

**ALBYN HOUSING SOCIETY LIMITED**  
**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

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 2021**

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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)
	Housing (Scotland) Act 2010
	Registration number – 64
Charity Number	SC027123

**ALBYN HOUSING SOCIETY LIMITED**  
**BOARD, EXECUTIVES AND ADVISERS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**Board**

M Smith  
C Patching  
JA Convery  
I Fosbrooke  
D Smith  
R Bremner  
P Adams  
I Mclaughlin  
C Warner  
N Drummond  
F Mustarde

**Executive Officers**

L Buchanan (until August 2021)  
A Martin (from April 2020)  
K Morrison (from February 2021)  
M Beers (from November 2020)  
L Macleod (from April 2020)

**Registered Office**

98-104 High Street  
Invergordon  
IV18 0DL

**Auditor**

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

**Internal Auditor**

Wylie & Bisset  
168 Bath Street  
Glasgow  
G2 4TP

**Bankers**

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

**Solicitors**

Harper MacLeod LLP  
Citypoint 65  
Haymarket Terrace  
Edinburgh  
EH12 5HD

**ALBYN HOUSING SOCIETY LIMITED**  
**REPORT OF THE BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2021**

The Board presents its report and the audited financial statements for the year ended 31 March 2021.

**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

We are a best in class social landlord that reinvests our surpluses into better quality and more homes for future generations of tenants in the Highlands.

Our Mission

To provide affordable, high quality homes to people who need them.

Our Purpose

To make a positive difference to peoples’ lives through housing and related services.

Our Strategic Objectives

Albyn has as its Strategic Objectives:

- **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
- **Customer experience** – We will streamline our customers’ journey and improve customer satisfaction by developing a Customer Experience Strategy. 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 by providing a suite of online services.
- **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.
- **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.
- **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 reviewed its core values and behaviours in 2021 as part of the Business Planning process to ensure:

- We are responsible and accountable for our actions
- We are open and honest in how we conduct our business
- We are inclusive, fair, and respectful in how we treat each other and our customers

# ALBYN HOUSING SOCIETY LIMITED

## REPORT OF THE BOARD

### FOR THE YEAR ENDED 31 MARCH 2021

- We are open to challenge
- We make a difference and improve the lives of our tenants
- We listen to our tenants and partners and respond effectively to feedback
- We celebrate success and recognise our achievements
- We work together to be the best we can working as a team to drive excellence
- We will undertake our business and manage our relationships with appropriate reference to ESG (Environmental, Social and Governance) criteria.

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

The table below shows the homes that we manage:

Managed Property Numbers	2021	2020
Tenanted Properties	3,244	3,229
Managed on Behalf of Others	16	15
Shared Ownership Properties	117	122
Properties Leased to HRL for Mid Market Rent	166	159
<b>Total</b>	<b>3,543</b>	<b>3,525</b>

### Financial Review

Albyn made a surplus of £2,232,000 (2020 – £3,697,000) during the year. The consolidated results of Albyn and its trading subsidiaries, Albyn Enterprises Limited and Highland Residential (Inverness) Limited gave a surplus of £2,336,000 (2020 - £3,697,000).

The surplus recorded for the financial year to 31 March 2021 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 £3,961,000 (2020 - £2,264,000) for the Society and £4,065,000 (2020 – £2,264,000) for the consolidated result of the Society and trading subsidiaries.

The treatment of the Society’s SHAPS pension scheme changed in line with FRS102 from a defined contribution scheme to a defined benefit scheme in 2018/19. The defined benefit liability as at 31st March 2021 is £1,596k (2020 - £291k). This has therefore resulted in an increase in the liability at 31 March 2021 of £1,305k.

During the financial year deficit reduction payments have been made of £426k which have been supplemented by an actuarial loss of £1,729k (2020: gain of £1,433k) and other charges to the Statement of Comprehensive Income of £2k (2020: £44k), arriving at a closing liability at 31 March 2021 of £1,596k (2019: £291k).

Future deficit reduction payments will be made during the 2021/22 financial year of £435,000 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 societies loan covenants.

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**REPORT OF THE BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2021**

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 ("EESSH"), as well as maintaining the quality of our homes. We have budgeted for expenditure on improvements to our homes of £2.3m in the next financial year as our programme resumes after the interruptions caused by the pandemic, with our ongoing budget for improvements increasing in each year going forward as the implementation of our stock improvement objective is realised.

The Board of Albyn has approved a steady state 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, The Board expects to be resuming normal services to our customers during the early part of 2021/22 as the country eases from lockdown restrictions. Our budgets and plans have been prepared on this basis with the risks of moving back into a restricted lockdown period recognised within our risk register and sensitivity modelling.

### **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 Albyn. It is the responsibility of the Board to undertake the strategy, setting of policy and overall direction for Albyn. They also monitor the operational activities of Albyn. The majority of members of the Board undertake this work in a voluntary, unpaid capacity. During the financial year, the Board agreed that it would make limited payments to some post holders on the Board. This includes the role of Chair. The payments made in the financial year are disclosed in note 8 to the accounts.

The Executive Team (listed on page 15) together with the managers have been responsible for achieving the set strategy and undertaking the operational activities in line with the agreed policies throughout the year.

The Chief Executive has implemented an approved restructure of the leadership team during the financial year. A number of positions have been recruited on an interim basis during the period of the pandemic and permanent appointments will be sought during the 2021/22 financial year.

On 03 August 2021 the current Chief Executive resigned from the Society. The Board have appointed Kirsty Morrison as Interim Chief Executive to undertake the role and responsibilities whilst the Board begins the recruitment process of recruiting a permanent Chief Executive.

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On 10 August 2021, the Chair of the Board stepped down from her position and left the Board. The current Vice Chair, Carl Patching will become acting Chair of the Board until the next Annual General Meeting.

The published Engagement Plan, issued in March 2021 by the Scottish Housing Regulator, defined their engagement with Albyn about its governance and because it is a systemically important landlord. The plan identified Albyn's level debt which supports its new build development activity as a particular area of risk. The Engagement plan confirms that Albyn meets regulatory requirements, including the Standards of Governance and Financial Management

The Regulator has classified Albyn as being of "systemic importance". The Regulator refers to a small 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.

#### 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, we commenced the implementation of a new Housing Management System, under the name of 'Project Phoenix'. This implementation programme will upgrade and replace the existing core housing management system in accordance with the project plan and will be subject to oversight by the Board. The implementation of this system is expected to provide a platform from which we can meet our strategic objectives for our Customer Experience.

During the year we continued to focus on our rent collection figures, especially due to the identified risk of the pandemic on the ability of tenants to meet their rental obligations. We implemented a hardship fund to support those most vulnerable and suspended our planned rental increase for a period of six months. Whilst rental arrears did increase during the year, the level of increase was below what had been anticipated.

We also continued to allocate properties when allowed to do so under the lockdown restrictions in line with our void procedures which were updated to meet COVID-19 related government guidelines. Due to some restrictions during the pandemic for void allocation, void days have increased but the cost of empty properties remains manageable and is beginning to reduce once again.

#### 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 restructure 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.

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Albyn continues to have an increasing proportion of tenants who are supported by Universal Credit ("UC") in all locations where we have properties. Changes to the UC payment patterns during the financial year have seen the number of UC tenants in arrears fall despite the challenges faced during the pandemic.

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 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.

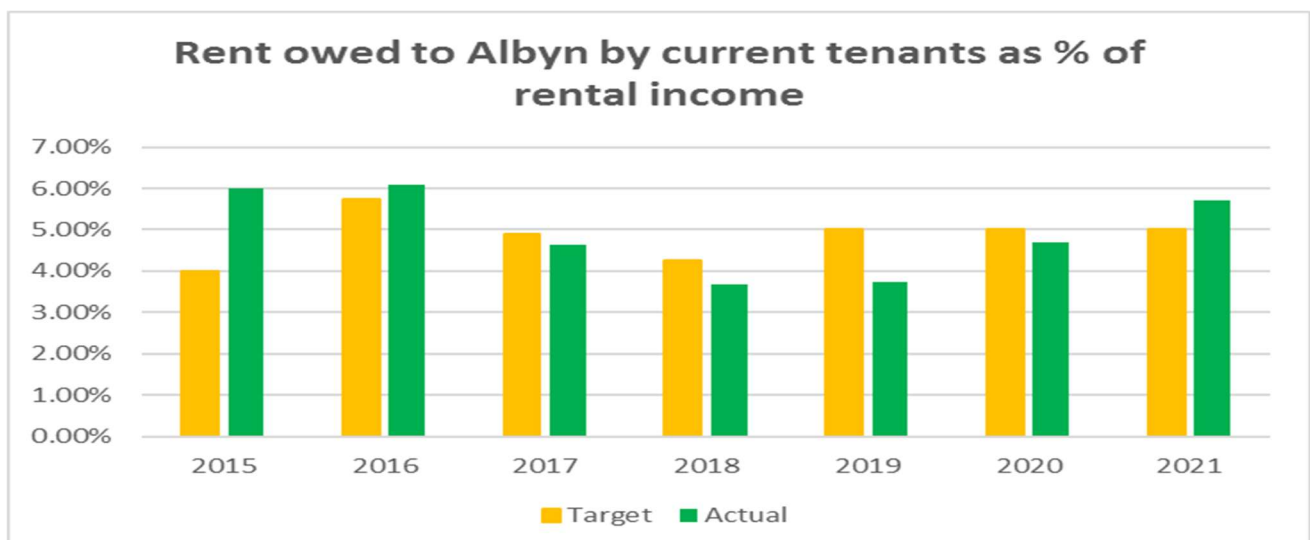
We continued to work in partnership with our tenants to be able to publish a Tenants' Report Card that delivers the information that matters to them on our performance against the requirements of the Scottish Social Housing Charter in an easy-to-read format.

#### *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 although the impact of the Covid-19 pandemic reduced our activity.

Families re-homed in the year	2021	2020
Re-lets	172	216
New Build / other Acquisitions	17	142
Total	<b>189</b>	<b>358</b>
Average Days taken to fill an empty home	39	6

The average number of days taken to fill our empty homes increased significantly due to period of lockdown where tenants could not be allocated homes. This has resulted in rents and other charges lost due to homes being empty increasing to 0.77% (2020 - 0.43%) of collectable rent across the year. Current and historic voids performance is set out in the graph below:





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

We achieve high levels of satisfaction with the condition of our homes, with 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.

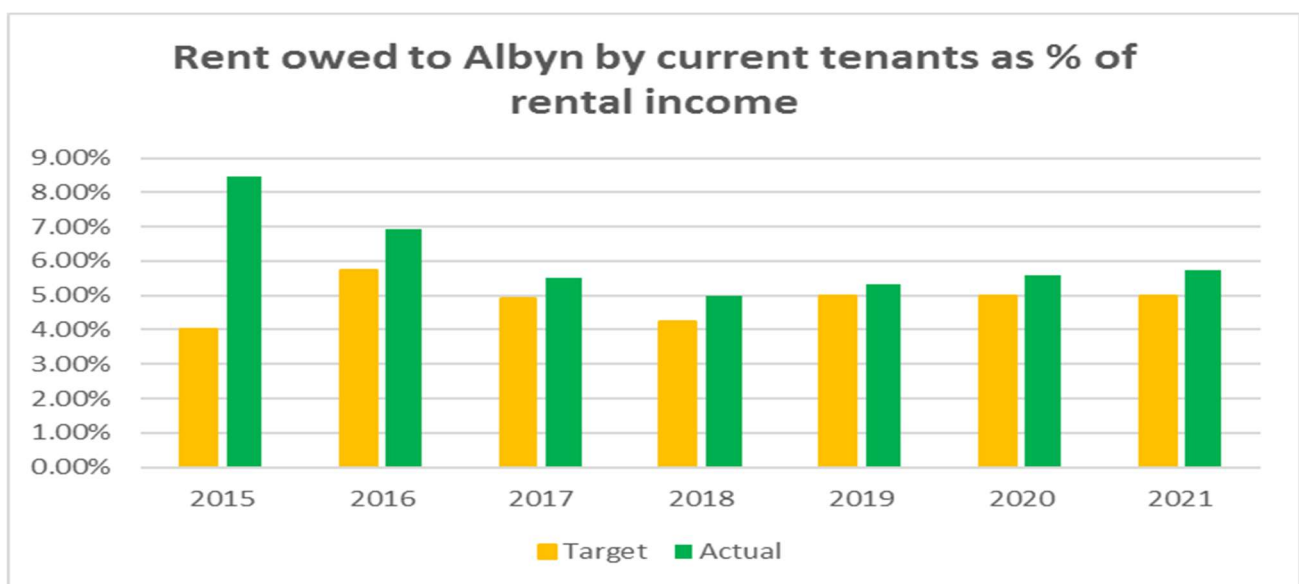
#### *Rent Arrears*

Rent arrears performance has weakened compared with the previous year as we see the impact of the pandemic on rent affordability. 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 restrictions on eviction action implemented by the Scottish Government.

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 1,310 tenants (2020 – 1,178) were UC claimants with this number continuing to rise. We expect a continuing acceleration due to the economic impact of the coronavirus pandemic. We have been working on a number of initiatives with local RSLs and the Highland Council to establish good working relationships and practices with the Department for Work and Pensions and continue to refer tenants to access the support they need to manage rents.

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



#### *Tenancy Management*

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

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Number of ASB Cases opened in the year		2021	2020
Category 1	Most serious and involves criminal activity	15	23
Category 2	Deliberate attempt to cause disturbance or annoyance	53	96
<b>Total</b>		<b>68</b>	<b>119</b>

The number of reported nuisance and anti-social behaviour cases we have to deal with at any one time reduced in the year, 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 92.45% (2020 – 93.44%).

#### *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	2021	2020
Emergency	Average time to complete	8 hours	8.74 hrs	5.81 hrs
Non-Emergency	Average time to complete	10 days	6.06 days	3.10 days
Right First Time			90.71%	90.38%

The total number of reactive repairs completed during the reporting year was 6,220 (2020 – 5,847). 78.24% (2020 – 77.65%) of tenants who returned the satisfaction survey were satisfied with the overall quality of our repairs service.

The number of repairs completed Right First Time has improved compared to last year.

#### *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.

Since 2015, we have been the lead partner in a successful funding bid for £880,000 from The Big Lottery to AEL in partnership with the four other main RSL's in Highland for a project entitled Money Matters Highland. This funding has been enabling us to deliver support to our tenants across the Highlands, specifically focusing on the negative impacts of the introduction of UC and the effects of fuel poverty in the area.

The success of this project led to a further extension into the 2020/21 financial year when the original end date of the programme was 31 March 2020. This extension has allowed those in need of money advice to access professional services to assist in managing personal finances.

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.

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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.

#### Asset Management & Investment Team

We have now covered the majority of our housing stock in carrying out an extensive stock condition survey with our Property Surveyor working towards ensuring that all properties have been inspected and ensuring the information we hold is as accurate as possible.

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

Replacement Type	2021	2020
	£000's	£000's
Energy Efficiency Measures	308	1,052
Window and Door Replacements	2	571
Kitchen Replacements	15	329
Bathroom Replacements	-	508
Individual Property Upgrades and Other Costs	21	81
Total	<b>346</b>	<b>2,541</b>

Expenditure on improving our homes was drastically reduced in the year due to the restrictions in place as a result of the Covid-19 pandemic. Our programme will return to normal levels of investment, subject to restrictions being eased 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	2021	2020
Gas Servicing	Within 12 Mths of previous inspection	100%	99%	100.0%
	Within 13 Mths of previous inspection	100%	99%	100.0%

The ongoing development programme was affected by the lockdown restrictions in the first quarter of the financial year, which was followed by an easing of restrictions as developers implemented covid-safe working practices. This has had the effect of delating the development programme which has resulted in fewer properties being handed over in the financial year. We expect that many of the current developments on site will complete handover in the 2021/22 financial year.

Looking ahead, the Board have approved 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 21 homes for rent during the year to 31 March 2021 (2020 - 193).

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
Sullivan Street	4	-	4
Benbecula Place	2	2	4
Caledonian House	6	-	6
Caledonian Place	-	3	3
Drummoissie Road	4	-	4
<b>Total</b>	<b>16</b>	<b>5</b>	<b>21</b>

The table below details our spend in the year on these completed projects together with projects that are currently being built:

Development Funding	2021	2020
	£000's	£000's
Expenditure	13,347	23,471
Grant	8,022	14,220
Loan	3,000	9,251
<b>Own resources</b>	<b>2,325</b>	<b>-</b>

#### 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 been working remotely throughout the 20/21 financial year ensuring that effective systems and processes are in place and that enable income to be collected and payments made to suppliers and staff.

During the 21/22 year, our ICT strategy will be refreshed and is likely to lead to further consideration of improvements to accounting and payment systems software as we seek to develop further effectiveness and efficiency gains through the integration of our 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. They continued to manage "Money Matters Highland" funded by the Big Lottery to provide advice and help to those requiring money advice.

#### 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.

In the year to 31 March 2021, the Factoring Services team continued to deliver services to tenants of Albyn as well as the owners of homes in our developments. The portfolio of Mid-market rental homes

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### FOR THE YEAR ENDED 31 MARCH 2021

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 stronger 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 2020/21 financial. This policy follows the generally accepted practice / principles of the RSL Sector.

##### *Sales of Housing Properties*

We sold 1 home in the year on the open market (2020 – 3) and 3 (2020 - 2) Shared Ownership properties in the year. We did not sell any homes under the Mortgage to Rent regulations (2020 - 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
- embedded the control system in the organisation's operations so that it becomes part of the culture of Albyn

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## **REPORT OF THE BOARD**

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- 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. The Society has utilised the Government's Coronavirus Job Retention Scheme across the group whilst services are limited and has communicated regularly with tenants to explain service provision arrangements.

- Customer Experience - Inconsistent processes and practices employed across business operations.

Project Phoenix implementation is now well underway 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.

- Our People - Distraction of non-core activities result in loss of focus on core activities.

Full Board awareness of risks in relation to change management and projects out with our regular activities. Any gaps in Project Management filled in relation to the CRD project. Further reporting with regard to the outcomes of the project when non-core funding ends.

- Our Finances - Financial loss due to rent arrears, bad debts, void properties and excessive maintenance costs

Benchmarking of our arrears shows that they are higher than the national average, although within business planning envelope. Regular reporting and management focus in place. Additional support and training provided to build knowledge, skills and experience in dealing with arrears. Void processes recovering post pandemic and lettable standard to be reviewed.

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

COVID 19 has impacted significantly on relations with key stakeholders in relation to the development programme. Engagement with key partners on CRD programme expected to reach clear outcomes and continued focus on tenant engagement as service delivery returns to normal.

- Business Transformation - Objectives of the Society are misaligned to or unsupported by the culture, behaviours and work activities and the process of Change are not fully understood.

Albyn has appointed a Change Manager and business transformation team to provide programme management and oversight. The Board and Leadership Team continue to focus on communicating the need for change with ongoing engagement with staff and our trade union partners.

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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 updated our Asset Management Strategy in the Winter of 2016 and will provide a further update in the next financial year.

In addition, 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 Coronavirus pandemic has 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 and further sensitivity modelling indicates that based on a number of scenarios, and evidence emerging from performance during the pandemic, the Board have a reasonable basis on which make to judgements on this impact.

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

**Quality and Integrity of Staff**

The integrity and competence of staff is ensured through high recruitment standards and subsequent training and development. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Chief Executive. Our staff also have the opportunity to take part in a range of training opportunities to develop their skills and knowledge.

**ALBYN HOUSING SOCIETY LIMITED**  
**REPORT OF THE BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2021**

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 and additional 100 social housing units each financial year subject to affordability and the support provided through Government grants.

Albyn was one of the first social landlords to experience the introduction of Universal Credit ("UC") for some of its tenants. This system presents challenges to us and our tenants and so we have used the operational review and changes to the staffing structure in Customer Services to put us in a strong position. More recent developments are likely to push more of our tenants towards reliance on UC and we will call on skills and abilities of our staff to support tenants to manage rental payments.

The period of social lockdown which began at the end of March 2020 brought about challenges in the last financial year in how we deliver services to tenants. We will continue to follow all applicable guidance in ensuring that once restrictions on activities are lifted we are able to operate and deliver our services in a manner which is safe to both our tenants and our staff.



# ALBYN HOUSING SOCIETY LIMITED

## REPORT OF THE BOARD

### FOR THE YEAR ENDED 31 MARCH 2021

#### Board

The Board of Albyn during the year to 31 March 2021 and up to 17 August 2021 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 - Present	100%	SHSE, Perf, Rem
Mr J A Convery		Board Member 01/09/03 – Present	100%	A&RM, Perf, Rem
Mr I Fosbrooke	Secretary 16/09/20 - Present	Board Member 13/09/16 - Present	100%	SHSE
Ms J Golesworthy	Secretary 03/09/19 - Resignation	Board Member 03/05/19 Resigned 07/06/20	100% to resignation	A&RM, Perf
Mrs S Endeacott		Co-opted 15/10/19 Resigned 01/05/20	N/A	SHSE
Ms D Smith		Co-opted 15/10/19 Board Member 30/06/20 - Present	100%	SHSE, A&RM
Mr R Bremner		Board Member 25/06/19 – Present	33%	A&RM
Ms G Sinclair		Board Member 03/09/19 Resigned 18/09/20	50% to resignation	SHSE, Perf
Mr P Adams		Co-opted 17/12/19 Board Member 30/06/20 Resigned 22/04/21	50%	
Ms A Boon		Resigned 06/06/20	N/A	A&RM, Perf
Ms C Warner		Board Member 16/09/20 - Present	100%	Perf, A&RM, Rem
Mr C Patching	Vice Chair 16/09/20 – 10/08/21 Chairperson 10/08/21 - present	Board Member 16/09/20 - Present	100%	SHSE, Rem
Mrs I McLaughlan		Board Member 16/09/20 - Present	75%	Perf
Ms N Drummond		Board Member 16/09/20 - Present	100%	SHSE, Perf, Rem
Ms F Mustarde		Board Member 16/09/20 - Present	100%	A&RM, Perf

#### Committees

*Performance Committee (“Perf”)*

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

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

*Remuneration (“Rem”)*

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

#### Board and Officers' Insurance

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

**ALBYN HOUSING SOCIETY LIMITED**  
**REPORT OF THE BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**Executive Team**

The Directors of Albyn at 31 March 2021 was as follows:

Ms Lisa Buchanan	Chief Executive (until 03 August 2021)
Mr Andrew Martin	Director of Finance & Corporate Services
Ms Kirsty Morrison	Director of Customer Services
	Interim Chief Executive (from 10 August 2021)
Ms Morag Beers	Interim 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  
17 August 2021

**ALBYN HOUSING SOCIETY LIMITED**  
**STATEMENT OF BOARD'S RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 MARCH 2021**

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.

# **ALBYN HOUSING SOCIETY LIMITED**

## **BOARD'S STATEMENT OF INTERNAL FINANCIAL CONTROL**

### **FOR THE YEAR ENDED 31 MARCH 2021**

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 2021. 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  
17 August 2021

**REPORT BY THE AUDITOR TO THE MEMBERS OF  
ALBYN HOUSING SOCIETY LIMITED  
ON CORPORATE GOVERNANCE MATTERS  
FOR THE YEAR ENDED 31 MARCH 2021**

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: 17 September 2021

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

## **ALBYN HOUSING SOCIETY LIMITED**

### **FOR THE YEAR ENDED 31 MARCH 2021**

#### **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 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, 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 2021 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, 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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

### **ALBYN HOUSING SOCIETY LIMITED**

#### **FOR THE YEAR ENDED 31 MARCH 2021**

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

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

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

- a satisfactory system of control over transactions has not been maintained; or
- the Society or Group has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Society or Group; 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's 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 and Group'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 Group 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 2021**

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Society and Group operate in and how they are complying with the legal and regulatory frameworks;
- 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, Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019 and the Housing (Scotland) Act 2010. 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 and 2014, the Co-operative and Community Benefit Societies Act 2014, the Scottish Housing Regulator's Regulatory Framework (published 2019), Public Services Reform (Scotland) Act 2010 and the Office of the Scottish Charity Regulator (OSCR). We performed audit procedures to inquire of management and those charged with governance whether the Society and Group are in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area 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.

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 and Group'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

17 September 2021



**ALBYN HOUSING SOCIETY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME - GROUP**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	<b>2021</b> £'000	<b>2020</b> £'000
<b>Turnover</b>	2	20,639	21,919
Operating expenditure	2	(13,937)	(16,829)
<b>Operating Surplus</b>	7	<u>6,702</u>	<u>5,090</u>
Gain/(Loss) on disposal of fixed assets	6	25	(35)
Interest receivable	9	4	11
Interest and financing costs	10	(2,666)	(2,802)
<b>Surplus before tax</b>		<u>4,065</u>	<u>2,264</u>
Taxation	11	-	-
<b>Surplus for the Year</b>		<u><b>4,065</b></u>	<u><b>2,264</b></u>
<b><i>Other Comprehensive Income</i></b>			
Actuarial (Loss)/Gain in respect of pension schemes	30	(1,729)	1,433
<b>Total Comprehensive Income for the year</b>	24	<u><b>2,336</b></u>	<u><b>3,697</b></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 2021**

	Notes	<b>2021</b> £'000	<b>2020</b> £'000
<b>Turnover</b>	2	20,102	21,411
Operating expenditure	2	(13,509)	(16,331)
<b>Operating Surplus</b>	7	<u>6,593</u>	<u>5,080</u>
Gain/(Loss) on disposal of fixed assets	6	25	(35)
Interest receivable	9	9	21
Interest and financing costs	10	(2,666)	(2,802)
<b>Surplus before tax</b>		<u>3,961</u>	<u>2,264</u>
Taxation	11	-	-
<b>Surplus for the Year</b>		<u><u>3,961</u></u>	<u><u>2,264</u></u>
<b><i>Other Comprehensive Income</i></b>			
Actuarial (Loss)/Gain in respect of pension schemes	30	(1,729)	1,433
<b>Total Comprehensive Income for the year</b>	24	<u><u>2,232</u></u>	<u><u>3,697</u></u>

The results relate wholly to continuing activities.

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 2021

	Share Capital £000	Revenue Reserve £000	Total Reserves £000
Balance at 01 April 2020	1	35,122	35,123
Total comprehensive Income for the year	-	2,336	2,336
Cancelled shares during the year	-	-	-
New shares issued during the year	-	-	-
<b>Balance at 31 March 2021</b>	<b>1</b>	<b>37,458</b>	<b>37,459</b>
Balance at 01 April 2019	1	31,425	31,426
Total comprehensive Income for the year	-	3,697	3,697
Cancelled shares during the year	-	-	-
New shares issued during the year	-	-	-
<b>Balance at 31 March 2020</b>	<b>1</b>	<b>35,122</b>	<b>35,123</b>

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 2021

	Share Capital £000	Revenue Reserve £000	Total Reserves £000
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	-	-	-
<b>Balance at 31 March 2021</b>	<b>1</b>	<b>37,237</b>	<b>37,238</b>
Balance at 01 April 2019	1	31,308	31,309
Total comprehensive Income for the year	-	3,697	3,697
Cancelled shares during the year	-	-	-
New shares issued during the year	-	-	-
<b>Balance at 31 March 2020</b>	<b>1</b>	<b>35,005</b>	<b>35,006</b>

The notes form part of these financial statements

**ALBYN HOUSING SOCIETY LIMITED**  
**STATEMENT OF FINANCIAL POSITION - GROUP**

**AT 31 MARCH 2021**

	Notes	2021 £'000	2020 £'000
<b>Fixed Assets</b>			
Intangible assets	12	-	-
Housing properties	13	283,266	275,232
Other tangible fixed assets	14	2,376	2,284
Investments	15	<u>1</u>	<u>1</u>
		285,644	277,517
<b>Current Assets</b>			
Stock and Work in Progress	16	2,625	2,259
Trade and other debtors	17	1,187	1,973
Cash and cash equivalents	25	<u>9,143</u>	<u>7,998</u>
		12,955	12,230
<b>Current Liabilities</b>			
Creditors due within one year	18	<u>(11,257)</u>	<u>(11,031)</u>
<b>Net Current Assets</b>		1,698	1,199
<b>Total Assets Less Current Liabilities</b>		<u>287,342</u>	<u>278,716</u>
<b>Creditors: amounts falling due after more than one year</b>	19	(248,146)	(243,168)
Provision For Liabilities	22	(141)	(134)
Provisions for Liabilities - Defined Benefit Liability	30	(1,596)	(291)
<b>Total Net Assets</b>		<u>37,459</u>	<u>35,123</u>
<b>Capital and Reserves</b>			
Share capital	23	1	1
Income and Expenditure Reserve	24	37,458	35,122
		<u>37,459</u>	<u>35,123</u>

The financial statements on pages 23 to 47 were approved by the Board and authorised for issue on 17 August 2021 and are signed on its behalf by:

Carl Patching - Chair



Ian Fosbrooke - Secretary



**ALBYN HOUSING SOCIETY LIMITED**  
**STATEMENT OF FINANCIAL POSITION - SOCIETY**  
**AT 31 MARCH 2021**

	Notes	2021 £'000	2020 £'000
<b>Fixed Assets</b>			
Housing properties	13	283,266	275,232
Other tangible fixed assets	14	2,291	2,188
Investments	15	<u>1</u>	<u>1</u>
		285,558	277,421
<b>Current Assets</b>			
Stock and Work in Progress	16	2,625	2,259
Trade and other debtors	17	1,258	2,269
Cash and cash equivalents	25	<u>8,636</u>	<u>7,402</u>
		12,519	11,930
<b>Current Liabilities</b>			
Creditors due within one year	18	<u>(10,973)</u>	<u>(10,769)</u>
<b>Net Current Assets</b>		1,546	1,161
<b>Total Assets Less Current Liabilities</b>		<u>287,104</u>	<u>278,582</u>
<b>Creditors: amounts falling due after more than one year</b>	19	(248,146)	(243,168)
Provisions for Liabilities	22	(124)	(117)
Provisions for Liabilities - Pension Deficit Funding Liability	31	-	-
Provisions for Liabilities - Defined Benefit Liability	31	(1,596)	(291)
<b>Total Net Assets</b>		<u>37,238</u>	<u>35,006</u>
<b>Capital and Reserves</b>			
Share capital	23	1	1
Income and Expenditure Reserve	24	37,237	35,005
		<u>37,238</u>	<u>35,006</u>

The financial statements on pages 23 to 47 were approved by the Board and authorised for issue on 17 August 2021 and are signed on its behalf by:

Carl Patching - Chair



Ian Fosbrooke - Secretary



**ALBYN HOUSING SOCIETY LIMITED**  
**STATEMENT OF CASHFLOWS - GROUP**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	<b>2021</b>		<b>2020</b>	
	£'000	£'000	£'000	£'000
<b>Surplus before Tax for the year</b>		4,065		2,265
Adjustments for non-cash items:				
Depreciation of tangible fixed assets	5,005		4,937	
Amortisation of capital grants	(2,945)		(2,996)	
Increase in provisions	8		6	
Gain on disposal of tangible fixed assets	25		(35)	
Interest receivable	(4)		(12)	
Interest payable	2,666		2,802	
Taxation paid	-		-	
		<u>4,755</u>		<u>4,702</u>
<b>Operating cash flows before movements in working capital</b>		8,820		6,967
(Increase)/Decrease in properties held for sale	(364)		1,091	
Decrease in stock	-		3	
Decrease in trade and other debtors	79		71	
Increase in trade and other creditors	1,073		2,820	
		<u>788</u>		<u>3,985</u>
<b>Cash generated from operations</b>		9,608		10,952
<b>Cash flow from investing activities</b>				
Development of own property	(13,244)		(25,128)	
Purchase of other fixed assets	(297)		(270)	
Proceeds from sale of tangible fixed assets	336		637	
Grants received	6,857		10,235	
Interest received	4		11	
			<u>11</u>	
<b>Net cash used in investing activities</b>		(6,344)		(14,515)
<b>Cash flow from financing activities</b>				
Interest paid	(2,666)		(2,758)	
Loans received	3,000		10,000	
Loans repaid	(2,027)		(917)	
Payments to pension past service deficit	(426)		(429)	
			<u>(429)</u>	
<b>Net cash (used in)/from financing activities</b>		(2,119)		5,896
<b>Net Increase in cash and cash equivalents</b>		<u>1,145</u>		<u>2,333</u>

Note 25 should be read in conjunction with this statement.

**ALBYN HOUSING SOCIETY LIMITED**  
**STATEMENT OF CASHFLOWS - SOCIETY**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	<b>2021</b>		<b>2020</b>	
	£'000	£'000	£'000	£'000
<b>Surplus for the year</b>		3,961		2,264
Adjustments for non-cash items:				
Depreciation of tangible fixed assets	4,995		4,925	
Amortisation of capital grants	(2,945)		(2,996)	
Increase in provisions	8		6	
Gain on disposal of tangible fixed assets	25		(35)	
Interest receivable	(9)		(21)	
Interest payable	2,666		2,802	
		<u>4,740</u>		<u>4,681</u>
<b>Operating cash flows before movements in working capital</b>		8,701		6,945
(Increase)/Decrease in properties held for sale	(364)		1,091	
Decrease in trade and other debtors	304		24	
Increase in trade and other creditors	1,051		2,733	
		<u>991</u>		<u>3,849</u>
<b>Cash generated from operations</b>		9,692		10,794
<b>Cash flow from investing activities</b>				
Development of own property	(13,244)		(25,129)	
Purchase of other fixed assets	(297)		(266)	
Proceeds from sale of tangible fixed assets	336		637	
Grants received	6,857		10,235	
Interest received	7		15	
Gift Aid donation received	2		6	
		<u></u>	<u></u>	<u></u>
<b>Net cash used in investing activities</b>		(6,338)		(14,502)
<b>Cash flow from financing activities</b>				
Interest paid	(2,666)		(2,758)	
Loans received	3,000		10,000	
Loans repaid	(2,027)		(916)	
Payments to pension past service deficit	(426)		(429)	
		<u></u>	<u></u>	<u></u>
<b>Net cash (used in)/from financing activities</b>		(2,119)		5,897
<b>Net increase in cash and cash equivalents</b>		<u>1,234</u>		<u>2,189</u>

Note 25 should be read in conjunction with this statement.



**ALBYN HOUSING SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2021**

**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

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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 2021 was £1,596k.

**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 30 March 2021, the Board approved the annual budget and financial forecast for the forthcoming period. Whilst remaining within a pandemic, 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 impact of coronavirus existed. 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

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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.

# ALBYN HOUSING SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

### 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

# ALBYN HOUSING SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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	50 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

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

### 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 2021, the net defined benefit pension deficit liability was £1,596k, which has been included within the provisions for pensions liability in the financial statements.

In the year ended 31 March 2021, 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.

**ALBYN HOUSING SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2021**

**2.1 Particulars of Turnover, Operating Costs and Operating Surplus - Group**

	Notes	Turnover £'000	Operating costs £'000	2021 Operating surplus £'000	2020 Operating surplus £'000
Affordable Letting Activities	3	19,283	(11,141)	8,142	6,612
Other Activities	4	1,356	(2,796)	(1,440)	(1,522)
<b>Total</b>		<b>20,639</b>	<b>(13,937)</b>	<b>6,702</b>	<b>5,090</b>
<b>2020</b>		<b>21,919</b>	<b>(16,829)</b>	<b>5,090</b>	

**2.2 Particulars of Turnover, Operating Costs and Operating Surplus - Society**

	Notes	Turnover £'000	Operating costs £'000	2021 Operating surplus £'000	2020 Operating surplus £'000
Affordable Letting Activities	3	19,083	(11,583)	7,500	5,957
Other Activities	4	1,019	(1,926)	(907)	(877)
<b>Total</b>		<b>20,102</b>	<b>(13,509)</b>	<b>6,593</b>	<b>5,080</b>
<b>2020</b>		<b>21,411</b>	<b>(16,331)</b>	<b>5,080</b>	

**3.1 Particulars of Turnover, Operating Costs and Operating Surplus from Affordable Letting Activities - Group**

	General Needs Housing £'000	Shared Ownership Housing £'000	2021 £'000	2020 £'000
Rent Receivable Net of Service Charges	15,330	282	15,612	14,848
Service Charges	625	-	625	566
Gross Income from Rents and Service Charges	15,955	282	16,237	15,414
Less Voids	(112)	-	(112)	(58)
Net Income from Rents and Service Charges	15,843	282	16,125	15,356
Coronavirus Job Retention Scheme Grants	213	-	213	-
Grants Released from Deferred Income	2,945	-	2,945	2,996
<b>Total Turnover from Affordable Letting Activities</b>	<b>19,001</b>	<b>282</b>	<b>19,283</b>	<b>18,352</b>
Management and Maintenance Administration Costs	3,709	124	3,833	3,819
Service Costs	232	-	232	103
Planned and Cyclical Maintenance including Major Repairs Costs	470	-	470	752
Reactive Maintenance Costs	1,502	-	1,502	1,710
Bad Debts - Rents and Service Charges	56	-	56	29
Depreciation of Affordable Let Properties	5,019	29	5,048	5,327
<b>Operating Costs for Affordable Letting Activities</b>	<b>10,988</b>	<b>153</b>	<b>11,141</b>	<b>11,740</b>
<b>Operating Surplus for Affordable Lettings Activities</b>	<b>8,013</b>	<b>129</b>	<b>8,142</b>	<b>6,612</b>
<b>2020</b>	<b>6,508</b>	<b>104</b>	<b>6,612</b>	

## ALBYN HOUSING SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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

	General Needs Housing £'000	Shared Ownership Housing £'000	2021 £'000	2020 £'000
Rent Receivable Net of Service Charges	15,176	282	15,458	14,711
Service Charges	625	-	625	566
Gross Income from Rents and Service Charges	15,801	282	16,083	15,277
Less Voids	(112)	-	(112)	(58)
Net Income from Rents and Service Charges	15,689	282	15,971	15,219
Coronavirus Job Retention Scheme Grants	167	-	167	-
Grants Released from Deferred Income	2,945	-	2,945	2,996
<b>Total Turnover from Affordable Letting Activities</b>	<b>18,801</b>	<b>282</b>	<b>19,083</b>	<b>18,215</b>
Management and Maintenance Administration Costs	3,709	124	3,833	3,819
Service Costs	674	-	674	621
Planned and Cyclical Maintenance including Major Repairs Costs	470	-	470	752
Reactive Maintenance Costs	1,502	-	1,502	1,710
Bad Debts - Rents and Service Charges	56	-	56	29
Depreciation of Affordable Let Properties	5,019	29	5,048	5,327
<b>Operating Costs for Affordable Letting Activities</b>	<b>11,430</b>	<b>153</b>	<b>11,583</b>	<b>12,258</b>
<b>Operating Surplus for Affordable Lettings Activities</b>	<b>7,371</b>	<b>129</b>	<b>7,500</b>	<b>5,957</b>
<b>2020</b>	<b>5,853</b>	<b>104</b>	<b>5,957</b>	

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

	Grants from		Other	Total	Operating	2021	2020
	Scottish Ministers £'000	Revenue Grants £'000	Income £'000	Turnover £'000	Costs £'000	Operating Surplus /(Loss) £'000	Operating Surplus /(Loss) £'000
Factoring	-	-	158	158	(375)	(217)	(325)
Contracted out activities undertaken for registered social landlords	-	-	-	-	-	-	-
Contracted out activities undertaken for other organisations	-	-	-	-	-	-	12
Uncapitalised Development Administration Costs	-	-	-	-	(878)	(878)	(852)
NSSE Properties for Sale	862	-	-	862	(862)	-	-
Other Activities	-	-	336	336	(681)	(345)	(357)
<b>Operating Deficit</b>	<b>862</b>	<b>-</b>	<b>494</b>	<b>1,356</b>	<b>(2,796)</b>	<b>(1,227)</b>	<b>(1,522)</b>
<b>2020</b>	<b>2,984</b>	<b>-</b>	<b>583</b>	<b>3,567</b>	<b>(5,089)</b>	<b>(1,522)</b>	

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		Other	Total	Operating	2021	2020
	Scottish Ministers £'000	Revenue Grants £'000	Income £'000	Turnover £'000	Costs £'000	Operating Surplus /(Loss) £'000	Operating Surplus /(Loss) £'000
Contracted out activities undertaken for registered social landlords	-	-	-	-	-	-	-
Contracted out activities undertaken for other organisations	-	-	-	-	-	-	12
Uncapitalised Development Administration Costs	-	-	-	-	(877)	(877)	(851)
Other Activities	-	-	157	157	(187)	(30)	(38)
NSSE Properties for Sale	862	-	-	862	(862)	-	0
<b>Operating Deficit</b>	<b>862</b>	<b>157</b>	<b>1,019</b>	<b>1,926</b>	<b>(1,926)</b>	<b>(907)</b>	<b>(877)</b>
<b>2020</b>	<b>2,984</b>	<b>212</b>	<b>3,196</b>	<b>(4,073)</b>	<b>(877)</b>		

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.



**ALBYN HOUSING SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2021**

**5 Accommodation in Management - Group and Society**

	Tenanted	Mid-Market Rent	Managed on behalf of others	Shared Ownership	2021 No	2020 No
The number of properties in management were as follows:						
1 April	3,229	159	15	122	3,525	3,339
Additions during the year	16	5	1	-	22	193
Conversion from Shared Ownership	-	2	-	(2)	-	-
Disposals	(1)	0	-	(3)	(4)	(7)
31 March 2021	<u>3,244</u>	<u>166</u>	<u>16</u>	<u>117</u>	<u>3,543</u>	<u>3,525</u>

**6 a Surplus on Sale of Fixed Assets - Housing Properties**

	Group		Society	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Sale proceeds	388	637	388	637
Carrying value of fixed assets	<u>(227)</u>	<u>(523)</u>	<u>(227)</u>	<u>(523)</u>
	161	114	161	114
Capital Grant repaid	-	-	-	-
	<u>161</u>	<u>114</u>	<u>161</u>	<u>114</u>

**6 b Deficit on Replacement of Components**

	<u>(136)</u>	<u>(149)</u>	<u>(136)</u>	<u>(149)</u>
	<u>25</u>	<u>(35)</u>	<u>25</u>	<u>(35)</u>

**7 Operating surplus**

Operating surplus is stated after charging:

Auditors' remuneration	37	29	31	22
Operating lease rentals [note 29]	45	43	45	43
Surplus on disposal of tangible fixed assets [note 6]	161	114	161	114
Depreciation of housing properties	5,048	5,327	5,048	5,327
Depreciation of other tangible fixed assets	204	92	194	80
Depreciation of intangible fixed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

RSM UK Audit LLP's associated companies received £2,350 (2020 - £8,490) for professional services other than audit.

**8 Key Management Personnel and Employees**

	Group		Society	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
[a] Staff costs including Key Management Personnel's emoluments				
Salaries	2,732	2,780	2,411	2,429
Social security costs	276	270	250	234
Defined contribution pension cost	211	220	203	210
Other pension costs	-	-	-	-
	<u>3,219</u>	<u>3,270</u>	<u>2,864</u>	<u>2,873</u>
Temporary, seconded and agency staff costs	10	102	10	74
Development administration costs capitalised	<u>(81)</u>	<u>(413)</u>	<u>(81)</u>	<u>(413)</u>
	<u>3,148</u>	<u>2,959</u>	<u>2,793</u>	<u>2,534</u>
	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>
Average monthly number of full time equivalent persons employed				
Asset Management and Investment	14	15	14	15
Customer Services	37	39	37	39
Factoring	4	5	-	-
Sales and Letting	5	5	-	-
Innovative Projects	2	2	-	-
Finance and Corporate Services	<u>24</u>	<u>20</u>	<u>24</u>	<u>19</u>
	<u>87</u>	<u>86</u>	<u>75</u>	<u>73</u>

**ALBYN HOUSING SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2021**

**[b] Key Management Personnel**

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

	Salary Bands		2021	2020
			Group and Society No	No
Number of Key Management Personnel earning:	£ 60,001	£ 70,000	2	-
	£ 70,001	£ 80,000	1	1
	£ 80,001	£ 90,000	-	1
	£ 90,001	£ 100,000	1	1
			<b>2021</b>	<b>2020</b>
			£	£
Aggregate emoluments payable to key management personnel (excluding pension contributions but including benefits in kind)			<u>332,290</u>	<u>149,755</u>
Aggregate pension contributions in relation to the above key management personnel			<u>21,332</u>	<u>10,490</u>
Emoluments payable to the Chief Executive (excluding pension contributions)			<u>92,056</u>	<u>88,190</u>

A total of £6,597 was paid to 1 (2020: 5) Board member(s) during the year under a contract for services in the year. Expenses paid to Board Members totalled £469 (2020 - £2,962).

**9 Interest Receivable and Similar Income**

	Group		Society	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Interest receivable from banks	4	11	7	15
Gift Aid Donation from Subsidiary	(0)	-	2	6
	<u>4</u>	<u>11</u>	<u>9</u>	<u>21</u>

**10 Interest and Financing Costs**

Bank and Building Society loans and overdrafts	2,753	2,921	2,753	2,921
Defined Benefit pension charge	<u>2</u>	<u>44</u>	<u>2</u>	<u>44</u>
	2,755	2,965	2,755	2,965
Less: Interest Capitalised on housing properties constructed	<u>(89)</u>	<u>(163)</u>	<u>(89)</u>	<u>(163)</u>
	<u>2,666</u>	<u>2,802</u>	<u>2,666</u>	<u>2,802</u>

**11 Taxation**

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Current Tax:				
UK corporation tax on profits of current year	-	-	-	-
Deferred Tax:				
Origination and reversal of timing differences	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation of Current Tax charge:				
Profit on ordinary activities before taxation	106	5		
Profits exempt due to charitable exemption	<u>(77)</u>	<u>(2)</u>		
	29	3		
Effects of depreciation in excess of capital allowances	9	2		
Tax adjustments and other timing differences	<u>(38)</u>	<u>(5)</u>		
Profits subject to Corporation Tax	-	-		
Tax charge at 19% / 20%	<u>-</u>	<u>-</u>		

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**

	<b>Website &amp; Branding £'000</b>
<b>Cost</b>	
1 April 2020	21
Additions	-
Disposals	-
31 March 2021	<u>21</u>
<b>Amortisation</b>	
1 April 2020	21
Charge	-
Disposals	-
31 March 2021	<u>21</u>
<b>Net Book Value</b>	
31 March 2021	<u>-</u>
31 March 2020	<u>-</u>

**13 Tangible Fixed Assets - Housing Properties - Group and Society**

	<b>Rented Occupation £'000</b>	<b>Shared Ownership £'000</b>	<b>Under Construction £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
1 April 2020	298,187	4,177	22,433	324,796
Additions	-	-	13,347	13,347
Transfers	644	(86)	(549)	9
Properties acquired	360	-	(360)	-
Works to existing properties	346	-	(346)	-
Schemes completed	4,653	-	(4,555)	98
Adjustments	-	-	-	-
Disposals	(500)	(119)	-	(619)
31 March 2021	<u>303,690</u>	<u>3,972</u>	<u>29,970</u>	<u>337,632</u>
<b>Depreciation</b>				
1 April 2020	48,699	865	-	49,564
Depreciation charged in year	5,019	29	-	5,048
Released on disposal	(239)	(8)	-	(247)
31 March 2021	<u>53,479</u>	<u>887</u>	<u>-</u>	<u>54,366</u>
<b>Net Book Value</b>				
31 March 2021	<u>250,211</u>	<u>3,085</u>	<u>29,970</u>	<u>283,266</u>
31 March 2020	<u>249,488</u>	<u>3,311</u>	<u>22,433</u>	<u>275,232</u>

	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Expenditure on works to existing properties</b>		
Improvement work capitalised	21	120
Replacement component spend capitalised	322	2,341
Amounts charged to income and expenditure	20	28
Total major repairs spend	<u>363</u>	<u>2,489</u>

**Finance costs**

Aggregate amount of finance costs included in the cost of housing properties	<u>1,551</u>	<u>1,462</u>
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The cost of land included in the costs above totals £44,076,351 (2020: £43,705,974)

Albyn Housing Society Limited considers individual schemes to be separate cash generating units when assessing for impairment, in accordance with Statement of Recommended Practice 2014.

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**14.1 Tangible Fixed Assets - Other Fixed Assets - Group**

	Offices £'000	Equipment £'000	Total £'000
<b>Cost</b>			
1 April 2020	2,437	1,289	3,726
Additions	-	298	298
Disposals	-	-	-
31 March 2021	<u>2,437</u>	<u>1,587</u>	<u>4,024</u>
<b>Depreciation</b>			
1 April 2020	562	882	1,444
Charge	38	165	203
Disposals	-	-	-
31 March 2021	<u>600</u>	<u>1,047</u>	<u>1,647</u>
<b>Net Book Value</b>			
31 March 2021	<u>1,837</u>	<u>540</u>	<u>2,377</u>
31 March 2020	<u>1,875</u>	<u>407</u>	<u>2,282</u>

**14.2 Tangible Fixed Assets - Other Fixed Assets - Society**

	Offices £'000	Equipment £'000	Total £'000
<b>Cost</b>			
1 April 2020	2,437	1,119	3,556
Additions	-	296	296
Disposals	-	-	-
31 March 2021	<u>2,437</u>	<u>1,415</u>	<u>3,852</u>
<b>Depreciation</b>			
1 April 2020	562	805	1,367
Charge	39	155	194
Disposals	-	-	-
31 March 2021	<u>601</u>	<u>960</u>	<u>1,561</u>
<b>Net Book Value</b>			
31 March 2021	<u>1,836</u>	<u>455</u>	<u>2,291</u>
31 March 2020	<u>1,875</u>	<u>314</u>	<u>2,188</u>

**15 Fixed Assets Investments**

**Other Investments - Group and Society**

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

**Subsidiary Undertakings - Society**

Albyn Housing Society Limited's subsidiary undertakings are:

<i>Name of undertaking</i>	<i>Class of shareholding</i>	<i>Proportion of nominal value held directly</i>	<i>Nature of business</i>
Albyn Enterprises Ltd	Ordinary	100% (2020: 100%)	Property related activities
Highland Residential (Inverness) Ltd	Ordinary	100% (2020: 100%)	Renting/operating of housing real estate
Sunnd Ltd	Ordinary	100% (2020: 100%)	Dormant

**16 Stock and Work in Progress**

	<b>Group</b>		<b>Society</b>	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Properties for Sale	2,625	2,259	2,625	2,259
Stock	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,625</u>	<u>2,259</u>	<u>2,625</u>	<u>2,259</u>

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**17 Debtors**

	<b>Group</b>		<b>Society</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year</b>				
Rent and service charges receivable	1,204	977	982	856
Less: provision for bad and doubtful debts	(298)	(148)	(235)	(91)
	<u>906</u>	<u>829</u>	<u>747</u>	<u>765</u>
HAG receivable	48	755	48	755
Other debtors	48	90	24	82
Prepayments and accrued income	185	299	182	297
Amounts due from Group undertakings	-	-	163	271
	<u>1,187</u>	<u>1,973</u>	<u>1,164</u>	<u>2,170</u>
<b>Amounts falling due after more than one year</b>				
Amounts due from Group undertakings	-	-	94	99
	<u>1,187</u>	<u>1,973</u>	<u>1,258</u>	<u>2,269</u>

**18 Creditors: amounts falling due within one year**

Debt [note 20]	2,551	2,538	2,551	2,538
Rent and service charges received in advance	541	480	541	480
Deferred capital grants [note 21]	2,861	2,994	2,861	2,994
Trade creditors	1,978	1,969	1,926	1,928
Corporation tax [note 11]	-	-	-	-
Other taxation and social security costs	82	91	74	84
Other creditors	2,846	2,598	2,637	2,395
Accruals and deferred income	398	361	383	350
Amounts due to Group undertakings	-	-	-	-
	<u>11,257</u>	<u>11,031</u>	<u>10,973</u>	<u>10,769</u>

Included in creditors is an amount of £1,300,903 (2020 - £1,058,776) relating to payments due to the Scottish Government. £154,554 (2020 - £154,554) relates to capital and £1,146,349 (2020 - £904,222) to revenue activities.

**19 Creditors: amounts falling due after more than one year**

Debt [note 20]	81,809	80,850	81,809	80,850
Deferred capital grants [note 21]	166,337	162,318	166,337	162,318
	<u>248,146</u>	<u>243,168</u>	<u>248,146</u>	<u>243,168</u>
Included in creditors are:				
Amounts repayable other than by instalments falling due after more than five years	184,892	178,851	184,892	178,851
Amounts repayable by instalments falling due after more than five years	39,945	41,987	39,945	41,987
	<u>224,836</u>	<u>220,838</u>	<u>224,836</u>	<u>220,838</u>

**20 Debt Analysis - Borrowings**

	<b>Group</b>		<b>Society</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	£'000	£'000	£'000	£'000
Creditors: amounts falling due within one year				
Bank Loans	<u>2,551</u>	<u>2,538</u>	<u>2,551</u>	<u>2,538</u>
Creditors: amounts falling due after more than one year				
Bank Loans	<u>81,809</u>	<u>80,850</u>	<u>81,809</u>	<u>80,850</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% (2020 - 0% to 5.82%).

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

In the next year	2,551	2,538	2,551	2,538
In the second year	2,072	2,121	2,072	2,121
In the third to fifth year	9,792	6,742	9,792	6,742
In more than five years	69,945	71,987	69,945	71,987
	<u>84,360</u>	<u>83,388</u>	<u>84,360</u>	<u>83,388</u>

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**21 Deferred Capital Grant**

	<b>Group</b>		<b>Society</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	£'000	£'000	£'000	£'000
1 April 2020	165,311	158,119	165,311	158,119
Grants received in the year	8,022	11,519	8,022	11,519
Grants reduced in the year	(1,190)	(1,331)	(1,190)	(1,331)
Grant released in the year	(2,945)	(2,996)	(2,945)	(2,996)
31 March 2021	<u>169,198</u>	<u>165,311</u>	<u>169,198</u>	<u>165,311</u>
Amounts to be released within one year	2,861	2,994	2,861	2,994
Amounts to be released in more than one year	<u>166,337</u>	<u>162,318</u>	<u>166,337</u>	<u>162,318</u>
	<u>169,198</u>	<u>165,312</u>	<u>169,198</u>	<u>165,312</u>

Capital Grants received to 31 March 2021 total £213,012,000 (2020 - £204,990,000);  
if the Society were to sell its assets this amount would be repayable from the proceeds.

**22 Provisions for liabilities and charges**

Biomass Infrastructure Replacement Fund	124	117	124	117
Deferred Tax	17	17	-	-
	<u>141</u>	<u>134</u>	<u>124</u>	<u>117</u>
1 April 2020	134	128	117	111
Added in the year	7	5	7	6
Deferred tax charge in statement of comprehensive income	-	1	-	-
31 March 2021	<u>141</u>	<u>134</u>	<u>124</u>	<u>117</u>

**23 Share Capital**

	<b>Group</b>		<b>Society</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	No	No	No	No
Allocated, allotted, called up and fully paid Ordinary shares of £1 each				
1 April 2020	50	52	50	52
Joined during the year	4	7	4	7
Left during the year	(4)	(9)	(4)	(9)
31 March 2021	<u>50</u>	<u>50</u>	<u>50</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**

	<b>Group</b>		<b>Society</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	£'000	£'000	£'000	£'000
1 April 2020	35,122	31,425	35,005	31,308
Surplus for the year	<u>2,336</u>	<u>3,697</u>	<u>2,232</u>	<u>3,697</u>
31 March 2021	<u>37,458</u>	<u>35,122</u>	<u>37,237</u>	<u>35,005</u>

**25.1 Cash and Cash Equivalents - Group**

Analysis of the balance of Cash as shown in the balance sheet.	<b>2021</b>	<b>Change</b>	<b>2020</b>
	£'000	£'000	£'000
Bank and Cash in hand	9,143	1,145	7,998
	<u>9,143</u>	<u>1,145</u>	<u>7,998</u>

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**25.2 Cash and Cash Equivalents - Society**

	2021 £'000	Change £'000	2020 £'000
Analysis of the balance of Cash as shown in the balance sheet.			
Bank and Cash in hand	8,636	1,234	7,402
	<u>8,636</u>	<u>1,234</u>	<u>7,402</u>

**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 2021 Albyn Housing Society Limited has a loan facility in place which is available to be drawn down. The amount available is £10m.

Albyn Housing Society Limited, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2021 Albyn Housing Society Limited has a mix of fixed and variable rate finance, which it considers appropriate at this time.

**27 Related Party Transactions**

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

Mr I Fosbrooke is a member of the Board of Albyn Housing Society Limited and a tenant of 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.

Ms M Smith & Mr R Bremner are 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, 1 (2020: 5) Board member(s) received payments under a contract for services for their Board duties. The total amount paid in the financial year was £6,597 (2020: £9,838)

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 2021 £'000	Group 2020 £'000	Society 2021 £'000	Society 2020 £'000
Capital expenditure contracted for but not provided in the financial statements	30,873	30,907	30,873	30,907

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 2021 £'000	Group 2020 £'000	Society 2021 £'000	Society 2020 £'000
Land and Buildings	Expiring				
	In the next year	45	40	45	40
	In the second year	41	40	41	40
	In the third to fifth year	122	106	122	106
	In more than five years	317	340	317	340
		<u>525</u>	<u>526</u>	<u>525</u>	<u>526</u>

**30 Retirement Benefits**

**Scottish Housing Association Pension Scheme (SHAPS)**

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 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.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating

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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 as at 1 April 2020 is £291k and is £1,596k as at 31 March 2021.

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

	<b>2021</b>	<b>2020</b>
	£'000	£'000
Fair value of plan assets	14,305	13,219
Present value of defined benefit obligation	15,901	13,510
<b>(Deficit) in plan</b>	<b>(1,596)</b>	<b>(291)</b>

**Reconciliation Of Opening And Closing Balances Of The Defined Benefit Obligation**

	<b>2021</b>	<b>2020</b>
	£'000	£'000
<b>Defined benefit obligation at start of period</b>	<b>13,510</b>	<b>15,826</b>
Current service cost	-	-
Expenses	14	13
Interest expense	314	353
Contributions by plan participants	-	-
Actuarial (gains)/losses due to scheme experience	4	(119)
Actuarial (gains)/losses due to changes in demographic assumptions	-	(87)
Actuarial (gains)/losses due to changes in financial assumptions	2,701	(1,418)
Benefits paid and expenses	(642)	(1,058)
<b>Defined benefit obligation at end of period</b>	<b>15,901</b>	<b>13,510</b>

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

	<b>2021</b>	<b>2020</b>
	£'000	£'000
<b>Fair value of plan assets at start of period</b>	<b>13,219</b>	<b>13,717</b>
Interest income	312	309
Experience on plan assets (excluding amounts included in interest income) - gain	976	(191)
Contributions by the employer	440	442
Benefits paid and expenses	(642)	(1,058)
<b>Fair value of plan assets at end of period</b>	<b>14,305</b>	<b>13,219</b>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £1,288,000 (2020: £118,000).

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

	<b>2021</b>	<b>2020</b>
	£'000	£'000
Expenses	14	13
Net interest expense	2	44
<b>Defined benefit costs recognised in statement of comprehensive income (SoCI)</b>	<b>16</b>	<b>57</b>

**Defined Benefit Costs Recognised In Other Comprehensive Income**

	<b>2021</b>	<b>2020</b>
	£'000	£'000
Experience on plan assets (excl amounts included in net interest cost) - (loss)/gain	976	(191)
Experience gains and losses arising on the plan liabilities - gain	(4)	119
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain/(loss)	-	87
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/(loss)	(2,701)	1,418
<b>Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain/(loss)</b>	<b>(1,729)</b>	<b>1,433</b>
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-	-
<b>Total amount recognised in other comprehensive income - gain/(loss)</b>	<b>(1,729)</b>	<b>1,433</b>



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<b>Assets</b>	<b>2021</b>	<b>2020</b>
	£'000	£'000
Absolute Return	705	812
Alternative Risk Premia	574	1,059
Cash	5	-
Corporate Bond Fund	1,079	966
Credit Relative Value	412	318
Distressed Opportunities	489	241
Emerging Markets Debt	577	470
Global Equity	2,213	1,818
High Yield	375	-
Infrastructure	799	779
Insurance-Linked Securities	299	355
Liquid Credit	247	346
Liability Driven Investment	3,439	3,481
Long Lease Property	332	323
Net Current Assets	106	100
Over 15 Year Gilts	7	168
Opportunistic Credit	391	-
Opportunistic Illiquid Credit	366	322
Private Debt	337	262
Property	256	246
Risk Sharing	511	419
Secured Income	786	734
<b>Total assets</b>	<b>14,305</b>	<b>13,219</b>

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.

<b>Key Assumptions</b>	<b>2021</b>	<b>2020</b>
	£'000	£'000
Discount Rate	2.15%	2.38%
Inflation (RPI)	3.29%	2.63%
Inflation (CPI)	2.86%	1.63%
Salary Growth	3.86%	2.63%
	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:**

	<b>2021</b>	<b>2020</b>
	Life expectancy at age 65	Life expectancy at age 65 (Years)
Male retiring now	21.5	21.5
Female retiring now	23.4	23.2
Male retiring in 20 years	22.8	22.8
Female retiring in 20 years	25.0	24.5