



# **ANGUS HOUSING ASSOCIATION LIMITED**

## **REPORT AND ACCOUNTS**

**31st March 2022**

**REPORT AND FINANCIAL STATEMENTS**  
**For the period ended 31st March 2022**

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Registered No. 1665R(S)  
Scottish Charity No. SC020981  
The Scottish Housing Regulator No. HAL65

## **MEMBERS OF COMMITTEE OF MANAGEMENT**

Ms H Farquhar	(Chairman)
Mr J Black	( Vice Chair)
Mrs S Welsh	
Mr D Hart	
Mr I McDonald	
Mr S Storrie	
Mrs I McGarrol	
Mr C Grant	
Mrs J Gaul	
Mr I Laird	
Mr A Jack	

## **KEY MANAGEMENT PERSONNEL**

Gail Robertson	Chief Executive Officer
Linlay Anderson	Director of Housing Services
Arlene Grant	Director of Finance and Corporate Services
Ronald McArthur	Retiring Director of Asset Management
Alison Davidson	Director of Asset Management

## **SECRETARY AND REGISTERED OFFICE**

Mrs G Robertson, 93 High Street, Arbroath, DD11 1DP

## **SOLICITOR**

Thorntons Law LLP, Whitehall House, 33 Yeaman Shore, Dundee, DD1 4BJ

## **BANKERS**

The Royal Bank of Scotland plc, Brothock Bridge, Arbroath, DD11 1NP

Virgin Money PLC, 114 High Street, Montrose, DD10 8JE.

Flagstone Investment Management, 1<sup>st</sup> Floor,, Clareville House, 26-27 Oxendon Street, London, SW1Y 4EL.

## **EXTERNAL AUDITORS**

Findlays, 11 Dudhope Terrace, Dundee, DD3 6TS

## **INTERNAL AUDITORS**

Quinn Internal Audit and Business Advisors, 55 Lady Place, Livingston EH54 6TB



## CHAIRMAN'S STATEMENT

The year 20221-22 has been focussed on recovery from the COVID pandemic, the transition to staff returning to work and the Association moving towards providing pre pandemic services to our tenants. Given the constantly changing environment I am pleased to report that the Association has continued to perform well despite the challenges, and has provided high quality services with very little disruption.

As the construction industry returned on site so did our delayed development programme with 22 units being delivered, 74 on site and 77 at the advanced planning stage. Our new build programme is making steady progress against a backdrop of increased costs for building materials, high inflation and supply chain difficulties. We continued our strong relationship with our development partners and look forward to contributing to the delivery of the Dundee City and Angus Social Housing Investment Programme.

Our reactive and planned maintenance services have been busy this year, catching up with programmes postponed during the pandemic. At the year-end we had improved our performance on emergency and non-emergency repairs times and also the right first-time indicator. Our improved service was demonstrated in a repairs satisfaction rating of 94%. Despite the obvious challenges that Covid brought, compliance with gas servicing was 99.85%. The difficulties mentioned above in relation to meeting our development goals have also affected the reactive and voids side of our services where costs have been accommodated but were above budget.

We have been delighted to accomplish a long-planned and much awaited project to deliver energy saving measures and cheaper heating in our properties at Auchmithie. This was a collaboration between the Association, Warmworks and the Energy Saving Trust. Securing Net Zero Heat Funding was key to ensuring this project stacked up financially as was the technical solution provided by consultants, REC. I would also like to take the opportunity to mention the sub-contractor for this project, McInnes Group from Inverness. The effort they made with our tenants and the extra mile they went to be flexible and provide solutions has been excellent and the project would not have been the success it has without them.

At a time where tenants' resources are being stretched again, the work on tenant engagement and financial inclusion provided by our Financial Inclusion Team and the Tenant Engagement Officer have been key to tenancy sustainment and providing added value.

Despite significant challenges including hikes in energy costs and the cost of living we have continued to perform well in areas such as allocations, arrears management and customer services.

During the financial year we developed a new system for allocations in partnership with These Homes. The Choice-Based Lettings system, which went live in May 2022 is showing early signs of success in letting our properties and I'd like to thank the Housing and Customer Services staff for their work in embracing and managing a major change in policy.

I would like to thank the finance staff for their work on the Annual Accounts and to Findlays for their years of service to the Association. In particular thank you to Sandy and his team who have been excellent to work with.

I wish to take the opportunity to thank all the Board for their commitment patience and valuable contribution which have enabled the governance of the Association to continue, and I am happy to report that we have returned to a combination of face-to-face and hybrid Board meetings. We look forward to more face-to-face meetings throughout the year and value the discussion these generate.

Ivan Laird, who steps down from the Board this year has been an active and valued Board Member since 2012 and the Board extends our thanks for his long service and we wish him the very best.

## **REPORT OF THE BOARD OF MANAGEMENT**

Report by the Committee of Management to the Thirty-Third Annual General Meeting of the amalgamated Angus Housing Association Limited to be held at Russell Square Lounge, Arbroath on 17th August 2022 at 9.30am.

The Committee submit to the meeting their Thirty-Third Annual Report and Statement of Accounts duly audited for the year ended 31st March 2022.

## **OBJECTIVES AND STRUCTURE**

The Association's broad objective is to contribute to providing high quality, affordable housing for all those individuals, families and communities in Angus and Dundee who are in need of the fundamental human right of a decent, secure home to call their own.

The Association aims to achieve this objective by providing good quality homes for rent and shared ownership at an affordable cost to our tenants, ensuring the criteria we use to control access to our houses is based solely on the housing needs of applicants and providing an efficient, responsive and personal housing management and maintenance service of the highest possible quality.

Board comprises eleven registered members and has four sub-committees, which deal with service delivery, development, remuneration and finance, audit and risk. The committees are made up of specialist consultants from relevant differing professions with a variety of skills. The Board of Management meets six times per annum, whilst the sub-committees meet at least four times per annum, with the exception of the remuneration sub-committee, which meets at least twice per annum. Members of the Board of Management receive no remuneration for their services except for reasonable out of pocket expenses.

The Board of Management receives reports from the sub-committees, receives information on current developments in progress and also on possible future sites, considers budgets and management accounts, all policy matters and other relevant business. The day to day management of the Association is delegated to the Chief Executive Officer and Senior Management Team.

## **REVIEW OF THE YEAR**

The Committee of Management is pleased to report a surplus for the year of £1,644,818. (2021: £2,056,003). Twenty two properties were added during 2021-22 – 18 in Forfar at the Glenview and St James Road sites and the final 4 properties at Turfbeg in Forfar. In addition four properties in Montrose, formerly managed as Lead Tenancies, were purchased at the end of the lease and retained within the Association's stock

The Statement of Financial Position shows a net asset position of £19,547,692. (2021: £17,092,875).

## **ELECTION OF COMMITTEE OF MANAGEMENT**

In terms of the Rules of the Association, one third of the Committee must resign. Two members of the Committee of Management; Ms Hazel Farquhar and Mr A Jack retire from office at this time and offer themselves for re-election. Additionally Mr I Laird retires from office at this time and does not offer himself for re-election.

## **REPORT OF THE COMMITTEE OF MANAGEMENT (continued)**

### **STATEMENT OF COMMITTEE MEMBERS' RESPONSIBILITIES**

Co-operative and Community Benefit Society and Registered Housing Association Law requires the Committee Members to prepare Accounts for each financial period which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Accounts, the Committee Members are required to:

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

The Committee Members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Accounts comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, the Accounting Determination 2012, and the Statement of Recommended Practice: Accounting by Registered Social Landlords 2010 issued by the Accounting Standards Board. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **INTERNAL FINANCIAL CONTROL**

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

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

It is the Committee of Management's responsibility to establish and maintain the systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the on-going documentation of key system and rules in relation to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared, which allow the management team and the Committee of Management to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Committee of Management

- the Finance, Audit and Risk sub-committee received reports from management and from external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

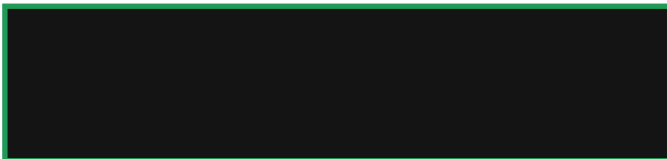
## **RELATED PARTY TRANSACTIONS**

The tenants who sit on the Committee of Management have entered into tenancies on the Association's normal terms and conditions and they cannot use their position to their advantage.

## **ELECTION OF AUDITORS**

A resolution to appoint Chiene and Tait as auditors will be submitted at the Annual General Meeting.

### **By Order of the Committee**



**Secretary to the Committee of Management**

**10 August 2022**



## **Independent Auditor's Report to the Members of Angus Housing Association Limited**

### **Opinion**

We have audited the financial statements of Angus Housing Association Limited (the 'association') for the year ended 31 March 2021 which comprise of Statement of Comprehensive Income, Statement of Financial Position, the Statement of Cash Flows, Statement of Changes in Reserves and notes to the financial statements, 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 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Scottish Housing Regulator's Determination of Accounting Requirements 2019.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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**

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

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

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



## **Independent Auditor's Report to the Members of Angus Housing Association Limited (continued)**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Committee are responsible for the other information contained within the annual report. 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **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:

- the association has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the Statement of Comprehensive Income and Statement of Financial Position any other statements to which our report relates are not in agreement with the association's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

### **Responsibilities of the Committee**

As explained more fully in the Committee's responsibilities statement (set out on pages 15 and 16), the Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Independent Auditor's Report to the Members of Angus Housing Association Limited (continued)**

### **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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
  - we identified the laws and regulations applicable to the association through discussions with management and through our own specialist knowledge of the social housing sector
  - we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Co-operative, including the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, SHR regulatory requirements, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
  - we assessed the extent of compliance with the laws and regulation identified above through making enquiries and inspecting legal correspondence; and
  - identified laws and regulations were communicated to the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.
- We assessed the susceptibility of the Association's financial statements to material misstatement, including obtaining an understanding of how fraud may occur, by:
- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
  - Considering internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.
  - Making enquiries of the Association's internal auditor to assess if they had identified any actual or suspected fraud.

**Independent Auditor's Report to the Members of  
Angus Housing Association Limited (continued)**

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

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

- Performed analytical procedures to identify and unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1V were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions

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

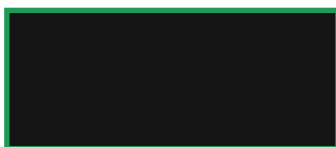
- Agreeing financial statements disclosures to underlying supporting documentation
- Reading the minutes of meetings of those charged with governance
- Enquiring of management as to actual and potential litigation and claims
- reviewing correspondence with HMRC, relevant regulators including the SHR, Health and Safety Executive, and the Association's legal advisors

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. 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 section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members 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.



**Sandy Squires, CA (Senior Statutory Auditor)  
For and on behalf of Findlays  
Chartered Accountants and Statutory Auditor  
11 Dudhope Terrace  
Dundee  
DD3 6TS**

**17 August 2022**

**Report of the Auditors  
To Angus Housing Association Limited  
on Corporate Governance Matters**

In addition to our audit of the financial statements, we have reviewed your statement on pages 6 and 7 concerning the Association's compliance with the information required by the Regulatory Standards for systemically important RSLs in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator.

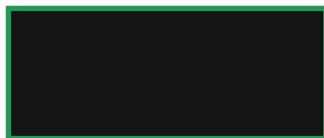
**Basis of opinion**

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. 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 6 and 7 has provided the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Committee of Management and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Committee of Management's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards for systemically important RSLs in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



**Sandy Squires, CA (Senior Statutory Auditor)  
For and on behalf of Findlays  
Chartered Accountants and Statutory Auditor  
11 Dudhope Terrace  
Dundee  
DD3 6TS**

**17 August 2022**

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the reporting period 31<sup>st</sup> March 2022**

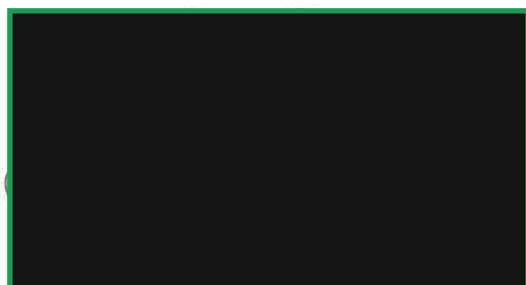
	Notes	2022 £	2021 £
TURNOVER	2	10,770,249	10,325,212
Operating costs	2	(7,777,448)	(6,854,563)
<b>OPERATING SURPLUS</b>		<b>2,992,801</b>	<b>3,470,649</b>
 Profit / (loss) on Sale of Fixed Assets	 5	 Nil	 45,756
 Interest receivable and other income		 7,550	 10,857
Interest payable and similar charges	6	(1,324,533)	(1,471,259)
Pension interest	20	(31,000)	Nil
<b>SURPLUS FOR YEAR</b>		<b>1,644,818</b>	<b>2,056,003</b>
 Write Off of Repairs Provisions		 Nil	 Nil
Actuarial gain / (loss) in respect of pension schemes		810,000	(1,462,108)
<b>Total comprehensive income for the year</b>		<b>2,454,818</b>	<b>593,895</b>

The notes on pages 17 to 37 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
**At 31<sup>st</sup> March 2022**

	Notes	2022 £	2021 £
<b>PLANT, PROPERTY &amp; EQUIPMENT</b>			
Housing properties	9a	126,423,734	117,780,671
Fixed Asset Investment	9b	216,868	216,868
Other Fixed Assets	9c	724,702	743,693
		<u>127,365,304</u>	<u>118,741,232</u>
<b>CURRENT ASSETS</b>			
Debtors	10	1,117,970	1,312,697
Cash & Deposits		10,237,327	15,186,588
Short Term Investments		809,287	Nil
Property Held for Sale	11	Nil	Nil
Stock of Maintenance Supplies	12	7,454	7,693
		<u>12,172,038</u>	<u>16,506,978</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(5,386,126)</u>	<u>(4,597,863)</u>
<b>NET CURRENT ASSETS</b>		<u>6,785,913</u>	<u>11,909,115</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>134,151,217</u>	<u>130,650,347</u>
<b>CREDITORS: amounts falling due after more than one year</b>	14	(114,603,525)	(112,444,473)
Pension Provision	20	Nil	(1,113,000)
<b>TOTAL ASSETS LESS LIABILITIES</b>		<u>19,547,692</u>	<u>17,092,875</u>
<b>CAPITAL AND RESERVES</b>			
Share Capital	15	45	45
Revenue reserve	16	19,547,647	17,092,830
		<u>19,547,692</u>	<u>17,092,875</u>

The financial statements on pages 12 to 36 were approved by the Board of Management on 10<sup>th</sup> August 2022 and were signed on its behalf by:



Chairman of Committee of Management

Secretary to Committee of Management

Member of Committee of Management

The notes on pages 17 to 37 form part of these financial statements.

## STATEMENT OF CHANGES IN RESERVES

	Share Capital £	Revenue Reserve £	Total £
<b>As at 31 March 2021</b>	<b>45</b>	<b>17,092,830</b>	<b>17,092,875</b>
Surplus / (deficit) for the year	-	1,644,818	1,644,818
Write off of Repairs Provisions	-	-	-
Re-measurement gain / (loss) on defined benefit	-	810,000	810,000
<b>Total Comprehensive Income</b>	<b>45</b>	<b>19,547,648</b>	<b>19,457,693</b>
Share Capital Cancelled	Nil	Nil	Nil
Share Capital Addition	Nil	Nil	Nil
<b>As at 31 March 2022</b>	<b>45</b>	<b>19,547,648</b>	<b>19,547,693</b>

The notes on pages 17 to 37 form part of these financial statements.



**STATEMENT OF CASH FLOWS**  
**For the reporting date 31<sup>st</sup> March 2022**

	Notes	2022 £	2021 £
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	17	(5,197,950)	5,404,294
CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(11,299,038)	(6,211,068)
Purchase of investments			
-Proceeds from sale of tangible fixed asset		Nil	70,000
Grants received		4,766,670	3,577,096
Grants repaid		-	-
Interest receivable		7,550	10,857
NET CASH FLOW FROM INVESTING ACTIVITIES		(6,524,818)	(2,553,115)
CASHFLOW FROM FINANCING ACTIVITIES			
Issue of share capital		Nil	6
Shares cancelled in financial year		Nil	(8)
Interest payable		(1,355,533)	(1,471,259)
New secured loans		Nil	Nil
Repayment of borrowings		(1,457,573)	(1,216,362)
NET CASH FLOW FROM FINANCING ACTIVITIES		(2,813,105)	(2,687,623)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(4,139,974)	163,556
CASH AND CASH EQUIVALENTS AS AT 1 <sup>ST</sup> April 2021		15,186,588	15,023,032
CASH AND CASH EQUIVALENTS AS AT 31 <sup>ST</sup> March 2022		11,046,614	15,186,588

The notes on pages 17 to 37 form part of these financial statements.

## **NOTES TO THE ACCOUNTS**

**For the reporting date 31<sup>st</sup> March 2022**

### **1. ACCOUNTING POLICIES**

#### **Accounting basis**

These accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standards 102 (FRS102) and the Statement of Recommended Practice for Social Housing Providers 2018 (SORP 2018) and the Scottish Housing Regulator Determination of Accounting Requirements 2014.

The financial statements have been prepared on a going concern basis.

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 unless otherwise stated.

The financial statements are presented in sterling which is the functional currency of the Association.

#### **Turnover**

Turnover represents the rental and service charge income receivable in the year net of losses from voids, revenue and other grants.

The disposal from the first tranche of shared ownership properties are included in turnover at the point of legal completion. The second and subsequent tranches are accounted for in other income in the period which the disposal occurs.

#### **Sale of housing properties**

The surplus or deficit is accounted for in the period the disposal occurs and represents the difference between the net sale proceeds and the net carrying value. The surplus/deficit amount arising from the sale of housing properties is disclosed separately in the Statement of Comprehensive Income.

#### **Shared Ownership sales**

In accordance with the SORP 2018, shared ownership properties are reflected within Fixed Assets. Proceeds from first tranche disposals are allocated to Turnover. Costs relating to expected first tranche sales are reflected in current assets and released to the Statement of Comprehensive Income on sale.

The surplus or deficit on the disposal of second subsequent tranches of shared ownership properties are accounted for in the Statement of Comprehensive income within the Gain/ Loss on sale of Tangible Fixed Assets.

## **NOTES TO THE ACCOUNTS**

### **For the reporting date 31<sup>st</sup> March 2022**

#### **ACCOUNTING POLICIES (continued)**

##### **Interest Income**

Interest income is recognised in the statement of comprehensive income using the effective interest method.

##### **Fixed assets – housing land and buildings**

Housing properties are stated at cost. The development costs of housing properties include the following:

- i. Cost of acquiring land and buildings;
- ii. Development expenditure;
- iii. Capital acquisition and development administration costs
- iv. Capital clerk of works costs

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

The proceeds arising from first tranche “sales” of Housing Association Grant funded shared ownership properties are recorded through the Income & Expenditure Account, with any subsequent sales treated as a disposal of fixed assets.

In accordance with the SORP, where a housing property comprises two or more major components with substantially different useful economic lives, each component has been accounted for separately and depreciated over its useful life. The following components have been identified:

<u>Component</u>	<u>Useful Economic Life</u>
Land	Not Applicable
Main Structure	90 Years
Roof	50 Years
Windows & Doors	50 Years
Guttering / Woodwork	25 Years
External Fencing	25 Years
Heating System - Gas	15 Years
Heating System - Electric	15 Years
Heating System - Radiators	25 Years
Kitchen	15 Years
Bathroom	15 Years
Electrical Installation	10 Years
Controlled Entry Systems	12 Years
Air Source Heat Pumps	20 years

The Association will capitalise the replacement of these components in line with its Lifecycle Replacement Programme. One off main component replacements will not be capitalised unless the replacement is within a timeframe which means that the component will not be replaced again at the next scheduled cycle.

## **NOTES TO THE ACCOUNTS**

### **For the reporting date 31<sup>st</sup> March 2022**

#### **ACCOUNTING POLICIES (continued)**

##### **Fixed assets – impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. The level at which an impairment is assessed is at the scheme of properties (e.g. the cash generating unit (CGU)).

The following key judgement has been made in defining the CGU's for housing properties (including shared ownership properties): where schemes have been developed together and are managed together, they are deemed to be a single CGU.

The key indicators considered in reviewing impairment are: changes in demand, changes in use, economic performance worse than expected, significant decline in market value, reduction in market value where intend to sell, plans to regenerate, demolish or replace existing components, on completion of new developments where costs are higher than anticipated, and other changes in technology, market, economy and legislation.

If such indication exists, the recoverable amount is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in expenditure through the Statement of Comprehensive Income.

##### **Fixed assets – other fixed assets**

Depreciation is provided for at rates calculated to write off the cost of each asset evenly over its expected useful life as shown above except for the following:

Housing Properties (shared ownership)	over 50 years
Office Building	over 50 years
Computer and Office Equipment	over 4 years
Office and Furnished Flat Furnishings	over 4 years

##### **Development Interest**

Interest on borrowings specifically financing a development is capitalised to the extent that it accrues in respect of the period during which development activities are in progress. All other interest is written off to the Statement of Comprehensive Income in the period in which it accrues.

##### **Capitalisation of overheads**

Costs which directly relate to bringing assets into working conditions are included within the cost of the asset and any subsequent component replacements. These primarily relate to salary costs.

##### **Homestake**

Grants are received from ministers of the Scottish Government for the purchase of properties under the Homestake scheme. The element of the property not owned by the Homestake owner will be accounted for as a Fixed Asset Investment. The cost is offset by a grant of the same amount which is held as Deferred Income within Other Creditors.

## **NOTES TO THE ACCOUNTS**

**For the reporting date 31<sup>st</sup> March 2022**

### **ACCOUNTING POLICIES (continued)**

#### **Subsidiary**

The subsidiary Musselcrag Limited is a dormant company as at 31<sup>st</sup> March 2022 and accordingly the Association has not prepared consolidated financial statements.

#### **Debtors and Creditors**

Debtors and creditors within a year and stated with no interest receivable or payable and are recorded at transaction price.

#### **Stock**

Stock is valued at the lower of cost and estimated selling price less cost to complete and sell using a weighted average method.

#### **Grants**

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where a grant is received from government and other bodies as a contribution towards a capital cost, it is recognised as income using the performance model in accordance with the SORP 2018. Prior to satisfying the performance conditions such grants are held as deferred income on the Statement of Financial Position.

#### **Loans and Borrowing**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a financing transaction it is measured at present value.

#### **Investment Policy**

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Income and Retained Earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

#### **HAG Policy**

HAG is received from central government and local authorities and is utilised to subsidise the costs of housing property.

HAG is recognised as income in the Statement of Comprehensive Income under the performance model. In the case of new build this will be when the properties are completed. HAG due or received is held as deferred income in the Statement of Comprehensive Income within Turnover. Grant received in respect of revenue expenditure is recognised as income in the same period to which it relates.

HAG is repayable under certain circumstances, primarily following the sale of a property but will normally be restricted to the net proceeds of sale.

## **NOTES TO THE ACCOUNTS**

**For the reporting date 31<sup>st</sup> March 2021**

### **ACCOUNTING POLICIES (continued)**

#### **Lead Tenancy Provision**

Lead Tenancy agreements require that a proportion of the rental income is retained by the Association to provide for future major repairs. Any sums remaining at the expiry of the Lead Tenancy Arrangement will be repaid to the owner of the property.

#### **Significant Estimates**

The preparation of financial statements requires the use of certain accounting judgements and estimates. It also requires the Committee of Management exercise judgement in applying the Association's accounting policies. The areas requiring the use of significant estimates are disclosed below.

##### **(i) Rent Arrears – Bad Debt Provision**

The Association assumes the recoverability of rent arrears through a detailed process that considers tenant payment history and recovery arrangements in place.

##### **(ii) Useful Life of Properties, Plant and Equipment**

The Association estimates the useful life of properties, plant and equipment, as well as components thereof, and estimates an annual charge to be depreciated.

##### **(iii) Defined Benefit Pension Liability**

In determining the value of the Association's share of defined benefit pension scheme assets and liabilities, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

#### **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty of not more than 24 hours.

#### **Short Term Investments**

Funds held in short term deposit accounts for a term over 3 months are presented at their current value with any interest received being charged to the statement of comprehensive income.

#### **Operating Leases**

Rental applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Income and Expenditure Account on a straight line basis over the term of the lease.

#### **Pensions**

The Association participates in the Scottish Housing Association's Pension Scheme (SHAPS) providing benefits based on Career Average Revalued Earnings. The Association's share of the Scheme Assets and Liabilities is shown in the Statement of Financial Position in accordance with their requirements of FRS17.

## NOTES TO THE ACCOUNTS

For the reporting date 31<sup>st</sup> March 2022

### 2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	Operating Costs	2022 Operating Surplus/(Deficit)	2021 Operating Surplus/(Deficit)
	£	£	£	£
Income & Expenditure from Lettings	10,344,170	7,402,347	2,941,823	3,443,568
Development for sale to RSL	Nil	Nil	Nil	Nil
Other Activities	426,079	375,101	50,978	27,081
<b>TOTAL</b>	<b>10,770,249</b>	<b>7,777,448</b>	<b>2,992,801</b>	<b>3,470,649</b>
Total for 2021	10,325,212	6,854,563		

### 3 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM SOCIAL LETTING ACTIVITIES

	General Needs Housing	Shared Ownership	2022 Total	2021 Total
	£	£	£	£
Rent Receivable net of Service Charges	9,408,820	10,204	9,419,024	9,211,946
Service Charges Receivable	89,242	258	89,500	69,656
Gross Rent Receivable	9,498,062	10,462	9,508,524	9,281,601
LESS: Rent Losses from Voids	(55,542)	Nil	(55,542)	(55,761)
Net Income from Rents & Service Charges	9,442,520	10,462	9,452,982	9,225,841
Amortised Government Grants	891,188	Nil	891,188	851,442
Revenue Grants	0	0	0	0
Total Turnover from Social Letting	10,333,708	10,462	10,344,170	10,077,283
Management Services	2,408,032	Nil	2,408,032	2,313,529
Planned and Cyclical Maintenance	82,397	Nil	82,267	22,806
Reactive Maintenance	1,000,240	Nil	1,000,240	892,680
Rent Losses from Bad Debts	1,202,206	Nil	1,202,206	797,608
Depreciation of Social Housing	76,637	Nil	76,637	49,729
	2,632,835	Nil	2,632,835	2,557,363
Total Operating Costs	7,402,347	Nil	7,402,347	6,633,715
Operating Surplus / (Deficit)	2,931,361	10,462	2,941,823	3,443,568
Operating Surplus / (Deficit) for 2021	3,432,659	10,908		

Note: All Major Repair costs not capitalised are included in Planned and Cyclical Maintenance.  
There was no impairment of social housing.



## NOTES TO THE ACCOUNTS

For the reporting date 31<sup>st</sup> March 2022

### 3 PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS (continued)

The number of units of housing under development and in management at 31st March 2022 was:

	Units under Development		Units in Management	
Housing accommodation for letting	2022	2021	2022	2021
New build – Shared Ownership	Nil	Nil	5	5
New build – Rented	74	96	1,546	1,532
Rehabilitation – Rented	Nil	Nil	503	503
Rehabilitation – Sheltered	Nil	Nil	Nil	Nil
	<u>74</u>	<u>96</u>	<u>2,054</u>	<u>2,040</u>

### 4 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES.

	Grants from Scottish Ministers	Other Income	Total Turnover	Operating Costs - Bad Debts	Other Operating Costs	2022 Operating Surplus/ (Deficit)	2021 Operating Surplus/ (Deficit)
	£	£	£	£	£	£	£
Non RTB Property Sales	0	0	0	0	0	0	0
Development for sale to Registered Social Landlords	0	0	0	0	0	0	0
Grant Funded Disabled Adaptations	230,661	0	230,661	0	224,596	6,065	0
Agency / Management services for RSLs	0	0	0	0	0	0	0
Factoring	0	77,471	77,471	0	53,578	23,893	1,010
Other Activities	0	117,947	117,947	0	96,927	21,020	26,071
<b>TOTAL</b>	<b>230,661</b>	<b>195,418</b>	<b>426,079</b>	<b>0</b>	<b>375,101</b>	<b>50,978</b>	<b>27,081</b>
<b>Total 2021</b>	<b>85,391</b>	<b>186,280</b>	<b>298,692</b>	<b>11,686</b>	<b>232,860</b>	<b>54,146</b>	<b>54,146</b>

Note: There were no other revenue grants received for the above activities.

The following operating costs are not applicable for the year ended 31<sup>st</sup> March 2022:

- Care & Repair of Property
- Care Activities
- Other Agency / Management Services
- Homestake.

## NOTES TO THE ACCOUNTS

For the reporting date 31<sup>st</sup> March 2022

### 5 GAIN / (LOSS) ON SALE OF FIXED ASSET

	Shared Ownership Properties	Other Properties	2022 Total	2021
	£	£	£	£
Proceeds	0	0	0	70,000
Cost of Disposal	0	0	0	24,244
Gain / (Loss)	0	0	0	45,756

### 6 INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£	£
Bank loans and overdrafts	1,324,533	1,471,259
Interest on defined benefit pension liability	31,000	Nil
	<u>1,355,533</u>	<u>1,471,259</u>

### 7 SURPLUS FOR THE YEAR

This is stated after charging:	2022	2021
	£	£
Auditors' remuneration (including VAT) - external audit	11,000	12,400
- other services	Nil	Nil
- internal audit	3,792	7,110
Donations to Local Charities	3,389	Nil
Operating Leases	26,013	37,454
(Gain) / loss on disposal of fixed asset	0	45,756
Depreciation of housing properties	2,576,278	2,557,363

### 8 STAFF COSTS

At the year-end there were 45 full time equivalent employees (2021: 44). Staff costs during the year amounted to:

	2022	2021
	£	£
Wages and Salaries	1,426,891	1,455,951
National insurance	149,304	160,428
Pensions	286,268	207,211
	<u>1,862,463</u>	<u>1,823,590</u>

The average number of persons directly employed by the Association during the year was

No.	No.
<u>46</u>	<u>45</u>

## NOTES TO THE ACCOUNTS

For the reporting date 31<sup>st</sup> March 2022

### 8 STAFF COSTS (continued)

#### KEY MANAGEMENT PERSONNEL

As per the Scottish Housing Regulator's Determination of Accounting Requirements 2014, disclosure of key management personnel's emoluments exceeding £60,000 per annum is required.

	2022 £	2021 £
The total emoluments payable to key management personnel and former key management personnel amount to:-		
Emoluments excluding employers pension	276,284	273,301
Employers pension contributions	26,924	28,255
	<u>303,208</u>	<u>301,556</u>

The emoluments (including pension contributions but excluding redundancy payments) of the Officers were in the following ranges:

	No.	No.
£60,000 - £70,000	-	-
£70,001 - £80,000	3	3
£80,001 - £90,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	-	-
	<u>4</u>	<u>4</u>

No emoluments were paid to any member of the Committee.

## NOTES TO THE ACCOUNTS

For the reporting date 31<sup>st</sup> March 2022

### 9 TANGIBLE FIXED ASSETS

<b>a) Housing Properties</b>	Wholly Owned Completed £	Wholly Owned in Course of Construction £	Shared Ownership Completed £	Total £
<b>Cost:</b>				
At 1 <sup>st</sup> April 2021	142,038,460	7,663,698	134,231	149,836,389
Additions during year	2,079,436	9,196,462	Nil	11,275,898
Transfer to current assets	Nil	Nil	Nil	Nil
Transfer	4,251,120	(4,251,120)	Nil	Nil
Disposals in year	(180,979)	Nil	Nil	(180,979)
At 31 March 2022	148,188,037	12,609,040	134,231	160,931,308
<b>Depreciation:</b>				
At 1 <sup>st</sup> April 2021	32,055,718	Nil	Nil	32,055,718
Transfer to current assets	Nil	Nil	Nil	Nil
Disposals in year	(124,422)	Nil	Nil	(124,422)
Charge for year	2,576,278	Nil	Nil	2,576,278
At 31 <sup>st</sup> March 2022	34,507,574	Nil	Nil	34,507,574
<b>Net book value:</b>				
At 31 <sup>st</sup> March 2022	113,680,463	12,609,040	134,231	126,423,734
At 31 <sup>st</sup> March 2021	109,982,742	7,663,698	134,231	117,780,671

Total works carried out on housing properties for the year ended 31<sup>st</sup> March 2022 was £2,259,073 (2021 - £1,271,831). Of this total £1,258,833 (2021 - £379,151) was capitalised above and £1,000,240 (2021 - £892,680) was expensed in the income and expenditure statement in line with recommended practice.

During the year the Association had capitalised salary costs of £309,203 (2021 - £244,868)

<b>b) Fixed Asset Investments</b>	Homestake £	Subsidiary £	Total £
<b>Cost:</b>			
As 1 <sup>st</sup> April 2021	216,867	1	216,868
Additions during the year	-	-	-
As at 31 <sup>st</sup> March 2022	216,867	1	216,868
Net book value At 31 <sup>st</sup> March 2021	216,867	1	216,868

The wholly owned subsidiary Musselcrag Limited was dormant throughout the financial year.

## NOTES TO THE ACCOUNTS

For the reporting date 31<sup>st</sup> March 2022

### 9 TANGIBLE FIXED ASSETS (continued)

<b>c) Other</b>	Office & Lounges	Computer Equipment	Office Equipment	Total
<b>Cost:</b>	£	£	£	£
At 1st April 2021	1,092,918	102,037	112,894	1,307,849
Additions during year	Nil	20,607	2,534	23,141
Disposals during year	Nil	(21,563)	(111,174)	(132,737)
At 31st March 2022	1,092,918	101,081	4,254	1,198,253
<b>Depreciation:</b>				
At 1st April 2021	418,974	32,750	112,432	564,156
Disposals during year	Nil	(21,563)	(111,174)	(132,737)
Provided during year	21,859	20,119	154	42,131
At 31st March 2022	440,833	31,306	1,412	473,551
<b>Net book value:</b>				
At 31st March 2022	652,085	69,775	2,842	724,702
At 31st March 2021	673,944	69,286	463	743,693

### 10 DEBTORS

	2022	2021
	£	£
Amounts falling due within one year:		
HAG Receivable	Nil	679,404
Rental Debtors	283,121	296,946
Recharge Account Debtors	49,366	36,385
Other Debtors	613,753	157,024
Prepayment and accrued income	171,730	142,938
	1,117,970	1,312,697

The Rental and Recharge Debtors figures shown above are net of the current Provision for Bad Debts of £87,583 (2021: £202,914). The provision ensures that 50% of the outstanding Ex-Tenant Rent and 100% of the Ex-Tenant Recharge Balances were provided for. Rental Debtors accounts for £39,645 (2021:£46,402) of the provision with the remaining £47,938 (2021:£156,512) deducted from the Recharge Account Debtors.

### 11 PROPERTY HELD FOR SALE

	Net Book Value
	£
As at 1 <sup>st</sup> April 2021	Nil
Additions in year	Nil
Sold during the year	Nil
At 31 <sup>st</sup> March 2022	Nil

## NOTES TO THE ACCOUNTS

For the reporting date 31<sup>st</sup> March 2022

### 12 STOCK OF MAINTENANCE SUPPLIES

	2022 £	2021 £
Stock of Various Items of Ironmongery	7,454	7,693

Stock is valued at the lower of cost and estimated selling price less cost to complete and sell using a weighted average method.

### 13 CREDITORS : amounts falling due within one year

	2022 £	2021 £
Loans (note 14)	1,748,036	1,537,648
Trade creditors	2,472,860	1,917,425
HAG	939,656	891,188
Lead Tenancies Major Repairs Provisions	12,349	13,101
Pension Provision	Nil	Nil
Rent in advance	213,225	238,501
Other creditors	Nil	Nil
	5,386,126	4,597,863

### 14 CREDITORS : amounts falling due after more than one year

	2022 £	2021 £
Loans	42,913,978	44,581,940
Deferred Income	1,169,726	765,216
Housing association grants	70,519,821	67,097,317
	114,603,525	112,444,473

Housing property loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments due as follows:

	2022 £	2021 £
Within one year	1,748,036	1,537,648
Between one and two years	1,790,401	1,574,436
Between two year and five years	5,157,939	4,452,789
After five years	35,965,638	38,544,715
	44,662,014	46,119,588
Included in creditors: amounts falling due within one year	(1,748,036)	(1,537,648)
	42,913,978	44,581,940

## NOTES TO THE ACCOUNTS

### For the reporting date 31<sup>st</sup> March 2022

#### 14 CREDITORS : amounts falling due after more than one year (cont'd)

Analysis of changes in loan financing during the year:

	2022	2021
	£	£
At 1 <sup>st</sup> April 2021	46,248,144	47,464,506
New loans taken out	Nil	Nil
Amounts repaid	(1,457,573)	(1,216,362)
At 31 <sup>st</sup> March 2022	44,790,571	46,248,144

#### Derivatives

The Association is not permitted to enter into speculative transactions with financial instruments. The Association follows the guidance set out by the Scottish Housing Regulator. Any financial instrument entered into by the Association is covered by underlying loans. As part of its Treasury Management Policy the Association uses financial derivatives to achieve interest rate certainty. At 31<sup>st</sup> March 2022 the Association has one interest rate SWAP as follows:-

Institution	Notional Amount	Rate	Start	End
Royal Bank of Scotland plc	£7.6 million	5.70%	04/11/02	04/11/32

#### 15 SHARE CAPITAL

	2022	2021
	£	£
Shares of £1 each		
At 1 <sup>st</sup> April 2021	45	47
Issued	Nil	6
Cancelled	Nil	(8)
At 31 <sup>st</sup> March 2022	45	45

#### 16 REVENUE RESERVE

The income and expenditure reserve represents cumulative surplus and deficits net of other adjustments



## NOTES TO THE ACCOUNTS

For the reporting date 31<sup>st</sup> March 2022

### 17 CASH FLOW FROM OPERATING ACTIVITIES

	2022	2021
	£	£
Surplus for year	2,992,801	3,470,649
Depreciation and impairment of tangible fixed assets	2,618,409	2,588,335
Amortisation of housing association grant	(891,188)	(851,442)
Disposal of fixed assets – (gain) / loss	Nil	(45,756)
Disposals of tangible fixed assets	56,557	213,990
Decrease in property held for sale	Nil	Nil
(Increase) / decrease in stock	238	2,260
(Increase) / decrease in trade and other debtors	194,727	(501,413)
Increase / (decrease) in trade and other creditors	529,406	876,779
Gain / (Loss) in respect of pension scheme	810,000	(1,462,108)
Increase / (Decrease) in provisions	(1,113,000)	1,113,000
Share capital written off	Nil	Nil
Government Grants utilised in year	Nil	Nil
<b>Net cash flow from operating activities</b>	<b>5,197,950</b>	<b>5,404,294</b>

### 18 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2021	Cashflows	At 31 March 2022
	£	£	£
Cash at Bank and in Hand	14,716,151	(5,856,886)	8,859,265
Short Term Deposits	470,437	1,716,912	2,187,349
	15,186,588	(4,139,975)	11,046,614
Debt Due within one year	(1,537,648)	(210,388)	(1,748,036)
Debt Due after one year	(44,581,940)	1,667,962	(42,913,978)
<b>Total</b>	<b>(30,933,000)</b>	<b>(2,682,402)</b>	<b>(33,615,400)</b>

### 19 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2022	2021
	£	£
Increase/ (Decrease) in cash in the year	(5,856,886)	161,163
<b>Increase/ (Decrease) in short term deposits in the year</b>	<b>1,716,912</b>	<b>2,393</b>
	<b>(4,139,974)</b>	<b>163,556</b>
Cash Inflow from increase in net debt	1,457,574	1,216,362
	<b>(2,682,400)</b>	<b>1,379,919</b>
Net Debt at 1 <sup>st</sup> April 2021	<b>(30,933,000)</b>	<b>(32,312,919)</b>
Net Debt at 31 <sup>st</sup> March 2022	<b>(33,615,400)</b>	<b>(30,933,000)</b>

## **NOTES TO THE ACCOUNTS**

### **For the reporting date 31<sup>st</sup> March 2022**

#### **20 RETIREMENT BENEFITS**

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<sup>th</sup> 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. A Recovery Plan has been put in place to eliminate the deficit, which runs to 28<sup>th</sup> February 2022 for the majority of employers, although certain employers have different arrangements.

The Scheme is classified as a "last-man standing" arrangement." Therefore the 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 before 28<sup>th</sup> February 2019 it has not been possible for the Association to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme, therefore the Association has accounted for the Scheme as a defined contribution Scheme

For financial years ending on or after 31<sup>st</sup> March 2019 it is possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

For accounting purposes two actuarial valuations for the Scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used to calculate the Association's net deficit or surplus at the accounting period start and end dates.

## NOTES TO THE ACCOUNTS

For the reporting date 31<sup>st</sup> March 2022

### 20 RETIREMENT BENEFITS (continued)

#### Present values of defined benefit obligation, fair value of assets & defined benefit asset (liability)

	2022	2021
	£(000's)	£(000's)
Fair value of plan assets	12,110	11,596
Present value of defined benefit obligation	12,056	12,709
Surplus / (Deficit) in plan	54	(1,113)
Unrecognised surplus	54	-
Defined benefit asset / (liability) to be recognised	-	(1,113)

#### Reconciliation of the impact of the Asset Ceiling

	2022
	£(000's)
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (Gains) on asset ceiling	54
Impact of asset ceiling at end of period	54

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

	2022
	£(000's)
Defined benefit obligation at start of period	12,709
Current service cost	-
Expenses	10
Interest Expense	277
Contributions by plan participants	-
Actuarial losses (gains) due to experience	355
Actuarial losses (gains) due to changes in demographic assumptions	37
Actuarial losses (gains) due to changes in financial assumptions	(1,133)
Benefits paid and expenses	(199)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined Benefit obligation at end of period	12,056

**NOTES TO THE ACCOUNTS**  
**For the reporting date 31<sup>st</sup> March 2022**

**20 RETIREMENT BENEFITS (continued)**

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

	<b>2022</b> <b>£(000's)</b>
Fair value of plan assets at start of period	11,596
Interest income	256
Experience on plan assets(excluding amounts included in interest income- gain / (loss)	123
Contributions by Employer	334
Contributions by plan participants	-
Benefits paid and expenses	(199)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rates change	-
Fair value of plan assets at end of period	<u>12,110</u>

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £379,000.

**Defined benefit costs recognised in statement of comprehensive income (SoCI)**

	<b>2022</b> <b>£(000's)</b>
Current service cost	-
Expenses	10
Net interest expense	21
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	<u>31</u>

**NOTES TO THE ACCOUNTS**  
For the reporting date 31<sup>st</sup> March 2022

**20 RETIREMENT BENEFITS (continued)**

**Defined Benefit Costs recognised in other comprehensive income**

	<b>2022 £(000's)</b>
Experience on plan assets(excluding amounts included in net interest cost – gain (loss)	123
Experience gains and losses arising on the plan liabilities – gain (loss)	(355)
Effects of changes in the demographic assumptions underlying the present value Of the defined benefit obligation – gain (loss)	(37)
Effects of changes in the financial assumptions underlying the present value Of the defined benefit obligation – gain (loss)	1,133
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable gains (loss)	864
Effect of changes in the amount of surplus that is not recoverable (excluding amounts Included in net interest cost) – gain (loss)	(54)
Total amount recognised in other comprehensive income – gain (loss)	810

## NOTES TO THE ACCOUNTS

For the reporting date 31<sup>st</sup> March 2022

### 20 RETIREMENT BENEFITS (continued)

#### Assets

	2022	2021
	£(000's)	£(000's)
Global Equity	2,394	1,794
Absolute Return	555	572
Distressed Opportunities	434	396
Credit Relative Value	388	334
Alternative Risk Premia	500	465
Emerging Markets Debt	451	467
Risk Sharing	395	415
Insurance- Linked Securities	254	242
Property	314	208
Infrastructure	756	648
Private Debt	305	273
Opportunistic Illiquid Credit	401	297
High Yield	118	304
Opportunistic Credit	42	317
Cash	34	4
Corporate Bond Fund	765	875
Liquid Credit	78	200
Long lease Property	349	269
Secured Income	647	637
Over 15 year Gilts	5	5
Liability Driven Investment	2,930	2,788
Currency Hedging	(44)	
Net Current Assets	39	86
<b>Total Assets</b>	<b>12,110</b>	<b>11,596</b>

None of the fair value of 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 ACCOUNTS

For the reporting date 31<sup>st</sup> March 2022

### 20 RETIREMENT BENEFITS (continued)

#### KEY ASSUMPTIONS

	<b>2022</b>	<b>2021</b>
	<b>% per annum</b>	<b>% per annum</b>
Discount Rate	2.79%	2.20%
Inflation (RPI)	3.51%	3.25%
Inflation (CPI)	3.16%	2.87%
Salary Growth	4.16%	3.87%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	<b>Life expectancy at age 65 (Years)</b>
Male retiring in 2022	21.6
Female retiring in 2022	23.9
Male retiring in 2042	22.9
Female retiring in 2042	25.4

### 21 RELATED PARTY TRANSACTIONS

Two members of the Board are also tenants of the Association (2021 – Four). The tenancies are on the same terms as for other tenants and no advantage can be gained from the position.

During the financial year, Board members were charged rent totalling £9,906 (2021 - £17,966). As at 31 March 2022 £155.31 (2021 - £72.39) was due to the Association.

Where members of the Board are also councillors or employees of related local authorities, there are no transactions to disclose that were not made at arm's length or not made under the normal commercial terms.

No Board members received remuneration however members of the management board were reimbursed for out of pocket expenses amounting to £Nil (2021 - £1,300).



## NOTES TO THE ACCOUNTS

For the reporting date 31st March 2021

### 22 CAPITAL COMMITMENTS

	2022 £	2021 £
Contracted less certified	3,422,079	10,925,672
Authorised but not contracted	Nil	Nil

The Committee of Management expects the majority of the expenditure they have authorised to be fully financed by Housing Association Grant from The Scottish Government or by mortgages from private sector lenders.

### 23 OTHER COMMITMENTS

The Association's total commitments under non-cancellable operating leases are as follows:

	2022 £	2021 £
Other operating leases		
Within one year	39,403	48,536
Between one and five years	44,662	84,065
	84,065	132,601

### 24 SUBSIDIARIES INFORMATION

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows:

Name of Company	Country of Registration or Incorporation	Date of Incorporation	Proportion of Voting Rights	Nature of Business
<b>Subsidiary Undertakings</b> Musselcrag Limited	Scotland	19/08/2010	Wholly Controlled	Dormant since incorporation

### 25 CONTINGENT LIABILITY

The Association participates in a multi-employer pension scheme. Should the Association leave the scheme, the amount of employer debt has been estimated at £5,703,682 as at September 2021. At this time, there is no plan for leaving the scheme. The Association has taken the decision to close the Defined Benefit structure to all staff, replacing it with the Defined Contribution option, which remains within the SHAPS scheme.