

**ARGYLL COMMUNITY HOUSING  
ASSOCIATION LIMITED AND  
SUBSIDIARIES**



**Report of the Board of Management  
and Financial Statements  
for the year ended  
31<sup>st</sup> March 2024**

**Registration Particulars:**

Scottish Housing Regulator

Registered Number: 360

Co-operative and Community Benefit  
Societies Act 2014

Registered Number: 2661R (S)

Office of the Scottish Charity Regulator

Registered number: SC042713

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

For the year ended 31<sup>st</sup> March 2024

## Contents

Board of Management, Executives and Advisers	1-2
Strategic Report of the Board of Management	3-13
Statement of Board of Management's Responsibilities	14
Board of Management's Statement on Internal Financial Controls	15
Auditor's Reports	16-20
Statement of Comprehensive Income - Group	21
Statement of Comprehensive Income - Company	22
Statement of Financial Position – Group	23
Statement of Financial Position - Company	24
Statement of Changes in Equity – Group and Company	25
Statement of Cash Flows – Group	26
Statement of Cash Flows – Company	27
Accounting Policies and Notes to the Financial Statements	28-53

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

For the year ended 31<sup>st</sup> March 2024

### The Board of Management

The Board of Management and the Executive Officers who held office during the year are as follows:

<b>Board of Management</b>		<b>Appointed</b>	<b>Resigned</b>
<b>Tenant and Independent Members</b>			
Mike Brown		21 <sup>st</sup> September 2022	
Catherine Grant	Chair	22 <sup>nd</sup> August 2019	
Esther Hughes		4 <sup>th</sup> February 2021	
Dan Hughes		21 <sup>st</sup> September 2022	
Mark Irvine	Secretary	2 <sup>nd</sup> February 2023	
Bruce Marshall		12 <sup>th</sup> July 2012	
Ian McIntyre		16 <sup>th</sup> November 2017	
Pat McVey		15 <sup>th</sup> December 2022	
James Milne	Vice Chair	14 <sup>th</sup> June 2012	
Elizabeth Rhodick		24 <sup>th</sup> May 2018	
<b>Argyll and Bute Council Nominees</b>			
Jan Brown		19 <sup>th</sup> May 2022	
Alastair Redman		15 <sup>th</sup> December 2022	21 <sup>st</sup> March 2024
William Sinclair		2 <sup>nd</sup> May 2024	
<b>Executive Officers</b>			
Michelle Mundie	Chief Executive		
Colette Benham	Director of Human Resources and Corporate Services		Resigned 29 <sup>th</sup> July 2024
Fiona Campbell	Director of Assets and Sustainability		
Sandra McLeod	Director of Customer Experience		Resigned 21 <sup>st</sup> January 2024
Bruce West	Director of Finance and IT		From 22 <sup>nd</sup> January 2024
Allan MacDonald	Director of Finance and IT		From 1 <sup>st</sup> August 2024
William Mulheron	Director of Assets and Sustainability		

All resignations and appointments from 31<sup>st</sup> March 2024 to the date of signing of the accounts are also included above.

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**

**BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS**

**For the year ended 31<sup>st</sup> March 2024**

**Registered Office:** Menzies House  
Glenshellach Business Park  
Oban  
PA34 4RY

**Auditors:** Alexander Sloan LLP  
Accountants and Business Advisers  
180 St Vincent Street  
Glasgow  
G2 5SG

**Principal Bankers:** Lloyds Banking Group  
120 George Street  
Edinburgh  
EH2 4LH

**Solicitors:** TC Young  
7 West George Street  
Glasgow  
G2 1BA

**Internal Auditors:** WBG  
168 Bath Street  
Glasgow  
G2 4TP

# **ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**

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

**For the year ended 31<sup>st</sup> March 2024**

### **ABOUT ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED GROUP**

The Board of Management present their report and audited financial statements for the financial period 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024.

Argyll Community Housing Association Limited (ACHA) was incorporated on 27<sup>th</sup> May 2005. ACHA is a not-for-profit organisation, registered with the Scottish Housing Regulator as a Registered Social Landlord (RSL) No. 360 on 21<sup>st</sup> November 2006 and constituted as an Industrial and Provident Society incorporated under the Co-operative and Community Benefit Societies Act 2014 (Registered Number 2661R(S)). ACHA was registered as a charity with the Office of the Scottish Charity Regulator on 4<sup>th</sup> November 2011, registered No. SC042713.

Argyll Homes For All Limited (AHFA) is a wholly owned subsidiary of ACHA incorporated on 27<sup>th</sup> January 2012. It is a trading company limited by shares and registered with Companies House under the Companies Act 2006, number SC415603.

### **PRINCIPAL ACTIVITIES**

ACHA's principal activity is to provide and manage quality affordable housing accommodation for people in housing need across the Argyll and Bute region. ACHA received 5,398 homes from Argyll and Bute Council as a result of the whole stock transfer on 21<sup>st</sup> November 2006 and now has 5,184 homes as a result of previous right to buy sales, stock rationalisation and new development / acquisitions. ACHA owns and manages a range of housing for rent in primarily general needs accommodation, some sheltered accommodation and a small number of gypsy traveller sites. It provides accommodation for the homeless through tenancies with Argyll and Bute Council.

The emphasis of ACHA's activities is the provision of quality, affordable and sustainable homes, delivering quality housing and more homes in great places to live and work.

The principal activity of the wholly owned subsidiary, AHFA, is property repairs and maintenance, in addition to small capital works, for ACHA.

### **GOVERNANCE AND DECISION MAKING**

ACHA's organisational structure consists of a voluntary Board of Management (Board) supported by a Senior Management Team (SMT). The Board comprises of tenants (5 places), Argyll and Bute Council nominated representatives (2 places) and independent representatives of the wider community (5 places). During the year the Board had 1 leaver and recruited 1 new Council elected member. At the 31<sup>st</sup> March 2024 there were no vacancies on ACHA's Board.

The SMT comprises the Chief Executive and each of the directors heading the four functional departments of Customer Experience, Assets, Human Resources & Corporate Services, and Finance & IT.

All Board members and staff operate within a set of standing orders, policies and financial regulations. Decisions relating to ACHA's strategic objectives are taken at regular Board meetings whilst operational matters are dealt with by staff. ACHA also has standing committees, which are the Audit Committee, Policy Committee and Remuneration Committee and has delegated powers to these. The Audit Committee's remit includes all aspects of audit compliance and internal assurance, monitoring risk, debt write off and also the annual accounts and financial statements. The Policy Committee has delegated powers to consider the approval of ACHA's operating policies thus enabling the Board meetings to focus on strategic matters. ACHA also has a Health and Safety Committee comprising of staff in recognition of the key strategic importance of health and safety compliance across the Group. A review of the Group's Standing Orders and sub-committees is currently underway.

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

### For the year ended 31<sup>st</sup> March 2024

AHFA is a wholly owned subsidiary and is a company limited by shares. AHFA has a Board of Management and Board members operate according to established standing orders, policies and financial regulations. AHFA has no sub committees. AHFA has a Board comprising of 6 members, 3 of whom are Board members of ACHA, 2 who are independent members and 1 current vacancy at the year end. AHFA operates across the whole of the Argyll and Bute region with 2 principal office locations being Oban and Helensburgh. It has a Managing Director who oversees all aspects of its functions.

### RISK MANAGEMENT

The Group's Risk Management Policy was reviewed by the Policy Committee in November 2023. Board members reviewed the Group's risk appetite at its Strategy Away Day on 27 February 2024 and the Group Risk Registers are reviewed on a quarterly basis by the Audit Committee. The ACHA Board of Management have approved the Group Risk Registers for 2024/25. The internal audit programme has been running successfully throughout the year. The outcomes of the internal audit reviews were considered by officers and reported to the Audit Committee who monitor any outstanding recommendations and actions. The internal audit annual plan for the 2024/25 financial year was approved by the Audit Committee in February 2024.

ACHA was compliant with its regulatory requirements throughout the year and the Scottish Housing Regulator continued to engage with the Association regarding its development plans and because it is deemed to be a systemically important landlord due to its significance within its area of operation. This requires ACHA to submit regular returns to the Regulator.

### HEALTH AND SAFETY

The Group employs a Health, Safety and Environmental Advisor and has a health and safety committee comprised of staff members. A Board member also attends the meetings. A quarterly update is provided by the Health, Safety and Environmental Advisor and the Property Services Manager to the Board of Management on Group safety issues, as well as tenant / resident safety. An annual audit of Health & Safety Management systems is undertaken, to assess compliance with current Health & Safety legislation and best practice. The Health, Safety and Environmental Advisor also carries out additional internal health and safety system audits to ensure compliance. ACHA continue to take a pro-active approach to delivering an effective Safety Management System to continue to meet its Health and Safety obligations.

### STAFF

The ACHA group employed 255 full time equivalent (FTE) staff during 2023/24 (weighted FTE – breakdown within note 7 to the accounts), an increase of 5 on the 250 full time equivalent staff during 2022/23. This again was mainly due to an increase in staff numbers within AHFA in line with their continued business development.

The Group have appointed consultants to support a Business Transformation Project. All staff had the opportunity to attend Managing Change training to prepare for the Transformation Programme. We also carried out a Transformation Baseline Employee Survey to monitor staff engagement before and after the Transformation Programme's implemented. We introduced three new salary sacrifice schemes as additional staff benefits; buying and selling leave, a low emission vehicle scheme and a cycle to work scheme. Staff turnover at the end of March 2024 was 15.19 % against a target of 14.0%. Exit trends indicate retirement, temporary contracts and career progression as being our key reasons for leaving.

Sickness absence rates for 2023/24 have decreased to 4.6% against a target of 3.0%. The target will be changing to 3.4% to reflect UK wide higher absences. Trigger points for short term and long term absence are followed up at an early stage to allow individuals to access a wealth of health and wellbeing programmes. The Group has a disability passport scheme introduced to ensure those who need it have in place a process to review what reasonable adjustments may be needed to keep our staff working and managing health conditions. ACHA continue to refresh the 'one stop' Group wide Health and Wellbeing Policy, training for managers, and add to our wide range of health programmes to support staff.

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31<sup>st</sup> March 2024

### OBJECTIVES, OPERATIONS AND PERFORMANCE

#### Performance Management

Performance levels are routinely monitored by staff delivering services, the SMT and Board. The Scottish Housing Regulator monitors and reports on ACHA's performance using the Annual Return on the Charter (ARC). For the ARC, ACHA submits data pertaining to performance indicators that are measured against other social housing providers in Scotland. ACHA use these comparisons to help set our own performance targets that, as a minimum, will be to at least meet the Scottish National Average.

ACHA publishes our Landlord Report to show how we are performing against the standards set out in the Scottish Social Housing Charter, ensuring tenants and others can assess the effectiveness of our work and allowing us to identify where improvements can be made. The most recent report was published in October 2023.

The Scottish Housing Regulator also requires ACHA to submit an Annual Assurance Statement. The purpose of this statement is for ACHA's Board to assess assurance that the organisation complies with regulatory requirements.

Each year the Scottish Housing Regulator publishes an Engagement Plan for each landlord. This outlines what they will do and details Regulatory returns, which we must provide in order for the Scottish Housing Regulator to monitor our performance.

It is important that tenants and other customers have the opportunity to provide feedback on the services they receive and ACHA conducts a number of different surveys throughout each year.

Complaints information is used as a learning tool, together with other performance information such as satisfaction surveys and benchmarking of performance indicators. This helps to build an accurate picture of how services are performing and assists in developing service improvements. Areas of concern are also reviewed and considered by the Board as part of their Strategic Planning role and may be included in the Corporate Strategic Plan, which sets out ACHA's aims and objectives going forward.

Each of the four departments within ACHA also develops and maintains a directorate plan setting out their departmental objectives for the year ahead.

#### Tenant Participation and Customer Involvement

ACHA believes that keeping our customers informed and listening to their views is essential to the continuous improvement of our housing services. Our Governing Body is made up of tenants, members of the local community and representatives from Argyll and Bute Council. In addition to the Board, tenants and other interested parties are able to participate and get involved with ACHA in the following ways:

- By becoming a member of ACHA for just £1 for life, and attending our Annual General Meeting.
- By becoming a member of a local Registered Tenant Organisation - ACHA currently supports one group, Dalintober & Millknowe Tenants & Residents Association.
- By joining the "Your Voice" tenant scrutiny group, who have a key role in evaluating ACHA's services, assessing performance and working with us to achieve change.
- By joining Estate Walkabouts which are jointly carried out by tenants, owners and ACHA officers to identify areas for improvement within communities.
- By taking part in consultation events which can be large-scale events, or more localised for specific communities.
- By providing views on our services, policies and proposals through surveys and questionnaires.
- By providing views on recent news and proposals on our social media.

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

### For the year ended 31<sup>st</sup> March 2024

During 2023 we worked with the "Your Voice" tenant scrutiny group to develop a new Customer Involvement Strategy. Our Strategy ambition is to encourage more customers to engage effectively and help us to challenge, change and improve how we operate and deliver services.

Through the summer of 2023 we also carried out Tenant and Owner satisfaction surveys. Over 1,000 tenants and 105 Factored Owners were interviewed from different areas cross Argyll & Bute, occupying all housing types to ensure a broad range of responses. The survey contained questions to capture the customer experience. An action plan was developed using survey feedback in order to develop and improve ACHA's services.

### Housing Allocations

ACHA is one of the main Social Housing providers in the Argyll and Bute area. Our properties are allocated via a Common Housing Register, HOME Argyll (Housing Options Made Easy), which is operated in partnership with Dunbritton Housing Association, West Highland Housing Association, Fyne Homes and Argyll and Bute Council. Having a common housing register means that applicants seeking rehousing only have to complete one online application form, which can be accessed via any of the Partner websites. Applicants are also required to complete a Housing Options questionnaire. This is aimed at helping applicants make informed decisions regarding their housing requirements.

As at 31<sup>st</sup> March 2024 there were a total of 3,568 applicants on the HOME Argyll waiting lists.

During 2023/24 ACHA let 471 properties to applicants from the following waiting list categories:

Statutory Homeless	147 (31%)
Direct Waiting List	227 (48%)
Transfer Waiting List	97 (21%)

Tenants from the partner organisations are also able to "swap" houses via our mutual exchange facility. During 2023/24, 45 tenants were able to move into more suitable accommodation via this scheme.

### Estate Management and Anti-Social Behaviour

Our staff complete regular inspections of our estates and play parks, and encourage all our tenants to take pride in the community in which they live. This year we launched Estate Walkabouts where tenants and residents are invited to join us to inspect areas and highlight any issues they would like resolved. ACHA is not the sole landowner or landlord with responsibilities for the maintenance of open spaces, and therefore whenever possible, we work with other owners for the benefit of our estates and the wider community. An example of this is the work undertaken via our Exemplar Estates project that aims to improve the appearance of estates throughout Argyll and Bute.

Our last tenant satisfaction survey revealed that 93.7% of our tenants were satisfied with the management of the neighbourhood that they lived in.

We judge the annual 'Garden in Bloom' competitions in each area. This is an opportunity to recognise the hard work and commitment from tenants in maintaining their garden.

Part of our Estate Management work includes supporting tenants and other members of the community who are experiencing anti-social behaviour and/or neighbour nuisance. During the year we resolved 97.9% of the 142 cases reported to us. ACHA does not have sole responsibility for dealing with anti-social behaviour and very often will rely on the assistance of Police Scotland or other agencies to take direct action against those who commit anti-social acts or, at the very least, assist ACHA in taken action. ACHA raised 1 court action against a tenant in respect of anti-social behaviour in 2023/2024 which ultimately resulted in the perpetrator of anti-social behaviour being evicted.

### Factoring and Private Owners

ACHA's day to day factoring undertakings involve private owners where they own properties in shared blocks, estates or common ground. As many owners have a shared responsibility they also have an



# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

**For the year ended 31<sup>st</sup> March 2024**

ability to influence decision making, and a legal responsibility for maintenance, upkeep and repairs to common property and common areas.

Last year saw an increase in the number of owners that joined ACHA's comprehensive factoring service and, at the end of the financial year there were 384 owners, from a total of 117 blocks, who entered into a formal arrangement. The comprehensive service is in place to arrange repairs, maintenance and upgrading work to common blocks to maintain and improve the property for all residents and provide customers with access to the repairs service and customer service centre to report work required.

Our last consultation took place with owners during late summer 2023, with 64.8% of respondents confirming that they were either very or fairly satisfied with the overall factoring service provided by ACHA.

### **Welfare Rights Service**

The Welfare Rights team played an important role during the financial year of 2023/24 in relation to assisting 1,403 tenants with a wide range of enquiries. The team continued to represent tenants at the appeals stage, enabling tenants to have benefits decisions reviewed again independently. The majority of these appeals were successful, maximising tenant's income. The team continue to attend online training to keep up to date with changes in relation to welfare rights, especially the new benefits administered by the Scottish Government. A strong focus of the team is to target the most vulnerable groups in our communities, for example, low income households, single parents, the elderly and disabled individuals to ensure they have their incomes maximised where possible.

During 2023/2024, ACHA secured £0.03 million funding from the Social Housing Fuel Support Fund and assisted 663 households throughout Argyll & Bute with items such as slow cookers, air fryers, duvets, curtains and thermal blankets to help with the reducing their energy costs. A joint approach was taken to the administration of this fund involving the Welfare Rights team, Housing & Neighbourhood Services and Property Services. Prior to this in May 2023, ACHA was awarded £0.02 million from a Lottery Grant – Warm & Well Argyll & Bute, and this enabled us to assist 372 tenants with goods to alleviate the cost of living crisis.

Total client gain recorded for 2023/24 was £4.2 million, reflecting the continued level of need for support with income maximisation. Within that figure, Universal Credit Housing Cost elements of £0.76 million were secured, Housing Benefit payments of £0.92 million were paid and Discretionary Housing Payments of £0.15 million were awarded. Therefore, a total of approximately £1.8 million was available to fund tenant's rental costs to ACHA.

This has been a challenging time for our tenants and the Association with the cost of living crisis and migration to Universal Credit for working age tenants who receive help with their housing costs. The importance of one to one contact with the Welfare Rights Service has been invaluable to our tenants in providing assistance for claims for financial support and prevention of rent arrears. Staff continue to refer tenants to the Flexible Food Fund and Fuel Bank Foundation and this has been successful in assisting tenants who are experiencing financial hardship and fuel poverty.

### **Sheltered Housing**

ACHA has 176 Sheltered homes spread across 8 complexes, that offer a comfortable, friendly and safe self-contained home with additional services to help older people to live independently within the community for as long as possible. Our Community Support Assistants are registered with the Scottish Social Services Council and provide housing support including development of person centred Support Plans for all tenants.

We are currently undertaking a full service review of our Sheltered services, with the aim of providing a tailored, flexible service that meets tenants needs and provides value for money. Phase 1 of this review was concluded in March 2024. As a result of this three of our complexes, which comprised self-contained dwellings, were de-registered with the Care Inspectorate. We liaised with the Local Authority to provide a flexible, dispersed alarm service for those tenants who identified a need for this.

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

**For the year ended 31<sup>st</sup> March 2024**

A new Wellbeing Service is being piloted in Islay to support those tenants over 60, both in Sheltered and Mainstream accommodation, to live independently.

Phase 2 of our service review is focussed on our Sheltered complex on Bute and is currently underway, due for conclusion in August 2024.

### Gypsy Traveller Sites

ACHA owns and operates 2 sites for Gypsy/Travellers, currently offering 11 pitches. There are sites at:

<u>Gypsy Traveller Sites</u>	<u>2024</u>	<u>2023</u>
Lochgilphead, Duncholgan	7	7
Oban, Bayview	4	4
	<u>11</u>	<u>11</u>

Each pitch offers an amenity unit with kitchen and bathroom facilities, and an electric hook up. Following previous consultation with the residents, we undertook works to increase the size and reduce the number of pitches in Duncholgan and Bayview. While this work was to ensure we complied with fire safety guidance given by Scottish Fire & Rescue Services there were other benefits to the site such as additional storage space and environmental improvements that meet some of the strategic aims of ACHA, the Local Authority and the Scottish Government. ACHA are the only housing association in Scotland to operate gypsy / traveller sites. A feasibility study has been carried out and consultation with residents undertaken with the assistance of MECOPP (Minority Ethnic Carers of People Project) on how to bring the sites up to the standard detailed in the Scottish Government's Gypsy Traveller Interim Site Design Guide. ACHA is trying to identify available funding opportunities however to date have not secured funding to carry put the project.

### Voids (Empty Houses)

ACHA aims to limit the length of time that our properties remain empty. Wherever possible we will pre-allocate properties in order to reduce the length of time that they are empty to maximise our potential income. There was significant organisational focus on this during the year and this has resulted in void re-let times significantly improving. In 2022/23 it took an average of 45 days to re-let vacant properties. However, in 2023/24 this reduced to 31 days. This is lower than the Scottish average.

### HOUSING STOCK

#### Maintaining Our Houses

ACHA seeks to maintain its properties to the highest standards, with programmes of cyclical repairs carried out in the medium term to deal with the gradual and predictable deterioration of building components. ACHA also undertakes reactive or responsive repairs and maintenance based on emergency and routine works requests from its tenants and factored owners. In addition, ACHA has a long-term programme of major repairs which have become necessary since the original developments were completed, including works required by subsequent legislative changes.

Repairs Category (Average Completion Time)		
Emergency	3.2 hours	(2022//23 – 3.2 hours)
Non-Emergency	12 days	(2022/23 - 15 days)

Repairs satisfaction is monitored in a number of ways (including telephone surveys, physical post inspection of work and via returned satisfaction questionnaires). Satisfaction levels remain high, with 96.6% of respondents confirming that they were happy with our repairs service.

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31<sup>st</sup> March 2024

### Investing to Improve the Housing Stock

ACHA has delivered the following elements of work during 2023/24:

Investment programme – Element completions	Planned	Outturn	Percentage
No of kitchen/bathrooms	100	96	96%
No of window/door	100	118	118%
No of heating/rewire	142	153	108%
No of roof/roughcast	33	37	109%
No of energy efficiency upgrades	369	349	95%

The total number of elements required for completion this year of all types was 744, ACHA delivered 753 elements equating to 101% of the targeted objective.

After carrying out a 100% stock condition survey in 2019, and having an independent update of this information in 2022 we continue to address the fails in the Scottish Housing Quality Standards (SHQS) that were identified. A substantial number of these fails were energy efficiency fails, which has also impacted on our performance in meeting the Energy Efficiency Standard for Social Housing (EESH) target. This will continue to be our focus to address all of these fails and improve the energy efficiency of our homes. ACHA have completed all of the homes that were funded through the Home Energy Efficiency Programme for Scotland Area Based Scheme (HEEPS / ABS) grant funding through the Scottish Government and Argyll and Bute Council. This equates to upgrading 131 homes in the Cowal & Bute area, which will enable us to install insulation measures to further mixed tenure blocks. Through the Scottish Government's Social Housing Net Zero Fund we have completed the installation of further insulation measures to 139 homes this year. A further bid to this fund has also been successful to upgrade 20 properties on Bute; these works will be complete in July / August 2024.

### Developing New Housing Stock and Acquisitions

New build development activity has continued, with the site at Eton Avenue, Dunoon (4 units) completed within the financial year.

The Scottish Government have continued to support our development programme. Significant work has also been undertaken in evaluating and assessing sites for development, for inclusion in ACHA's planned future new build programme, and in applications for Housing Association Grant. We are currently assessing our proposals for the development programme beyond 2024. Land acquisition was completed during the year to support new build work for 2024/25.

During the year, ACHA undertook a number of ad-hoc acquisitions through participation in the Argyll and Bute Council Buy Back scheme, partly funded through the Affordable Housing Supply Programme grant funding. A total of 6 properties were added within 2023/24, with a further 8 acquired in early 2024/25.

### ARGYLL HOMES FOR ALL LIMITED (AHFA)

AHFA is a subsidiary company of ACHA developed to carry out repairs, maintenance and small capital works on its 5,184 properties.

During the last year, AHFA has carried out some 24,000 repairs & maintenance jobs as well as a high number of refurbishment works and servicing. In more remote regions, or times of high demand and where specialist skills are required the internal labour resource is supplemented by selected and approved contractors. This enables the business to successfully deliver the contracts held with ACHA that included:

- Term maintenance and repair
- Gutter Cleaning
- Electric periodic inspections
- Solid fuel maintenance and servicing
- Gas servicing and maintenance
- Fire alarm servicing and testing

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

### For the year ended 31<sup>st</sup> March 2024

- External painting and pre-paint repairs
- Grounds maintenance
- Pressurised water systems servicing
- Small capital works

AHFA have a high customer satisfaction score which is above national average. The housing sector, along with most other sectors, has seen the impact of significant cost rises on supplies and a shortage of available contractors. ACHA's investment in its subsidiary has allowed a greater degree of risk mitigation in that regard.

During the course of the last year AHFA took on a 3 year (with the option to extend) contract for Repairs and Voids with West Highland Housing Association (WHHA). We are pleased to note that some significant performance indicators have improved, in particular Customer Satisfaction.

AHFA are highly visible within the community with strong branding on the vehicle fleet and uniformed operatives. We continue to invest in our staff with a programme of training and upskilling which saw the following delivered:

- Internal Toolbox talks.
- External Training provided by industry specialists and colleges.
- Self-attained Safety Training Modules.

As well as covering safety, the training programme aims to enhance the skills of our staff so we can offer career paths and a future within AHFA.

AHFA reported a profit of £0.014 million before taxation for 2023/24 (loss of £0.17 million 2022/23).

## FINANCIAL REVIEW

### Rental Income

Rents are our main source of income and are a key factor in what we can spend on services in future years. ACHA increased rents during the period by 6.0% with the average rent, including service charges, across all stock being £100.96 for 2023/24. In February 2024 the Board approved a rent increase of 6.0% for 2024/25. Rent receivable for 2023/24 was £27.27 million, an increase of £1.61 million, or 6.3%, from the £25.66 million in 2022/23.

### Rent Arrears and Bad Debt

Rent arrears at 31<sup>st</sup> March 2024 is set out below.

Rent Arrears	Amount £000	%	Written Off £000
Current Tenants	811		
Former Tenants	368	103	
Total	1,179		

The year-end figure for current tenants is 3.0% (3.2% 2022/23) against a target of 2.5%, which is calculated by taking the current tenant arrears at the year-end of £0.811 million and dividing this by the Gross Rent Charge £27.27 million. The timing of receipt of housing benefit and universal credit, which is paid in arrears, will mean this current tenant value is higher than in reality (i.e. technical arrears).

### Voids (Empty Houses)

ACHA aims to limit the length of time that our properties remain empty. Wherever possible we will pre-allocate properties in order to reduce the length of time that they are empty to maximise our potential income. On average, it took 31 days to re-let a property (this includes low and no demand properties). Void re-let times have improved during the 2023/24 financial year. Within the year we have worked with Vanguard to roll-out new ways of working around Void work and allocations. This has led to a quicker turnaround time in re-letting voids. This process is currently being rolled out across all areas.

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

### For the year ended 31<sup>st</sup> March 2024

During 2023/24, ACHA lost rental income to the value of £0.84 million due to properties not being re-let, an increase of £0.05million on the previous year.

#### Sundry Debt Income and Bad Debts

A total of £4.73 million of sundry debtor invoices were issued by the group within 2023/24 compared to £2.65 million in 2022/23. This is mainly due to increased grant income for projects within the year. In total the amount of outstanding debt as at 31<sup>st</sup> March 2024 increase to £1.78 million compared to £1.38 million at the previous year-end. Bad debts written off during the year amounted to £0.031 million compared to £0.032 million in 2022/23. Sundry debt provided for during 2023/24 increased by £0.187million on the previous year.

#### Grant Income

During 2023/24 ACHA received Housing Association Grant (HAG) of £1.16 million and Strategic Housing Fund (SHF) of £0.48 million to support new build development. Grant of £0.23 million in relation to the works carried out at Drumfork Court Helensburgh was received. This grant funded both capital improvements and revenue repairs. As part of the project Home Energy Efficiency Programme for Scotland Area Based Scheme grant (HEEPS ABS) of £0.95 million was received to fully offset expenditure on private owner properties within mixed tenure blocks. £1.55m of grant was received in relation to works taken place in Russell Street and High Street in Rothesay. This allowed for energy efficiency works to be carried out as part of a wider project to bring a number of long term void properties back into rental in summer of 2024. A grant of £0.41 million was received relating to expenditure on Aids and Adaptions projects.

#### Expenditure

Expenditure on management and administration costs during 2023/24 decreased to £7.30 million from £8.27 million in the previous year. The overall reduction is largely linked to the reduction in Pension Servicing Costs which are £0.95m for 2023/24 (£2.04m 2023/22). Within the costs there is an increase in the insurance premium of £0.12 million. Planned and cyclical maintenance (including major repairs) expenditure in 2023/24 was £3.51 million compared to £2.99 million in 2022/23. Reactive maintenance expenditure, for the Association, was £5.21 million compared to £4.56 million, an increase of £0.65 million and attributed to an increase in the Reactive Maintenance contract between ACHA and its subsidiary to reflect increasing costs faced with service provision. For the group, the net expenditure on reactive maintenance was £5.31 million in 2023/24, an increase of £0.58 million from £4.73 million in the previous year. Work in the year has been progressed to streamline the reactive maintenance process and decrease time for repairs to be completed, this has driven the increase. Depreciation on social housing charged during 2023/24 was originally £7.03 million compared to £6.37 million in the previous year, prior to any further changes. This increase will relate to the major repairs and new build expenditure capitalised during the financial year. An agreement was made to update the economic useful life for all boilers from 30 years to 15 years and adjust for this over the remaining useful life. The final depreciation value for the year is £9.58 million to reflect this. Grant amortisation has also been updated where applicable.

#### Creditor Payment Policy

The payment policy, which ACHA follows, is to pay for all purchases within 28 days, although some payments are settled in 14 days, and/or in accordance with creditor terms of business. For ACHA, the average creditor payment period for 2023/24 was 25 days against 27 days for the prior year, with 5,570 invoices being processed for payment compared to 5,328 in the prior year. For AHFA the average creditor payment period for 2023/24 was 23 days against 22 for the prior year, with 11,931 invoices processed against 13,288 in the prior year.

#### Assets

Housing properties, net of depreciation, increased from £189.31 million in 2022/23 to £193.37 million in 2023/24, an increase of £4.06m, however excluding the additional depreciation processed for the boiler adjustment the increase would be £6.34 million. From this, increases include £1.79 million of new build expenditure and £11.88 million of expenditure on existing properties, with disposals of £1.13 million,

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

### For the year ended 31<sup>st</sup> March 2024

impairment of £0.03 million and a depreciation charge (for housing assets) of £9.58 million (after adjustment for disposals and impairment) during the year. Debtors increased to £2.91 million from £2.20 million in 2022/23, mainly in relation to accrued income at the year end in relation to grant, direct housing payments and corrections on postings within AHFA over year-end. Cash held within the group at the 31<sup>st</sup> March 2024 was £2.40 million compared to £4.86 million at the previous year-end.

#### Liabilities

The group position on creditors due within one year increased to £8.38 million in 2023/24 from £6.90 million in 2022/23, due mainly to increases in trade creditors, accruals and the reverse corrections on timing relating to AHFA noted above (essentially the Debtor and Creditor values net each other off). As well as this, the adjustment to the useful economic life of boilers has resulted in a similar in-year charge for grant amortisation as discussed above for depreciation. The charge within year for this is £1.21m. Creditors due in more than a year decreased from £141.83 million to £139.74 million, again due to the update on grant amortisation.

No additional loan funding was drawn down during the 2023/24 financial year. During the financial year ACHA paid a total of £2.44 million in relation to loan interest and repaid £0.17m of capital loan repayments on amortising loans. More detail on these loans is contained within Note 19.

#### Pensions

The actuarial report for the Strathclyde Pension Fund showed an increase in the pension surplus for the ACHA group of £1.99 million, with the net surplus at £12.73 million compared to a £10.74 million surplus in the previous year. In terms of presentation in the accounts, £0.40 million is recognised within the financial statements. The gain of £1.59 million is unrecognised in line with Financial Reporting Standard 102 (FRS 102).

#### Reserves

At the year-end 31<sup>st</sup> March 2024 the revenue reserves balance of the ACHA group had moved from a £49.53 million surplus to a surplus of £52.64 million.

ACHA's business plan incorporates planned costs for cyclical repairs and replacements across the 30-year business plan. The borrowing profile therefore incorporates costs without relying upon a specific designated reserve.

#### GOING CONCERN

The Audit Committee on behalf of the Board has considered ACHA's going concern status and is satisfied the ACHA has sufficient borrowing facilities in place to support the business plan, which demonstrates full repayment within the 30-year viability profile. In the view of the organisation therefore the test of being considered a going concern has been met.

#### FUTURE OUTLOOK

The ACHA Group corporate strategy for 2024 to 2029 sets out our ambition, vision and strategic direction for the next 5 years. This strategy sets high standards for the delivery of services to our tenants and for us as an organisation. It demonstrates our ambition to grow as an organisation and to deliver excellent customer service, whilst achieving value for money for our tenants.

During early 2024 the Group has engaged with external consultants to undertake a transformation programme, to design a new operating model and change our staffing structure to reflect this. This is planned for an options appraisal before the end of the year. One of the main areas of focus within this programme is to drive out inefficiencies and improve our customer service experience and performance.

Achieving our ambition is underpinned by ensuring that the Group remains a financially strong and resilient organisation that can continue to grow and develop the homes and services we provide across Argyll and Bute. The transformation programme will ensure that our business plan and financial plans align with the requirements emerging from the programme. This will ensure that the investment is

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

**For the year ended 31<sup>st</sup> March 2024**

affordable and supports the new operating model, including continued investment in our IT strategy to support modernisation and digitalisation.

Later in 2024 ACHA will progress an options appraisal to refinance our existing loans which have been in place since the 2006 stock transfer. This will also look at options for additional borrowing to support the growth and development plans.

A number of key challenges have been highlighted within the Group:

- The need to build new housing to help Argyll and Bute Council address the local housing emergency, with a mismatch in supply and demand in terms of size, type and location of stock
- Balancing rent affordability for tenants with the financial viability of ACHA's business plan, service delivery, performance, growth plans and investment
- Continued cost of living pressures for our tenants and the potential impact on rent arrears and bad debts
- Void rent loss due to changing housing demand and properties requiring significant investment works
- Higher than average inflation within key areas for the Group such as construction, repairs and maintenance
- Supply chain and labour resource pressures.

We are looking forward to achieving and delivering on our strategic objectives, recognising the challenges summarised above and balancing the competing demands of rent affordability, performance, compliance, customer satisfaction and investment requirements with our ambitions to develop and grow, while ensuring this is done from a position of financial strength and resilience.

### AUDITORS

ACHA tendered for the external audit service during 2021 and appointed Alexander Sloan at the 2021 Annual General Meeting. Alexander Sloan have been contracted for a period of three years with an option to extend for a further two years.

By order of the Board of Management



Cathy Grant  
Chair of the Board of Management

Date: 29/8/2024

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## BOARD OF MANAGEMENT'S RESPONSIBILITIES

**For the year ended 31<sup>st</sup> March 2024**

Statute requires the Board to prepare financial statements for each financial year which give a true and fair view of the affairs of ACHA and of the surplus or deficit for that period. In preparing those financial statements, the Board is required to fulfil the following obligations:

- select suitable accounting policies and apply them consistently
- make reasonable and prudent judgements and estimates
- 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 company will continue in business.

The Board confirms that the financial statements comply with these requirements.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of ACHA and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 as revised, and the Determination of Accounting Requirements 2024. They are also responsible for safeguarding the assets of ACHA and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board members have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Board members has 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.

By order of the Board of Management



Cathy Grant  
Chair of the Board of Management

Date: 29/8/2024



**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**  
**BOARD OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROLS**

**For the year ended 31<sup>st</sup> March 2024**

The Board acknowledge their ultimate responsibility for ensuring that ACHA has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

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

It is the Board's responsibility to establish and maintain systems of internal financial control. The Board can only provide reasonable assurance and not absolute assurance against material financial mis-statement or loss. Key elements of controls include ensuring that:

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of ACHA's assets. Core policies have been established and others continue to be developed
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance
- forecasts and budgets are prepared regularly which allow the Board and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information, and significant variances from budgets are investigated as appropriate
- ACHA's performance against the business plan is reviewed regularly
- 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 relevant sub-committees comprising Board members and Co-optees
- the Board reviews reports from their SMT, staff and from the internal and external auditors, and from specialised consultants to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing ACHA
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports
- an Internal Audit Needs Assessment has been developed by ACHA in accordance with established audit practice and internal audit has been in operation this year.

The Board has reviewed the system of internal financial control in ACHA for the year ended 31<sup>st</sup> March 2024 and until the below date. To the best of its knowledge, no weaknesses were found in internal financial controls which could result in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

These arrangements comply with the requirements contained in the Scottish Housing Regulator's regulatory standards.

By order of the Board of Management



Cathy Grant  
Chair of the Board of Management

Date: 29/8/2024

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## INDEPENDENT AUDITORS REPORT

For the year ended 31<sup>st</sup> March 2024

### Corporate Governance

In addition to our audit of the financial statements, we have reviewed the Board of Management's statement on page 15 concerning the Association's compliance with the information required by the Regulatory Standards for systemically important RSL's 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. 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 page 15 has provided the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes, issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Board of Management and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Board 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 contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



**ALEXANDER SLOAN LLP**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
29/8/2024



**Alexander Sloan**  
Accountants and Business Advisers

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## INDEPENDENT AUDITORS REPORT

For the year ended 31<sup>st</sup> March 2024

### Opinion

We have audited the financial statements of Argyll Community Housing Association Limited (the 'parent Association') and its subsidiaries (the 'group') for the year ended 31<sup>st</sup> March 2024 which comprise the group and parent Statement of Comprehensive Income, the group and parent Statement of Financial Position, the group and parent Statement of Cash Flows, the group and parent 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 Group's and parent Association's affairs as at 31<sup>st</sup> March 2024 and of the 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 Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2024.

### 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 United Kingdom, including the Financial Reporting Council'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 audit opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of Management'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 parent 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 of Management with respect to going concern are described in the relevant sections of this report.

### Other information

The Board of Management is responsible for the other information. The other information comprises the information contained 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.

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## INDEPENDENT AUDITORS REPORT

### For the year ended 31<sup>st</sup> March 2024

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.

### 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 require us to report to you if, in our opinion:

- proper books of account have not been kept by the parent Association in accordance with the requirements of the legislation
- a satisfactory system of control over transactions has not been maintained by the parent 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 parent Association or group 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 14, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Board of Management determines is necessary to enable the preparation of the 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 group and parent 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 intend to liquidate the group or the parent Association or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

### 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

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## INDEPENDENT AUDITORS REPORT

**For the year ended 31<sup>st</sup> March 2024**

and regulations

- we gained an understanding of the legal and regulatory framework applicable to the group and parent Association through discussions with the Board of Management and other management, and from our wider knowledge and experience of the RSL 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 group and parent Association, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group and parent Association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any 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 1 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 statement disclosures to underlying supporting documentation
- reviewing the minutes of meetings of those charged with governance
- enquiring of management as to actual and potential litigation and claims
- reviewing the parent Association's Assurance Statement and associated supporting information and
- requesting correspondence with the Scottish Housing Regulator, HMRC and the group and parent Association's legal advisors.

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

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

### **Description of the 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

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## INDEPENDENT AUDITORS REPORT

### For the year ended 31<sup>st</sup> March 2024

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 aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

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

### Use of our Report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the 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.



**ALEXANDER SLOAN LLP**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW

29/8/2024



**Alexander Sloan**  
Accountants and Business Advisers

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 31<sup>st</sup> March 2024**

	<i>Note</i>	<b>2024</b> <b>£000</b>	<b>2023</b> <b>£000</b>
<b>Turnover</b>	2	34,048	30,469
Operating costs	2	<u>(28,469)</u>	<u>(24,782)</u>
<b>Operating Surplus</b>		<b>5,579</b>	<b>5,687</b>
(Deficit)/surplus on disposal of housing fixed assets		(670)	(1,321)
Finance income	9	517	24
Finance charges	10	<u>(2,443)</u>	<u>(1,987)</u>
<b>Surplus on ordinary activities before Taxation</b>		<b>2,983</b>	<b>2,403</b>
Taxation	11	<u>-</u>	<u>-</u>
<b>Surplus for the year</b>		<b><u>2,983</u></b>	<b><u>2,403</u></b>
Actuarial gain on pension scheme	27	124	4,676
<b>Total comprehensive income for the year</b>		<b><u>3,107</u></b>	<b><u>7,079</u></b>

All figures relate to continuing operations.

The notes on pages 28 to 53 form part of these financial statements.

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**

**COMPANY STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 31<sup>st</sup> March 2024**

	<i>Note</i>	<b>2024 £000</b>	<b>2023 £000</b>
<b>Turnover</b>	2	34,185	30,605
Operating costs	2	<u>(28,506)</u>	<u>(24,752)</u>
<b>Operating Surplus</b>		<b>5,679</b>	<b>5,853</b>
(Deficit)/surplus on disposal of housing fixed assets		(670)	(1,321)
Finance income	9	505	24
Finance charges	10	<u>(2,442)</u>	<u>(1,982)</u>
<b>Surplus on ordinary activities before Taxation</b>		<b>3,072</b>	<b>2,574</b>
Taxation	11	<u>-</u>	<u>-</u>
<b>Surplus for the year</b>		<u><b>3,072</b></u>	<u><b>2,574</b></u>
Actuarial (loss)/gain on pension scheme		<u>(197)</u>	<u>4,492</u>
<b>Total comprehensive income for the year</b>		<u><b>2,875</b></u>	<u><b>7,066</b></u>

All figures relate to continuing operations.

The notes on pages 28 to 53 form part of these financial statements.



**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**

**GROUP STATEMENT OF FINANCIAL POSITION**

**As at 31<sup>st</sup> March 2024**

	<i>Note</i>	<b>2024 £000</b>	<b>2023 £000</b>
<b>Property, plant &amp; equipment</b>			
Housing properties	12	193,369	189,311
Other Fixed Assets	13	<u>1,521</u>	<u>1,728</u>
		<u>194,890</u>	<u>191,039</u>
<b>Current assets</b>			
Stock and work in progress	15	154	143
Debtors	16	2,912	2,203
Cash at bank and in hand	17	<u>2,399</u>	<u>4,876</u>
		<u>5,465</u>	<u>7,222</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(8,380)</u>	<u>(6,896)</u>
<b>Net current assets / (liabilities)</b>		<u>(2,915)</u>	<u>326</u>
<b>Total assets less current liabilities</b>		191,975	191,365
<b>Creditors: amounts falling due after one year</b>	19	(139,740)	(141,834)
<b>Provisions for liabilities and charges: Deferred tax</b>	11	<u>-</u>	<u>-</u>
<b>Net assets before pension deficit</b>		52,235	49,531
<b>Pension asset</b>	27	403	-
<b>Net assets after pension deficit</b>		<u>52,638</u>	<u>49,531</u>
<b>Capital and reserves</b>			
Share capital	21	-	-
Revenue Reserves		52,638	49,531
Designated Reserve		<u>-</u>	<u>-</u>
<b>Shareholders' funds</b>		<u>52,638</u>	<u>49,531</u>

The notes on pages 28 to 53 form part of these financial statements.

These financial statements were approved by the Board of Management, authorised for issue and signed on their behalf by:



Chair of the Board of Management

Cathy Grant



Board member

James Milne



Secretary

Mark Irvine

29/8/2024

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**

**COMPANY STATEMENT OF FINANCIAL POSITION**

**As at 31<sup>st</sup> March 2024**


	<i>Note</i>	<b>2024</b>	<b>2023</b>
		<b>£000</b>	<b>£000</b>
<b>Property, plant &amp; equipment</b>			
Housing properties	12	193,368	189,311
Other Fixed Assets	13	1,503	1,708
		<u>194,871</u>	<u>191,019</u>
<b>Current assets</b>			
Stock and work in progress	15	-	-
Debtors	16	2,841	2,203
Cash at bank and in hand	17	2,271	4,876
		<u>5,112</u>	<u>7,079</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(8,105)</u>	<u>(6,918)</u>
<b>Net current assets / (liabilities)</b>		<u>(2,993)</u>	<u>161</u>
<b>Total assets less current liabilities</b>		191,878	191,180
<b>Creditors: amounts falling due after one year</b>	19	(139,740)	(141,834)
<b>Provisions for liabilities and charges: Deferred tax</b>	11	-	-
<b>Net assets before pension deficit</b>		52,138	49,346
<b>Pension asset</b>		82	-
<b>Net Surplus after pension deficit</b>		<u>52,220</u>	<u>49,346</u>
<b>Capital and reserves</b>			
Share capital	21	-	-
Revenue Reserves		52,220	49,346
Designated Reserve		-	-
<b>Shareholders' funds</b>		<u>52,220</u>	<u>49,346</u>

The notes on pages 28 to 53 form part of these financial statements.


These financial statements were approved by the Board of Management, authorised for issue and signed on their behalf by:

  
Chair of the Board of Management

Cathy Grant

  
Board member

James Milne

  
Secretary

Mark Irvine

29/8/2024

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**

**GROUP STATEMENT OF CHANGES IN EQUITY**  
As at 31<sup>st</sup> March 2024

	Called up share capital £000	Revenue reserve £000	Total equity £000
<b>Balance at 31 March 2023</b>	-	49,531	49,531
<b>Changes in equity</b>			
Total comprehensive income	-	3,107	3,107
Designated Reserve	-	-	-
<b>Balance at 31 March 2024</b>	-	<b>52,638</b>	<b>52,638</b>

	Called up share capital £000	Revenue reserve £000	Total equity £000
<b>Balance at 31 March 2022</b>	-	42,452	42,452
<b>Changes in equity</b>			
Total comprehensive income	-	7,079	7,079
Designated Reserve	-	-	-
<b>Balance at 31 March 2023</b>	-	<b>49,531</b>	<b>49,531</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
As at 31<sup>st</sup> March 2024

	Called up share capital £000	Revenue reserve £000	Total equity £000
<b>Balance at 31 March 2023</b>	-	49,345	49,345
<b>Changes in equity</b>			
Total comprehensive income	-	2,875	2,875
Designated Reserve	-	-	-
<b>Balance at 31 March 2024</b>	-	<b>52,220</b>	<b>52,220</b>

	Called up share capital £000	Revenue reserve £000	Total equity £000
<b>Balance at 31 March 2022</b>	-	42,280	42,280
<b>Changes in equity</b>			
Total comprehensive income	-	7,066	7,066
Designated Reserve	-	-	-
<b>Balance at 31 March 2023</b>	-	<b>49,346</b>	<b>49,346</b>

The notes on pages 28 to 53 form part of these financial statements.

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CASH FLOWS**

**For the year ended 31<sup>st</sup> March 2024**

<b>GROUP STATEMENT OF CASH FLOWS</b>	<i>Notes</i>	<b>2024</b>		<b>2023</b>	
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities</b>					
Cash generated from operations	23	10,389		11,543	
<b>Net cash from operating activities</b>			<b>10,389</b>		<b>11,543</b>
<b>Cash flow from investing activities</b>					
Improvement of properties	12	(11,882)		(13,929)	
Construction of new properties net of disposals	12	(1,786)		(1,946)	
Acquisitions of Properties	12	(428)			
Purchase of other fixed assets	13	(82)		(202)	
Sale proceeds		14		17	
Government grants received	20	3,898		4,195	
<b>Net cash flow from investing activities</b>			<b>(10,266)</b>		<b>(11,865)</b>
<b>Cash flow from financing activities</b>					
Finance income	9	11		24	
Finance charges	10	(2442)		(1,883)	
Bank loans drawn down		-		-	
Bank loans repaid	25	(169)		(161)	
<b>Net cash flow from financing activities</b>			<b>(2,600)</b>		<b>(2,020)</b>
<b>(Decrease) / increase in cash and cash equivalents</b>			<b>(2,477)</b>		<b>(2,342)</b>
<b>Cash and cash equivalents at the start of the year</b>			<b>4,876</b>		<b>7,218</b>
<b>Cash and cash equivalents at the end of the year</b>			<b>2,399</b>		<b>4,876</b>

The notes on pages 28 to 53 form part of these financial statements.

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CASH FLOWS**

**For the year ended 31<sup>st</sup> March 2024**

<b>COMPANY STATEMENT OF CASH FLOWS</b>	<i>Notes</i>	<b>2024 £000</b>	<b>£000</b>	<b>2023 £000</b>	<b>£000</b>
<b>Cash flows from operating activities</b>					
Cash generated from operations	23	10,243		11,523	
<b>Net cash from operating activities</b>			<b>10,243</b>		<b>11,523</b>
<b>Cash flow from investing activities</b>					
Improvement of properties	12	(11,882)		(13,929)	
Construction of new properties net of disposals	12	(1,786)		(1,946)	
Acquisitions of Properties	12	(428)			
Purchase of other fixed assets	13	(64)		(182)	
Sales proceeds		14		17	
Government grants received	20	3,898		4,195	
<b>Net cash flow from investing activities</b>			<b>(10,248)</b>		<b>(11,845)</b>
<b>Cash flow from financing activities</b>					
Finance income	9	11		24	
Finance charges	10	(2,442)		(1,883)	
Bank loans drawn down		-		-	
Bank loans repaid	25	(169)		(161)	
<b>Net cash flow from financing activities</b>			<b>(2,600)</b>		<b>(2,020)</b>
<b>(Decrease) / increase in cash and cash equivalents</b>			<b>(2,605)</b>		<b>(2,342)</b>
<b>Cash and cash equivalents at the start of the year</b>			<b>4,876</b>		<b>7,218</b>
<b>Cash and cash equivalents at the end of the year</b>			<b>2,271</b>		<b>4,876</b>

The notes on pages 28 to 53 form part of these financial statements.

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2024

### 1. ACCOUNTING POLICIES

#### Going Concern

During the year ACHA (group) made an operating surplus of £5.58 million which when adjusted for disposals, interest receivable and payable resulted in a surplus of £2.98 million prior to the adjustment of the actuarial loss on the pension scheme giving total comprehensive income for the year of £2.70 million. At the financial year-end ACHA (group) had net assets of £52.26 million. The going concern basis of accounting is considered appropriate because ACHA has an agreed banking facility with Lloyds Banking Group of £59.6 million under the business plan to meet future requirements. Loan covenant compliance has also been confirmed. Lloyds Banking Group have also approved the latest 2024/25 30-year business plan, where Lloyds are required to annually agree the net operating cash flows.

#### Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and under the historical cost accounting rules. They comply with the Determination of Accounting Requirements 2024 and with the SORP 2018 - Statement of Recommended Practice for social housing providers.

#### Basis of consolidation

In accordance with FRS 102, the group financial statements consolidate the financial statements of the parent company and its one subsidiary, Argyll Homes For All Limited, for the year ended 31<sup>st</sup> March 2024. The subsidiary is accounted for using acquisition accounting.

#### Turnover

Turnover represents rental and service charge income receivable from tenants and owner occupiers, fees and revenue based grants receivable relating to housing and fees from the provision of management services. Tenant service charges are levied on a basis intended to cover appropriate service costs each year. Income is recognised only when it is earned.

#### Cash Flow Statement

The cash flow statement represents the cash transactions of the Association for the period from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024. Cash and cash equivalents comprise cash on hand and in deposit and are subject to an insignificant risk of change in value.

#### Housing properties

The Association operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock. Housing properties are stated at cost, with all properties acquired under the stock transfer agreement acquired at nil value. Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the association's asset management strategy and the requirement of SHQS and EESSH. In determining the remaining useful lives for the housing stock, the Association has taken account of views provided by both internal and external professional sources, and these are reflected in the assumptions in the current approved Business Plan. Components with a de minimis value of £1,000 or less are classed as revenue expenditure and are written off in the year in which they are incurred.

#### Depreciation and Impairment

Depreciation is charged so as to write down the cost of the housing properties and major components on a straight line basis over their expected useful economic lives. Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates (land is not subject to depreciation):

Component Type	Economic Useful Life (Years)
Land	Nil
Structure, Wall Finishes (including external insulation) and Roofs	50
Plumbing	40
Windows and Doors, Heating Systems (excluding boilers) and Electrics (including Warden Call Systems)	30
Kitchens, Bathrooms, and Solar PV	25
Boilers	15

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2024

During the year the Association reviewed the life of heating components (to differentiate between shorter life elements such as boilers / heat pumps and other elements such as pipework and radiators – the former changing to 15 years with the latter remaining at 30 years). Current boiler components have been depreciated over their revised remaining useful lives. This has resulted in an increase to the depreciation charge of £2.28 million in the year and also an additional amortisation to deferred grants of £1.23 million.

Depreciation will be charged for a full year in the year of acquisition and none in the year of disposal. The SORP and FRS 102 outline a number of indicators for impairment which the Association must consider on an annual basis. Where an indicator for impairment is identified then the Association must carry out a full impairment review. Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any write down charged to the Statement of Comprehensive Income.

### **New Build and Acquisitions**

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale. The Association's policy is to capitalise the cost of acquiring land and buildings and all development expenditure including direct development staff costs. Expenditure on schemes which are subsequently aborted will be written off in the year in which it is recognised that the schemes will not be developed to completion. Expenditure on property acquisitions is capitalised based on the settlement date.

### **Non-Housing properties**

ACHA owns a number of non-housing properties. ACHA applies the same capitalisation and component life approach as stated under housing properties unless otherwise stated. Garages are stated at cost, with all garages acquired under the stock transfer agreement acquired at nil cost. The economic useful life of garages or similar assets built post transfer will be 15 years. Gypsy traveller sites are also stated at cost, similarly all sites acquired under stock transfer were at nil value. The economic useful life of structures built post transfer will be 20 years.

### **Related Assets**

Related assets, such as private water supplies, play parks, sewage systems and septic tanks, are stated at cost: all related assets acquired under the stock transfer agreement were acquired at nil value. The estimated useful economic life of related assets built after transfer will be 15 years.

### **Housing Association Grant**

Housing Association Grant (HAG) is received from central government agencies and local authorities and is utilised to reduce the capital costs of housing properties. Grants received in respect of capital expenditure are credited to the comprehensive statement of income under the accruals method in line with the depreciation rates adopted for the underlying asset to which the expenditure relates. HAG due or received in advance is included as a current asset or liability. HAG received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates, in line with the performance model. Properties are disposed of under the appropriate legislation and guidance. All HAG relating to the share of property sold are removed from the financial statements at the date of sale. Any HAG received that cannot be repaid from the proceeds of sale is abated and the grant removed from the financial statements. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the grant funding, the potential future obligation to repay is disclosed as a contingent liability.

### **Business Plan Support Grant**

Business Plan Support Grant (BPSG) relates to the £68 million grant provided by Scottish Government at stock transfer in respect of improvements required to the transferring properties to achieve the Scottish Housing Quality Standard. BPSG received in respect of capital expenditure was credited to the comprehensive statement of income under the accruals method in line with the depreciation rates adopted for the underlying asset to which the expenditure relates. Unamortised BPSG is held within creditors due after one year. Properties are disposed of under the appropriate legislation and guidance. All business plan support grants relating to the share of property sold are removed from the financial statements at the date of sale and written off. Any residual business plan support grant held at the point of component replacement is written off in the year of replacement.

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2024

### Other Grants

These include grants from Scottish Government and/or local authorities and/or other organisations. Grants received in respect of capital expenditure are credited to the comprehensive statement of income under the accruals method in line with the depreciation rates adopted for the underlying asset to which the expenditure relates. Grants due or received in advance are included as a current asset or liability. Grants received in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which it relates, in line with the performance model.

### Other Fixed Assets

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write down the cost of other fixed assets on a straight line basis over their expected useful lives as follows:

Asset Type	Economic Useful Life (Years)
Information Technology (IT) hardware and software	3
Furniture and Equipment	10

A full year's depreciation is charged in the year of acquisition with none charged in the year of disposal.

Offices are stated at cost. Depreciation on offices is calculated on a component basis using the same components and economic useful lives as the housing properties. Bute store is depreciated over a 50-year economic useful life, consistent with the economic useful life for structure under housing assets.

### Employee Benefits

Short term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred. The financial cost of annual leave and time off in lieu earned but not taken by employees at the year-end date is accrued as a liability.

### Pensions

ACHA participates in one multi-employer pension scheme and accounts for this in accordance with the requirements of FRS 102. Strathclyde Pension Fund (SPF) is a defined benefit scheme as defined by the Local Government Pension Scheme (Scotland) regulations 1998. Contributions are charged to Statement of Comprehensive Income so as to spread the cost of pensions over the employees' working lives within ACHA. A pension scheme liability is recognised in the Statement of Financial Position to the extent that the company has a legal or constructive obligation to settle the liability whilst a pension scheme asset is recognised only to the extent that the surplus may be recovered by reduced future contributions. In the event that the pension scheme reports a surplus of net assets over net liabilities, the actuary is commissioned to calculate the asset ceiling that restricts the level of surplus recognised to that which may be recovered by reduced future contributions. The SPF made an actuarial gain for the year ended 31<sup>st</sup> March 2024 of £1.712 million (Group). In terms of presentation in the accounts, a surplus of £0.403 million is recognised within the financial statements. Therefore, the Group has taken account of a loss of £0.279 million, to offset the pension liability to nil, in the Statement of Comprehensive Income. The remaining gain of £1.59 million is presented as an unrecognised surplus.

### Taxation

The charge or credit for taxation is based on the surplus or deficit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102. As ACHA is a registered charity it has obtained consent to relief from Corporation Tax from HMRC on its charitable activities.

### VAT

ACHA was registered for VAT on 24<sup>th</sup> March 2010. A large proportion of ACHA's income, namely rents, is exempt for VAT purposes and therefore gives rise to the partial exemption calculation. All expenditure is shown inclusive of VAT. ACHA created a VAT Group with its subsidiary for trading during 2013/14.



# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2024

### Loans and Grants

Loans are advanced by private or public lenders under the terms of individual mortgage deeds in respect of each development or under a global facility secured on existing developments. Grants from the Scottish Government's Housing Directorate (in the form of Housing Association Grant funding) or local authorities are payable to subsidise the capital cost of housing developments. Advances are generally available only in respect of those developments which have been given approval by the Scottish Government's Housing Directorate. Under certain circumstances HAG is repayable. Business Plan Support Grant and Related Assets or EAF grant is not normally repayable under the terms of the stock transfer agreement. Grants in respect of revenue expenditure are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate.

### Financial Instruments

ACHA has given consideration under FRS 102 in relation to accounting for Financial Instruments. Having reviewed all relevant financial assets and liabilities ACHA have agreed with our external auditors that all financial instruments and transactions are defined as 'basic'. Loans provided to ACHA are classed as basic under FRS 102 and are measured at amortised cost.

Payables and receivables due within one year are measured at transaction price less settlements. Where receivables are deemed to be longer term and constitute a financing transaction they are measured at the present value of future payments discounted at a market rate of interest applicable to similar debt instruments.

### Operating Leases

Operating lease rentals are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

### Inventories

Inventories and work in progress is stated at the lower of cost and net realisable value.

### Bad and Doubtful Debts

Provision is made against rent arrears for current tenants and former tenants as well as other sundry debts to the extent that they are classed as potentially irrecoverable. The current policy for rent arrears is to provide for all former tenant debt and also for current tenant debt where this is in excess of £1,000. For sundry debt, all debt over 3 months old is fully provided for as well as any debt between 0-3 months which is greater than £1,000. Debt is passed for approval to write off where a debtor is deceased with no estate, has been sequestrated or where the debt is prescribed. All former tenant debt for rent arrears older than 12 months is passed for formal write off on an annual basis.

### Estimation and Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board to exercise judgement in applying the Group's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

#### Rent Arrears - Bad Debt Provision

The Group assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, payment arrangements in place, and court action.

#### Life Cycle of Components

The Group estimates the useful lives of major components of its housing property with reference to surveys carried out by qualified surveyors and specialist advice.

#### Useful life of properties, plant and equipment

The Group assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this.

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2024

### Key Judgements made in the application of Accounting Policies

#### The Categorisation of Housing Properties

In the judgement of the Board the entirety of the Group's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

#### Identification of cash generating units

The Group considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

#### Financial Instruments

Following guidance from the Financial Reporting Council, the Group and its Board of Management are of the view that the clauses held within the loan agreements do not require these financial instruments, other than the 'non-cancellable call option', to be classified as 'non-basic' financial instruments.

#### Pensions

Determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds. For further information on the pension estimates please see Note 27 of the accounts.

Where a pension scheme asset is recognised, it is based on the actuary's calculation of the asset ceiling that restricts the level of surplus that should be recognised. The actuary's estimate considers the entity's future service costs, future estimated employer contributions and the funding time horizon.

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2024**

**2. Particulars of turnover, operating costs and operating deficit**

**GROUP**

	<b>Turnover £000</b>	<b>Operating Costs £000</b>	<b>Other income and gains £000</b>	<b>Operating Surplus / (Deficit) to 31<sup>st</sup> March 2024 £000</b>	<b>Operating Surplus / (Deficit) to 31<sup>st</sup> March 2023 £000</b>
Social Lettings (Note 3)	31,006	(25,934)	-	5,072	5,073
Other Activities (Note 4)	3,042	(2,535)	-	507	614
	<u>34,048</u>	<u>(28,469)</u>	<u>-</u>	<u>5,579</u>	
Total for year to 31 <sup>st</sup> March 2023	<u>30,469</u>	<u>(24,782)</u>	<u>-</u>	<u>5,687</u>	

**COMPANY**

	<b>Turnover £000</b>	<b>Operating Costs £000</b>	<b>Other income and gains £000</b>	<b>Operating Surplus / (Deficit) to 31<sup>st</sup> March 2024 £000</b>	<b>Operating Surplus / (Deficit) to 31<sup>st</sup> March 2023 £000</b>
Social Lettings (Note 3)	31,006	(25,834)	-	5,172	5,239
Other Activities (Note 4)	3,179	(2,672)	-	507	614
	<u>34,185</u>	<u>(28,506)</u>	<u>-</u>	<u>5,679</u>	
Total for year to 31 <sup>st</sup> March 2023	<u>30,605</u>	<u>(24,752)</u>	<u>-</u>	<u>5,853</u>	

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2024**

**3. Particulars of turnover, operating costs and operating surplus or deficit from social letting activities – Group**

	<b>General Needs Housing</b>	<b>Supported Housing</b>	<b>Total</b>	<b>Total For Previous Period of Account</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Rents receivable net of service charges	25,835	944	26,779	25,221
Rent from garages	22		22	13
Rent from travelling people sites	47		47	65
Service charges	67	357	424	364
<b>Gross income from rents and service charges</b>	<b>25,971</b>	<b>1,301</b>	<b>27,272</b>	<b>25,663</b>
Less voids	(823)	(14)	(837)	(784)
<b>Net income from rents and service charges</b>	<b>25,148</b>	<b>1,287</b>	<b>26,435</b>	<b>24,879</b>
Grants from the Scottish Ministers	-	-	-	-
Other revenue grants	66		66	36
Deferred grant amortisation	4,505		4,505	6,977
<b>Total turnover from social letting activities</b>	<b>29,719</b>	<b>1,287</b>	<b>31,006</b>	<b>33,478</b>
Management and maintenance administration costs	6,891	412	7,303	8,272
Planned and cyclical maintenance including major repairs costs	3,512	-	3,512	2,991
Reactive maintenance costs	5,312	-	5,314	4,727
Bad debts – rents and service charges	209	-	209	31
Depreciation of social housing	9,583	-	9,583	7,012
Impairment of social housing	15	-	15	32
<b>Operating costs for social letting activities</b>	<b>25,522</b>	<b>412</b>	<b>25,934</b>	<b>23,065</b>
<b>Other income and gains</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating surplus for social lettings</b>	<b>4,197</b>	<b>875</b>	<b>5,072</b>	<b>5,073</b>
<b>Operating surplus for social lettings for previous period of account</b>	<b>4,291</b>	<b>782</b>	<b>5,073</b>	

As a result of component accounting being applied all major repairs expenditure relating to identified components has been capitalised during the period.

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2024**

**Particulars of turnover, operating costs and operating surplus or deficit from social letting activities – Company**

	<b>General Needs Housing</b>	<b>Supported Housing</b>	<b>Total</b>	<b>Total For Previous Period of Account</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Rents receivable net of service charges	25,835	945	26,780	25,221
Rent from garages	22	-	22	13
Rent from travelling people sites	47	-	47	65
Service charges	67	357	424	364
<b>Gross income from rents and service charges</b>	<b>25,971</b>	<b>1,302</b>	<b>27,273</b>	<b>25,663</b>
Less voids	(823)	(15)	(838)	(784)
<b>Net income from rents and service charges</b>	<b>25,148</b>	<b>1,287</b>	<b>26,435</b>	<b>24,879</b>
Grants from the Scottish Ministers	-	-	-	-
Other revenue grants	66	-	66	36
Deferred grant amortisation	4,505	-	4,505	3,223
<b>Total turnover from social letting activities</b>	<b>29,719</b>	<b>1,287</b>	<b>31,006</b>	<b>28,138</b>
Management and maintenance administration costs	6,891	412	7,303	8,272
Planned and cyclical maintenance including major repairs costs	3,512	-	3,512	2,991
Reactive maintenance costs	5,212	-	5,212	4,561
Bad debts – rents and service charges	209	-	209	31
Depreciation of social housing	9,583	-	9,583	7,012
Impairment on social housing	15	-	15	32
<b>Operating costs for social letting activities</b>	<b>25,422</b>	<b>412</b>	<b>25,834</b>	<b>22,899</b>
<b>Other income and gains</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating surplus for social lettings</b>	<b>4,297</b>	<b>875</b>	<b>5,172</b>	<b>5,239</b>
<b>Operating surplus for social lettings for previous period of account</b>	<b>4,457</b>	<b>782</b>	<b>5,239</b>	

As a result of component accounting being applied all major repairs expenditure relating to identified components has been capitalised during the period.

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2024**

**4. Particulars of turnover, operating costs and operating surplus/(deficit) from other activities - Group**

	Grants from Scottish Ministers	Other Revenue Grants	Other Income	Total Turnover	Operating Costs Bad Debts	Other Operating Costs	Operating Surplus / (Deficit)	Operating Surplus / (Deficit) for previous period of account £000
	£000	£000	£000	£000	£000	£000	£000	£000
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	20	20	-	(257)	(237)	(265)
Related Assets	-	-	-	-	-	(10)	(10)	(26)
Aids and Adaptations	450	-	-	450	-	(407)	43	(4)
Tenant and Owner Recharges	-	1,141	369	1,510	(219)	(1,467)	(176)	(89)
Insurance	-	-	104	104	-	(135)	(31)	(44)
Other activities	-	-	823	823	-	95	918	1,042
<b>Total from other activities</b>	<b>450</b>	<b>1,141</b>	<b>1,316</b>	<b>2,907</b>	<b>(219)</b>	<b>(2,181)</b>	<b>507</b>	<b>614</b>
<b>Total from other activities for previous period of account</b>	<b>405</b>	<b>396</b>	<b>1,530</b>	<b>2,331</b>	<b>(91)</b>	<b>(1,626)</b>	<b>614</b>	

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2024**

**4. Particulars of turnover, operating costs and operating surplus/(deficit) from other activities - Company**

	Grants from Scottish Ministers	Other Revenue Grants	Other Income	Total Turnover	Operating Costs Bad Debts	Other Operating Costs	Operating Surplus / (Deficit)	Operating Surplus / (Deficit) for previous period of account
	£000	£000	£000	£000	£000	£000	£000	£000
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	20	20	-	(257)	(237)	(265)
Related Assets	-	-	-	-	-	(10)	(10)	(26)
Aids and Adaptations	450	-	-	450	-	(407)	43	(4)
Tenant and Owner Recharges	-	1,141	369	1,510	(219)	(1,468)	(176)	(89)
AHFA support service income	-	-	136	136	-	(136)	-	-
Insurance	-	-	104	104	-	(135)	(31)	(44)
Other activities	-	-	959	959	-	(41)	918	1,042
<b>Total from other activities</b>	<b>450</b>	<b>1,141</b>	<b>1,588</b>	<b>3,179</b>	<b>(219)</b>	<b>(2,453)</b>	<b>507</b>	<b>614</b>
<b>Total from other activities for previous period of account</b>	<b>405</b>	<b>396</b>	<b>1,666</b>	<b>2,467</b>	<b>(91)</b>	<b>(1,762)</b>	<b>614</b>	

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2024**

**5. Housing stock**

	Units under development		Units under management	
	2024	2023	2024	2023
Housing accommodation for letting:				
General Needs	0	4	5,008	4,980
Sheltered Housing	-	-	176	197
	<u>0</u>	<u>4</u>	<u>5,184</u>	<u>5,177</u>

**6. Remuneration of members of Board of Management and Key Management Personnel**

No members of the Board of Management received any remuneration from ACHA or AHFA.

Key management personnel are defined to include the Chief Executive, Strategic Directors and any other officer whose total annual emoluments, excluding pension contributions, exceed £60k during the reporting year.

	2024 £000	2023 £000
Total emoluments payable to directors / key management personnel and benefits in kind	774	563
Pension contributions	112	74
	<u>886</u>	<u>637</u>
Emoluments payable to the highest paid director (excluding pension contributions)	96	121
Pension contributions	15	14
	<u>111</u>	<u>135</u>

The Chief Executive is a member of the Strathclyde Pension Fund defined benefit pension scheme as disclosed in note 27. No enhanced or special terms apply to memberships. ACHA's contributions to the Chief Executive's pension in the year amounted to £15k (2023: £14k).

ACHA's key management emoluments (excluding pension contributions) fell within the following band distributions:

	2024	2023
More than £60,000 but not more than £70,000	7	2
More than £70,000 but not more than £80,000	2	3
More than £80,000 but not more than £90,000	-	1
More than £90,000 but not more than £100,000	1	-
More than £100,000 but not more than £110,000	-	-
More than £110,000 but not more than £120,000	-	-
More than £120,000 but not more than £130,000	-	1



# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2024

### 7. Staff numbers and costs

The weighted full time equivalent number of persons employed and seconded to ACHA (excluding board members) in the year, analysed by category, was as follows:

	Number of employees	
	2024	2023
Housing & Neighbourhood Services	74	74
Finance & IT	17	18
Human Resources & Corporate Services	14	14
Property Services	35	35
Argyll Homes For All	115	109
	<u>255</u>	<u>250</u>

The aggregate payroll costs of these persons were as follows:

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Wages and salaries	7,910	7,209	4,044	3,684
Social security costs	803	768	410	394
Employer pension costs	773	706	621	581
Current service cost adjustment (defined benefit pension scheme)	227	1,367	215	1,320
	<u>9,713</u>	<u>10,050</u>	<u>5,290</u>	<u>5,979</u>

Current service costs for the Group, relating to the Strathclyde Pension Fund defined benefit scheme, amount to £0.227m (2023 - £1.367m). These costs are included within Note 3 – Management and Maintenance Administration costs.

During the year the value of Property Services staff costs that were capitalised amounted to £0.891m (2023 - £1.168m).

### 8. Operating surplus on ordinary activities - Group

	2024	2023
	£000	£000
<i>Operating surplus on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit (including expenses and excluding VAT for the year)	25	24
Other services from bodies related to external audit	1	1
Operating lease rentals:		
Buildings	163	175
Other	440	356
Depreciation	<u>9,604</u>	<u>7,028</u>

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2024

Operating surplus on ordinary activities - Company

	2024 £000	2023 £000
<i>Operating surplus on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit (including expenses and excluding VAT for the year)	21	20
Other services from bodies related to external audit	-	-
Operating lease rentals:		
Buildings	163	175
Other	-	-
Depreciation	<u>9,583</u>	<u>7,012</u>

9. Finance income - Group

	2024 £000	2023 £000
Bank interest receivable	11	24
Interest on pension fund (Note 27)	<u>506</u>	<u>-</u>
	<u>517</u>	<u>24</u>

Finance income - Company

	2024 £000	2023 £000
Bank interest receivable	11	24
Interest on pension fund (Note 27)	<u>494</u>	<u>-</u>
	<u>505</u>	<u>24</u>

10. Finance charges - Group

	2024 £000	2023 £000
On bank loans	2,443	1,883
Interest on pension fund (Note 27)	<u>-</u>	<u>104</u>
	<u>2,443</u>	<u>1,987</u>

Finance charges - Company

	2024 £000	2023 £000
On bank loans	2,442	1,883
Interest on pension fund (Note 27)	<u>-</u>	<u>99</u>
	<u>2,442</u>	<u>1,982</u>

11. Taxation

Due to ACHA's charitable status, no tax liability arose in the year to 31<sup>st</sup> March 2024 (2023: £ Nil).

AHFA is liable for UK Corporation Tax on its trading profits, which amounted to £ Nil in the year (2023: £ Nil).

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2024**

**12. Property, plant & equipment – Group and Company – Social Housing Properties**

	Housing properties held for letting £000	Housing properties in course of construction £000	Total 2024 £000	Total 2023 £000
<b>Cost</b>				
At start of year	247,469	1,675	249,144	235,523
Additions during year new build	764	1,024	1,788	1,946
Additions during year acquisitions	428	-	428	-
Additions during year existing	11,882	-	11,882	13,928
Transfers	957	(957)	-	-
Disposals	(1,132)	-	(1,132)	(2,166)
Impairment	(56)	-	(56)	(87)
At end of year	<u>260,312</u>	<u>1,742</u>	<u>262,054</u>	<u>249,144</u>
<b>Depreciation</b>				
At start of year	(59,833)	-	(59,833)	(53,939)
Charge during year	(9,314)	-	(9,314)	(6,730)
Disposals	436	-	436	803
Impairment	26	-	26	33
At end of year	<u>(68,685)</u>	<u>-</u>	<u>(68,685)</u>	<u>(59,833)</u>
<b>Net book value</b>				
<b>At 31 March 2024</b>	<u>191,627</u>	<u>1,742</u>	<u>193,369</u>	<u>189,311</u>
<b>At 31 March 2023</b>	<u>187,636</u>	<u>1,675</u>	<u>189,311</u>	

All properties transferred to ACHA at 21<sup>st</sup> November 2006 were transferred at nil value as part of the Large Scale Voluntary Stock Transfer.

Additions to housing properties include capitalised development administration costs of £0.89 million, (2023 – £1.17 million), and capitalised major repair costs to existing properties of £10.99 million (2023 - £12.76 million). All land and properties are heritable.

Total expenditure on existing properties in the year amounted to £20.60 million (2023 – £21.48 million). The amount capitalised is £11.88 million (2023 - £13.93 million) with the balance being charged to the statement of comprehensive income.

During the year a number of components were replaced and some properties sold / demolished, resulting in a loss £0.77m million (2023 – loss of £1.34 million). This value is generally due to the number of heating systems being replaced with Air Source Heat Pump systems being fitted as part of energy efficiency projects. Previous heating components fitted since stock transfer in 2006 have an economic useful life of 30 years so this results in a higher value being written off as a disposal. A small number of properties were sold during the year as part of ACHA's approved stock rationalisation programme.

ACHA has included in housing properties held for letting £2.47 million (2023 – £3.87 million) of cost relating to the fourth quarter of the year however as this is work in progress and not yet completed it has not been componentised nor depreciated in the current year. The componentisation and depreciation of these works will be completed in the following financial period.

Security has been granted to lenders in respect of housing properties at stock transfer and specific loans granted for new build development. As at the end of the financial year there were also 365 properties which were unencumbered.

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2024**

**13. Property, plant & equipment (other) - Group**

	IT	Offices / Store	Furniture / Equipment	Total Other non housing
	£000	£000	£000	£000
<b>Cost</b>				
At start of year	2,926	1,906	64	4,895
Additions during year	69	-	13	82
Disposals	-	-	-	-
At end of year	<u>2,994</u>	<u>1,906</u>	<u>77</u>	<u>4,978</u>
<b>Depreciation</b>				
At start of year	(2,665)	(454)	(48)	(3,167)
Provided during year	(228)	(44)	(16)	(289)
Disposals	-	-	-	-
At end of year	<u>(2,893)</u>	<u>(498)</u>	<u>(64)</u>	<u>(3,456)</u>
<b>Net book value</b>				
At 31 March 2024	<u>101</u>	<u>1,408</u>	<u>12</u>	<u>1,521</u>
At 31 March 2023	<u>260</u>	<u>1,454</u>	<u>14</u>	<u>1,728</u>

**Property, plant & equipment (other) - Company**

	IT	Offices	Furniture / Equipment	Total Other non housing
	£000	£000	£000	£000
<b>Cost</b>				
At start of year	2,651	1,906	33	4,590
Additions during year	64	-	-	64
Disposals	-	-	-	-
At end of year	<u>2,715</u>	<u>1,906</u>	<u>33</u>	<u>4,654</u>
<b>Depreciation</b>				
At start of year	(2,397)	(454)	(31)	(2,882)
Provided during year	(223)	(45)	(2)	(270)
Disposals	-	-	-	-
At end of year	<u>(2,620)</u>	<u>(499)</u>	<u>(33)</u>	<u>(3,152)</u>
<b>Net book value</b>				
At 31 March 2024	<u>95</u>	<u>1,407</u>	<u>-</u>	<u>1,502</u>
At 31 March 2023	<u>254</u>	<u>1,454</u>	<u>2</u>	<u>1,708</u>

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2024

14. Investments	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Investment in Subsidiary Companies	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

ACHA owns one share in Argyll Homes For All Limited (AHFA), which is a wholly owned subsidiary company. The principal activity of AHFA, registered company number SC415603, for the year ended 31<sup>st</sup> March 2024 was that of property maintenance. As at 31<sup>st</sup> March 2024 the capital and reserves of AHFA were £0.200 million (2023: £0.186 million) with a profit for the year of £0.014 million (2023: £0.171 million loss).

### Subsidiary: Argyll Homes For All Limited

Nature of business: Property maintenance and repairs

Class of shares:	% holding	2024 £000	2023 £000
Ordinary	100.00		
Aggregate Capital and Reserves		200	186
Profit / (loss) for the year		14	(171)

15. Stocks and work in progress	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Stock	154	143	-	-
	<u>154</u>	<u>143</u>	<u>-</u>	<u>-</u>

16. Debtors	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Rental debtors	1,179	1,122	1,179	1,122
Less bad debt provision	(534)	(459)	(534)	(459)
	<u>645</u>	<u>663</u>	<u>645</u>	<u>663</u>
Prepayments and accrued income	2,106	1,455	2,021	1,427
Other debtors	1,645	1,381	1,659	1,409
Less bad debt provision	(1,484)	(1,296)	(1,484)	(1,296)
	<u>2,912</u>	<u>2,203</u>	<u>2,841</u>	<u>2,203</u>

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

**For the year ended 31<sup>st</sup> March 2024**

The above figure for rental debtors is made up as follows:

	Debtor £000	Provided £000	2024 Net Debtor £000
Due from current tenants	811	(166)	645
Due from former tenants	368	(368)	-
	1,179	(534)	645

Rental Bad debts of £0.134 million were written off during the period (2023 £0.088 million). The provision for Rental Bad debts increased by £0.075 million during the year (2023 £0.057 million reduction).

Sundry debts of £0.031 million were written off during the period (2023 £0.032 million). The provision for Sundry debtors increased by £0.187 million during the year (2023 £0.231 million reduction).

AHFA had no debts written off during the year.

### 17. Cash at bank and in hand

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Bank	2,398	4,875	2,270	4875
Cash	1	1	1	1
	2,399	4,876	2,271	4876

### 18. Creditors: amounts falling due within one year

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Loans (secured)	178	169	178	169
Trade creditors	1,650	1,084	1,159	707
Other creditors	1,122	1,020	995	957
Accruals and deferred income	925	1,400	1,268	1,862
Deferred grant income	4,505	3,223	4,505	3,223
	8,380	6,896	8,105	6,918

### 19. Creditors: amounts falling due after one year

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Loan (secured)	61,109	61,287	61,109	61,287
Deferred Grant (Note 20)	78,631	80,547	78,631	80,547
	139,740	141,834	139,740	141,834

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31<sup>st</sup> March 2024

The loans with Lloyds Banking Group reduced by £0.069 million during 2023/24 due to capital repayments to the Oban office development loan. This is the only Lloyds Banking Group loan that is repayable on an amortising basis, with the loan to be repaid in full by March 2025. The repayment profile for the office loan is shown below.

	£000
Due within one year	73
Due between 1 and 2 years	-
Due between 2 and 5 years	-
Over 5 years	-
	<u>73</u>

A loan with Argyll and Bute Council through the Strategic Housing Fund for £3 million was agreed and drawn down during 2013/14 and 2014/15. This is a capital and interest repayment loan and is repayable by 2040. The repayment profile is shown below:

	Glenshellach £000	Bonawe £000	Helensburgh £000	Total £000
Due within one year	80	4	21	105
Due between 1 and 2 years	84	5	21	110
Due between 2 and 5 years	275	14	69	358
Over 5 years	1,232	68	341	1,641
	<u>1,671</u>	<u>91</u>	<u>452</u>	<u>2,214</u>
Rate %	4.45%	4.43%	4.43%	

The remainder of loans drawn, amounting to £59.0 million with Lloyds Banking Group, are repayable by bullet repayment. A summary of all fixed rate loans with Lloyds Banking Group as at 31<sup>st</sup> March 2024 is as follows:

Fixed Rate Hedging	Value (£000's)	End date	Rate %
Tranche A	6,000	18/12/2024	5.363
Tranche A	3,000	18/12/2024	5.563
Tranche A	3,000	30/10/2024	7.407
Tranche A	4,750	18/12/2024	5.363
Tranche A	7,000	18/11/2024	1.535
Tranche A	3,950	30/12/2024	1.515
Tranche A	7,000	30/06/2025	2.636
Tranche B	2,000	19/12/2024	5.363
Tranche B	5,000	28/03/2025	5.289
Tranche B	10,000	30/03/2029	5.430
Tranche C	73	30/03/2025	5.955
Tranche D	7,300	30/10/2024	7.407
<b>Total</b>	<u><b>59,073</b></u>		

Rates quoted are all inclusive of the rate, margin and capitalisation charges.

Loans are secured by a specific charge against ACHA's properties with the office loan secured against the office development at Menzies House, Glenshellach Business Park, Oban. At the year-end there were 4,765 housing properties secured to Lloyds Banking Group in addition to 54 housing properties secured to Argyll and Bute Council.

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2024**

**20. Deferred Grant Income – Group and Company**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Housing Association Grant (HAG)</b>		
At 1 <sup>st</sup> April	31,229	30,977
Received during year	1,164	1,170
Released to income during year	(957)	(918)
At 31 <sup>st</sup> March	<u>31,436</u>	<u>31,229</u>
<b>Other grants</b>		
At 1 <sup>st</sup> April	52,542	51,867
Received during year	2,735	3,025
Released to income during year	(3,549)	(2,305)
Released to income during year - disposals	(9)	(25)
Released to income during year - Impairment	(16)	(20)
At 31 <sup>st</sup> March	<u>51,703</u>	<u>52,542</u>
	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Amount to be released within one year	4,505	3,223
Amount to be released in more than one year	<u>78,631</u>	<u>80,547</u>
	<u>83,136</u>	<u>83,770</u>

**21. Share capital**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Shares of £1 each fully paid</b>		
At 1 <sup>st</sup> April	187	251
Issued in year	4	10
Cancelled in year	(9)	(74)
At 31 <sup>st</sup> March	<u>182</u>	<u>187</u>

Shares issued were in respect of new members of ACHA, who each hold one share of £1. These shares carry no rights to dividend or distributions on winding up. When a shareholder ceases to be a member the person's share is cancelled and the amount thereon becomes the property of ACHA. Each member has a right to vote in accordance with ACHA's Rules at Members meetings.

ACHA holds one share in its subsidiary company Argyll Homes For All Limited (SC415603) which is a wholly owned subsidiary trading company.



**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2024**

**22. Commitments – Group and Company**

(a) Capital commitments authorised and contracted for at 31<sup>st</sup> March 2024 amounted to:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Within one year</b>		
Major Repairs	2,074	8,176
New Build	145	595
IT	<u>-</u>	<u>-</u>
	<u>2,219</u>	<u>8,771</u>
<b>Within two to five years</b>		
	<b>£000</b>	<b>£000</b>
Major Repairs	-	1,148
New Build	-	17
IT	<u>-</u>	<u>-</u>
	<u>-</u>	<u>1,165</u>

The investment programme is financed by a combination of operating cash flow and private finance. Values included above are gross expenditure and include elements that will be grant funded.

(b) At the 31<sup>st</sup> March 2024, the total future minimum lease payments under non-cancellable operating leases were as follows:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Land and Buildings</b>		
Due within 1 year	24	24
Due between 1 and 5 years	-	-
Over 5 years	<u>-</u>	<u>-</u>
	<u>24</u>	<u>24</u>
<b>Other</b>		
	<b>£000</b>	<b>£000</b>
Due within 1 year	570	424
Due between 1 and 5 years	2,052	1,582
Over 5 years	<u>117</u>	<u>295</u>
	<u>2,739</u>	<u>2,301</u>

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2024**

**23. Reconciliation of operating surplus to net cash inflow from operating activities - Group**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Operating surplus/deficit</b>	<b>5,579</b>	<b>5,687</b>
<b>Adjustments:</b>		
Depreciation on non-housing fixed assets	289	297
Depreciation on housing fixed assets	9,314	6,730
Impairment on housing fixed assets	14	32
Deferred Grant Amortisation	(4,505)	(3,223)
<b>Movement in working capital:</b>		
Non cash adjustment in pension fund	227	1,367
(Increase)/Decrease in stock	(12)	(26)
(Increase)/Decrease in debtors	(709)	(394)
Increase/(Decrease) in creditors	192	-
<b>Cash inflow from operating activities</b>	<b><u>10,389</u></b>	<b><u>11,543</u></b>

**Reconciliation of operating surplus to net cash inflow from operating activities - Company**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Operating surplus/deficit</b>	<b>5,679</b>	<b>5,853</b>
<b>Adjustments:</b>		
Depreciation on non-housing fixed assets	269	282
Depreciation on housing fixed assets	9,314	6,730
Impairment on housing fixed assets	14	32
Deferred Grant Amortisation	(4,505)	(3,223)
<b>Movement in working capital:</b>		
Non cash adjustment in pension fund	215	1,320
(Increase)/Decrease in stock	-	-
(Increase)/Decrease in debtors	(638)	(395)
Increase/(Decrease) in creditors	(105)	924
<b>Cash inflow from operating activities</b>	<b><u>10,243</u></b>	<b><u>11,523</u></b>

**24. Analysis of changes in net debt - Group**

	<b>At 31<sup>st</sup> March 2023 £000</b>	<b>Cash flows £000</b>	<b>At 31<sup>st</sup> March 2024 £000</b>
Cash in hand, at bank	4,859	(2,460)	2,399
Debt due within one year	(169)	(9)	(178)
Debt due in more than one year	(61,287)	178	(61,109)
<b>Total</b>	<b><u>(56,597)</u></b>	<b><u>(2,291)</u></b>	<b><u>(58,888)</u></b>

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2024

25. Reconciliation of net cash flow to movement in net debt - Group	2024 £000	2023 £000
(Decrease) in cash in the period	(2,460)	(2,342)
Cash (inflow) from debt financing	-	-
Cash outflow from debt financing	169	161
	<hr/>	<hr/>
Change in debt resulting from cash flows	(2,291)	(2,181)
Net debt at beginning of period	(56,597)	(54,399)
<b>Net debt at end of period</b>	<u>(58,888)</u>	<u>(56,580)</u>

### 26. Group structure

ACHA is a registered social landlord, incorporated in Scotland. ACHA owns one share in Argyll Homes for All Limited (AHFA) which is a wholly owned subsidiary company. The principal activity of AHFA, registered company number SC415603, in the year ended 31<sup>st</sup> March 2024 was that of property maintenance.

### 27. Strathclyde Pension Scheme

The majority of ACHA group employees belong to the Strathclyde Pension Fund which is part of the Local Government Pension Scheme (LGPS). The total pensionable payroll at the balance sheet date was £4.664 million. This is a defined benefit scheme which provides benefits based on the final pensionable salary, the assets of which are held in a separate trustee administered fund. The best estimate of total employer contributions for 2024/25 is £0.303 million.

As noted in note 1, Argyll and Bute Council have guaranteed to accept liability for any unfunded costs which may arise with regard to ACHA relating to its membership of the Local Government Pension Scheme (LGPS) administered by Glasgow City Council should it cease to exist, withdraw from the LGPS or otherwise become unable to continue covering any unfunded liabilities with regard to the Local Government Pension Scheme (Scotland) Regulations 1998, as amended, or the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998. If applicable, the assumptions and other data that have the most significant effect on the determination of the contribution levels of the scheme are as follows:

Assumptions as at	31 <sup>st</sup> March 2024 % p.a.	31 <sup>st</sup> March 2023 % p.a.
Pension Increase Rate	2.75%	2.95%
Salary Increase Rate	3.45%	3.65%
Discount Rate	4.85%	4.75%

# ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31<sup>st</sup> March 2024

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies of age 65 for the Employer are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	20.4	23.6
Future Pensioners	21.3	24.7

Under the requirements of FRS 102, ACHA is required to disclose further information on its share of assets and liabilities of the LGPS on a market value basis at the end of the financial year.

ACHA's share of assets in the scheme and expected rate of return were:

	% Split of Assets 31 <sup>st</sup> March 2024	Assets at 31 <sup>st</sup> March 2024 £000	% Split of Assets 31 <sup>st</sup> March 2023	Assets at 31 <sup>st</sup> March 2023 £000
Equities	58%	24,503	60%	23,157
Bonds	27%	11,406	28%	10,807
Property	10%	4,225	10%	3,860
Cash	5%	2,112	2%	772
<b>Total</b>		<b>42,246</b>		<b>38,596</b>

### Analysis of the amount charged in arriving at the operating surplus

	Period to 31 <sup>st</sup> March 2024 £000	Period to 31 <sup>st</sup> March 2023 £000
Service cost	984	2,114
Past service costs	-	-
<b>Amounts charged to finance charge</b>	<b>984</b>	<b>2,114</b>

	Period to 31 <sup>st</sup> March 2024 £000	Period to 31 <sup>st</sup> March 2023 £000
Net interest	(506)	104
<b>Amounts charged to finance charge</b>	<b>(506)</b>	<b>104</b>

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2024**

**Analysis of the amount recognised in the statement of comprehensive income**

	<b>Period to 31<sup>st</sup> March 2024 £000</b>	<b>Period to 31<sup>st</sup> March 2023 £000</b>
Actual return	1,880	(1,665)
Changes in financial assumptions	1,869	18,819
Other experience gains and losses	(2,406)	(2,021)
Changes in demographic assumptions	369	285
Unrecognised pension asset	(12,330)	(10,742)
Prior year unrecognised asset adjustment	10,742	
<b>Amounts charged to finance charge</b>	<b>124</b>	<b>4,676</b>

**Reconciliation of opening and closing balances of the present value of scheme liabilities**

	<b>2024 £000</b>
Opening scheme liabilities	(27,854)
Current service cost	(984)
Past service cost	-
Interest cost	(1,340)
Re-measurements	272
Benefits paid	685
Contributions	(292)
Closing scheme liabilities	<b>(29,513)</b>

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

	<b>2024 £000</b>
Opening fair value of plan assets	38,596
Interest income	1,846
Return on plan assets (in excess of interest income)	1,880
Contributions by employer	754
Plan participants contributions	295
Benefits paid	(685)
Other experience	(440)
Closing scheme assets	<b>42,246</b>

	<b>2024 £000</b>	<b>2023 £000</b>
Net asset / (liability) at end of year	12,733	10,742
Unrecognised Surplus	(12,330)	(10,742)
Surplus / (Deficit) recognised in financial statements	<b>403</b>	<b>-</b>

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2024**

**28. Related party disclosures**

During the year there were a number of payments made and received between ACHA and its wholly owned subsidiary Argyll Homes for All Limited (AHFA). At the balance sheet date, the inter-company debtor / creditor was a debit of £0.051 million (2022/23 £0.043 million) which related to a balance of support service charges and assigned staff costs due to ACHA. At the year-end, income accrued by AHFA but not yet paid by ACHA amounted to £0.784 million (2022/23 £0.554 million).

Five members of the Board of Management were also tenants during the year (2022/23: eight). Three members of the Board of Management were Argyll and Bute Council Councillors during the year (2022/23: seven), with the decrease in number due to the change of Councillors at the local government elections in May 2022 now adjusted back. Members rent arrears were treated in a similar manner to that of other tenants in arrears with ACHA. The total value of rent received from tenants who were board members at the year-end was £0.027 million (2022/23 £0.024 million) with total non-technical rent arrears at the year-end of nil (2022/23: nil). The tenancy agreements and rents charged for those members of the Board of Management were on standard terms applicable to any other tenant of ACHA.

Payments made to members of the Board of Management during 2023/24 amounted to £3k (2022/23: £2k). This relates to reimbursement of travel expenses and subsistence.

All transactions with local authorities were made at arm's length, on normal commercial terms and no Board members used their position to their advantage. ACHA has entered premise leases with Argyll and Bute Council and has contractual arrangements for the provision of environmental / cleaning services. ACHA also had a number of transactions during the year in relation to building warrants, paid Council Tax for void properties and made Strategic Housing Fund loan repayments. During the year ACHA paid £0.59 million (2022/23: £0.68 million) to the Council for these services, inclusive of the three Strategic Housing Fund loans (£0.020 million - 2022/23: £0.20 million).

During the period ACHA received from the Council £7.04 million in housing benefit payments (2022/23: £7.1 million), rental income for homeless and additional support needs tenancies of £0.08 million (2022/23: £0.07 million). ACHA received £0.05 million SHF grant income during the period (2022/23: £0.21 million).

At the period end there was no creditor value outstanding to the Council (2022/23: nil).

**ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> March 2024**

**29. Financial Instruments**

The carrying amounts of the Group's financial instruments are as follows:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<i>Financial assets</i>		
<b>Debt instruments measured at amortised cost:</b>		
- Trade debtors (note 16)	645	663
- Accrued income (note 16)	1,425	1,334
- Other debtors (note 16)	161	84
- Cash and cash equivalents (note 17)	<u>2,399</u>	<u>4,876</u>
	<b>4,630</b>	<b>6,957</b>
<i>Financial liabilities</i>		
<b>Measured at amortised cost:</b>		
- Bank loans and overdraft (notes 18-19)	61,287	61,457
- Trade creditors (note 18)	1,650	1,084
- Accrued expenses (note 18)	885	1,398
- Other creditors (note 18)	<u>1,122</u>	<u>1,005</u>
	<b>64,944</b>	<b>64,944</b>

The income, expenses, net gains and net losses attributable the Group's financial instruments are summarised as follows:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<i>Income and expense</i>		
Financial assets measured at amortised cost	11	24
Financial liabilities measured at amortised cost	<u>(2,442)</u>	<u>(1,883)</u>

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss was £0.011 million (2022/23: £0.024 million) and £2.44 million (2022/23 - £1.883 million) respectively.

