

**Ark<sup>®</sup>**

**Ark Housing Association Limited**

**ANNUAL REPORT AND CONSOLIDATED  
FINANCIAL STATEMENTS**

For the Year Ended

31 March 2022

(Co-operative & Community Benefit Society No. 1899RS)  
(Scottish Housing Regulator Registration No. 66)  
(Scottish Charity No. SC015694)

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## BOARD OF MANAGEMENT, DIRECTORS, AND ADVISORS

### Board of Management

Graham Mitchell (Chair)	Ken Brown#
Ian Logan#	David Proudfoot*
Neil McKnight	Anne Lane*
Lucy Robertson	Fraser Quin (resigned 23 September 2021)
Nikolas Koutris#	Joanna Mansell#*
Dr Darcy Black*	Catriona Clark# (joined 23 September 2021)
Kayleigh Bryan*(joined 23 September 2021)	Lorraine Charnley (joined 23 September 2021,
Yaseen Yousuf (joined 9 December 2021, resigned 30 May 2022)	resigned 27 April 2022)

\* Audit sub committee member

# Finance sub committee member

### Chief Executive and Directors

Bobby Duffy	Chief Executive
Victoria Knox	Director of People and Organisational Development
Stuart Green	Director of Finance
Mark Hall	Director of Operations
Caryn Innes	Director of Development & Business Improvement

### External Auditor

Chiene + Tait LLP  
Chartered Accountants and  
Statutory Auditor  
61 Dublin Street  
Edinburgh EH3 6NL

### Bankers

The Royal Bank of Scotland plc  
Corstorphine Branch  
239 St Johns Road  
Edinburgh EH12 7XA

### Internal Auditor

TIAA Ltd  
Business Support Centre  
53-55 Gosport Business Centre  
Aerodrome Road  
Gosport  
Hampshire  
PO13 0FQ

### Solicitors

T C Young  
Melrose House  
69a George Street  
Edinburgh EH2 2JG

### Registered Office

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Canaan Lane  
Edinburgh EH10 4SG

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## REPORT OF THE BOARD OF MANAGEMENT

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

### Overview of Business

The principal objects of Ark Housing Association (“Ark”) are to provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care.

### Purpose, Vision, Mission, Values, Objectives

#### *Purpose*

As a not-for-profit charity and registered social landlord, Ark is driven by its social purpose which is to “provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care”.

#### *Vision*

Our vision is of “inclusive communities where quality of housing and care enable people to thrive and live a good life”. Ark works every day to break down barriers for the people we serve, our tenants and supported people.

Through our housing teams, we work to ensure our tenants are not financially excluded by mitigating the impact of welfare reforms, keeping rents affordable, and alleviate the impact of rising fuel costs by ensuring our housing is energy efficient.

We provide care and support to one of the most marginalised and vulnerable group of people in society. Our vision is that through our work and the work of others, this group will be enabled to become active citizens in the communities in which they live.

#### *Mission*

Our mission is to “create the best possible customer outcomes through our highly skilled people, the provision of high quality affordable homes and excellent care”. Good quality housing and high quality care are therefore essential to enable Ark to achieve its vision.

#### *Values*

Arks’ Values are true to the core purpose of the organisation and the services we deliver. They determine our behaviours, and what we should expect in our relationships with one another. Working within the following values will guide and help us deliver our vision and mission of Ark being an organisation where everyone is equal:

- **Trust:** We have confidence in our people to deliver excellent services and trust in them to do so. We will develop trusting and honest relationships and our customers will feel assured that they can rely on us to deliver;
- **Respect:** We treat everyone fairly and we listen. We are respectful of each person with whom we come into contact and expect our people to respond professionally and treat others as they would wish to be treated;
- **Understanding:** We will operate with empathy and compassion and approach each situation with an open mind. We will question and challenge to ensure we achieve the right outcomes for customers and our people;

## REPORT OF THE BOARD OF MANAGEMENT (continued)

- **Equality:** We believe everyone is equal and expect our people to create positive experiences where everyone feels valued and included; and
- **Integrity:** We will do the right thing and take responsibility for our actions. We will work together to uphold the highest standards of behaviour and practice.

### *Objectives*

Ark has in place a 5-year Business Plan, within which we have set four overarching strategic aims. The following aims were developed in response to the feedback we have received and we believe will deliver for the communities we serve in Ark:

- Have a reputation for excellence and be recognised as a high quality provider of housing and care;
- Be known as an excellent employer where employees will enjoy rewarding careers;
- Build our technological and digital capability to support a successful business;
- Have in place Leadership to create a culture of excellence throughout the business.

Whilst the current plan has a specific focus for the years 2020-2025, our ambitions for Ark organisation run beyond that. Our overall aim of transforming Ark and delivering the highest quality of housing and services will take time and we believe the strategic objectives we have set out will prepare the ground for the transformation of Ark and deliver the change our community told us they want to see.

### Structure, Governance and Management

Ark is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered by the Financial Conduct Authority. Ark, a Registered Social Landlord and a registered charity, was established in 1977 under a Memorandum of Association which established the objects and powers of the Association.

Ark is governed by a voluntary Board of Management (“the Board”) and the management of Ark is delegated by this Board to the Executive Officers. Governance, management policies and procedures that set the parameters for those matters to be dealt with by the Board, and those which can be dealt with by the Executive Officers, have been approved by the Board. Meetings of both parties are held on a regular basis throughout the year and are conducted in accordance with Arks’ reporting procedures.

The Board has two sub-committees, Finance and Audit. We also have a Housing and Property Working Group to gain the benefit of the professional expertise of those Board members who have an interest in that area. Each sub-committee and the working group have specific terms of reference and functions delegated by the Board and with a member of the Board as their Chair. The Board also established an Executive Committee with delegated authority for decision-making in particular circumstances. The Board and Executive Officers of Ark serving during the year are listed on page 1.

Each member of the Board holds one fully paid share of £1 in Ark. The Executive Officers of Ark hold no interest in Arks’ share capital and, although not having the legal status of Directors, act as Executives within the authority delegated by the Board.

Ark has a documented policy for recruitment to the Board and the recruitment process is structured in such a way as to ensure that those appointed to the Board have the required diversity of skills, interests and experience. Ark has established twice-yearly induction days and is creating additional learning days for Board members to ensure they maintain and enhance their contribution to Board Governance. Continuous learning requirements will be captured through a Board Effectiveness Survey.

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

Ark has two fully controlled subsidiaries in Ark Services Limited and Ark Commercial Investment Limited.

Ark Services Limited was set up to develop housing for those who are aged, infirm or disabled and in need of housing and associated amenities. As a registered charity, it was able to access Special Needs Capital Grant funding which was not available to Housing Associations.

Ark Commercial Investment Limited was set up as a vehicle to provide student accommodation in a former care home. As a commercial entity it leased the building from Ark and established a management contract to ensure high levels of occupancy throughout the academic year and a high level of take-up during holiday periods.

Ark has in place a management service contract with Ark Services Limited and Ark Commercial Investment Limited to provide management and professional services to these organisations.

The financial statements of Ark Services Limited and Ark Commercial Investment Limited are consolidated in the Ark Group financial statements.

### **Financial Review**

The Group's turnover for the year ended 31 March 2022 totalled £22,513k (2021: £22,351k). The main source of income for the Group includes the provision of care and support services of £18,381k (2021: £18,395k). The remainder of the Group's income is primarily derived from the social rental of housing property, with net rental income of £4,132k (2021: £3,956k).

Operating costs for the Group in the year totalled £22,634k (2021: £22,027k), largely comprising of the following:

- Care and support activity costs of £19,435k (2021: £18,863k), which are primarily employee costs;
- Management and maintenance administration costs associated with affordable letting activities totalling £934k (2021: £1,049k);
- Planned and reactive maintenance costs of £1,131k to our social letting properties (2021: £674k); and
- Depreciation expenditure for social housing assets of £748k (2021: £1,037k).

The Group generated an operating deficit of £121k or -0.5% (2021: £324k surplus or 1.5%). The decrease on prior year is primarily due to additional past service pension deficit contributions. Other expenditure in the year includes £76k of interest due on loan funding (2021: £83k).

Total comprehensive surplus for the year of £3,652k (2021: loss of £1,744k) includes a net £3,773k increase (2021: £2,324k decrease) in respect of the annual actuarial valuation of the Scottish Housing Associations' Pension Scheme ("SHAPS").

### **Cashflows**

The cash flow statement of the Group is shown on page 25. Ark spent £491k on operating activities (2021: £912k generated), a decrease of £1,403k on prior year. Cash and cash equivalents in the year decreased by £1,272k (2021: increased by £362k), to £7,213k (2021: £8,485k).

## REPORT OF THE BOARD OF MANAGEMENT (continued)

### Treasury Management

The Board reviews Ark's treasury management arrangements annually. Ark holds surplus working cash reserves in an investment portfolio with Brewin Dolphin with the remaining cash funds being held in instant access and 7 day notice deposit accounts.

Readily liquefiable assets are held at a balance of at least an amount equivalent to two months cashflow expenditure (approximately £3,700k), which is considered sufficient to cover operational working capital requirements.

Borrowings are secured based on a mix of fixed and variable rate finance. Approximately 55% of Group funds are secured on a fixed borrowing rate and 45% on a variable rate.

### Fixed Assets

The cost of Ark's housing properties after depreciation is £22,282k (2021: £22,351k). These have been funded principally through a combination of Housing Association Grant and other grants, private finance, and internal resources. The market value of Ark's housing properties is substantially higher than the net book value and is sufficient to meet all asset value related loan covenants.

### Reserves Policy

The Association operates with two principle reserves; a revenue reserve, and a restricted reserve.

#### Revenue reserve

The revenue reserve includes amortised historic grant received in respect of new build housing properties, and specific projects for which subsidy has been received. These grants have been invested for the specific purposes prescribed in the related grant conditions. The Association has no ability to realise new cash from this element of reserves, since selling the related assets which were constructed or improved with the grant funds would trigger clawback conditions and require repayment of grant to the Scottish Government or other grant providers.

The residual amount of revenue reserves, not represented by grant, may be invested by the Association in line with its 30-year financial plan. Such investment is subject to the Association maintaining a viable financial profile over the life of its financial plan, as well as approval by the Board of Management. In approving the financial plan annually, the Board will take into account projected compliance with loan covenants, as well as the impact of sensitivity analysis and other risk factors which may apply.

At 31 March 2022 revenue reserves stood at £18,257k (2021: £14,604k), a £3,653k increase on prior year.

#### Restricted reserve

Restricted reserves are funds that have been donated to the Association for specific purposes. Details of which are set out in note 12. At 31 March restricted reserves stood at £44k (2021: £45k).

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

### **Business Review**

This review refers to Ark Housing Association only. Equivalent material for its subsidiaries, Ark Services Ltd and Ark Commercial Investment Ltd, is included in their separate Annual Reports and Financial Statements.

#### **Housing Services**

The lifting of Covid-19 restrictions allowed our Housing Team to redeploy 'pre-pandemic' levels of service delivery, engaging face to face more with tenants. However, where possible, we continue to engage through new digital channels such as Near Me and Zoom. The development of these alternative ways of engaging with customers means we can reach a wider range of customers, giving us the opportunity to review how we develop and engage with our new Scrutiny Group.

Performance remained strong throughout the year, with rent arrear levels remaining consistent, at just over 1%, whilst achieving tenancy sustainment of 100% amongst most groups of customers, with an 85% result within our supported tenancies. We allocated 27 properties in the year, the same number as in the previous year. Of our new general needs tenants, 43% were to applicants who were registered as being statutorily homeless.

The average number of days to re-let decreased from 32 to 25 days, as 'lockdown' related delays were reduced.

#### **Asset Management**

During the financial year our Asset Management Team delivered over £300k in component replacements across our housing stock. This work included a number of bathroom and boiler improvements, while the primary focus has been on installing interlinked smoke and heat alarms, in line with new legislative requirements.

Our repairs service delivered over 300 emergency repairs and 1,300 non-emergency repairs throughout the year and also completed void repairs to 27 properties which became vacant and were re-let within the year.

Over the past year we completed 22 stage 3 adaptations, funded by Scottish Government grant funding.

Year-end results contained within our Annual Return on the Charter to the Scottish Housing Regulator include:

• Average time to complete emergency repairs	8.38 hrs
• Average time to complete non-emergency repairs	9.17 days
• % of reactive repairs completed right first time	97.16%
• % of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the repairs and maintenance service	80.11%

During the year we completed our stock condition surveys. This information has been entered into our new asset planning module within our housing management system, which will inform future investment plans.

## REPORT OF THE BOARD OF MANAGEMENT (continued)

### New Build Development

Our approved five-year financial plan has aspirations to build a total of 80 new affordable homes over the next five years. Two developments are currently underway:

- Crusader Rise, Livingston

Following a competitive open tender exercise, the design and build contract was awarded to JR Construction (Scotland) Ltd, with approvals and funding, including Housing Association Grant funding from the Scottish Government, now in place. Construction on site formerly commenced in July 2022, with an anticipated twelve month build programme.

- Windsor Square, Penicuik

The site, a former care home, was fully demolished and cleared during the year. Work is currently underway to conclude the design and build, ensuring Ark maximises the development opportunity. Key objectives include achieving a net zero design solution and ensuring the construction process has minimal impact on the neighbouring community.

### Care & Support

The Covid-19 pandemic continued to impact the delivery of our care and support services throughout the year. As always, our priority has been the safety and wellbeing of the people we support and our staff.

We continued to monitor Scottish Government, Public Health and Local Authority specific guidance and updated risk assessments and staff guidance to reflect any changes, while also complying with enhanced reporting requirements to various stakeholders, including the Care Inspectorate, Public Health Scotland and Local Authorities.

Where a supported person presented with symptoms, or was confirmed to have Covid-19, we reported this to the Welfare Guardian/family, Care Inspectorate, Local Authority, NHS24 and Public Health Scotland. We then strictly followed all guidance provided by them to protect the person, other supported people, staff and the wider community.

We worked closely with the people we support (the vast majority of whom have learning disabilities) to help them understand the restrictions that the pandemic placed on all of us; including where necessary to help people to adhere to social distancing and to isolate.

There were many times where we were required to reduce support hours, adjust times of support, make last minute changes to staffing, implement critical support only or make other changes.

We continued to manage high levels of staff absence due to people isolating if they had the recognised symptoms, people testing positive and people shielding due to age/conditions. This became a particular issue for us as the Omicron variant spread during the second half of the year.

All of our support staff continued to test and record results for Covid-19 on a twice weekly basis and were assisted to access the NHS vaccination programme.

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

### **Care Inspectorate**

Due to the Covid-19 pandemic, the Care Inspectorate carried out a limited number of inspections throughout the year. In the main, inspections were replaced by data gathering to monitor the impact of the pandemic; providing infection control and other pandemic related advice; and maintaining regular ongoing contact with Registered Managers.

The inspections that did take place were limited to higher risk care homes and some follow up to inspections from the previous year.

### **Supported People Feedback**

We offer regular opportunities for the people we support to provide feedback regarding the quality of our service. The optional 'How Are We Doing' form is included in all 6 monthly Support Plan Reviews.

This year we received 607 forms which provide valuable information that our services can use to direct continuous improvement initiatives. Organisational-wide feedback provided via this method includes:

- 91% of respondents said they were happy with the support they get;
- 94% of respondents said they were always treated with respect during their support time;
- 92% of respondents said they knew who to speak to if they wanted to make changes to their support.

### **Participation**

Due to the Covid-19 lockdown measures, we had to abruptly stop our local and organisational group meetings. We set up the following measures to provide remote support to individuals who had their support package decreased or interrupted and were reporting feelings of anxiety, loneliness and isolation:

- Weekly wellbeing phone calls;
- Messaging Group for peer support;
- Video calls with small group of people; and
- An enhanced social network profile to reach more supported people.

Through these forms of communication we were able to continue to work with people involved in the Ark Working Group. Members of the Working Group are involved in the review of Ark Policies and Procedures that affect them, making sure their rights are respected. During 2021/2022 the group has been able to review the whole suite of Care and Support policies and procedures, checking the easy read version and suggesting changes where needed.

We have continued to support our local Speak Out groups with the setup of monthly video meetings, with Speak-Out Workers providing group supervision. The Speak-Out Workers are responsible for providing local participation opportunities and have been extremely creative in finding ways to adapt their role during lockdown restrictions.

Information about all participation activities in Ark is regularly shared with the people we support, our staff and the public through the quarterly Ark Newsletter, Ark's website and our social media channels.

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

### **Learning & Development**

Ark is committed to investing in all staff, ensuring they feel confident and competent to deliver a high quality service to customers.

We have a dedicated Learning and Development ("L&D") function to support an on-going delivery programme, aligned with the needs of the business. We are currently reviewing our L&D delivery models and moving towards a blended approach of classroom based, e-learning, and digital classroom solutions to improve our range of offering and accessibility. Additionally, L&D are working closely with Care & Support colleagues to pilot a Practice Delivery approach to embedding learning within our staff teams.

We also continue to deliver high quality SVQ qualifications and are audited regularly by the Scottish Qualifications Authority ("SQA") to ensure our internal accredited centre operates at a high standard. We support our staff to meet their regulatory Scottish Social Services Council ("SSSC") registration target within required timescales, to allow them to deliver essential services in the Social Care Sector.

### **Employee Engagement**

Employee Engagement has been a key focus for Ark and we have spent time planning the most effective ways to engage with our teams across the business. We have recently issued our Staff Engagement Survey and have had a very positive response. Ark are now planning to analyse the results to ensure that we are listening to what is important for our people and can focus our strategies accordingly.

We have launched our Employee Forum as we believe it is essential for us to work in partnership with our people to understand how we can improve the working experience, particularly following the last, and very difficult, two years. The Employee Forum is a key part of this, with the aim to improve engagement and communication to ensure that our teams are part of the decision making process and shape the future of the organisation.

Ark continue to recognise Unite the Union and have a longstanding Recognition Agreement in place. Consultation with staff representatives and a full-time Union Official takes place on a regular basis through meaningful discussions on all staff related matters. We work in partnership on issues affecting the sector and have carried on the excellent relationship we have enjoyed over the years.

### **Employee Reward**

Ark continually monitor staff reward through regular Benchmarking in the sector and have implemented pay awards ranging from 1% to 4.78% across all grades from 1 April 2022. Additionally, and as part of the Scottish Government Policy, we also implemented a 5.47% increase to all employees involved in front line Care & Support services in December 2021. This reward was aimed at recognising the commitment and efforts from those employees during the pandemic.

We continue to offer Ark's employee assistance programme, called Care First. Care First offer weekly well-being webinars, face-to-face counselling and a dedicated support line as well as Ark's employee discounts platform.

Following the analysis of the results of the recent engagement survey, we will also carry out a review of our benefit offerings against what our people tell us are important to them.

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

### **Continuous Improvement**

We continue to work towards accreditation by the European Foundation for Quality Management ("EFQM"). We have become members of EFQM Scotland and key members of the senior leadership team attended EFQM Foundation level training. We have started to consider the evidence that we will need in order to submit an application for formal accreditation and have been working closely with EFQM Scotland around this.

### **Funds held as Custodian Trustee on Behalf of Others**

During the year we held 129 (2021: 127) bank accounts in trust on behalf of people we support. These accounts are kept separate from funds held by the Association and controls monitored by the Care Inspectorate are in place to ensure the safe custody of said funds.

### **Risk and Control Framework**

The Association recognises the importance of effective identification, evaluation and management of all key strategic and operational risks. This is a requirement set out by the Scottish Housing Regulator's Regulatory Standards:

*"The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose".*

Risk management is a key element of the Association's overarching governance arrangements and it demonstrates that the Association has considered those areas which put the achievement of its strategic objectives under threat, that it has analysed the consequences of things going wrong and identified the actions and controls needed to prevent or limit these consequences.

The Audit Sub-Committee advises the Board on issues of risk, control and governance and has a remit from the Board to monitor and review internal and external audit functions, compliance with relevant statutory regulations, compliance with our policies and procedures and health and safety management.

We also have in place a system of exception reporting to the Executive Officers and the Board. This includes remedial risk assessment and action reports, ensures that learning and improvement from Reporting of Injuries, Diseases and Dangerous Occurrences Regulations and serious incidents is identified and acted upon. We maintain a Strategic Risk Register to ensure that, once they are identified, risks are monitored, managed and reported. This is reported to the Board twice per year.

We also operate an organisational regulatory checklist that is reviewed each month by officers and shared regularly with the Audit Sub-Committee on behalf of the Board. In respect of Health and Safety, the checklist is supported by our Health and Safety checks and audit system.

The services provided by us, in particular to those with learning difficulties, are inherently risky; however, we have in place policies, procedures, and guidelines to manage these risks. Risk assessments are carried out for each supported person and are regularly reviewed.

Within Care and Support, a regular system of reviews is in place, which is carried out at various management levels to ensure that risks to supported people and our employees are properly managed and to support best practice.

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

Principal strategic risks facing the Association, and mitigations, are noted below:

<b>Risk</b>	<b>Mitigation</b>
Failure to meet regulatory standards	The Board and Executive Team have in place a robust Governance framework to ensure compliance with regulatory standards and effective systems to monitor and accurately report delivery of objectives and financial performance across the business.
Failure to maintain financial sustainability	Ark have developed a financial strategy that provides the framework and guidance for all key financial and investment decisions; Five-year financial plans are reviewed on an annual basis by the Board, with regular management account updates presented throughout the year.
Failure to deliver good quality care and support	Good life support plans are in place which provides evidence of support provision, achievement of personal outcomes, and levels of supported person's satisfaction with the quality of support received; Management have a robust staff development programme that provides staff with the necessary skills and knowledge they require to deliver good quality Care and Support; Quality of service provision is monitored through a quality assurance framework.
Failure to provide high quality housing and asset management services to our customers	Completion of the Annual Return on the Charter; Key performance measures and targets reported on a regular basis; Stock condition surveys; Tenant visits and satisfaction surveys.
Failure to maintain good quality people to deliver the business objectives	All services have individually implemented Local People Plans; Training plans aligned to supported people's needs; SSSC registration and qualification targets monitored.
Failure to deliver development programme within the financial and quality parameters of the Business Plan	Five-year development plan included in the five-year financial plan, allowing for sensitivity analysis within the overall financial capacity of the organisation; Individual business cases in place to support identified projects to ensure we are developing the right homes, in the right location; Accessing specialist consultant and contractor frameworks to procure professional consultants and development contractors.
Failure to comply to our duty of care to our customers	Changes in legislation identified; Compliance with required safety checks are reviewed and audited by internal Health and Safety advisor.
Failure to respond effectively to significant event that causes major business disruption	Business critical activities have been identified; Departmental delivery plans in place to deliver business continuity; Risk assessments in place offering clear guidance and instruction on how to respond to a range of operating risks resulting from a significant event.

### **Plans for the Future**

The 2020-25 Business Plan was developed to lay the foundations of a long term strategy that will see the transformation of Ark over the next five years and beyond.

It identifies our strategic aims as a provider of both housing and care and an employer of over 600 people, who contribute to the excellent work of Ark every day, and was built upon high levels of engagement with supported people, tenants and colleagues where we asked a simple question; what is important to you in your life with Ark, however you are connected with the organisation?

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

Our strategic objectives are based on what our stakeholders told us is important to them. The aim of this business plan is to create an organisation that will:

- Have a reputation for excellence and be recognised as a high quality provider of housing and care;
- Be known as an excellent employer where employees will enjoy rewarding careers;
- Build our technological and digital capability to support a successful business; and
- Have in place Leadership to create a culture of excellence throughout the business.

The leadership at Ark recognises how the world has changed since we had those conversations with our key stakeholders and we are now readying ourselves for the next evolution of our strategic plan and it is likely the new plan will come into effect from April 2023.

### *Business Plan (Year Three)*

Directly linked to the strategic objectives of the business plan, we have identified detailed areas for improvement that when delivered this year, will ensure we continue to make progress against the ambitions and objectives we have set out in our plan. Examples of what we are working on this year include:

#### *For Ark Tenants:*

- We will develop and implement our Asset Management Strategy, designed to set out our future plans on how we will improve the quality of our housing and how we will meet the new housing quality and energy efficiency standards, across all of our properties making them warmer and cheaper to run;
- We will deliver our Housing & Asset Management Service Improvement Plan, which aims to improve the services we provide to our tenants across all areas of our customer services and ultimately increase the levels of satisfaction our tenants have with Ark as their landlord;
- We will complete the building of 20 new affordable social houses in Livingston, some of which are adaptable to support the changing needs of those with physical disabilities;
- We will implement our property portfolio analysis framework, designed to provide detailed information of the performance of our housing stock against a range of performance criteria and inform decisions on where we need to invest to improve our properties, or make decisions about properties that cannot reasonably be brought up to the level of quality required to meet all regulatory measures.

#### *For Arks' Supported People:*

- We will complete the Care & Support Portfolio Analysis, designed to provide us with detailed information on the performance of our care services and identify where improvements need to be made to ensure our supported people receive the best quality of service and support to do the things in their life that is important to them;
- We will implement a new Ark Autism strategy, designed to set out key strategic steps that will aim to improve the lives of those being support by Ark who live with autism; this is a highly specialist area of work and we must take a strategic approach to ensure our support is of the highest quality for those customers of Ark;
- We will also develop Ark's Positive Behaviour Support strategy, which will be designed to support employee development and practice approaches to positively and constructively support people during times of distress and high anxiety. Our key aim is that our supported people or employees will not be negatively impacted by such experiences.

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

### *For Arks' Employees:*

- We will develop Ark's employee Well-Being Strategy, designed to place employee wellbeing at the core of all our activities and to implement initiatives that actively supports employee wellbeing;
- We will research and develop Ark's approach to practice development, designed to ensure our people are well equipped to perform their roles to the highest standards;
- We will complete a review of Learning and Development in Ark and implement modern approaches to learning and development that is aligned to the structures and operations of Ark;
- We will implement our employee communication and engagement plan, designed to create a culture of partnership across Ark, where we are all equal and have shared interest in Ark being a successful organisation;
- We will implement improvements in Arks approaches to employee recruitment and retention, we need to better understand why people leave Ark and more importantly why they stay with Ark, to enable us to build on the reasons why people want to work for Ark and reduce the numbers leaving.

### **Going Concern**

The Board of Management has reviewed the results for this year and has also reviewed the projections for the next five years. The Board, therefore, has a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements.

More details on the Board's assessment of the use of the going concern basis is provided in Note 2.

### **Auditors**

A resolution to re-appoint Chiene + Tait LLP as auditors for the ensuing year will be proposed at the annual general meeting.

By order of the Board of Management



Graham Mitchell (Chair)  
25 August 2022

The Priory  
Canaan Lane  
Edinburgh  
EH10 4SG

## **STATEMENT OF BOARD'S RESPONSIBILITIES IN RESPECT OF THE REPORT OF THE BOARD OF MANAGEMENT AND THE FINANCIAL STATEMENTS**

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of the income and expenditure of the association for that period.

In preparing the associations financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business; and
- prepare a Statement on Internal Financial Control.

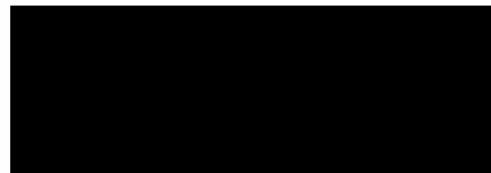
The Board is responsible for keeping proper accounting records of account that disclose with reasonable accuracy at any time the financial position of the association and to enable it to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and Registered Social Landlords Determination of Accounting Requirements 2019. The Board is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Information for the Auditors**

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 they ought to take as trustees 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



Graham Mitchell (Chair)  
25 August 2022

The Priory  
Canaan Lane  
Edinburgh  
EH10 4SG

## BOARD OF MANAGEMENT STATEMENT OF INTERNAL FINANCIAL CONTROLS

The Board of Management acknowledges their responsibility for ensuring that the Group has in place systems of control that are 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 the Group or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets (against unauthorised use or disposition).

It is the Board of Management's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material mis-statement or loss.

The key elements of the Group's systems of internal financial control are set out below:

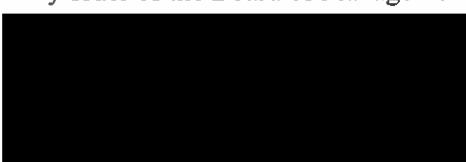
- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- Experienced and suitably qualified staff take responsibility for important business functions.
- Forecasts and budgets are prepared regularly which allow the Board and staff to monitor the key business risks and financial objectives as well as the progress towards the financial plans set for the year and the medium term.
- 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.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.

The Board reviews reports from management and from the Audit Sub-Committee, which scrutinises reports from both internal and external auditors, to obtain reasonable assurance that control procedures are in place and are being followed. The Group has a rolling programme of internal audit reviews which cover the key activities of the Group. Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports. These arrangements are considered appropriate to the scale and range of the Association's activities and comply with the requirements contained in the Scottish Housing Regulator's Guidance.

Significant risks are identified, evaluated and managed as outlined on page 10 and 11 of this document.

The Board of Management has reviewed the system of internal financial control in the Group during the year ended 31 March 2022 and up to the approval date of the financial statements. 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 auditor's report on the financial statements.

By order of the Board of Management



Graham Mitchell (Chair)  
25 August 2022

The Priory  
Canaan Lane  
Edinburgh  
EH10 4SG

## **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ARK HOUSING ASSOCIATION LIMITED**

### **Opinion**

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

### **In our opinion the financial statements:**

- give a true and fair view of the state of the Association’s and the Group’s affairs as at 31 March 2022 and of the Association’s and the Group’s income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, and the Determination of Accounting Requirements – 2019.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Who we are reporting to**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The Board is responsible for the other information. The other information comprises the information included in the Operating and Financial Review and Board of Management Report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not

## **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ARK HOUSING ASSOCIATION LIMITED (CONTINUED)**

cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations necessary for the purposes of our audit.

### **Responsibilities of the Board**

As explained more fully in the Statement of the Board's Responsibilities set out on page 14, the Board members (who are also the Trustees of the association for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

## **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ARK HOUSING ASSOCIATION LIMITED (CONTINUED)**

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

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

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

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

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



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

14 / 9 / 2022

## **REPORT BY THE AUDITORS TO THE MEMBERS OF ARK HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS**

In addition to our audit of the Group Financial Statements, we have reviewed your statement on page 15 concerning the Association's compliance with the information required by the Regulatory Standards 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 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 Group 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 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.

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

14 / 9 / 2022

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022 – GROUP**

	<i>Notes</i>	<b>2022</b> £'000	<b>2021</b> £'000
<b>Turnover</b>	<b>3</b>	22,513	22,351
Less: Operating costs	3	(22,634)	(22,027)
<b>Operating (deficit) / surplus</b>		<b>(121)</b>	<b>324</b>
Interest receivable and similar income	9	22	30
Interest payable and similar charges	10	(76)	(83)
<b>(Deficit) / surplus for the financial year</b>		<b>(175)</b>	<b>271</b>
Unrealised gain on investments	16	54	309
Actuarial gain on investments	22	-	-
Amendment to pension recovery plan	22	2,451	1,282
		<b>2,330</b>	<b>1,862</b>
<b>Other Comprehensive Income</b>			
Initial recognition of multi-employer defined benefit scheme	22	-	-
Actuarial gain / (loss) in respect of pension scheme	22	1,322	(3,606)
<b>Total comprehensive income / (loss) for the financial year</b>		<b>3,652</b>	<b>(1,744)</b>

All amounts relate to continuing operations.

The notes on pages 27 to 54 form part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022 –  
 ASSOCIATION**

	<i>Notes</i>	<b>2022</b> £'000	<b>2021</b> £'000
<b>Turnover</b>	3	22,291	21,540
Less: Operating costs	3	22,273	(21,668)
<b>Operating surplus / (deficit)</b>		<u>18</u>	<u>(128)</u>
Interest receivable and similar income	9	22	29
Interest payable and similar charges	10	(20)	(22)
<b>Surplus / (deficit) for the financial year</b>		<u>20</u>	<u>(121)</u>
Unrealised gain on investments	16	54	309
Actuarial gain on investments	22	-	-
Amendment to pension recovery plan	22	2,451	1,282
		<u>2,525</u>	<u>1,470</u>
<b>Other Comprehensive Income</b>			
Initial recognition of multi-employer defined benefit scheme	22	-	-
Actuarial gain / (loss) in respect of pension scheme	22	1,322	(3,606)
<b>Total comprehensive income / (loss) for the financial year</b>		<u>3,847</u>	<u>(2,136)</u>

All amounts relate to continuing operations.

The notes on pages 27 to 54 form part of these financial statements.

**STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2022 – GROUP**

	<b>Income &amp; Expenditure Reserve £'000</b>	<b>Restricted Reserve £'000</b>	<b>Total £'000</b>
Balance at 1 April 2020	16,348	45	16,393
Total comprehensive loss	(1,744)	-	(1,744)
Balance at 1 April 2021	<u>14,604</u>	<u>45</u>	<u>14,649</u>
Total comprehensive income	3,653	(1)	3,652
Balance at 31 March 2022	<u>18,257</u>	<u>44</u>	<u>18,301</u>

All amounts relate to continuing operations.

**STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2022 – ASSOCIATION**

	<b>Income &amp; Expenditure Reserve £'000</b>	<b>Restricted Reserve £'000</b>	<b>Total £'000</b>
Balance at 1 April 2020	14,078	45	14,123
Total comprehensive loss	(2,136)	-	(2,136)
Balance at 1 April 2021	<u>11,942</u>	<u>45</u>	<u>11,987</u>
Total comprehensive income	3,848	(1)	3,847
Balance at 31 March 2022	<u>15,790</u>	<u>44</u>	<u>15,834</u>

All amounts relate to continuing operations.

The notes on pages 27 to 54 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022 - GROUP**

	<i>Notes</i>	<b>2022</b> £'000	<b>2021</b> £'000
<b>Fixed assets</b>			
Housing properties	14	22,282	22,351
Other tangible fixed assets	15	2,697	2,654
Investment property	16	475	475
Investments	16	1,561	1,486
		27,015	26,966
<b>Current assets</b>			
Debtors	17	3,337	2,298
Cast at bank		7,213	8,485
		10,550	10,783
<b>Creditors: amounts falling due within one year</b>	18	(4,097)	(4,040)
<b>Net current assets</b>		6,453	6,743
<b>Total assets less current liabilities</b>		33,468	33,709
<b>Creditors: amounts falling due after more than one year</b>	19	(14,525)	(14,645)
<b>Provisions for liabilities</b>			
Pension – defined benefit liability	22	(642)	(4,415)
<b>Total net assets</b>		18,301	14,649
<b>Capital and reserves</b>			
Share capital	20	-	-
Restricted reserves	12	44	45
Revenue reserve		18,257	14,604
<b>Total reserves</b>		18,301	14,649

These financial statements were approved by the Board of Management and authorised for issue on 25 August 2022 and signed on its behalf by:



Graham Mitchell (Chair)



Ian Logan (Board Member)



Bobby Duffy (Secretary)

The notes on pages 27 to 54 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022 - ASSOCIATION**

	<i>Notes</i>	<b>2022</b> £'000	<b>2021</b> £'000
<b>Fixed assets</b>			
Housing properties	14	18,924	18,914
Other tangible fixed assets	15	2,697	2,654
Investment property	16	475	475
Investments	16	<u>1,561</u>	<u>1,486</u>
		<u>23,657</u>	<u>23,529</u>
<b>Current assets</b>			
Debtors	17	3,971	2,324
Cast at bank		<u>4,248</u>	<u>5,963</u>
		<u>8,219</u>	<u>8,287</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(3,583)</u>	<u>(3,579)</u>
<b>Net current assets</b>		<u>4,636</u>	<u>4,708</u>
<b>Total assets less current liabilities</b>		28,293	28,237
<b>Creditors: amounts falling due after more than one year</b>	19	(11,817)	(11,835)
<b>Provisions for liabilities</b>			
Pension – defined benefit liability	22	<u>(642)</u>	<u>(4,415)</u>
<b>Total net assets</b>		<u>15,834</u>	<u>11,987</u>
<b>Capital and reserves</b>			
Share capital	20	-	-
Restricted reserves	12	44	45
Revenue reserve		<u>15,790</u>	<u>11,942</u>
<b>Total reserves</b>		<u>15,834</u>	<u>11,987</u>

These financial statements were approved by the Board of Management and authorised for issue on 25 August 2022 and signed on its behalf by:



Graham Mitchell (Chair)



Ian Logan (Board Member)



Bobby Duffy (Secretary)

The notes on pages 27 to 54 form part of these financial statements.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022 - GROUP**

	<i>Notes</i>	<b>2022</b> £'000	<b>2021</b> £'000
<b>Net cash generated from operating activities</b>	<b>24</b>	<b>(491)</b>	<b>912</b>
<b>Cash flow from investing activities</b>			
Improvement of properties – housing stock	<i>14</i>	(384)	(140)
New build	<i>14</i>	(296)	(285)
Purchase of other fixed assets	<i>15</i>	(162)	(150)
Grants received	<i>18</i>	286	246
Finance income	<i>9</i>	33	37
Purchase of investments	<i>16</i>	(249)	(194)
		<hr/> <b>(772)</b>	<hr/> <b>(486)</b>
<b>Cash flow from financing activities</b>			
Finance charges	<i>10</i>	(76)	(83)
Disposal of investments	<i>16</i>	243	171
Reinvested dividends	<i>16</i>	(26)	(5)
Repayment of housing loans		<hr/> <b>(150)</b>	<hr/> <b>(147)</b>
		<hr/> <b>(9)</b>	<hr/> <b>(64)</b>
<b>Net change in cash and cash equivalents</b>		<b>(1,272)</b>	<b>362</b>
<b>Cash and cash equivalents at 1 April</b>		<b>8,485</b>	<b>8,123</b>
<b>Cash and cash equivalents at 31 March</b>		<b>7,213</b>	<b>8,485</b>

The notes on pages 27 to 54 form part of these financial statements.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022 -  
 ASSOCIATION**

	<i>Notes</i>	<b>2022</b> £'000	<b>2021</b> £'000
<b>Net cash generated from operating activities</b>	<b>24</b>	<b>(1,073)</b>	<b>297</b>
<b>Cash flow from investing activities</b>			
Improvement of properties – housing stock	<i>14</i>	(374)	(137)
New build	<i>14</i>	(296)	(285)
Purchase of other fixed assets	<i>15</i>	(162)	(150)
Grants received	<i>18</i>	286	246
Finance income	<i>9</i>	33	36
Purchase of investments	<i>16</i>	(249)	(194)
		<b>(762)</b>	<b>(484)</b>
<b>Cash flow from financing activities</b>			
Finance charges	<i>10</i>	(20)	(22)
Disposal of investments	<i>16</i>	243	171
Reinvested dividends	<i>16</i>	(26)	(5)
Repayment of housing loans		(77)	(75)
		<b>120</b>	<b>69</b>
<b>Net change in cash and cash equivalents</b>		<b>(1,715)</b>	<b>(118)</b>
<b>Cash and cash equivalents at 1 April</b>		<b>5,963</b>	<b>6,081</b>
<b>Cash and cash equivalents at 31 March</b>		<b>4,248</b>	<b>5,963</b>

The notes on pages 27 to 54 form part of these financial statements.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

### **1. Legal status**

Ark Housing Association (“Ark HA”) is registered under the Co-operative and Community Benefit Societies Act 2014 No. 1899RS and is a registered Scottish Charity No. SC015694. Ark is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2014. The principal activity of Ark HA is the provision of social housing and associated housing management and care services.

The Company and its subsidiaries (Ark Services Limited and Ark Commercial Investment Limited) are referred to as “Ark Group”. The registered office is The Priory, Canaan Lane, Edinburgh, EH10 4SG.

Ark HA is a public benefit entity.

### **2. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### **Basis of preparation**

The financial statements of Ark Group and the Company are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included within the Determination of Accounting Requirements 2019, and under the historical cost accounting rules. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for social housing providers 2018 (“SORP 2018”), issued by the National Housing Federation and under FRS 102. The presentational currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000. The results of Ark Services are prepared under the Charities SORP 2015.

The financial statements have been prepared on a going concern basis which the Board considers to be appropriate for the following reasons:

The Association prepares a 30-year financial plan which is updated and approved on an annual basis. The most recent financial plan was approved in March 2022 by the Board. This included considering the impact of a number of scenarios on the financial plan, measured against funding levels, with potential mitigating actions identified to reduce expenditure.

The Board, after reviewing the Association budgets for 2022/23 and the Association’s financial position as forecast in the 30-year financial plan, including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of plausible downsides, the Association has adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). In reaching this conclusion, the Board has considered the following factors:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**2. Accounting policies (continued)**

- Care and support income – the delivery of contracted hours quickly returned to pre-pandemic levels. Income is spread across a number of Local Authority areas and any reduction in income will be offset by reduced staffing costs. The Board is mindful of on-going pricing pressures, the short-term nature of contract income, and the potential long-term impact of Covid-19 on Local Authority funds. The ongoing process of care contract renewal, margin monitoring and securing future funding is actively managed ensuring the needs of all stakeholders are taken into account;
- Rent and service charge receivable – arrears and bad debts have not materially increased in the previous year, and there is no indication of a significant change in the near future. The financial plan takes account of potential future increases;
- Development activity – financial plan scenarios have taken account of delays in new build activity;
- Maintenance costs – financial plan scenarios have been modelled to take account of increasing prices, and revised profiles of repairs and maintenance expenditure, with major works being phased into future years;
- Liquidity – current available cash of £4.2m gives significant headroom for forecast cash flows over the going concern assessment period.

The Board believe the Group and Association have sufficient funding in place and expect the Association to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Board is confident that the Group and Association will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Accounting judgements and estimations**

Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors.

Judgements have been made in:

- Component accounting and the assessment of useful lives;
- The assessment of the fair value of financial instruments;
- Allocation of share of assets and liabilities for multi-employer pension schemes. Judgements in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi-employer pension schemes and estimations performed by their actuarial advisors.
- The provision for legal settlement has been estimated based on advice from the Group's solicitor.

**Basis of consolidation**

The Ark Group Financial Statements incorporate the financial statements of the Group's parent Ark Housing Association Limited and its subsidiaries Ark Services Limited and Ark Commercial Investment Limited. Profits or losses on intra-group transactions are eliminated in full in accordance with FRS 102.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**2. Accounting policies (continued)**

Ark Services Limited is incorporated as a company limited by guarantee. It is a registered charity and per its articles it is to be treated as a subsidiary of the Housing Association. Ark Commercial Investment Limited is incorporated as a company limited by share capital and is also a subsidiary of the Housing Association. Consolidation has been carried out using the equity method.

**Turnover**

Turnover, which is stated net of value added tax, represents income receivable from lettings and service charges, fees receivable from Local Authorities less amounts carried forward as deferred income, revenue grants and other income. Turnover is recognised when there is entitlement, any performance conditions attached have been met, it is probable income will be received and the amount can be realised reliably. Income received in advance is treated as deferred income.

**Grant income**

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where a grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, which are held at cost, the grant is recognised in turnover over the expected useful life of the housing property structure. Grants received specifically for components of a housing property are included in turnover over the expected useful life of the component under the accruals model.

**Bad and doubtful debts**

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

**Supported housing**

Expenditure on housing accommodation and supported housing is allocated on the basis of the number of units for each type of accommodation.

**Financial instruments**

The Association has only basic financial assets and liabilities comprising debtors, cash and cash equivalents and trade creditors and accruals. These assets and liabilities are initially recorded at cost and subsequently at the amounts expected to be received or paid.

**Deposits and liquid resources**

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying values.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**2. Accounting policies (continued)**

**Pensions**

Ark HA previously participated in the Pensions Trust Scottish Housing Association Pension Scheme ("SHAPS") Defined Benefit Pension Scheme. The scheme is now closed. Retirement benefits to employees are funded by contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

In accordance with FRS 102, the Association's share of the scheme assets and liabilities have been separately identified and are included in the Association's Statement of Financial Position and measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The Association's share of the deficit is recognised in full and the movement is split between operating costs, finance items and in the statement of comprehensive income as actuarial gain or loss on pension schemes.

**Capitalisation Policy**

The fixed asset register consists of items purchased within an accounting period valued at £1,000 or more that are considered to have a useful economic life of more than one year.

This threshold applies to single items only with the exception of computer equipment which should be grouped. Items that meet the definition of a fixed asset but are below this capitalisation threshold are recognised as an expense in the Statement of Comprehensive Income in the appropriate period the expense was incurred.

**Fixed assets – housing properties**

In accordance with SORP 2018, the Ark Group operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

**(i) Initial recognition**

Social Housing properties are stated at cost. Cost includes purchase price together with the cost of capitalised improvement works and repairs that result in enhancement of the economic benefits of the asset.

**(ii) Depreciation and impairment**

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 the Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, Ark HA has taken account of views provided by both internal and external professional sources. Freehold land is not subject to depreciation.

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:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**2. Accounting policies (continued)**

	Economic life (years)
Bathrooms	20
Kitchens	15
Windows & Doors	30
Heating Systems	15
Structure & Roofs	80
Mechanical, Electrical, & Plumbing	30
Internal Works & Common Areas	30
External Environment	30

Housing assets are depreciated in the month of acquisition or in the case of a larger project, from the month of completion.

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any write down would be charged to operating surplus.

**(iii) New build**

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 Group's policy is to capitalise the following:

- Cost of acquiring land and buildings;
- Interest costs directly attributable;
- Development expenditure, including staff costs attributable to the delivery of the capital investment programme; and
- Other directly attributable internal and external 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.

**Investment properties**

Investment properties are held at fair value with revaluation movements recorded in the income statement for the period.

**Sale of housing properties**

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**2. Accounting policies (continued)**

**Grants**

Housing association grants ("HAG") and other capital grants are accounted for using the Accrual Method as outlined in Section 24 of FRS 102. Grants are treated as deferred income and recognised as income on a systematic basis over the expected useful life of the property and assets to which it relates.

Grants 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.

**Other tangible fixed assets**

Expenditure incurred on the Association's office buildings is split into components and depreciated at the housing property rates detailed above. Depreciation is charged on a straight-line basis over the expected useful economic lives of fixed assets to write-off the cost, less estimated residual values over the following expected lives. Assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion, at the following rates:

	Economic life (years)
Office furniture and equipment	7
Computer equipment	5
Ark Information Management System ("AIMS")	10

**Provisions**

Ark Group only provides for liabilities at the date of the Statement of Financial Position where there is a legal or constructive obligation incurred which will probably result in the outflow of resources.

**Taxation**

The Group is considered to pass the tests as set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Group is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 1992 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Subsidiary companies are not exempt from taxation except where they meet similar tests as above and taxation is based on the taxable profit or loss for the year after adjusting for the effect of any gift aid payments to Ark.

**Equipment Replacement Creditor**

The equipment replacement creditor represents the Association's liability to replace service equipment for mainstream properties in accordance with a planned programme of work.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**2. Accounting policies (continued)**

**Restricted Reserves**

This reflects revenue grants and donations / legacies received for restricted purposes / projects and related expenditure in these projects.

**Credit Payment Policy**

Purchases are paid within 30 days of invoice or in accordance with creditor payment terms.

**Operating Leases**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

**Investments**

Investment income is brought into account when due and receivable. Investments are stated at market value. Unrealised gains or losses on valuation are reflected through the Statement of Comprehensive Income and disclosed in Revenue Reserve in the Statement of Financial Position. Realised gains or losses are recognised through the Statement of Comprehensive Income as they occur.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**3. Particulars of turnover, operating costs and operating surplus**

**Group**

	<i>Notes</i>	Turnover £'000	Operating Costs £'000	2022 Operating Surplus / (Deficit) £'000	2021 Operating Surplus / (Deficit) £'000
Affordable letting activities	4	4,132	(3,199)	933	792
Other activities	5	18,381	(19,435)	(1,054)	(468)
<b>Total</b>		<b>22,513</b>	<b>(22,634)</b>	<b>(121)</b>	<b>324</b>
Total for previous reporting period		22,351	(22,027)	324	

**Association**

	<i>Notes</i>	Turnover £'000	Operating Costs £'000	2022 Operating Surplus / (Deficit) £'000	2021 Operating Surplus / (Deficit) £'000
Affordable letting activities	4	3,320	(2,882)	438	340
Other activities	5	18,971	(19,391)	(420)	(468)
<b>Total</b>		<b>22,291</b>	<b>(22,273)</b>	<b>18</b>	<b>(128)</b>
Total for previous reporting period		21,540	(21,668)	(128)	

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**4. Particulars of turnover, operating costs and operating surplus from social letting activities**

**Group**

	<b>General Needs £'000</b>	<b>Supported Housing Accommodation £'000</b>	<b>2022 Total £'000</b>	<b>2021 Total £'000</b>
Rent receivable net of service charges	3,525	28	3,553	3,304
Service charges	415	2	417	421
<b>Gross income from rents and service charges</b>	<b>3,872</b>	<b>30</b>	<b>3,902</b>	<b>3,725</b>
Less rent losses from voids	(16)	-	(16)	(16)
<b>Net income from rents and service charges</b>	<b>3,856</b>	<b>30</b>	<b>3,886</b>	<b>3,709</b>
Grants released from deferred income	246	-	246	247
Other revenue grants	-	-	-	-
<b>Total turnover from affordable letting activities</b>	<b>4,102</b>	<b>30</b>	<b>4,132</b>	<b>3,956</b>
Management & administration costs	926	8	934	1,049
Service costs	391	-	391	403
Planned & cyclical maintenance including major repairs costs	194	2	196	206
Reactive maintenance costs	929	6	935	468
Bad debts – rents and service charges	(5)	-	(5)	1
Depreciation of affordable let properties	748	-	748	1,037
<b>Operating costs from affordable letting activities</b>	<b>3,183</b>	<b>16</b>	<b>3,199</b>	<b>3,164</b>
<b>Operating surplus from affordable lettings</b>	<b>919</b>	<b>14</b>	<b>933</b>	<b>792</b>
Operating surplus from affordable lettings for the previous reporting period	767	25	792	792

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**4. Particulars of turnover, operating costs and operating surplus from social letting activities (continued)**

**Association**

	<b>General Needs £'000</b>	<b>Supported Housing Accommodation £'000</b>	<b>2022 Total £'000</b>	<b>2021 Total £'000</b>
Rent receivable net of service charges	2,738	28	2,766	2,610
Service charges	347	2	349	359
<b>Gross income from rents and service charges</b>	<b>3,085</b>	<b>30</b>	<b>3,115</b>	<b>2,969</b>
Less rent losses from voids	(16)	-	(16)	(16)
<b>Net income from rents and service charges</b>	<b>3,069</b>	<b>30</b>	<b>3,099</b>	<b>2,953</b>
Grants released from deferred income	221	-	221	222
Other revenue grants	-	-	-	-
<b>Total turnover from affordable letting activities</b>	<b>3,290</b>	<b>30</b>	<b>3,320</b>	<b>3,175</b>
Management & administration costs	844	8	852	965
Service costs	329	-	329	347
Planned & cyclical maintenance including major repairs costs	164	2	166	175
Reactive maintenance costs	874	6	880	418
Bad debts – rents and service charges	(5)	-	(5)	(1)
Depreciation of affordable let properties	660	-	660	931
<b>Operating costs from affordable letting activities</b>	<b>2,866</b>	<b>16</b>	<b>2,882</b>	<b>2,835</b>
<b>Operating surplus from affordable lettings</b>	<b>424</b>	<b>14</b>	<b>438</b>	<b>340</b>
Operating surplus from affordable lettings for the previous reporting period	315	25	340	340

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**5. Particulars of turnover, operating costs and operating surplus from other activities**

Group	2021					2022				
	Grants from Scottish Ministers £'000	Other Revenue Grants £'000	Supporting People Income £'000	Other Income £'000	Total Turnover £'000	Operating Costs £'000	Operating Surplus (Deficit) £'000	Operating Surplus (Deficit) £'000	Operating Costs £'000	Operating Surplus (Deficit) £'000
Care activities	-	-	17,957	308	18,265	(17,711)	554	(141)		
Other activities	-	24	-	92	116	(1,724)	(1,608)	(327)		
<b>Total from other activities</b>	<b>-</b>	<b>24</b>	<b>17,957</b>	<b>400</b>	<b>18,381</b>	<b>(19,435)</b>	<b>(1,054)</b>	<b>(468)</b>		
<b>Total from other activities for the previous reporting period</b>	<b>357</b>	<b>148</b>	<b>17,391</b>	<b>499</b>	<b>18,395</b>	<b>(18,863)</b>	<b>(468)</b>			
<b>Association</b>										
	Grants from Scottish Ministers £'000	Other Revenue Grants £'000	Supporting People Income £'000	Other Income £'000	Total Turnover £'000	Operating Costs £'000	Operating Surplus (Deficit) £'000	Operating Surplus (Deficit) £'000	Operating Costs £'000	Operating Surplus (Deficit) £'000
Care activities	-	-	17,957	308	18,265	(17,711)	554	(141)		
Other activities	-	24	-	682	706	(1,680)	(974)	(327)		
<b>Total from other activities</b>	<b>-</b>	<b>24</b>	<b>17,957</b>	<b>990</b>	<b>18,971</b>	<b>(19,391)</b>	<b>(420)</b>	<b>(468)</b>		
<b>Total from other activities for the previous reporting period</b>	<b>357</b>	<b>148</b>	<b>17,391</b>	<b>469</b>	<b>18,365</b>	<b>(18,833)</b>	<b>(468)</b>			

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**6. Board members' emoluments – Group and Association**

No Board members received remuneration with £212 (2021: £49) paid for reimbursed expenses.

**7. Key management personnel – Group and Association**

Under FRS 102 Ark Group has defined "key management personnel" as the members of the Executive Team whose posts are set out on page 1 of the Report and Financial Statements.

The total emoluments of the key management personnel over £60,000, including the Chief Executive were as follows:

	2022 £'000	2021 £'000
Emoluments (excluding pension contributions)	427	243

The Directors whose emoluments exceed £60,000 fall within the following bandings:

	2022 No.	2021 No.
£60,000 - £69,999	-	-
£70,000 - £79,000	4	2
£80,000 - £89,000	-	-
£90,000 - £99,000	1	1
	<hr/> <hr/> 5	<hr/> <hr/> 3

**8. Employees – Group and Association**

	2022 No.	2021 No.
The average monthly number of full time equivalent persons employed during the year was	525	545
The average total number of employees employed during the year was	602	613

	2022 £'000	2021 £'000
Staff costs (for the above persons)		
Wages and salaries	14,877	14,282
Social security costs	1,213	1,144
Pension costs	1,882	1,816
Temporary agency staff	979	504
	<hr/> <hr/> 18,951	<hr/> <hr/> 17,746

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**9. Finance income**

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Bank interest receivable on deposits in the year	2	5	2	4
Dividend income	20	25	20	25
	<hr/> <b>22</b>	<hr/> <b>30</b>	<hr/> <b>22</b>	<hr/> <b>29</b>

**10. Finance charges**

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Loans	76	83	20	22
	<hr/> <b>76</b>	<hr/> <b>83</b>	<hr/> <b>20</b>	<hr/> <b>22</b>

**11. Auditors remuneration**

The remuneration of the auditor (excluding VAT) is as follows:

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
In their capacity as auditors	19	17	16	15
In another capacity	1	-	1	-
Total	<hr/> <b>20</b>	<hr/> <b>17</b>	<hr/> <b>17</b>	<hr/> <b>15</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**12. Restricted reserves**

	Group		Housing Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Rotary Rymouth Hobbies Fund</b>				
At 1 April 2021	7	7	7	7
At 31 March 2022	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>

The Rotary Rymouth Hobbies Fund was created out of a donation received by Rymouth Housing Society from St Andrews Rotary Club for the purpose of promoting the leisure activities of the residents of Rymouth, including the provision of equipment and materials for the said purpose. Interest shall be credited annually and any expenditure exceeding £250 shall be notified to the Rotary Club in advance.

Rymouth Donations	£'000	£'000	£'000	£'000
At 1 April 2021	29	29	29	29
Transfer from revenue reserve	(1)	-	(1)	-
At 31 March 2022	<u>28</u>	<u>29</u>	<u>28</u>	<u>29</u>

The Rymouth Donations was created out of donations received by Rymouth Housing Society and by Ark for the residents of Rymouth.

Ark Care and Support Fund	£'000	£'000	£'000	£'000
At 1 April 2021	7	7	7	7
At 31 March 2022	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>

The Ark Care and Support Fund is intended to be used to support one-off purchases such as furniture, or one-off activities such as trips, for Care and Support customers across Ark's services.

Southhouse	£'000	£'000	£'000	£'000
At 1 April 2021	2	2	2	2
At 31 March 2022	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
<b>Total Restricted Reserves</b>	<b>44</b>	<b>45</b>	<b>44</b>	<b>45</b>

The Southhouse Restricted Fund relates to a legacy received from the father of a supported person at Southhouse to be used for the benefit of staff at Southhouse service in Edinburgh.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**13. Financial commitments**

**Capital commitments – Group and Association**

Capital commitments in relation to new build development at the end of the financial year are as follows:

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Capital Expenditure</b>				
Expenditure contracted for but not provided in the accounts	-	-	-	-
Expenditure approved by the board, but not contracted	3,607	-	3,607	-
	<hr/> <hr/> 3,607	<hr/> <hr/> -	<hr/> <hr/> 3,607	<hr/> <hr/> -

**Operating leases**

At the end of the financial year the Association had total future minimum lease payments under non-cancellable operating leases as follows:

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Equipment</b>				
In one year or less	5	10	4	4
In two to five years	3	8	3	7
	<hr/> 8	<hr/> 18	<hr/> 7	<hr/> 11
	<b>2022 £'000</b>	<b>2021 £'000</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
<b>Land and buildings</b>				
In one year or less	11	75	11	75
Between one and two years	-	11	-	11
	<hr/> 11	<hr/> 86	<hr/> 11	<hr/> 86

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**14. Social housing properties**

<b>Group</b>	<b>Social Housing Properties £'000</b>	<b>Housing Under Construction £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 April 2021	35,248	367	35,615
Additions	384	296	680
Disposals	(82)	-	(82)
At 31 March 2022	<u>35,550</u>	<u>663</u>	<u>36,213</u>
<b>Accumulated Depreciation</b>			
At 1 April 2021	13,264	-	13,264
Charge for year	727	-	727
Disposals	(60)	-	(60)
At 31 March 2022	<u>13,931</u>	<u>-</u>	<u>13,931</u>
<b>Net Book Value</b>			
At 31 March 2022	<u>21,619</u>	<u>663</u>	<u>22,282</u>
At 31 March 2021	<u>21,984</u>	<u>367</u>	<u>22,351</u>

All land and property is owned by the Group. None is held under a lease.

Major Repairs costs amounted to £371k (2021: £140k) of which £349k (2021: £140k) was capitalised in the year.

<b>Association</b>	<b>Social Housing Properties £'000</b>	<b>Housing Under Construction £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 April 2021	30,396	367	30,763
Additions	374	296	670
Disposals	(82)	-	(82)
At 31 March 2022	<u>30,688</u>	<u>663</u>	<u>31,351</u>
<b>Accumulated Depreciation</b>			
At 1 April 2021	11,849	-	11,849
Charge for year	638	-	638
Disposals	(60)	-	(60)
At 31 March 2022	<u>12,427</u>	<u>-</u>	<u>12,427</u>
<b>Net Book Value</b>			
At 31 March 2022	<u>18,261</u>	<u>663</u>	<u>18,924</u>
At 31 March 2021	<u>18,547</u>	<u>367</u>	<u>18,914</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**14. Social housing properties (continued)**

All land and property is owned by the Association. None is held under a lease. Major Repairs costs amounted to £361k (2021: £137k) of which £339k (2021: £137k) was capitalised in the year.

The number of units of accommodation (excluding unlettable voids) held by the Ark Group at 31 March is shown below:

	Owned No.	Not Owned No.	2022 Total No.	2021 Total No.
General needs	183	-	183	195
Supported accommodation	363	44	407	403
	<hr/> <b>546</b>	<hr/> <b>44</b>	<hr/> <b>590</b>	<hr/> <b>598</b>

The Association and Group leases a number of properties to other providers (local authorities, RSLs or charitable bodies) who manage the properties on their behalf. No funding is payable by the Association or Group to the other providers in respect of these units.

**15. Other tangible fixed assets – Group and Association**

	Heritable Buildings £'000	Land £'000	Computer Equipment £'000	Office Equipment £'000	Total £'000
<b>Cost</b>					
At 1 April 2021	1,571	1,250	696	81	3,598
Additions	36	-	126	-	162
At 31 March 2022	<hr/> 1,607	<hr/> 1,250	<hr/> 822	<hr/> 81	<hr/> 3,760
<b>Accumulated Depreciation</b>					
At 1 April 2021	500	-	363	81	944
Charge for year	32	-	87	-	119
At 31 March 2022	<hr/> 532	<hr/> -	<hr/> 450	<hr/> 81	<hr/> 1,063
<b>Net Book Value</b>					
At 31 March 2022	<hr/> 1,075	<hr/> 1,250	<hr/> 372	<hr/> -	<hr/> 2,697
At 31 March 2021	<hr/> 1,071	<hr/> 1,250	<hr/> 333	<hr/> -	<hr/> 2,654

The original cost of the office premises at The Priory was £1,043,000. These premises were valued in June 1994 at open market value on an equivalent use basis at £750,000 by Maurice Elliot FRICS, FSVA at Kean Kennedy and Partners, independent chartered surveyors, in accordance with the Statement of Asset Valuation Practice and Guidance Notes published by the Royal Institute of Chartered Surveyors. The reduction in value was fully written off in the year ended 31 March 1994.

As allowed under FRS transitional rules, as the valuation was carried out prior to the introduction of the FRS, the Association has chosen to retain that valuation as deemed cost in the financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**16. Investments**

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Opening value	1,486	1,156	1,486	1,156
Additions	249	194	249	194
Disposals	(243)	(171)	(243)	(171)
Re-invested dividends	26	5	26	5
Investment management fees	(11)	(7)	(11)	(7)
Closing value before unrealised gain	1,507	1,177	1,507	1,177
Movement in unrealised gain	54	309	54	309
 Closing market value	 1,561	 1,486	 1,561	 1,486

Investment holdings over 5% of the portfolio total are as follows:

Vanguard Funds plc S&P 500 UCITS ETF USD DIS	6.15%
JP Morgan Funds Ltd US Equity Income C2 GBP Net	5.33%
SSGA SPDR ETFS E I SPDR S&P US DIV Aristocrats	5.06%

**Investment Property – West Adam Street**

Opening balance	475	475	475	475
Additions	-	-	-	-
 Closing balance	 475	 475	 475	 475

**17. Debtors**

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Rent arrears	100	82	64	76
Less: Provision for bad debts	(5)	(5)	(5)	(4)
	95	77	59	72
 Prepayments and accrued income	 604	 720	 604	 720
Other debtors	41	23	25	9
Local authorities	2,597	1,478	2,597	1,478
Due from other group companies	-	-	686	45
  	  3,337	  2,298	  3,971	  2,324

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

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

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade creditors	466	150	458	147
Local authorities	311	505	311	505
Other creditors	290	291	279	289
Due to other group companies	-	-	-	-
Tax and social security	549	409	545	409
Accruals	831	1,115	773	1,060
Deferred income	58	62	58	62
Equipment replacement	1,181	1,108	852	807
HAG	205	205	205	205
Other grants	43	43	18	18
Housing Loans (note 19)	163	152	84	77
	<hr/> <b>4,097</b>	<hr/> <b>4,040</b>	<hr/> <b>3,583</b>	<hr/> <b>3,579</b>

*Analysis of deferred HAG / other grants – Group*

	Housing Association Grants £'000	Other Grants £'000	Total £'000
Deferred income as at 31 March 2021	10,472	2,550	13,022
Additional income received	286	-	286
Released to Statement of Comprehensive Income	(201)	(44)	(245)
Deferred income as at 31 March 2022	<hr/> <b>10,557</b>	<hr/> <b>2,506</b>	<hr/> <b>13,063</b>

Grants to be released to the Statement of Comprehensive Income

2021 – all due within one year	205	43	248
2022 – all due within one year	201	43	244

*Analysis of deferred HAG / other grants – Association*

	Housing Association Grants £'000	Other Grants £'000	Total £'000
Deferred income as at 31 March 2021	10,472	966	11,438
Additional income received	286	-	286
Released to Statement of Comprehensive Income	(201)	(19)	(220)
Deferred income as at 31 March 2022	<hr/> <b>10,557</b>	<hr/> <b>947</b>	<hr/> <b>11,504</b>

Grants to be released to the Statement of Comprehensive Income

2021 – all due within one year	205	18	223
2022 – all due within one year	201	19	220

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

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

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
HAG	10,352	10,267	10,352	10,267
Other grants	2,463	2,507	929	948
Housing loans	1,710	1,871	536	620
	<b>14,525</b>	<b>14,645</b>	<b>11,817</b>	<b>11,835</b>

Loans are secured by specific charges on the Group's properties. Loans are repayable at current rates of interest ranging from 1.10% to 6.52% (2021: 1.10% to 6.52%) in instalments due as follows:

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
In one year or less (note 18)	163	152	84	77
In one to two years	167	156	85	78
Between two to five years	533	566	266	310
In five years or more	1,010	1,149	185	232
	<b>1,873</b>	<b>2,023</b>	<b>620</b>	<b>697</b>

Housing loans will be fully repaid between 2029 and 2031.

**20. Share capital – Group and Association**

	2022 £	2021 £
Shares of £1 fully paid and issued at beginning of year	44	44
Shares issued during year	2	-
Shares cancelled during year	(5)	-
	<b>41</b>	<b>44</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**21. Related party transactions**

Ark Services Limited & Ark Commercial Investment Limited are wholly owned subsidiaries of Ark Housing Association.

During the year Ark HA charged Ark Services £64,440 for professional and administrative support (2021: £62,550) and £13,595 (2021: £9,395) for insurance. Ark Services gift aided £634,000 to Ark HA (2021: £nil). At 31 March 2022 there was a total balance of £635,326 (2021: £14,533) owed to Ark HA and a balance of £nil (2021: £1,816) due from Ark HA in respect of rental and other income received on behalf of Ark Services Limited.

In addition Ark HA charged Ark Commercial Investment Limited £nil (2021: £nil) during the year for rental of the property at West Adam Street. At 31 March 2022 there was a total of £50,804 (2021: £31,927) owed to Ark HA by Ark Commercial Investment Limited which includes a donation to Ark HA of £45,846, with the balance being utility bills paid on its behalf.

During the year Ark held 129 bank accounts (2021: 127) in trust on behalf of supported people. These accounts are kept separate from funds held by the Association and controls monitored by the Care Commission are in place to ensure the safe custody of said funds. The total amount held in these accounts as at 31 March 2022 was £1,201,485 (2021: £1,161,575).

**22. Pensions**

**General**

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

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

The last triennial valuation of the Scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which runs to either 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

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

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**22. Pensions (continued)**

The liabilities are compared, at the relevant accounting date, with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus.

The Association has been notified by The Pensions Trust that the amount to be paid in 2021/22 is £774,404, with deficit contribution payments ceasing from 30 September 2022. A further review of the recovery plan will take place after the triennial valuation undertaken in September 2021.

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

A defined benefit liability of £642,000 is recognised within the provisions for this contractual obligation.

Ark Housing Association continues to offer defined contribution membership of the Scheme to its employees.

**Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)**

	<b>Group &amp; Ass'n 2022 £'000</b>	<b>Group &amp; Ass'n 2021 £'000</b>
Fair value of plan assets	36,156	34,327
Present value of defined benefit obligation	<u>36,798</u>	<u>38,742</u>
<b>Net defined liability to be recognised</b>	<b>(642)</b>	<b>(4,415)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**22. Pensions (continued)**

**Reconciliation of opening and closing balances of the defined benefit obligation:**

	<b>Group &amp; Ass'n 2022 £'000</b>	<b>Group &amp; Ass'n 2021 £'000</b>
Defined benefit obligation at start of period	38,742	33,158
Expenses	34	33
Interest expense	821	778
Actuarial (losses) / gains	(1,720)	5,699
Benefits paid and expenses	(1,079)	(926)
<b>Defined benefit obligation at end of period</b>	<b>36,798</b>	<b>38,742</b>

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

	<b>Group &amp; Ass'n 2022 £'000</b>	<b>Group &amp; Ass'n 2021 £'000</b>
Fair value of plan assets at start of period	34,327	31,067
Interest income	741	744
Experience on plan assets	731	2,093
Contributions by the employer	1,436	1,349
Benefits paid and expenses	(1,079)	(926)
<b>Fair value of plan assets at end of period</b>	<b>36,156</b>	<b>34,327</b>

The actual return on the plan assets (including any changes in share of assets) over the period from 01 April 2021 to 31 March 2022 was £1,472k (2021: £2,837k).

**Defined benefit costs recognised in Statement of Comprehensive Income (SOCI):**

	<b>Group &amp; Ass'n 2022 £'000</b>	<b>Group &amp; Ass'n 2021 £'000</b>
Expenses	34	33
Net interest expense	80	34
<b>Defined benefit costs recognised in Statement of Comprehensive Income</b>	<b>114</b>	<b>67</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**22. Pensions (continued)**

**Defined benefit costs recognised in other comprehensive income:**

	<b>Group &amp; Ass'n 2022 £'000</b>	<b>Group &amp; Ass'n 2021 £'000</b>
Experience of plan assets	731	2,093
Experience gains and losses arising on plan liabilities – (loss) / gain	(1,024)	414
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – (loss) / gain	(128)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain / (loss)	2,872	(6,113)
<b>Total amount recognised in other comprehensive income</b>	<b>2,451</b>	<b>(3,606)</b>

In May 2021 the Scheme Trustee (TPT Retirement Solutions) notified employers of a review of historic scheme benefit changes, and this review has raised legal questions regarding whether and when some historic benefit changes should take effect, the outcome of which could give rise to an increase in liabilities for some employers. The Scheme Trustee has determined that it is prudent to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before late 2024 at the earliest.

On 4 May 2022 the Scheme Trustee issued an update to employers which included an estimate of the potential total additional liabilities at total scheme level, on a Technical Provisions basis. However, until Court directions are received, it is not possible to calculate the impact of this issue on an individual employer basis with any accuracy. As a result of this no allowance will be made for this within the accounting disclosures included in this note.

**Growth Plan**

Ark Housing Association participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**22. Pensions (continued)**

scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m.

**Present value of provision – reconciliation of opening and closing provisions:**

	<b>Group &amp; Ass'n 2022 £'000</b>	<b>Group &amp; Ass'n 2021 £'000</b>
Provision at start of period	10	12
Unwinding of the discount factor (interest expense)	-	-
Deficit contribution paid	(3)	(3)
Remeasurements – impact of any change in assumptions	-	1
Remeasurements – amendments to the contribution schedule	(5)	-
 <b>Provision at end of period</b>	 <b>2</b>	 <b>10</b>

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the plan (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**22. Pensions (continued)**

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). The calculation basis that applies to the Plan was amended due to a change in the definition of money purchase contained in the Pensions Act 2011 but the regulations that will determine exactly how the change will apply in practice are still awaited. As the law stands, it is not yet clear whether the statutory calculation should include or exclude Series 3 liabilities. However, based upon current advice, the most likely interpretation is that Series 3 liabilities will have to be included in the calculation of an employer's debt on withdrawal.

The Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Plan.

The Association has been notified by The Pensions Trust that the amount to be paid in 2022/23 is £1,728. Subject to certain conditions, this amount is payable annually and is anticipated to increase by 3% per annum.

**23. Contingent liability**

**Pensions**

Ark Housing Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the SHAPS Scheme based on the financial position of the Scheme as at 30 September 2021. As of this date the estimated employer debt for Ark Housing Association was £15,878,665.

Ark Housing Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Growth Plan based on the financial position of the Plan as at 30 September 2021. As of this date the estimated employer debt for Ark was £12,184 including Series 3 liabilities in the calculation.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**24. Cash flow analysis**

**Cash flow from operating activities – Group**

	2022 £'000	2021 £'000
Operating (deficit) / surplus for the year	(121)	324
Depreciation of tangible fixed assets	868	1,130
Increase in trade and other debtors	(1,039)	(577)
(Decrease) / increase in trade and other creditors	(199)	35
<b>Net cash (outflow) / inflow from operating activities</b>	<b>(491)</b>	<b>912</b>

**Reconciliation of net cash flow to movement in net funds / (debt):**

	2022 £'000	2021 £'000
(Decrease) / increase in cash in the period	(1,272)	362
Cash inflow from movement in debt	150	147
	<b>(1,122)</b>	<b>509</b>
Net funds at 1 April	6,462	5,953
<b>Net funds at 31 March</b>	<b>5,340</b>	<b>6,462</b>

**Analysis of changes in net funds:**

	At 31 March 2021 £'000	Cash Flows £'000	At 31 March 2022 £'000
Cash in bank and in hand	8,485	(1,272)	7,213
Debt due within 1 year	(152)	(11)	(163)
Debt due after 1 year	(1,871)	161	(1,710)
<b>Net funds</b>	<b>6,462</b>	<b>(1,122)</b>	<b>5,340</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**24. Cash flow analysis (continued)**

**Cash flow from operating activities – Association**

	<b>2022</b> £'000	<b>2021</b> £'000
Operating surplus / (deficit) for the year	18	(128)
Depreciation of tangible fixed assets	779	1,023
Increase in trade and other debtors	(1,647)	(609)
(Decrease) / increase in trade and other creditors	(223)	11
<b>Net cash (outflow) / inflow from operating activities</b>	<b>(1,073)</b>	<b>297</b>

**Reconciliation of net cash flow to movement in net funds / (debt):**

	<b>2022</b> £'000	<b>2021</b> £'000
Decrease in cash in the period	(1,715)	(118)
Cash inflow from movement in debt	77	75
	<b>(1,638)</b>	<b>(43)</b>
Net funds at 1 April	5,266	5,309
<b>Net funds at 31 March</b>	<b>3,628</b>	<b>5,266</b>

**Analysis of changes in net funds:**

	<b>At 31 March 2021</b> £'000	<b>Cash Flows</b> £'000	<b>At 31 March 2022</b> £'000
Cash in bank and in hand	5,963	(1,715)	4,248
Debt due within 1 year	(77)	(7)	(84)
Debt due after 1 year	(620)	84	(536)
<b>Net funds</b>	<b>5,266</b>	<b>(1,638)</b>	<b>3,628</b>