plan assets (excluding amounts included in interest income)	(41)	976
Contributions by the employer	448	440
Benefits paid and expenses	(424)	(642)
Fair value of plan assets at end of period	14,596	14,305

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)

	2022	2021
	£'000	£'000
Expenses	14	14
Net interest expense	29	2
Defined benefit costs recognised in statement of comprehensive income (SoCI)	43	16

Defined Benefit Costs Recognised In Other Comprehensive Income

	2022	2021
	£'000	£'000
Experience on plan assets (excl amounts included in net interest cost) - (loss)/gain	(41)	976
Experience gains and losses arising on the plan liabilities - gain	(112)	(4)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain/(loss)	(50)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/(loss)	1,181	(2,701)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain/(loss)	978	(1,729)
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 - gain/(loss)	978	(1,729)

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Assets	2022	2021
	£'000	£'000
Absolute Return	669	705
Alternative Risk Premia	603	574
Cash	40	5
Corporate Bond Fund	923	1,079
Credit Relative Value	468	412
Currency Hedging	(53)	-
Distressed Opportunities	523	489
Emerging Markets Debt	543	577
Global Equity	2,886	2,213
High Yield	142	375
Infrastructure	911	799
Insurance-Linked Securities	306	299
Liquid Credit	93	247
Liability Driven Investment	3,532	3,439
Long Lease Property	421	332
Net Current Assets	47	106
Over 15 Year Gilts	6	7
Opportunistic Credit	51	391
Opportunistic Illiquid Credit	484	366
Private Debt	367	337
Property	378	256
Risk Sharing	476	511
Secured Income	780	786
Total assets	14,596	14,305

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	2022	2021
	£'000	£'000
Discount Rate	2.79%	2.15%
Inflation (RPI)	3.59%	3.29%
Inflation (CPI)	3.20%	2.86%
Salary Growth	4.20%	3.86%
	75% of	75% of
	maximum	maximum
Allowance for commutation of pension for cash at retirement	allowance	allowance

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

	2022	2021
	Life expectancy at age 65	Life expectancy at age 65 (Years)
Male retiring now	21.6	21.5
Female retiring now	23.9	23.4
Male retiring in 20 years	22.9	22.8
Female retiring in 20 years	25.4	25

The Society has been notified by the Trustees of the scheme that they have performed a review of the changes made to the scheme's benefits over recent years. The Trustees have been advised to seek clarification from the Court on potential changes to the pension liability. This process is ongoing and the Society understands that the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of scheme liabilities, but until the outcome of the Court process is known, it is not possible to calculate the impact on the liabilities of this issue, particularly on an individual employer basis, with any accuracy for the purposes of the 31 March 2022 financial statements. Accordingly no adjustment has been made in these financial statements in respect of this potential issue.