

ALMOND HOUSING ASSOCIATION LIMITED

**REPORT OF THE BOARD OF MANAGEMENT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2022

SCOTTISH CHARITY REGISTRATION NUMBER
SCOTTISH HOUSING REGULATOR
FINANCIAL CONDUCT AUTHORITY
SCOTTISH PROPERTY FACTOR NUMBER

SC031696
HAL 285
SP2471R(S)
PF000181

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

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ADVISORS

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EH3 8HA

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Edinburgh
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External Auditors:

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Edinburgh
EH3 6NL

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Wylie & Bisset
168 Bath Street
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G2 4TP

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management presents its report and the audited financial statements for the year ended 31 March 2022.

Principal activities

Almond Housing Association Limited ('the Association') is a not-for-profit Registered Social Landlord (RSL) governed by a voluntary Board of Management. The Association's principal activities are the development and management of affordable housing.

Legal structure

The Association is established under the Co-operative and Community Benefit Societies Act 2014 and is incorporated in Scotland, for the purpose of providing housing and any associated amenities for persons in necessitous circumstances. The Association became a registered Scottish Charity from 12 June 2001 and was registered as a Scottish property factor from 7 December 2012. The Financial Conduct Authority has granted the Association exemption from the requirement to prepare group accounts, including its subsidiary company Almond Enterprises Limited, due to its immateriality.

Business review

Details of the Association's performance for the year and future plans, are set out in the Operating and Financial Review that follows this Board of Management report. The financial statements for the year ended 31 March 2022 have been prepared in accordance with the Financial Reporting Standard 102 ('FRS 102') and the Statement of Recommended Practice for Registered Social Landlords 2018. The transition to FRS102 impacted a number of accounting policies when it was first introduced to the Association's financial statements in 2015/16. Were we to exclude the impact of its changes on the last two years financial results, the total comprehensive income would have been as follows:

	<u>2022</u>	<u>2021</u>
	£	£
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (Under FRS102)	1,530,405	1,418,768
Amortisation of Social Housing Grant (previously all capital grants received were netted off against the cost of housing properties)	(626,191)	(611,751)
Additional depreciation (previously calculated on the net cost of properties after capital grant)	486,068	472,748
SHAPS Pension deficit contributions paid (previously treated as an operating cost)	(174,234)	(169,159)
Movements on provision for Pension Liability (previously recognised in Statement of total recognised gains and losses (STRGL)):		
Unwinding of the discount factor	10,234	3,159
Actuarial (gain)/loss on pension scheme	(180,000)	520,000
	<hr/>	<hr/>
SURPLUS FOR THE YEAR (excluding FRS102 adjustments)	1,046,282	1,633,765
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REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

Crisis management and responsiveness

This year has not been without its challenges as we continued to operate within the volatile constraints of the Covid-19 pandemic. The health and safety of our tenants, employees and contractors remained our top priority, with safe operating procedures deployed across all aspects of our business in line with government guidelines. Throughout, we have carefully monitored the ability of the Association to deliver services and liaised closely with our staff, to ensure they were healthy and working safely, and our contractors to ensure they met quality control standards and tenant expectations.

Strong market demand for building and maintenance products, combined with the challenges of Covid-19 and Brexit, has led to labour shortages, pressure on the materials supply chain, extended lead times and inflationary increases on maintenance products. These ongoing issues have been proactively managed as far as possible, and the Association has benefited from both its excellent relationship with contractors and strong internal communication systems.

In January 2022, a significant fire broke out within our block of flats at Katherine Street, Livingston. All residents were safely evacuated from the block and surrounding houses and fortunately no one was injured. A team of dedicated colleagues and local volunteers came together, working through the night to help provide affected residents with temporary accommodation and supply furniture, counselling, meal allowances etc.

Following emergency works and a satisfactory building assessment, 10 of the 25 homes evacuated were classified as undamaged and safe, with these tenants moved back into their homes within 4 weeks, fifteen households won't be able to return to their homes for a period of between 12 and 24 months and have been relocated to suitable alternative accommodation, mostly within the Association's existing housing stock.

Rental Income

The Association's Rent Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. The point values are reviewed annually to ensure that the rents are both affordable and cover the required costs. This policy follows the generally accepted practice/principles within the Housing sector.

Donations

The Association donated £80,690 (2021: £16,990), directly to several good causes and made no political donations.

Housing property assets

Details of changes to the Association's fixed assets are shown in note 12 to the financial statements. Housing property values are considered in the Operating and Financial Review.

Asset Management

The Association seeks to maintain its properties to the highest standard. To this end, we introduce new programmes of cyclical and major repairs works, to ensure we maintain the standard of our stock and meet the aspirations of our tenants. The major repairs programme is based on an independent Stock Condition Survey carried out every 4-5 years and supplemented by in-house surveys. The programme also takes into account legislative changes, such as the Energy Efficiency Standard for Social Housing post 2020 (EESH2): guidance for social landlords.

Our Asset Management Strategy provides the framework to the above, supported by our software package, Aareon QL.

Treasury Management

A comprehensive Treasury Management Policy is in place. The main aim of the strategy is to control the associated risks to the Association of borrowing and investing activities, thus minimising risk before maximising return.

Financial instruments

The Association's approach to financial risk management is outlined in the Operating and Financial Review.

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

Creditor payment policy

In line with government guidance, our policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier. The average number of days between receipt and payment of purchase invoices this year was 21 (2021: 21).

Pension

On 30 September 2015, current members were transferred from the Defined Benefit Scheme onto the Scottish Housing Association Defined Contribution Pension Scheme (SHAPS), in which all other eligible staff were additionally auto enrolled. The defined benefit liability at 31st March 2022 was £208K, reflecting a favourable reduction of £344k attributable mostly to deficit contributions made during the year and actuarial gains resulting from changes in financial assumptions (i.e. discount rate and expected rates of future price inflation).

The SHAPS growth assets portfolio (GAP) is diversified, which provides some protection against ongoing market volatility. Despite difficult trading conditions this year, the pension scheme assets have been preserved and yielded a gross investment return of 2.2%. Further detail in relation to this pension scheme are included in the accounting policy on page 30 and Note 18 to the financial statements.

Employees

The ability of the Association to meet its objectives and commitment towards tenants is dependent on both the contribution and quality of all its employees. The Association shares information on its objectives, progress and activities through regular office and departmental meetings involving Board of Management members, the Senior Management Team and staff.

We are committed to equal opportunities and our recruitment and retention practices support the development of a diverse workforce. Levels of staff turnover, sickness absence, ethnic mix and gender and age profile are closely monitored on a regular basis and these indicators make up part of our annual return to the Scottish Housing Regulator.

Health and Safety

The Board of Management is aware of its responsibilities on all matters relating to health and safety. The Association has a robust Health & Safety Framework and as a member of Employer's in Voluntary Housing (EVH), we also receive external support and updates to help maintain our Framework, that continues to be current and robust.

Staffing Structure, Service Contracts and Benefits

The Chief Executive and Directors comprise the following Senior Management Team, who are also deemed key management personnel along with the Board, and meet regularly to review progress on priorities, co-ordinate the day-to-day management of all activities, and prepare proposals for the Board of Management.

John Davidson - Chief Executive
Sandy Young - Director of Housing Management
Iona Taylor- Director of Asset Management (appointed May 21)
Craig Porter - Director of Finance and ICT
Angela Coutts - Director of Corporate Services

The Senior Management Team are employed on the same terms as other staff, their notice periods ranging from three to six months and were members of the SHAPS Defined Contribution Pension Scheme at the end of the year. They participate in the scheme on the same terms as all other eligible staff and the Association contributes to the schemes on behalf of its employees. Details of key management personnel remuneration is included in note 8 to the financial statements.

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

Board of Management

Members of the Board of Management who have served during the year and up to the date of approval of these financial statements, are set out below.

Mr M Joyce* (Chairman to Sept-21)	Mr C Morton*
Mr A Saunders (resigned Sept-21)	Mr J Hewer*
Mr A Turner*(Chairman from Sept-21)	Mr C Boyle
Mrs A Gault	Mr S Prevost (resigned Aug-22)
Ms V Bluck*	Mr N Tulloch
Ms A Wilson (resigned Nov-21)	Ms B Stocker (resigned July-21)
Mrs C Rodgers (resigned May-21)	

* Member of the Audit and Finance Sub-Committee at 28th July 2022.

The Board of Management is drawn from a wide background bringing together professional, commercial and local experience. Eligible members can stand for election to the Board by submitting a written nomination prior to the AGM. Where there are more members standing for election than there are vacant places, those present at the AGM will vote to elect members onto the Board. Association insurance policies indemnify members of the Board of Management and officers against liability when acting for the Association. The current skills level of Board Members is assessed on an ongoing basis and necessitous training is provided as and when required.

The Association's affairs are run by the Board of Management, which has up to 15 Members and normally meets quarterly. Some of the detailed work of the Board of Management is delegated to Sub-Committees (Audit and Finance, Allocations, Staffing), or to "short life" working groups with a specific remit such as the Development Working Group and Pension Working Group.

Internal financial controls assurance

The Board of Management is ultimately responsible for ensuring the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to provide reasonable assurance regarding:

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

The Board of Management acknowledge their responsibility to establish and maintain the systems of internal financial control which provide reasonable and not absolute assurance against material financial misstatement or loss. Key procedures that have been established and are designed to provide effective internal financial control are:

Control environment – the Association has an organisational structure with clearly defined lines of responsibility, job descriptions and delegation of authority, which allow the monitoring of controls and restrict unauthorised use of the Association's assets. Experienced and suitably qualified staff take responsibility for important business functions and procedures are in place to maintain standards of performance. These are set out in accordance with the Association's Standing Orders and Policy and Procedure Manuals.

Control procedures – policies and procedures are maintained for all areas of operations. In particular, there are clearly defined policies for development projects and capital expenditure as well as new business initiatives. Large or unusual capital expenditure projects require Board of Management approval. The Association's treasury and investment policies have been approved by the Board of Management. All regulatory returns are prepared, authorised and reviewed prior to being submitted to the relevant regulatory bodies.

Risk management – the Board of Management and senior personnel have a clear responsibility for identifying risks facing the Association and for putting in place procedures to mitigate and monitor risks. Major risks are formally assessed every year through a process involving the Board of Management and senior personnel, in accordance with the risk management policy. See page 15 for an analysis of the key risks to our strategic objectives.

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

Internal financial controls assurance (continued)

Monitoring of financial performance – the Association has a comprehensive system of financial reporting. The annual budget and 30-year projections are approved by the Board of Management. Actual results are regularly reported against budget and any significant adverse variances are examined by management and remedial action taken. There are monthly and 30-year cash flow projections. The revised budget forecasts reflecting the prior half yearly results, are considered as at 30 September each year.

Audit – The Association contracted The Internal Audit Association (TIAA) Limited for the provision of internal audit services during the current financial year. A Strategic Audit Plan has been prepared and approved by the Board of Management to ensure that all major risk areas are examined, and any improvement areas are identified and appropriate action is agreed. As part of our external audit, the auditors raise any weaknesses identified during the audit within their audit findings reports (Management Letter) and appropriate action is agreed.

Monitoring systems – the Audit and Finance Sub-Committee reviews reports from management, internal audit and external audit to provide reasonable assurance that control procedures are in place and are being followed. Formal procedures have been established for instituting appropriate action to address weaknesses identified in the above reports. The membership of Audit and Finance Sub-Committee is shown on page 5.

The Board of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2022. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditors report on the financial statements.

STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the RSL will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the RSL and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefits Society Act 2014, Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Accounting Requirements – February 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the RSL and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the website in relation to the contents of the financial statements is the responsibility of the Board of Management. The work carried out by the auditors does not involve consideration of these matters and, accordingly, they accept no responsibility for any changes that may have occurred in the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Annual general meeting

The annual general meeting will be held on Thursday 1st September 2022.

Statement as to disclosure of information to auditors

The Board Members who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Board Members have confirmed that they have taken all the steps that they ought to have taken as Board Members in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

External auditors

Chiene + Tait were appointed on a five-year contract subject to annual reappointment at the AGM in September 2021. A resolution proposing their appointment for 2022/23 and to authorise the Board of Management to fix their remuneration will be proposed at the forthcoming annual general meeting.

The report of the Board of Management is approved by the Board of Management and signed on its behalf by:



Secretary

Date: 4/8/2022

Registered Office:
New Almond House
44, Etive Walk
Craigshill
Livingston
West Lothian
EH54 5AB

OPERATING AND FINANCIAL REVIEW

BACKGROUND

Activities

Almond Housing Association was set up in March 1994 to provide Livingston tenants with the opportunity of continuity in the provision of housing services following the wind up of Livingston Development Corporation (LDC). In the 1996 ballot for LDC housing stock we were successful in two of the three areas under our management and became the second largest landlord in West Lothian, after West Lothian Council (WLC), with 2,323 properties and 654 garages.

Our overall aim since has been to provide Homes, People and Communities to be proud, we endeavour to promote the interests of tenants and provide other opportunities for local people to work together for the benefit of our community. The Association's head office is based in Craigshill, Livingston and its properties are primarily in Livingston and the nearby surrounding areas of West Lothian. The Association is accountable to its members and at 31 March 2022 there were 91 active members.

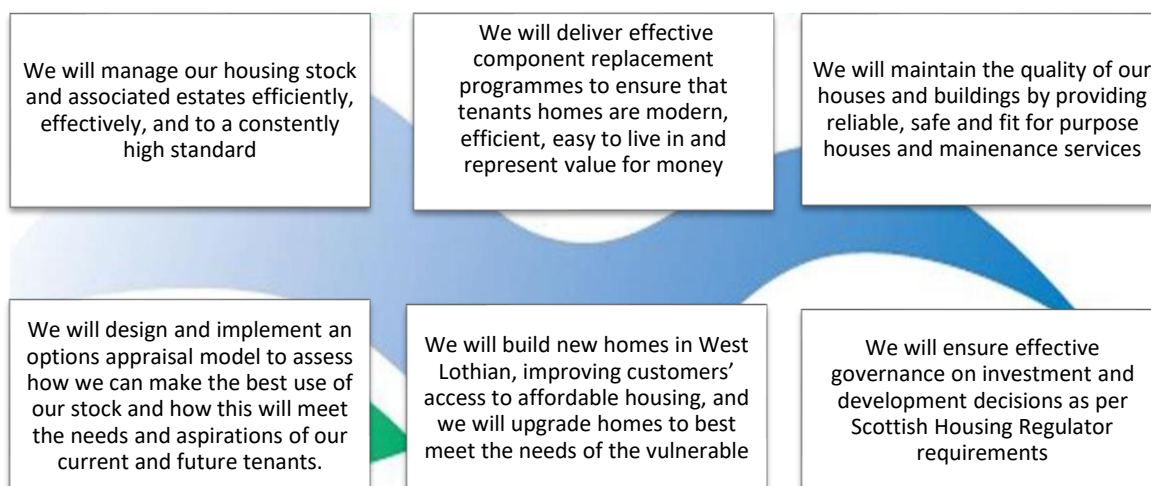
In addition to maintaining 2,531 properties, the Association continues to develop new affordable housing and has built and continues to lease specially designed accommodation, which provides a base for residential care for elderly people. The Association has a subsidiary Almond Enterprises Limited, which provides cleaning services in the local area and is committed to providing jobs and improving the environment in the local community.

OBJECTIVES AND STRATEGY

The Association's 2021-22 objectives and strategy are set out in a business plan that is reviewed and approved by the Board of Management each year. This year as Almond has transitioned into a more dynamic, successful and resilient organisation, we engaged with our customers, our people and the wider community on providing higher quality services to deliver the very best.

Our key strategic priorities are summarised as follows:

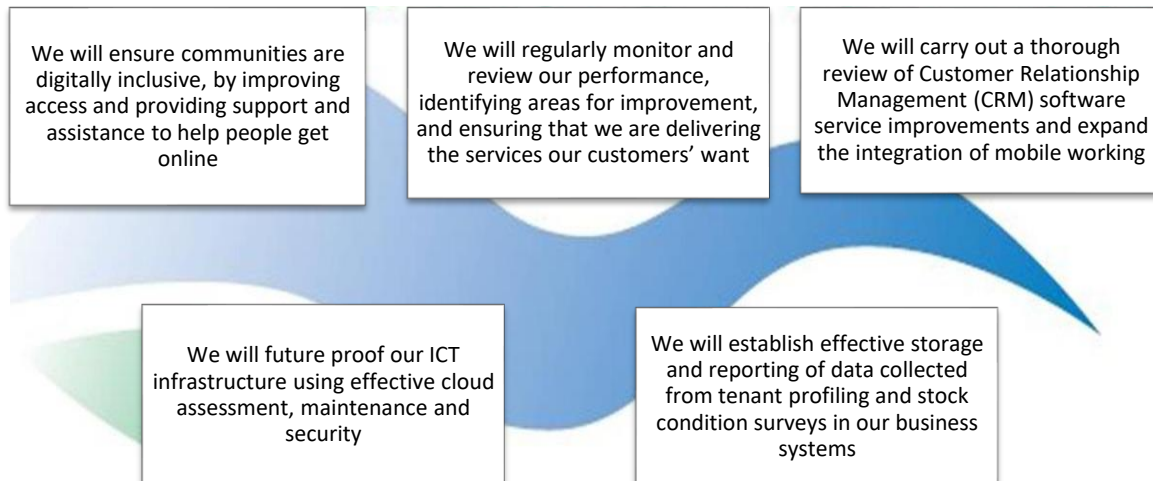
1. Delivering homes fit the future: Our aim is to provide high quality homes at an affordable rent which will help our tenants sustain their tenancies.



OPERATING AND FINANCIAL REVIEW (CONTINUED)

OBJECTIVES AND STRATEGY (CONTINUED)

2. Delivering digitally: We remain focused on operating as efficiently and as responsively as we can, keeping all our systems and processes simple and fit for purpose. This year we will research innovations in engagement and communications, to improve understanding of our properties and customer and help ensure future interactions are clear, transparent and relevant.



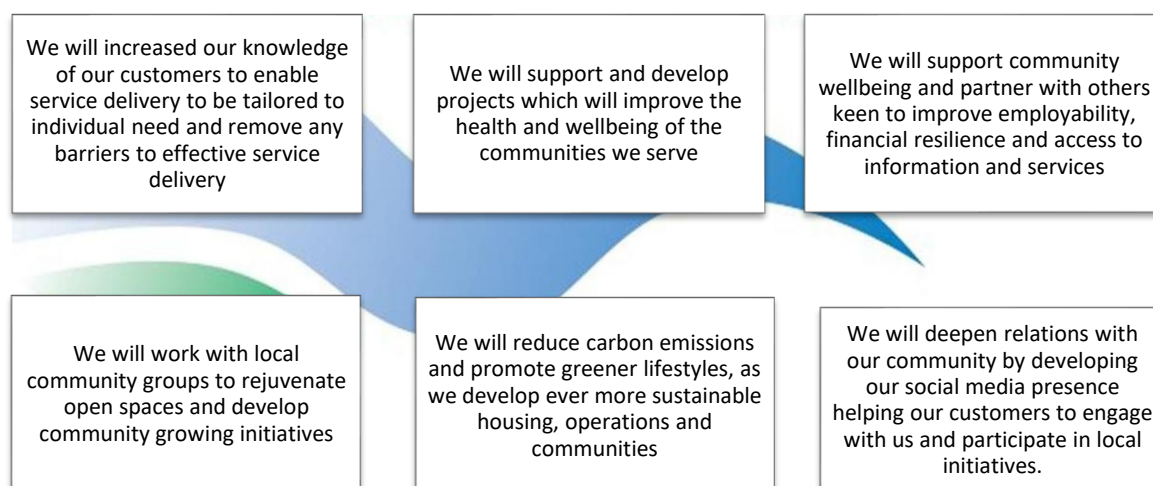
3. Delivering Excellence in customer service and our people: Our team of experienced and committed staff are critical to our success and we aim to ensure they have the correct skills and support, to entrench a culture where they can fulfil their potential, deliver excellent services, and recognise opportunities for improvements across the business.



OPERATING AND FINANCIAL REVIEW (CONTINUED)

OBJECTIVES AND STRATEGY (CONTINUED)

4. Delivering Excellence in our community: We want to maintain our high levels of customer satisfaction, expand the levels of services and engagement we can provide, and continue to improve the communities we serve.



PERFORMANCE AND DEVELOPMENT

Accounting policies

The Association's principal accounting policies are set out on pages 27 to 31 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include housing depreciation and amortisation of Housing Association Grant.

Value for Money

Value for Money for us represents using our rental income and assets in the best way possible, to deliver quality housing, excellent services and growth. Our tenants are at the heart of everything we do and decisions on how we use our resources based on achieving the best possible results for them. We are ambitious and believe that driving value and efficiency will free up resources to enable us to build and invest further in our housing stock.

Financial performance

The Association's Statement of Comprehensive Income and Statement of Financial Position are summarised in Table 1 (page 18). The Board of Management had originally budgeted for a surplus of £1.0million this year to meet its medium-term strategic objectives and our final surplus for the year (before pension scheme adjustments), was £1.3million. The variance was due to an underspend on property maintenance, primarily delays in our contractors carrying out major works due to the intermittent Covid-19 restrictions, coupled with labour and materials supply chain shortages.

The result of these delays in major works and reactive repairs directly affect our tenants, so future programmes have been amended to ensure delivery of this work is undertaken as soon as permissible. Our 30-year financial projections have been updated, incorporating all currently identifiable projected spend profiles relating to our development programme and the Energy Efficiency Standard for Social Housing (EESH).

The Association is pleased to report that it met the lenders' loan covenants at all times during the year and has adequate funding resources in place to complete the development programme, as profiled within our long-term plans.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

PERFORMANCE AND DEVELOPMENT (CONTINUED)

Investment Programme, Planned & Cyclical Maintenance

Our planned maintenance programmes are designed to ensure legal compliance, improve the efficiency of key property components and maximise the useful life of our properties. Despite lockdowns we achieved 83% of our planned programme investing £3.0million in property improvements this year.

In line with tenant expectations we spent £0.3million on kitchens, £0.3million on bathrooms and £0.1million on completing our stock wide upgrade of smoke, CO and wired heat detectors, ensuring each of our properties is now safe and LD2 compliant. We also maintained our focus on increasing the thermal efficiency of our stock, by investing £0.6million on modern render and solar panels, £0.5million on new windows and doors and a further £0.5million upgrading heating systems.

In November 2020, we carried out a comprehensive Stock Condition Survey, to help target future investment in our properties, ensuring they remain in a satisfactory state of repair, energy efficient, modern, safe and secure. These results are being used to inform our EESSH2 (Energy Efficiency for Social Housing - 2032 target), delivery strategy which is currently being developed. At the year-end almost 100% of our properties met the previous EESSH target.

New Developments

Our development programme was delayed by post-pandemic resource shortages, though were not exceptional enough to significantly impact final projected spends, rental cash flows or therefore indicate any impairment. We were able to complete our Polbeth Farm development in April 2022, with residents so far confirming a high level of satisfaction. These 25 properties benefit from high levels of insulation, photovoltaic solar cells, modern boiler systems and reduced water consumption apparatus, all of which will result in lower running costs for tenants.

With regards to other sites, we have increased our efforts in trying to progress pipeline projects, to ensure that despite the ongoing challenges, we do not have any significant gaps in our programme and can continue to contribute to meeting the housing shortage within West Lothian. We were also able to acquire 2 properties on the open market within Livingston and received an advance of grant for an additional 2 to be acquired in the near future.

Building on the knowledge obtained from our Carbon Literacy training and focus groups research, we launched our sustainability strategy and journey, to ensure our staff, housing stock and community are ready to meet Scotland's commitment to achieve net-zero emissions of all greenhouse gases by 2045 (per the Climate Change Act 2019).

Repair response times

We are pleased to report that emergency repairs, most urgent repairs and all gas, electric and safety compliance works were carried out as required, throughout the pandemic. As the restrictions eased, we were able to return to a full repairs service and worked hard with our contractors to deal with the backlog of repairs and delivering our planned property improvements. Our performance in terms of repairs has a direct impact on the satisfaction levels tenants have with the association and this year we carried out in total 7,603 reactive repairs (as per the ARC definition).

We are pleased to report that satisfaction has remained high with 91% of those receiving a repair in the last year reporting they were satisfied (ARC definition). The time taken to complete emergency and non-essential repairs increased slightly, which was anticipated given the suspension of so many jobs during successive lockdowns and the overall increase in the volume of repairs this year.

Our performance in repair terms is as follows:

Key Performance Indicator: Average length of time to complete	Target
Emergency repair	2.9 hours (2021: 2.8 hours) 4 hours
Other repair	10.7 days (2021: 10.1 days) 5 days
Right First Time	83% (2021: 89%) 90%

OPERATING AND FINANCIAL REVIEW (CONTINUED)

PERFORMANCE AND DEVELOPMENT (CONTINUED)

Rent losses and arrears

The pandemic has left a traumatic impact on our tenants, a significant proportion of whom are elderly and vulnerable or at risk from unemployment and unforeseen financial detriment. Property allocations continued throughout the pandemic, and we adopted a flexible and supportive approach with tenants facing financial hardship, to ensure that they received as much support as needed.

Having previously invested heavily in smarter systems and additional staff resources, we have been well prepared to prevent rising arrears through early intervention and the introduction of alternative payment systems. The excellent work of our tenancy support and money advice services, along with high levels of engagement, have enabled us to further mitigate risks, whilst retaining high levels of customer satisfaction and tenancy sustainment during this challenging period.

Although gross rent arrears (including former tenant arrears), increased in the first few months of the pandemic, our housing team worked closely with tenants and by the year-end had lowered arrears to 1.8% (2021: 2.1%). Rent losses (including bad debts and voids), remained very low at just 0.4% of rental income receivable (2021: 0.4%), in line with the historically low level of arrears at the year-end. Despite unavoidably disruptive health and safety constraints, the Association's annual rent loss for void periods compared favourably with our peer group, remaining well within our target range at just 0.3% of rental income receivable (2021: 0.3%).

Housing properties

At 31 March 2022 the Association owned 2,531 housing properties (2021: 2,529), which are carried in the balance sheet at a cost (after depreciation), of £66.2million (2021: £65.9million). Our total investment in housing improvements and developments this year of £3.0million was funded through a mixture of housing association grant, loan finance and working capital, where we continue to show a strong current asset balance, an important indicator of liquidity.

Capital structure and treasury policy

By the year end Association borrowings amounted to £27.0million (2021: £28.2million), 61% of which is due to mature by 2036, with the remaining 39% maturing fully by 2046. Interest was fixed long term (at 3.75% on average) for two thirds of our total borrowings, with the remaining third variable (at SONIA +1.16% on average). Cash Reserves will be utilised for our profiled development programme and loan arrangements will be pursued for any additional development opportunities that may be identified.

Cash flows

Net cash outflows during the year amounted to £0.6million (2021: £0.2million), details of which are shown in the cash flow statement (page 25). Gross cash outflows included £1.2million of loans repaid and £0.8million of interest payable, with a further £2.6million outflow on developments and housing improvements. Cash inflows comprised £4.0million from operating activities.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

PERFORMANCE AND DEVELOPMENT (CONTINUED)

Customer service

Excellence in customer service is at the very heart of what we do and this year we reviewed and renewed the desired customer access times for our service delivery, implemented a new telephony system and commenced work on our Customer Relationship Management (CRM) system, all of which will help ensure we give our customers the very best service. We also began analysing the profiles of our tenants, to improve our relationships and enable us to deliver services tailored to meet their needs, removing any barriers to effective service delivery amongst specific tenant groups.

The Association continued to build on its strong reputation, delivering new homes to satisfied tenants, and responding to tenant feedback to ensure that we continued to deliver quality services throughout the pandemic. During the year, we worked remotely with our Tenant Focus Groups and our Customer Review Groups, to appraise crisis management solutions and progress new communication channels to rapidly engage with all our tenants. Our most recent Tenant Satisfaction Survey revealed that the Association is performing to a high standard with more than 9 out of 10 tenants very or fairly satisfied with the levels of service we provide and the overall quality of their homes.

Regular monitoring of the Association's performance via risk mapping, performance management, practice reviews, etc, continued, with regular reports provided at key points during the year which were fed into the annual consideration of our compliance by the Board. The overall results have been very positive with the Association achieving the 'ideal' outcome of relatively low cost and top quartile performance, across a broad range of indicators when benchmarked against both our peer group and indeed nationally.

The compilation and submission of the Annual Return on the Charter (ARC) serves to evidence, both to the regulator and to tenants, that the Association complies with the Standards of Governance and Financial Management required by the Scottish Social Housing Charter. Throughout 2021/22, we improved recording, reporting and understanding of the indicators and working closely with our external consultants compiled a meticulous bank of evidence to demonstrate our compliance with the Regulatory Standards.

People and organisational development

The Association retains a loyal and dedicated workforce with a wide range of skills and experience, and we recognise the importance of investing in employees to build upon and refresh those skills. This year we welcomed new staff to our maintenance and ICT teams, allowing us to focus on improving future planned maintenance and upgrade our digital engagement and support network. We also invested £67k in staff training, which included gas safety awareness, new manager boot camps, leadership development and cultural transformation coaching, all of which will help empower our staff and further our mission, vision and organisational goals.

As a result of home working during the pandemic, we noted improvements in both staff performance and morale and being mindful of ongoing staff shortages we set out to explore new conducive methods of team working as we continued on our cultural improvement journey. As a result of the very positive results of both staff surveys and tenant consultation regarding future service delivery, we went live with our hybrid working model in October 2021.

We ran consultation workshops with all colleagues and Board members to discuss and agree our corporate vision, values and behaviours, as we moved toward developing ever more effective 'One Team' working. We also procured a new employee engagement and appraisal software platform, which allows for regular employee feedback and ensuring linkages between our overall strategic purpose and individual roles.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

PERFORMANCE AND DEVELOPMENT (CONTINUED)

Tenant engagement and Community Empowerment

Our Community Engagement function working with our dedicated group of tenant volunteers, community groups and local charities, has helped foster a culture of continuous improvement across all areas of the business and the community, helping us identify areas for improvement and implementing lasting change. This year we have been able to reach out further to those in need, with the provision of hundreds of Starter Packs, provided for all our tenants in need of extra assistance and Winter Wellbeing packs of essential items, gifted to all our elderly and vulnerable tenant as part of a winter home visit to check they are OK.

To raise spirits further over the Christmas period, we engaged with community partners to deliver a range of festive activities for local children including a Professional Storyteller who delivered a series of themed stories for all ages. Our Housing officers delivered festive food parcels, providing essential groceries to keep struggling families going over Christmas and throughout the lockdowns, whilst continuing to support our local community fridges who delivered hundreds of meals and food parcels via contactless doorstep deliveries to help our tenants who were self-isolating.

We held our annual digital 'Community Soup' event in January 2022, at which local groups and charities had the opportunity to pitch for much needed funding for amazing projects, designed to support our tenants and community. Our successful partnership with the Dolly Parton Imagination Library continued, providing each child a new book every month to help create their own library, in addition to Story Starter events with volunteers in place to further promote and encourage a love of reading.

We applied for and were granted £26k from the Scottish Government, to expand the Community Growing Project and help the Craighill community grow and cook their own produce, thus proactively tackling food poverty in a dignified and holistic manner. Although designed for small groups to work together on plot-to-plate initiatives, since the pandemic began the scheme has expanded into a community food initiative with emphasis on providing organic food and meals to those in need. The storytelling sessions held at Rowan Grove Community Garden have been a great success, with local families visiting the new gardens and helping themselves to the freshly grown produce.

Financial, digital and social inclusion

For over a decade we have believed that connecting people to the digital world could transform their lives for the better and we committed to making this happen for as many of our tenants as possible. To date we had made significant inroads into moving all our 'digital latecomer' tenants online, by sourcing and providing direct digital services and hundreds of reconditioned laptops free of charge, running free digital skills training and supporting our community based digital champions. These measures combined have proved invaluable in making the digital world accessible to all our tenants, helping them navigate the rapid shift online of virtually all local support services and thus better sustain modern challenges.

This year we went all out to support tenants facing financial uncertainty/poverty, strengthening links with multiple community groups to support financial inclusion. Our Welfare Rights and Benefits Advisor continued to offer an invaluable support and advice service for our tenants, helping them recover hundreds of thousands of pounds this year via assisted claims and successful tribunals.

We utilised 'Housing Options Scotland's' services, to provide our vulnerable tenants with a person-centred tenancy support service to help them sustain their tenancies and prevent homelessness in our community. We also continued our partnership with Rock Trust, an Edinburgh-based youth homelessness charity which independently housed and supported a total of ten young care leavers, as we began a detailed evaluation of the long-term success of our original pilot scheme, with a view to helping others learn from our experience.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

PERFORMANCE AND DEVELOPMENT (CONTINUED)

Risks and uncertainties

The Association has developed an organisational structure, a range of policies and procedures, and comprehensive insurances, which together make up our Risk Management Strategy. The Senior Management Team also review specific strategic, operational, financial and compliance risks in regular forums throughout the year, within Senior Management meetings, major programme and project reviews, and at other Key management meetings.

The risks and uncertainties that have been identified as business significant risks for the Association are detailed in the table below. These key risks are formally reviewed four times each year by the Board and discussed in detail by the Audit and Finance Sub-Committee in advance of each of these formal Board reviews. Updates in terms of emerging risks or significant actions undertaken are addressed as and when required at Board meetings. The key risks are determined through an evaluation of likelihood of occurrence and potential impact.

Area of risk	Description and examples of mitigating activity
<p>Negative impact on rental streams of Welfare Reforms economic decline and/or real rent increase restrictions</p>	<p>Our mitigating actions include adding resources to our Housing team and working closely with relevant government agencies to help tenants sustain their tenancies through initial application screening, arrears control and early intervention. We also provide direct resources for tenants to access including money/benefits advice, practical assistance such as starter packs and tenancy support services.</p> <p>Finally, we budget for worst case scenarios with minimal rent increases, and higher arrears/ bad debts, reviewed regularly to ensure we are able to retain control and avoid any loan covenant breaches.</p>
<p>Failure to fully deliver planned maintenance, reactive repairs or annual gas safety checks, due to ongoing labour/supply chain disruptions or contractor insolvency</p>	<p>Monthly performance review meetings are held utilising contractor performance data and contractor performance is regularly reviewed and reported to the board annually. Contractor insolvency checks, procedures and contract management procedures are adhered to, monitored and evidenced.</p> <p>We continue to record all gas services and non-emergency repairs, review them on an ongoing basis and carry them out as soon as restrictions permit.</p>
<p>Failure to maintain secure and effective ICT systems, networks and support, resulting in the Association's staff and tenants, not achieving optimum benefits</p>	<p>Our key priority this year has been the assembling of our digital transformation team to rationalise our ICT infrastructure, support the effective management of data and develop agile customer focused services, capable of supporting our aim to connect all tenants to services they value, trust and benefit from.</p> <p>We continued development of our tenant and contractor portals, further rolled out handheld application devices, delivered front line service training and continue to focus on creating an intuitive and user-friendly customer relationship management (CRM) system.</p>
<p>Loss of control over income or expenditure, resulting in an inability to meet business needs, maintain affordable rents or fund future developments/ strategic activity.</p>	<p>We are acutely aware of significant materials/components price increases, labour shortages, and supply chain issues and continue to appraise the financial impacts as they unfold to ensure our long-term investment strategy and projections remain viable and resilient.</p> <p>Regular monitoring of contract expenditure by budget holders, our management team and the Board is carried out to ensure disparities (primarily from our development and major capital works programmes), do not adversely affect our overall financial stability, loan covenants, or lead to greater rises in rents or borrowing. Regular meetings are held with our contractors to revise specifications where necessary.</p>

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FUTURE DEVELOPMENTS

The Association's latest Business Strategy (which spans 2022-2025), embodies the key elements from our new ambitious Vision, Values and Mission Statement and was thoughtfully developed through constructive dialogue across the organisation. Our mission is to forge homes, people and communities to be proud of, whilst striving to improve life experiences and opportunities. This inspiring ethos will underlie all our services, working practices and culture, as we strive to overcome the challenges of a harsher operating environment and worsening economic outlook

Sustainable homes and places to be proud of

We have prepared a new Sustainability Strategy to ensure climate resilience is delivered across the Association, by reducing carbon emissions and incorporating energy efficiency and sustainability into everything we build and do. This year we aim to review and reduce our carbon footprint as an organisation, switch even more of our unused open spaces to community garden schemes, support local recycling projects and advance our community switching to more environmentally friendly means of transport.

To meet the Energy Efficiency Standard for Social Housing 2032 (ESSH2) target, modernise our older stock and reduce the amount of energy required to heat homes and ultimately reduce fuel poverty, we have allocated £1.6million in 2022/23 to the replacement programme of older inefficient boilers, windows, solar panels and other sustainability projects. A further £2.3million is budgeted for general replacements and upgrades, mostly bathrooms, kitchens and roofing.

New technologies have been installed in a growing number of our properties and this year we are formulating new environmental pilot projects incorporating the latest materials and technology, to improve the energy resilience of our communities. To monitor delivery against the energy efficiency objectives we will establish a 30-year investment plan, a stock appraisal model, and an ESSH2 delivery strategy. We will also work with our colleagues and customers to develop an Almond Standard which will go beyond the Scottish Housing Quality Standard, to ensure that we are modernising our homes in a manner consistent, desirable and ergonomically fit for the future.

Development and growth

Providing high quality, energy efficient, safe and affordable housing which meets the needs and aspirations of our customers throughout West Lothian, remains our key priority. However challenges throughout the construction sector continue to frustrate developments, including the lack of effective land and the inability of the construction sector to meet demand because of global supply shortages, rising costs and a lack of skilled workers.

We continue to take a more community and West Lothian focused approach to mitigating these protracted risks and make best use of resources. Over the next five years we plan to complete 6 strategic new developments in West Lothian, providing us with 99 extra properties to let. The anticipated capital spend for these sites is budgeted at £17.4million, financed via £9.6million of public subsidy and £7.8million of cash/private finance.

An inspiring place to work

Our People Strategy is focussed on developing a culture which aligns fully with our values and which provides a flexible, supported and trusted environment in which colleagues can grow and develop. Through this approach we will drive high performance across the entire organisation, supporting colleagues to deliver the very best services to our customers.

Investment in our people is key, so delivering organisation-wide training and development initiatives to ensure our people have the right skills to deliver our services, as we embed a culture of continuous improvement will be particularly important over the coming years. This year a training needs analysis was conducted amongst all our colleagues and has informed our training plan for 2022-23. Combined with the roll out of our full appraisal programme and wider review of employee well-being, we will ensure our colleagues are goal orientated, resilient and have the tools and support they need to meet the challenges of their roles.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FUTURE DEVELOPMENTS (CONTINUED)

Customer service excellence & digital transformation

The coronavirus pandemic has had a devastating impact on our tenants, most of whom are vulnerable either by virtue of age, mental or physical health, or working in less secure forms of employment, and sadly therefore more at risk of unemployment, or sudden unforeseen financial detriment. The Association's Tenancy Sustainment Officer will continue to work full time and has adapted their services to include doorstep deliveries of essential items. We will also continue to work with our partners to deliver our Money Advice and Welfare Benefits project, which has been invaluable in helping our tenants overcome income insecurity and the roll out of Universal Credit.

The impact of the pandemic has accelerated the Association's already planned focus on investing in digital services that are user friendly, genuinely add value to the services we provide and makes our tenants lives easier and their interaction with us, as their landlord, a very positive one. This year we will carry out a detailed analysis of our customer's needs, aspirations and impediments, ensuring we can better tailor the accessibility of services and make them all inclusive. We also aim to launch self-service portals for both customers and contractors, which will have all relevant information available to be maintained via self-service on our redesigned website.

Internally we plan to upgrade our systems and install a brand-new customer relationship management (CRM) program keeping all our interactions in one place, bringing multiple efficiencies for staff and tenants. We plan to integrate the CRM with our new phone system and provide direct access to services online outside of our standard hours, further enhancing the customer experience and providing quicker and more efficient reaction times.

Going forward we look to embrace mobile solution for key frontline processes to promote more accessible and agile working practices to help make customer interaction and property reviews faster, easier and more productive. As digitalisation accelerates the risks around cyber security increases, therefore ensuring our network infrastructure is secure, up to date and future proof will be an essential objective as we move more technology solutions to cloud-based products

Community impact

This year we will utilise £63k of grant obtained from the Investing in Communities Fund, to further expand the scope of our plot-to-plate initiative, 'Growing Together'. This project, delivered in partnership with the Youth Action Group and The Conservation Volunteers, inspires local people to work together across a wide range of food-based activities, growing plants from seed, harvesting produce, cooking and sharing the fruits of their labour. We hope that the project will continue to empower and inspire, supporting the community to understand the ways in which they can make the most effective use of available food resources.

Throughout the year we will focus on partnership working with local community groups to deliver support services and with our Subsidiary to provide a training and employability programme, to help actively improve the lives of our tenants, the quality of our community environment and reduce social isolation. We will also assist our tenants in accessing all available emergency food aid, fuel support and applicable grant funding and in partnership with the West Lothian Foodbank will ensure that those who most need it, have access to food and essential toiletry products. We will also continue to support the excellent work of both Community Fridges (at Craigshill and Ladywell), with donations of essential toiletry items and non-perishable foods.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

PERFORMANCE AND DEVELOPMENT (CONTINUED)

Statement of compliance

In preparing this Operating and Financial Review, the Board of Management has followed the principles set out in Chapter 4 of the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018.

The Association continues to monitor its high standards of service undertaking regular self-assessment of its service standards. The G8 group (comprised of eight similar RSLs), continued to identify differences and explore efficiencies through the analysis of performance indicators. Our performance against key performance indicators is set out and summarised below.

Table 1 – Annual results and KPI, five year summary

For the year ended 31 March	2022	2021	2020	2019	2018
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Statement of Comprehensive Income					
Total turnover	13,121	12,857	12,489	12,169	11,740
Income from lettings	12,015	11,790	11,530	11,185	10,797
Operating surplus	2,179	2,767	2,496	2,664	2,491
Surplus for the year transferred to reserves	1,530	1,419	2,069	1,363	1,541
Statement of financial Position					
Housing properties, net of depreciation					
HAG and other capital grants	66,195	65,890	65,383	65,217	66,428
Other fixed assets	1,965	2,041	2,019	2,096	2,183
Fixed assets net of depreciation	68,160	67,931	67,402	67,313	68,611
Net current assets/ (liabilities)	8,168	8,897	9,341	5,674	2,624
Total assets less current liabilities	76,328	76,828	76,743	72,987	71,235
Long term loans and liabilities and Reserves					
Creditors (due over one year)	(50,909)	(52,595)	(54,283)	(52,015)	(51,775)
Pension liability	(208)	(552)	(198)	(779)	(629)
Revenue reserves	(25,211)	(23,681)	(22,262)	(20,193)	(18,831)
Long term loans and liabilities and Reserves	(76,328)	(76,828)	(76,743)	(72,987)	(71,235)
Accommodation figures					
Total housing stock owned at year end (<i>number of dwellings</i>): Social housing	2,531	2,529	2,514	2,510	2,508
Statistics					
Surplus for the year as % of turnover	11.7%	11.0%	16.6%	11.2%	13.1%
Surplus for the year as % of income from lettings	12.7%	12.0%	17.9%	12.2%	14.3%
<u>Rent losses</u> (<i>voids and bad debts as % of rent and service charges receivable</i>)	0.4%	0.4%	0.9%	0.6%	0.9%
<u>Rent arrears</u> (<i>gross arrears as % of rent and service charges receivable</i>)	1.8%	2.1%	2.5%	2.2%	2.3%
<u>Interest cover</u> (<i>surplus before interest payable divided by interest payable</i>)	2.6	3.2	2.7	2.6	2.7
<u>Liquidity</u> (<i>current assets / current liabilities</i>)	2.8	3.1	3.4	2.5	1.7
Total reserves per home owned	£9,961	£9,364	£8,855	£8,045	£7,508

REPORT BY THE AUDITORS TO THE MEMBERS OF ALMOND HOUSING ASSOCIATION ON CORPORATE GOVERNANCE MATTERS

Corporate Governance

In addition to our audit of the financial statements, we have reviewed the Board of Management's statement on pages 5-6 concerning the Association's compliance with the information required by the Regulatory Standards for systematically 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 Association and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the statement on internal financial control on pages 5-6 has provided the disclosures required by the relevant Regulatory Standards for systematically 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.



CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

Date: 11 August 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALMOND HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Almond Housing Association ("the Association") for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other Information

The Board of Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALMOND HOUSING ASSOCIATION LIMITED (CONTINUED)

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:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board of Management

As explained more fully in the Statement of Board of Management's Responsibilities as set out on page 7, the Board of Management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management 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 of Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Association and the industry in which it operates and considered the risk of acts by the Association which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Housing SORP 2018, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland) Act 2010.

We focused on laws and regulations that could give rise to a material misstatement in the Association's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the members;
- review of minutes of board meetings throughout the period;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALMOND HOUSING ASSOCIATION LIMITED (CONTINUED)

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

Use of our report

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



CHIENE + TAIT LLP

Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

11 August 2022

STATEMENT OF COMPREHENSIVE INCOME

	<u>Notes</u>	<u>2022</u> £	<u>2021</u> £
TURNOVER	2	13,121,080	12,857,354
Operating expenditure	2	(10,941,839)	(10,090,591)
OPERATING SURPLUS	6	<u>2,179,241</u>	<u>2,766,763</u>
Interest receivable	10a	18,107	28,004
Interest and financing costs	10b	(846,943)	(855,999)
SURPLUS FOR THE YEAR		<u>1,350,405</u>	<u>1,938,768</u>
 OTHER COMPREHENSIVE INCOME			
		<u>2022</u> £	<u>2021</u> £
Surplus for the year		1,350,405	1,938,768
Actuarial gain/(loss) on pension scheme	18	180,000	(520,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,530,405</u>	<u>1,418,768</u>

The results relate wholly to continuing activities.

The accompanying notes on pages 27 to 48 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Notes	2022		2021	
		£	£	£	£
FIXED ASSETS					
Intangible fixed assets	12a		16,863		19,141
Housing properties	12b		66,195,355		65,889,583
Other tangible fixed assets	12c		1,947,883		2,022,520
Investment in subsidiary	11		1		1
			<u>68,160,102</u>		<u>67,931,245</u>
CURRENT ASSETS					
Trade and other debtors	13	760,180		500,876	
Cash and cash equivalents		11,925,265		12,553,297	
			<u>12,685,445</u>		<u>13,054,173</u>
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	14	(4,517,471)		(4,157,644)	
			<u>8,167,974</u>		<u>8,896,529</u>
NET CURRENT ASSETS					
			<u>76,328,076</u>		<u>76,827,774</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
LONG TERM LIABILITIES					
Creditors: amounts falling due after more than one year	15		(50,908,585)		(52,594,680)
Pension - defined benefit liability	18		(208,000)		(552,000)
			<u>25,211,491</u>		<u>23,681,094</u>
TOTAL NET ASSETS					
RESERVES					
Share capital	19		91		99
Revenue reserves			25,211,400		23,680,995
			<u>25,211,491</u>		<u>23,681,094</u>
TOTAL RESERVES					

Approved and authorised for issue by the Board of Management and signed on its behalf:



Mr A Turner
Chairman



Mr M Joyce
Board Member



Mr J Davidson
Secretary

Date: 4/8/2022

The accompanying notes on pages 27 to 48 form part of these financial statements.

STATEMENT OF CASHFLOWS

	<u>Notes</u>	<u>2022</u> £	<u>2021</u> £
CASH FLOW FROM OPERATING ACTIVITIES			
Net cash inflow from operating activities	25	3,971,845	4,696,867
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(2,777,259)	(2,958,820)
Grants received		150,994	50,847
Interest received		18,107	31,562
Net cash (outflow)/inflow from investing activities		<u>(2,608,158)</u>	<u>(2,876,411)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(827,067)	(865,065)
New secured loans		-	-
Repayments of borrowings		(1,164,652)	(1,150,450)
Proceeds from issue of shares		-	4
Net cash (outflow)/inflow from financing activities		<u>(1,991,719)</u>	<u>(2,015,511)</u>
NET (DECREASE)/INCREASE IN CASH		(628,032)	(195,055)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		12,553,297	12,748,352
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>11,925,265</u>	<u>12,553,297</u>

The accompanying notes on pages 27 to 48 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES

	<u>Share Capital</u>	<u>Revenue Reserves</u>	<u>Total Reserves</u>
	£	£	£
Balance at 1 April 2020	99	22,262,227	22,262,326
Total comprehensive income for the year	-	1,418,768	1,418,768
Shares issued during the year	4	-	4
Cancelled shares during the year	(4)	-	(4)
Balance at 31 March 2021	<u>99</u>	<u>23,680,995</u>	<u>23,681,094</u>
Balance at 1 April 2021	99	23,680,995	23,681,094
Total comprehensive income for the year	-	1,530,405	1,530,405
Shares issued during the year	-	-	-
Cancelled shares during the year	(8)	-	(8)
Balance at 31 March 2022	<u>91</u>	<u>25,211,400</u>	<u>25,211,491</u>

The accompanying notes on pages 27 to 48 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Legal status

Almond Housing Association Limited constitutes a public benefit entity as defined by FRS 102. The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010 (Registered Number: HAL 285). The Association's principal activities are the development and management of affordable housing. The address of the Association's registered office and principal place of business is New Almond House, 44, Etive Walk, Craigshill, Livingston, West Lothian, EH54 5AB.

The Association holds formal authority from the Financial Conduct Authority, to exclude its subsidiary from inclusion or consolidation into its group financial accounts, due to the immateriality of the amounts involved. These group financial statements therefore present information about the Association as an individual undertaking and not about its group.

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 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention, modified to include certain financial instruments at fair value.

The financial statements are prepared in sterling, which is the functional currency of the Association. Monetary amounts in these financial statements are rounded to the nearest £. The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Going Concern

The Association's business activities, its current financial position and factors likely to affect its future development are set out within the Board of Management Report. The Association has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Association's day to day operations. The Association also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

As a result of the rising uncertainties in the post-pandemic operating environment (in particular elevated inflation levels), the Association has updated assumptions, budgets, and modelled stress tests based on prevailing scenarios. After assessing all the resulting information and outcomes, we can confirm sufficient liquidity remains for the Association to continue to meet its obligations as they become due.

On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

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 18). The net defined benefit pension liability as at 31 March 2022 was £208k (2021: £552k).

Management judgement is applied in determining the extent to which the risks and benefits are transferred to the association when considering the income to be recognised. £27k of investing in Communities Fund income was recognised during the year.

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Components of housing properties - The useful life of housing properties and their components has been estimated using a combination of the National Housing Federation matrix of property components and key management experience in planned maintenance. The carrying value of the assets is available within note 12b. Disposals of both components and properties are regarded as part of Almond's standard operating activities and therefore gains and losses are recorded in the Statement of Comprehensive Income as part of the Operating Surplus.

Categorisation of housing properties as investment property or property, plant and equipment - Properties held for social housing lets are considered to be property, plant and equipment. Other lets are assessed based on the characteristics of the lease and classified as property, plant and equipment or investment property as appropriate. At present management have classified all properties as property, plant and equipment.

Rental and other trade debtors - As a result of Covid-19 eviction rules, other government initiatives and our balanced recovery approach, a handful of our tenants have built up higher than normal arrears. The Association has carefully considered and monitored the recoverability of rental debtors as at the reporting date and up to the date of signing. Conservative provisions for bad debts have been made in line with our existing write off policy.

Turnover and revenue recognition

Turnover represents rental and service charge income receivable, income from factoring fees, sale of properties built for sale, grants of a revenue nature from local authorities and the Scottish Government and amortisation of capital grant income. Turnover is recognised when amounts fall due and when income has been earned.

Government grants

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset under the accruals model.

Grants relating to revenue are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate, once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Association, is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as deferred income.

Taxation

The Association has charitable status and is registered with the Office of Scottish Charities Regulator and is therefore exempt from paying Corporation Tax on charitable activities.

VAT

The Association is registered for VAT and is part of a VAT group with its subsidiary Almond Enterprises Limited. A large proportion of group income, namely rents, is exempt for VAT purposes giving rise to a Partial Exemption calculation and as a result expenditure is shown inclusive of VAT.

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. These properties are principally available for rent and 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. Borrowing costs are expensed as incurred.

The Association's policy and practice is to maintain properties to a high standard by implementing a continuing programme of refurbishment and maintenance. 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 enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property. Works to existing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income.

Depreciation of housing properties

The Association 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:

Structure	50 years
Roofs	50 years
Bathrooms	33 years
Electrics	35 years
Kitchens	20 years
Central heating systems - Boilers	17 years
Central heating systems - Carcasses	30 years

Freehold land or assets under construction are not depreciated.

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the Association, its recoverable amount is its fair value less costs to sell.

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:

Office property - by component, consistent with the Housing properties component lives

Furniture, fixtures and fittings 4 years

Computer Hardware and office equipment 4 years

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

Intangible Fixed Assets

Computer software is recognised as an intangible fixed asset, stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is included within Management & Maintenance administration costs (note 3). Amortisation is provided for evenly on the cost of intangible fixed assets, to write them down to their estimated residual values over their expected useful lives, as follows:

Computer Software 4 years

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Properties held for sale

Property under construction for outright sale is valued at the lower of cost and net realisable value, and disclosed net of Housing Association grants received. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Investment in subsidiary undertaking

Almond Housing Association Limited owns 1 ordinary £1 shares in Almond Enterprises Limited. This represents a 100% shareholding in Almond Enterprises Limited, a company registered in Scotland, whose principal activity is that of hygiene and cleaning services.

Related Party Transactions

Some members of the Board of Management are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their position to their personal advantage. Transactions with the Board of Management members are included in note 21. Related party transactions with Almond Enterprises Limited, the Association's fully owned subsidiary, can also be found in note 21.

Retirement benefits

The majority of employees are members of the Scottish Housing Associations Pension Scheme (SHAPS), a defined contribution scheme. The contributions paid into this scheme are charged to the Statement of Comprehensive Income as incurred. The Association previously participated in the SHAPS defined benefit scheme, which provided benefits based on final pensionable pay. The Association closed the defined benefit element of the scheme to current employees on 30 September 2015 but continues to provide for its obligation to previous members.

The Association was able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and therefore applied defined benefit accounting from this date onwards. The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high-quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. This has been recognised within the defined benefit pension liability on the face of the statement of financial position. As at the year ended 31 March 2022, the net defined benefit pension deficit liability was £208k (2021: £552k).

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 18 for more details.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Operating leases

All leases are regarded as operating leases and the payments made under them are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Employee benefits

The Association recognises a provision for exceptional unused annual leave and flexitime accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Insurance income (settlements) and insurance works expenditure

Insurance recoveries are recognised only when virtually certain and with respect to the fire damage at Katherine Street, full insurance cover was in place, policy indemnity has been formally confirmed and the claim has been valued at £2.85M. Several contractors have been appointed in an emergency capacity to make the building initially safe, with re-instatement of the block to start post year end. Insurance income (settlements) and matching insurance work expenditure of £221k are netted off under the heading 'Reactive maintenance costs' in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial assets - Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses. Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument, with the value provided for as a bad debt.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

Financial liabilities - Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled. Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Financial liabilities - Borrowings

Borrowings are initially recognised at the transaction price. Interest expense is recognised on the basis of the actual interest due within the period and is included in interest payable and other similar charges. Commitments to receive a loan are measured at cost less impairment.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Association's obligations are discharged, cancelled, or they expire.

Provisions for liabilities

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that the Association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises.

2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Note	Turnover £	Operating costs £	Operating surplus/ (loss) 2022 £	Operating surplus/ (loss) 2021 £
Affordable letting activities	3	12,715,652	(10,415,562)	2,300,090	2,913,335
Other activities	4	405,428	(526,277)	(120,849)	(146,572)
Total		13,121,080	(10,941,839)	2,179,241	2,766,763
Total for previous period of account		12,857,354	(10,090,591)	2,766,763	

NOTES TO THE FINANCIAL STATEMENTS

3 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM AFFORDABLE LETTING ACTIVITIES

	General Needs <u>Housing</u>	Supported Housing	Total <u>2022</u>	<u>2021</u>
	£	£	£	£
Rent receivable net of service charges	11,970,001	45,021	12,015,022	11,790,062
Service charges receivable	114,483	1,095	115,578	112,267
	<hr/>	<hr/>	<hr/>	<hr/>
Gross income from rent and service charges	12,084,484	46,116	12,130,600	11,902,329
Less Voids	(41,138)	-	(41,138)	(39,792)
	<hr/>	<hr/>	<hr/>	<hr/>
Net income from rents and service charges	12,043,346	46,116	12,089,462	11,862,537
Grants released from deferred income	624,823	1,367	626,190	611,751
Other grants	-	-	-	20,931
	<hr/>	<hr/>	<hr/>	<hr/>
Total turnover from affordable letting activities	12,668,169	47,483	12,715,652	12,495,219
Management & Maintenance administration costs	3,219,252	12,154	3,231,406	3,049,358
Service costs	95,052	359	95,411	94,546
Planned & cyclical maintenance	2,099,662	2,890	2,102,552	2,280,541
Reactive maintenance costs	2,526,974	13,194	2,540,168	1,835,593
Bad debts – rents and service charges	7,274	381	7,655	3,996
Depreciation of affordable let properties	2,315,719	7,677	2,323,396	2,277,041
Loss on disposal of plant and equipment (Note 7)	114,974	-	114,974	40,809
	<hr/>	<hr/>	<hr/>	<hr/>
Operating costs for affordable letting activities	10,378,907	36,655	10,415,562	9,581,884
	<hr/>	<hr/>	<hr/>	<hr/>
Operating surplus/(loss) for affordable letting activities	2,289,262	10,828	2,300,090	2,913,335
Operating surplus or deficit for affordable letting activities for previous reporting period	2,889,247	24,088	2,913,335	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

4 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM OTHER ACTIVITIES

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total turnover	Operating costs – bad debts	Other operating costs	Operating (deficit) or surplus 2022	Operating (deficit) or surplus 2021
	£	£	£	£	£	£	£	£	£
Wider role activities	-	26,835	-	-	26,835	-	(208,093)	(181,258)	(138,988)
Care and repair of property	139,591	-	-	63,437	203,028	-	(208,025)	(4,997)	(8,821)
Investment property activities	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	61,548	61,548	-	(51,401)	10,147	13,560
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Contracted out services undertaken for RSLs	-	-	-	-	-	-	-	-	-
Contracted out services undertaken for other organisations	-	-	-	-	-	-	-	-	-
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	-	-	-	-	-	-
Uncapitalised development administration costs	-	-	-	-	-	-	(58,758)	(58,758)	(56,959)
Other activities (includes £106k Gift Aid in 2022, (2021: £35k Gift Aid))	-	-	-	114,017	114,017	-	-	114,017	44,636
Total from other activities	139,591	26,835	-	239,002	405,428	-	(526,277)	(120,849)	(146,572)
Total from other activities for the previous period of account	71,363	87,507	-	203,265	362,135	-	(508,707)	(146,572)	

NOTES TO THE FINANCIAL STATEMENTS

5 ACCOMMODATION IN MANAGEMENT

	<u>2022</u>	<u>2021</u>
The number of units in Management at 31 March was as follows:		
General needs housing – units owned and managed	2,520	2,518
Supported housing – units, owned and managed	11	11
Total	<u>2,531</u>	<u>2,529</u>

6 OPERATING SURPLUS

	<u>2022</u>	<u>2021</u>
	£	£
The operating surplus is arrived at after charging/(crediting):		
Depreciation of housing properties (note 12b)	2,323,396	2,277,041
Depreciation of other tangible fixed assets (note 12c)	79,791	66,271
Amortisation of intangible fixed assets (Note 12a)	9,500	11,681
Operating lease rentals	40,717	23,204
Audit services - statutory audit of the Association	16,983	16,431

7 DEFICIT / SURPLUS ON DISPOSAL OF FIXED ASSETS – HOUSING PROPERTIES

	<u>2022</u>	<u>2021</u>
	£	£
Disposal proceeds	-	-
Carrying value of fixed assets	(959)	(3,608)
Deficit on disposal of replaced components	(114,015)	(37,201)
	<u>(114,974)</u>	<u>(40,809)</u>

8 KEY MANAGEMENT PERSONNEL

Key management personnel are defined as the members of the Board, the Chief Executive and other members of the senior management team.

The number of key management personnel who received emoluments (excluding employers' pension contributions) in excess of £60,000 during the reporting period fell within the following bands:

	<u>2022</u>	<u>2021</u>
£60,001 to £70,000	-	1
£70,001 to £80,000	2	3
£80,001 to £90,000	1	-
£100,001 to £110,000	1	1

NOTES TO THE FINANCIAL STATEMENTS

8 KEY MANAGEMENT PERSONNEL (CONTINUED)

	<u>2022</u>	<u>2021</u>
	£	£
Aggregate emoluments for key management personnel (excluding pension contributions)	396,158	454,590
	=====	=====
Aggregate pension contributions in relation to key management personnel	47,580	61,291
	=====	=====
The emoluments of the Chief Executive (excluding pension contributions)	102,115	103,040
	=====	=====
Total emoluments paid to key management personnel	483,459	562,491
	=====	=====

This year as part of a departmental restructure, we have committed to a formal detailed plan which will result in either termination of employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Within Creditors (Note 14) is an immaterial provision for redundancy, compensation for loss of office and associated costs

None of the Board of Management received any emoluments during the year (2021: £Nil). During the year the Board of Management were reimbursed expenses of £47.

9 EMPLOYEE INFORMATION

Average monthly number of employees (including key management personnel), expressed as full-time equivalents (calculated based on a standard working week of 36hrs):

	<u>2022</u>	<u>2021</u>
Housing, support and care	16	16
Maintenance	11	11
Office and management/Administration	14	15
Development	1	1
	-----	-----
	42	43
	=====	=====

The actual average weekly number of persons employed by the Association was 43 (2021: 44).

Staff costs for the above persons:

	<u>2022</u>	<u>2021</u>
	£	£
Wages and salaries	1,814,220	1,790,946
Social security costs	187,946	181,302
Defined contribution (current service) pension costs	223,700	224,516
<u>Defined benefit (past service) pension costs: -</u>		
Scheme expenses	5,632	5,632
	-----	-----
	2,231,498	2,202,396
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

10a INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2022</u>	<u>2021</u>
	£	£
Interest on bank deposits	18,107	28,004
	<u> </u>	<u> </u>

10b INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2022</u>	<u>2021</u>
	£	£
Interest arising on bank loans and overdrafts	836,709	852,840
Net interest expense on defined benefit pension liabilities	10,234	3,159
	<u> </u>	<u> </u>
	<u>846,943</u>	<u>855,999</u>

11 FIXED ASSET INVESTMENTS

	<u>2022</u>	<u>2021</u>
	£	£
Subsidiary company (Cost as at 31 March 2022 and 31 March 2021)	1	1
	<u> </u>	<u> </u>

The subsidiary company as at 31 March 2022 was:

Name	Country of registration	Nature of business	Proportion of ordinary shares held
Almond Enterprises Limited	Scotland	Provision of hygiene and cleaning services	100%

The amount subscribed at par for the ordinary shares of £1 each held by Almond Housing Association Ltd was £1. The results for the subsidiary company and net asset value at the year-end are as follows:

	<u>2022</u>	<u>2021</u>
	£	£
Profit on ordinary activities after taxation	87,421	79,090
	<u> </u>	<u> </u>
Net assets	<u>212,987</u>	<u>231,565</u>

NOTES TO THE FINANCIAL STATEMENTS

12a INTANGIBLE FIXED ASSETS

	Computer Software
	£
Cost	
At 1 April 2021	168,286
Additions	7,222
	<hr/>
At 31 March 2022	175,508
	<hr/>
Depreciation	
At 1 April 2021	149,145
Charge in the year	9,500
	<hr/>
At 31 March 2022	158,645
	<hr/>
Net book value	
At 31 March 2022	16,863
	<hr/> <hr/>
At 31 March 2021	19,141
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

12b TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

	Social housing properties held <u>for letting</u>	Housing properties in course of <u>construction</u>	Total
	£	£	£
Cost			
At 1 April 2021	92,465,826	2,081,367	94,547,193
Additions – housing units	126,000	1,510,853	1,636,853
Additions – components	1,106,330	-	1,106,330
Disposals – components	(648,987)	-	(648,987)
At 31 March 2022	<u>93,049,169</u>	<u>3,592,220</u>	<u>96,641,389</u>
Depreciation and impairment			
At 1 April 2021	28,657,610	-	28,657,610
Depreciation charged in year	2,323,396	-	2,323,396
Released on disposal	(534,972)	-	(534,972)
At 31 March 2022	<u>30,446,034</u>	<u>-</u>	<u>30,446,034</u>
Net book value			
At 31 March 2022	<u>62,603,135</u>	<u>3,592,220</u>	<u>66,195,355</u>
At 31 March 2021	<u>63,808,216</u>	<u>2,081,367</u>	<u>65,889,583</u>

Land comprises £8,989,622 of social housing properties held for letting (2021: £8,971,730) and £255,380 of Housing properties in course of construction (2021: £255,380).

The Association reviews asset carrying values annually for impairment, and more frequently should there be indicators that assets might be impaired. The properties at Katherine Street damaged by the recent fire have an average carrying value per rental unit (based on cost) of just £6,013 on average, which is significantly lower than their projected future rental income streams, hence no impairment loss are required. All income generating units (IGUs) have been reviewed for impairment for the year ended 31 March 2022. The recoverable amounts of the IGU are determined from net present value (NPV) calculations using a 30-year term based on our business model.

The properties at Katherine Street damaged by the recent fire do not give rise to any impairment losses, on the grounds that their current net book value (based on cost) per IGU is just £6,013 on average, which is significantly lower than the sum of their future projected rental income streams.

NOTES TO THE FINANCIAL STATEMENTS

12b TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (CONTINUED)

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	<u>2022</u>	<u>2021</u>
	£	£
Enhanced component spends capitalised	1,106,329	421,419
Amounts charged to income and expenditure	1,858,434	2,057,632
	<u>2,964,763</u>	<u>2,479,051</u>

12c TANGIBLE FIXED ASSETS – OTHER

	<u>Freehold office</u>	<u>Furniture, fixtures and fittings</u>	<u>Computers and office equipment</u>	<u>Total</u>
	£	£	£	£
Cost				
At 1 April 2021	3,126,878	117,648	97,037	3,341,563
Additions	-	-	6,113	6,113
Disposals	-	-	(2,877)	(2,877)
At 31 March 2022	<u>3,126,878</u>	<u>117,648</u>	<u>100,273</u>	<u>3,344,799</u>
Depreciation				
At 1 April 2021	1,189,214	117,523	12,306	1,319,043
Charge in the year	55,453	125	24,213	79,791
Released on disposal	-	-	(1,918)	(1,918)
At 31 March 2022	<u>1,244,667</u>	<u>117,648</u>	<u>34,601</u>	<u>1,396,916</u>
Net book value				
At 31 March 2022	<u>1,882,211</u>	-	<u>65,672</u>	<u>1,947,883</u>
At 31 March 2021	<u>1,937,664</u>	<u>125</u>	<u>84,731</u>	<u>2,022,520</u>

NOTES TO THE FINANCIAL STATEMENTS

13 TRADE AND OTHER DEBTORS: amounts falling due within one year

	<u>2022</u>	<u>2021</u>
	£	£
Rent and service charges receivable	241,258	276,229
Less: provision for bad and doubtful debts	(153,580)	(174,641)
	<u>87,678</u>	<u>101,588</u>
Social housing grant receivable	33,605	51,697
Other debtors	78,615	76,362
Prepayments and accrued income	560,282	271,229
	<u>760,180</u>	<u>500,876</u>

The Association has recognised accrued income of £221k in relation to insurance proceeds due following the fire at Katherine Street. The recovery is based on the cost of remediation work carried out to date and the proceeds were received in April 2022, under the terms of the Association's fire policy insurance cover held with Protector Forsikring ASA.

14 CREDITORS: amounts falling due within one year

	<u>2022</u>	<u>2021</u>
	£	£
Debt (note 16)	1,126,509	1,166,135
Trade creditors	836,367	833,052
Rent and service charges received in advance	368,565	397,467
Amounts owed to subsidiary undertaking	25,209	15,487
Deferred grant income (note 17)	627,289	625,960
Other taxation and social security	58,694	59,148
Other creditors	26,502	26,869
Accruals and deferred income	1,448,336	1,033,526
	<u>4,517,471</u>	<u>4,157,644</u>

15 CREDITORS: Amounts falling due after more than one year

	<u>2022</u>	<u>2021</u>
	£	£
Debt (note 16)	25,885,474	27,010,500
Deferred capital grant (note 17)	25,023,111	25,584,180
	<u>50,908,585</u>	<u>52,594,680</u>

16 DEBT ANALYSIS – BORROWINGS

	<u>2022</u>	<u>2021</u>
	£	£
Bank loan instalments due within one year (note 14)	1,126,509	1,166,135
Bank loan instalments due after more than one year (note 15)	25,885,474	27,010,500
	<u>27,011,983</u>	<u>28,176,635</u>

NOTES TO THE FINANCIAL STATEMENTS

16 DEBT ANALYSIS – BORROWINGS (CONTINUED)

The bank loans are secured by a first charge over specific properties of the Association. Interest is payable at LIBOR plus varying margins of between 0.33% and 1.85% for all facilities held with RBS. Interest Rate Swaps have been embedded within our loan agreements, to mitigate the exposure to interest rate risk and details of these Swaps are contained in the table below. The Nationwide B.S. £10.4million Business Term Loan had interest charged at the fixed rate of LIBOR + 0.375% on £0.6Million, with the remaining £9.8million at the fixed rate of 2.705%.

	£	<u>Repayment date</u>
Business Term Loan	1,996,569	28 June 2029
Business Term Loan	2,200,000	28 March 2034
Business Term Loan	200,000	28 June 2029
Business Term Loan	3,000,000	30 March 2034
Business Term Loan	3,199,800	21 April 2029
Business Loan Facility	1,000,000	2 April 2036
Business Loan Facility	2,000,000	2 April 2036
Business Loan Facility	3,000,000	30 March 2035
Business Term Loan (Nationwide B.S)	647,348	1 November 2046
Business Term Loan (Nationwide B.S)	9,768,266	1 November 2046
	<u>27,011,983</u>	

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

	<u>2022</u>	<u>2021</u>
	£	£
Bank loans:		
Due less than 1 year	1,126,509	1,166,135
	<u> </u>	<u> </u>
Due within 1 to 2 years	1,155,531	1,125,201
Due within 2 to 5 years	3,514,849	3,481,600
Due after five years or more	21,215,094	22,403,699
	<u> </u>	<u> </u>
Bank loan instalments due after more than one year (note 15)	25,885,474	27,010,500
	<u>27,011,983</u>	<u>28,176,635</u>

The Association's activities expose it to interest rate risk. The Association uses interest rate derivatives to hedge these exposures. The financial instruments are not used for speculative purposes. The Association has several interest rate swaps in place which set a limit on the interest payable on £9.55million of the bank borrowings. The banks' valuation of the fair value of these loans is £1.22m (2021: £2.28m). The rate payable is fixed where applicable at rates between 3.47% and 5.99%. The average fixed rate of interest was 4.52% (2021: 4.52%). The loans are all currently at rates between 3.79% and 6.32% (2021: 3.79% and 6.32%). The terms of the agreements are as follows:

Loan Facility	Amount	SWAP Rate	Term
Facility –B-	£2,347,111	5.99%	20/01/2008 - 28/06/2022
Facility –A-	£3,000,000	3.63%	22/01/2014 - 22/01/2034
Facility –B-	£2,200,000	3.47%	22/01/2013 - 22/01/2033
Facility –C-	£2,000,000	3.81%	02/01/2015 – 02/01/2035

At 31 March 2022, the Association had undrawn loan facilities of £Nil (2021: £Nil).

NOTES TO THE FINANCIAL STATEMENTS

17 DEFERRED CAPITAL GRANT INCOME

	<u>2022</u>	<u>2021</u>
	£	£
At 1 April	26,210,140	26,711,323
Grant received in the year – Retained developments	66,450	110,568
Released to income in the year	(626,190)	(611,751)
At 31 March	<u>25,650,400</u>	<u>26,210,140</u>
	<u>2022</u>	<u>2021</u>
	£	£
Amounts to be released within one year (note 14)	627,289	625,960
Amounts to be released in more than one year (note 15)	25,023,111	25,584,180
	<u>25,650,400</u>	<u>26,210,140</u>

The balance on Deferred Grant Income shown above is net of amortised grant already released to the Statement of Consolidated Income and reserves. For information purposes, the Gross Capital Grant received and amortised is shown below.

	<u>2022</u>	<u>2021</u>
	£	£
Grant (at cost)		
At 1 April	33,270,018	33,159,450
Received in year	66,450	110,568
At 31 March	<u>33,336,468</u>	<u>33,270,018</u>
Grant released to income (cumulative)		
At 1 April	(7,059,878)	(6,448,127)
Released in year	(626,190)	(611,751)
At 31 March	<u>(7,686,068)</u>	<u>(7,059,878)</u>
Grant Net Book Value	<u>25,650,400</u>	<u>26,210,140</u>

NOTES TO THE FINANCIAL STATEMENTS

18 RETIREMENT BENEFIT SCHEMES

The Pensions Trust – Scottish Housing Associations’ Pension Scheme (SHAPS)

The Association 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 £121m. A Recovery Plan has been put in place to eliminate the deficit which will run to either 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

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

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Association’s to account for the Scheme as a defined benefit scheme. For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive.

Similarly, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive. The liabilities are compared, at the relevant accounting date, with the Association’s fair share of the Scheme’s total assets to calculate the Association’s net deficit or surplus

Almond Housing Association closed the Final Salary Scheme to future accrual from 30 September 2015 and now offers only a defined contribution pension scheme option.

Fair value of plan assets, present value of defined benefit obligation, and defined benefit liability.

	<u>2022</u> £	<u>2021</u> £
Fair value of plan assets	6,303,000	6,231,000
Present value of defined benefit obligation	6,511,000	6,783,000
Net defined benefit liability to be recognised	<u>(208,000)</u>	<u>(552,000)</u>

NOTES TO THE FINANCIAL STATEMENTS

18 RETIREMENT BENEFIT SCHEMES (CONTINUED)

Reconciliation of opening and closing balances of the fair value of the defined benefit obligation

	<u>2022</u>
	£
Defined benefit obligation at start of period	6,783,000
Expenses	5,632
Interest expense	146,368
Actuarial (gains) due to scheme experience	(35,000)
Actuarial losses due to changes in demographic assumptions	21,000
Actuarial (gains) due to changes in financial assumptions	(266,000)
Benefits paid and expenses	(144,000)
	<hr/>
Defined benefit obligation at end of period	6,511,000
	<hr/> <hr/>

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

	<u>2022</u>
	£
Fair value of plan assets at start of period	6,231,000
Interest income	136,134
Experience on plan assets (excluding amounts within interest income) – (loss)	(100,000)
Employer contributions – including scheme expenses	179,866
Benefits paid and expenses	(144,000)
	<hr/>
Fair value of plan assets at end of period	6,303,000
	<hr/> <hr/>

The net return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £72,000.

Defined benefit costs recognised in Statement of Comprehensive Income

	<u>2022</u>
	£
Expenses	5,632
Net interest expense	10,234
	<hr/>
Defined benefit costs recognised in Statement of Comprehensive Income	15,866
	<hr/> <hr/>

Defined benefit costs recognised in Other Comprehensive Income

	<u>2022</u>
	£
Experience on plan assets (excluding amounts within net interest cost) – (loss)	(100,000)
Experience gains and losses arising on the plan liabilities - gain	35,000
Effects of changes in the demographic assumptions underlying the plan – (loss)	(21,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	266,000
	<hr/>
Total amount recognised in other comprehensive income – gain	180,000
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

18 RETIREMENT BENEFIT SCHEMES (CONTINUED)

Pension - defined benefit liability

	<u>2022</u>	<u>2021</u>
	£	£
At 1 April	(552,000)	(198,000)
Net interest expense	(10,234)	(3,159)
Employer contributions -net of scheme expenses	174,234	169,159
Defined benefit income/(costs) recognised in other comprehensive income	180,000	(520,000)
At 31 March	<u>(208,000)</u>	<u>(552,000)</u>

Assets

	<u>2022</u>	<u>2021</u>
	£	£
Global Equity	1,246,000	964,000
Absolute Return	289,000	307,000
Distressed Opportunities	226,000	213,000
Credit Relative Value	202,000	180,000
Alternative Risk Premia	260,000	250,000
Emerging Markets Debt	235,000	251,000
Risk Sharing	206,000	223,000
Insurance-Linked Securities	132,000	130,000
Property	163,000	112,000
Infrastructure	394,000	348,000
Private Debt	159,000	147,000
Opportunistic Illiquid Credit	209,000	159,000
High Yield	61,000	163,000
Opportunistic Credit	22,000	170,000
Cash	17,000	2,000
Corporate Bond Fund	398,000	470,000
Liquid Credit	40,000	108,000
Long Lease Property	182,000	145,000
Secured Income	337,000	342,000
Over 15 Year Gilts	3,000	3,000
Liability Driven Investment	1,525,000	1,498,000
Currency Hedging	(23,000)	-
Net Current Assets	20,000	46,000
Total assets	<u>6,303,000</u>	<u>6,231,000</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

18 RETIREMENT BENEFIT SCHEMES (CONTINUED)

Key Assumptions

	<u>2022</u> % per annum	<u>2021</u> % per annum
Discount rate	2.79%	2.18%
Inflation (RPI)	3.84%	3.27%
Inflation (CPI)	3.47%	2.87%
Salary Growth	4.23%	3.27%
Allowance of commutation of pension for cash or retirement (as a % of maximum allowance)	75%	75%
Life expectancy for a male currently age 65	21.6 years	21.5 years

19 CALLED UP SHARE CAPITAL

	<u>2022</u> £	<u>2021</u> £
Shares of £1 each Issued and Fully Paid		
At 1 April	99	99
Shares issued during the year	-	4
Shares cancelled during the year	(8)	(4)
At 31 March	<u>91</u>	<u>99</u>

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

20 CAPITAL COMMITMENTS

	<u>2022</u> £	<u>2021</u> £
Authorised and contracted for	2,797,702	4,289,313
Authorised not contracted for – fire damage restitution	2,628,386	-

The above commitments will be financed by a mixture of public grants, private finance and the Association's own resources.

NOTES TO THE FINANCIAL STATEMENTS

21 RELATED PARTY TRANSACTIONS

One member of the Board of Management is also a tenant of the Association (2021: 1). Their tenancy is on normal commercial terms. During the year £5,605 (2021: £5,550) of rent was receivable from tenant members. At the year-end there was £nil (2021: £109), of rent arrears due from tenant members.

Almond Enterprises Limited, a wholly owned subsidiary of the Association, continues to manage cleaning and clearance contracts for the Association which amounted to £324,772 of turnover this year (2021: £282,701), with a year-end net trade creditor balance of £25,209 (2021: £15,487). Almond Enterprises Limited made a Gift Aid payment of £106,000 during 2020/21 (2021: £35,000) to the Association, in accordance with the Association's policies and procedures. The Association recharged consultancy fees of £nil to Almond Enterprises (2021: £2,148).

22 LEASE OBLIGATIONS

The Association is committed to make the following payments during the year ending 31 March 2022 in relation to operating leases:

	Land & Buildings	
	<u>2022</u>	<u>2021</u>
	£	£
Within one year	12,951	1,669
Between two and five years	11,252	-
	<u>24,203</u>	<u>1,669</u>

	Plant & Machinery	
	<u>2022</u>	<u>2021</u>
	£	£
Within one year	22,901	18,387
Between two and five years	41,816	6,179
	<u>64,717</u>	<u>24,566</u>

The obligations under operating leases are repayable by equal instalments in less than five years. Operating leases relate to vehicles and equipment used by the Association. A purchase option is available at the end of each three-year lease.

23 AVERAGE RENTS

	<u>2022</u>	<u>2021</u>
Average weekly rent for housing accommodation	£89.36	£88.05
Increase	1.5%	2.2%
<u>Number of Unit at the end of the year:</u>		
General needs social housing	2,521	2,518
Supported Social Housing Accommodation	10	11
	<u>2,531</u>	<u>2,529</u>

NOTES TO THE FINANCIAL STATEMENTS

24 CONTINGENT LIABILITIES

Almond Housing Association Limited – Pension Scheme – debt on withdrawal

The Pensions Trust has notified the Association of the latest estimate of the debt on withdrawal potentially due by the Association based on the 30 September 2021 actuarial valuation of the Scheme. This contingent liability, crystallisation of which is considered remote due to the continued membership of the Scheme, was estimated at £2.9million. The past service deficit contributions payable over the deficit recovery plan period to March 2023 are designed to reduce this potential debt.

Almond Housing Association Limited – Pension Scheme – Scheme benefit review update

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefit, comparing the changes made to the benefits provided to members, with the requirements of the scheme documentation. The Trustee has received legal advice that there is uncertainty about how members benefits should be calculated and has been advised to seek clarification from the Court on these items. A decision from the Court is not expected until 2024 at the earliest, but should they decide that historic benefit changes need to be applied differently, then some member benefits will need to be increased, which will increase scheme liabilities. The scheme actuary has estimated the potential increased liabilities at £39.3m for the scheme as a whole, or 3.2% of liabilities.

Housing Association Grant

Grants relating to assets are recognised as a liability which is then amortised or released to income over the lifetime of the related asset. The deferred capital grant disclosed at note 17 represents the remaining capital grants yet to be released to income. The original amounts of these grants become repayable on the sale or disposal of the related assets unless there is a specific agreement in place to recycle the grant against new property development. Housing Association Grant released to income as at 31 March 2022 amounts to £7.7million.

25 CASH FLOW STATEMENT

(a) RECONCILIATION OF SURPLUS TO NET CASH GENERATED FROM/(USED IN) OPERATIONS

	<u>2022</u>	<u>2021</u>
	£	£
Operating Surplus for the year	2,179,241	2,766,763
<u>Adjustments for non-cash items:</u>		
Amortisation of intangible fixed assets	9,500	11,681
Depreciation/impairment of tangible fixed assets	2,403,187	2,343,312
Government grants utilised in the year	(626,190)	(611,751)
Defined benefit pension schemes	(174,234)	(169,159)
(Increase) in trade and other debtors	(277,396)	(42,645)
Increase in trade and other creditors	342,763	357,857
Loss on disposal of plant and equipment	114,974	40,809
Net cash generated from operating activities	<u>3,971,845</u>	<u>4,696,867</u>

(b) ANALYSIS OF CHANGES IN NET DEBT

	As at <u>01/04/21</u>	Cash <u>Flow</u>	Other <u>Changes</u>	As at <u>31/03/22</u>
	£	£	£	£
Cash at bank and in hand	12,553,297	(628,032)	-	11,925,265
Debt due within one year	(1,166,135)	-	39,626	(1,126,509)
Debt due after one year	(27,010,500)	1,164,652	(39,626)	(25,885,474)
	<u>(15,623,338)</u>	<u>536,620</u>	<u>-</u>	<u>(15,086,718)</u>