

BARRHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2021



BARRHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2021

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BARRHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE GOVERNING BOARD

For the year ended 31 March 2021

Barrhead Housing Association

Barrhead Housing Association is a locally-based provider of high quality, affordable rented housing and services. Our mission is 'At the heart of our community – investing in your future'. We want to:

- Create communities that fit the needs and aspirations of our customers and allow customer to engage with us
- Provide quality homes that are affordable to our customers now and in the future
- Create desirable, safe and secure homes and neighbourhoods by investing in our homes
- Strive for excellence across the organisation by being responsive to development and improvement in all areas of our work
- Grow our business, our communities and our people
- Improve the quality of our customers' lives
- Be flexible and adaptable to our changing environment.

We want to do this by:

- Empowering our people to lead the changes we need to make
- Delivering value for money and sound finances
- Delivering responsive personal services to our customers in a 'can do' way
- Being accountable, open and transparent
- Preparing for change, growth and new opportunities.

2020/21 was an important year for the Association. In the context of the Covid-19 pandemic, the focus was on responding swiftly and with agility to secure continuation of essential services, and, as a community anchor organisation, on helping our customers and communities who were impacted economically or socially by the crisis. The Association welcomed a new Chief Executive to the organisation in November 2020.

At the end of the financial year 2020/21 the Association owned and managed 947 homes for social rent, provided a factoring service to 230 owners, and provided a housing information service to 750 people who were seeking housing with the Association. 25 people were employed by the Association, working with a network of over 15 local and national partners for the benefit of our customers and local communities.

Legal Status and Principal Activity

Barrhead Housing Association Limited ("Barrhead" or "Association") is registered with the Financial Conduct Authority as a Registered Society under the Co-operative and Community Benefit Societies Act 2014, the Office of the Scottish Charities Regulator (OSCR) as a charity, and with the Scottish Housing Regulator as a Registered Social Landlord. The principal activity is the provision of housing for let at rents affordable to the client groups for whom it intends to provide. This includes general needs, supported accommodation, amenity/disabled accommodation and sheltered housing.

Levern Property Services (LPS), subsidiary of Barrhead Housing Association, delivers the factoring services to owners, a preventative maintenance service to BHA, and a housing support service for BHA's sheltered housing tenants. A review of Levern Property Services is underway and a new LPS Business Plan will be produced during 2021/22.

BARRHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE GOVERNING BOARD

For the year ended 31 March 2021

Review

Our Customers

During 2020/21 the Association successfully continued to deliver the full range of customer services, with the exception of non-urgent repairs which were not permitted during the most severe restrictions, and the in-person housing support service at our sheltered housing which was provided through a regular telephone wellbeing call. The staff team worked from home and utilised mobile working. The Association's office has been closed to the public since March 2020. Visits into customers' homes have been restricted to delivery of the repairs service, and in exceptional circumstances. During this challenging and uncertain year, a number of service improvements were achieved:

- A new main repairs contractor 'Everwarm' was appointed and an interface implemented to simplify the repairs process
- The 'Homeswapper' Service was introduced and a new Housing Options Service piloted with the aim of improving housing information, advice and access to housing
- A new digital engagement platform 'CX Platform' was introduced with high levels of engagement from customers on their preferences, priorities and feedback
- A new approach to dealing with and learning from customer complaints was introduced.

The annual rent increase for 2021/22 was set at 0.5% to keep rents as low as possible whilst generating sufficient income to deliver investment and other necessary programmes.

In 2021/22 the focus will be on local, visible, personal service delivery with each customer receiving at least one visit or call. The Association has secured external funding for two posts to support our customers during the coming period: a new tenancy support officer post, and an additional welfare benefits post. A programme of service review and redesign and digital roadmap will be developed with customers and these will shape future service delivery models and approaches. A review of the Association's rent and service charge structure will take place during 2021 to achieve a long term, sustainable, affordable and transparent rent setting policy and model for the Association and our customers.

Our People

In January 2021 the Board reviewed the Association's strategic objectives and agreed a new Delivery Plan for the year ahead. An accompanying monthly performance reporting framework and staff appraisal system 'My Contribution' were introduced in March 2021.

A range of approaches were developed in the year to provide opportunities for employees to work outwith their job roles and take the lead in change, including a 'Making it Better' business improvement process, a short life working group to redesign the office space, and leadership of Delivery Plan projects.

During 2020/21 a staff wellbeing programme was introduced to support team members during the pandemic, including a range of options to support health, wellbeing and social connections across the team. This included extra days' leave, free online health and wellbeing classes, a team charity event, a digital wellbeing platform, and a small thank you gift. The Association took part in a national 'Brilliant Scotland' project with the Scottish Federation of Housing Associations and the Dolphin Index which included a staff survey and focus group, the findings of which will inform a People Strategy to be developed during 2021/22.

A blended working trial is planned for September 2021, subject to the prevailing guidance, with all employees working at home and in the office for part of the week. The learning from the trial will inform the organisation's long term post-covid service delivery model.

Our Assets

During 2020/21, the Association spent £169,435 on planned investment in existing homes. Due to restrictions, much of the planned spend was not achieved and is now programmed for 2021/22. Cyclical Maintenance spend was £328,573.

£40,709 was spent on medical adaptations to support customers to living independently at home, funded by grants received from the Scottish Government.

BARRHEAD HOUSING ASSOCIATION LIMITED

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For the year ended 31 March 2021

A new Preventative Maintenance Service model was designed and introduced towards the end of the year, delivered by the subsidiary, Lavern Property Services. This service will carry out a regular inspection of every property to identify and deal with property issues proactively before they become larger and more expensive problems. An evaluation of this innovative service model is being scoped with the Scottish Federation of Housing Associations to evidence the impact of this service on reactive repairs costs and customer satisfaction.

A new Property Services Officer post was created to oversee the range of compliance contracts and requirements including gas, electrical and fire safety and legionella testing, as well as the cyclical maintenance programme.

The Association is a major delivery partner for East Renfrewshire Council's Strategic Housing Investment Plan, with an active new house building programme in place. During 2020/21 the Association spent £800,205 on development of housing, £638,148 of which was funded by grant from the Scottish Government. During 2021/22, 10 new homes will be completed at Orchid Way, and 12 at Weavers Lea. In total, 55 new homes are planned for completion by 2023.

A new Asset Strategy and action plan was approved by the Board in January 2021, with key priorities for the coming year including delivery of the bathroom and kitchen programme, completion of fire safety installations, updating and refining of the 30 year life cycle costings and programme, implementation of a new approach to asset appraisals, and scoping of options for delivery of low carbon and carbon neutral homes across all of the Association's property types.

Our Communities

As a charitable not for profit housing association, the Association aims to provide for the relief of those in need for 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. Services therefore extend beyond the provision of affordable housing and services. We aim through community activities to promote health and improvement to the quality of people's lives, to contribute to the local economy and to support our local community. The Association's role as a community anchor was particularly important during 2020/21 when we were successful in accessing funding to deliver

- 257 fuel grants distributed to households across East Renfrewshire
- £15 Christmas gifts for 336 children of our customers
- 35 iPads for customers who were digital excluded
- 21 eco crafting workshops involving 6-11 local people and reducing waste by 63.94kg
- 38 households (143 people) taking part in the 8 blocks of our food waste cooking workshops
- 27.23 Lifetime CO2e savings through changing people's food behaviours and attitudes
- A free book monthly for children of our tenants aged between 0-5 years through the Dolly Parton library
- 25 Households supported in partnership with Parent Network Scotland
- 26 Digital Support grants issued to our customers.

During the year new partnerships were developed with East Renfrewshire Council, the Association's key strategy partner, to explore the feasibility and scope of town centre and local regeneration partnerships.

During 2021/ 22 a new Communities Strategy will be published setting out the Association's priorities and how we will work with communities and partners. Continuation of the Climate Change project, the new Brighter Futures Barrhead project, digital inclusion, employability, and addressing financial vulnerability and preventing homelessness will all feature as priorities.

BARRHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE GOVERNING BOARD

For the year ended 31 March 2021

Risks and uncertainties

The Association's Risk Register is reviewed and updated monthly by the Executive Team. From 2021/22 the wider staff will have the opportunity to feed into this process at least annually. The main risks are reviewed by the Audit and Risk Sub Group quarterly and the Governing Board annually.

The most significant risks facing the Association and key mitigations are summarised below.

Covid-19 impacts on tenants' economic circumstances	<ul style="list-style-type: none">Externally funded expansion of welfare rights servicesExternally funded new tenancy support postRevised rent collection policy and proceduresHardship FundDigital devices and inclusion programmeFuel grantsSignposting to community help e.g. foodbanksAdditional 0.4 FTE Customer Services Officer post – with each officer now having smaller group of customers to work with
Covid-19 number of voids increases with lost rent	<ul style="list-style-type: none">Budget rent loss estimate increasedVoid repairs budget increasedVoid procedures reviewed and improvedNew monthly performance reporting system
Long term investment plans are under-costed	<ul style="list-style-type: none">New HUB asset management software purchased to facilitate stock condition life cycle scenario testing and refinementIFlair procurement framework utilised to maximise value for money in contracts
Unaffordable current and future rents	<ul style="list-style-type: none">Rent affordability review including consideration of whole house cost, tenant views and insight, and review of rent structure
Serious factoring arrears	<ul style="list-style-type: none">Training for staffBad debt write off approved by BoardOptions appraisal on subsidiary business model
Rising overheads, repairs, cyclical and planned costs	<ul style="list-style-type: none">Procurement policy and procedures including IFLair frameworkMonthly budget monitoring system
Development appraisals are inaccurate	<ul style="list-style-type: none">New development financial appraisal model
Levern Property Services Business Plan is unsustainable	<ul style="list-style-type: none">Options appraisal for future of LPSQuarterly management accountsBudgeting and arrears monitoring
Major cyber security breach	<ul style="list-style-type: none">Cyber Essentials Plus
Loss of business continuity	<ul style="list-style-type: none">Business continuity plan and testing

BARRHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE GOVERNING BOARD

For the year ended 31 March 2021

Corporate Governance

Barrhead has a Governing Board which is elected by the members of the Association. It is the responsibility of the Board to undertake the strategy and policy setting and overall direction for the Association. The Board also monitors the operational activities of the Association. The members of the Governing Board are unpaid.

The Executive Team of Barrhead is responsible for achieving the strategy set and undertaking the operational activities in line with the policies set.

All Board members receive an annual appraisal. A Governance Excellence Plan is in place to develop individual board members and the Board collectively, including bitesize training sessions, and a variety of networking opportunities with our FLAIR local housing association partners and the wider housing sector and beyond.

Governing board

David McCready, Chairperson (since 2018) is a local resident of Barrhead and a Board member since 2009. He is retired housing manager having worked for River Clyde Homes for many years with a wide range of experience from the housing association and local authority sectors.

John Hamilton, Vice Chairperson (since 2018) is a local resident of Neilston, President of East Renfrewshire Chamber of Commerce, and a health and safety consultant. He has been on the Board since 2014 and completed a governance certificate from Napier University in March 2018.

Brian Connelly MBE has been on BHA's Board since 2002 and has been Secretary for the majority of those years, until August 2018. He is local resident of Barrhead and has worked for the community for over 20 years receiving his MBE in 2005. He is Chair of Auchenback Active, Auchenback Tenants and residents group and on the Board of TPAS. He is a retired civil engineer.

Dianne Greig is a local resident with a background in public engagement (arts & culture), research and finance. She has worked in commercial and charity sectors in business development roles and been an advocate of local community and support groups for many years.

Drew McKinney, was Convener (elected 2018) of Audit and Risk Sub-Group and currently fills a casual vacancy. Drew has worked within the area in the past and within the local authority sector and charitable sectors, and holds a LLB degree and Diploma in legal practice. He was first elected to the Board in September 2015.

Rena McGuire BEM has been on BHA's Board since 2006. She was chairperson from 2011-2016. She is a local resident of Barrhead, and plays a key role in other local voluntary organisations including Dunterlie Tenants Action Group, Dunterlie Foodshare, and Dunterlie Planning Group. She received her BEM in January 2015 for her long service to the community of East Renfrewshire.

Michael Mukhtar is a local resident and Director of a UK wide commercial business which has its company HQ based in Barrhead since 2003. He is committed to working within the local community and has been on the Board since 2011. Michael has a BSc in electronic engineering and a MBA and brings extensive business development and financial management experience to the Board, combined with technical skills.

Tommy Reilly, Convener (Elected 2018) of Staffing, Health and Safety Sub-Group (Chairperson of Lavern Property Services since 2018) is a local resident of Barrhead. Tommy was a local SNP Councillor and co-optee from 2012-2017 before joining the Board as a full member. He is retired construction lecturer from Reid Kerr College, and does a range of local charity work within the area.

Beth Welsh was elected in August 2017. Beth is the CEO for Tail O' The Bank Credit Union based in Inverclyde, and has a background in housing having worked for a larger national RSL in development and also holds a Masters in Housing.

Councillor Tony Buchanan, co-optee approved by the Board in Sept 2019. Tony is the leader of East Renfrewshire Council and brings considerable experience of the local area to our Board.

Paul McIlvenny is local to Barrhead and chairperson & co-founder of Include Me 2 Club SCIO, a local charity involved in supporting a wide range of vulnerable people in our communities. Paul joined the Board in October 2020.

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REPORT OF THE GOVERNING BOARD

For the year ended 31 March 2021

Laura Mills is local to Barrhead and lived in Barrhead for many years. Laura works with Entourage UK events and marketing company and has supported the East Renfrewshire Chamber of Commerce events and activities for many years. Laura joined the Board in October 2020.

Governing board

David McCready (Chairperson)

John Hamilton (Vice Chairperson)

Brian Connelly MBE

Dianne Greig

(appointed 25 May 2020)

Drew McKinney

(resigned 25 March 2021, filled casual vacancy 27 May 2021)

Rena McGuire BEM

Michael Mukhtar

Tommy Reilly

Beth Welsh

Cllr Tony Buchanan

Paul McIlvenny

(appointed 29 October 2020)

Laura Mills

(appointed 29 October 2020)

Executive Officers

Shirley Robison (Retired 30 October 2020)

Chief Executive

Lorna Wilson (Appointed 2 November 2020)

Chief Executive

Lorraine Dallas

Director of Customer Services

James Ward

Director of Asset Management

Helen Sutherland

Director of Corporate Services

Registered Office

60-70 Main Street

Barrhead

Glasgow

G78 1SB

External Auditors

Chiene + Tait LLP

Chartered Accountants

61 Dublin Street

EDINBURGH

EH3 6NL

Bankers

Bank of Scotland

112 Main Street

Barrhead

GLASGOW

G78 1RD

Solicitors

TC Young

7 West George Street

GLASGOW

G2 1BA

Internal Auditors

Wylie + Bisset

168 Bath Street

GLASGOW

G2 4TP

BARRHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE GOVERNING BOARD

For the year ended 31 March 2021

Registration particulars:

Financial Conduct Authority	Registered Society under the Co-operative and Community Benefit Societies Act 2014 Registered Number 2229R(S)
Scottish Housing Regulator	Housing Scotland Act 2010 Registered Housing Association Number HCB 70
Scottish Charity Regulator	Charities and Trustee Investment (Scotland) Act 2005 Scottish Charity Number SC036265

ON BEHALF OF THE GOVERNING BOARD

David McCready
CHAIRPERSON

19 August 2021

BARRHEAD HOUSING ASSOCIATION LIMITED

GOVERNING BOARD RESPONSIBILITIES STATEMENT

For the year ended 31 March 2021

The Governing Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 require the Governing Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association for the year ended on that date. In preparing these financial statements, the Governing Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 operation; and
- Prepare a Statement on Internal Financial Control.

The Governing Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing Scotland Act 2010 and the Determination of Accounting Requirements (February 2019). The Governing 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. It is also responsible for ensuring the Association's suppliers are paid promptly.

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

Information for the Auditor

In so far as the Governing Board is aware:

- there is no relevant audit information of which the Association's auditor is unaware; and
- the Governing Board has taken all steps that it ought to have taken to make its members aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

BY ORDER OF THE GOVERNING BOARD

David McCready
CHAIRPERSON

19 August 2021

BARRHEAD HOUSING ASSOCIATION LIMITED

GOVERNING BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

For the year ended 31 March 2021

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

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

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

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared regularly which allow the Governing Board and staff to monitor the key business risks, financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information, with significant variances from budget investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Governing Board;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- the Governing Board review reports from management, from directors, from staff and from the internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed, and that a general review of the major risks facing the Association is undertaken; and
- formal procedures have been established for implementing appropriate action to correct any weaknesses identified through internal or external audit reports.

The Governing Board have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2021 and until the below date. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

The Governing Board approved a three year programme of internal audit in April 2018 and during the year completed audit reviews for IT security and our in-house repairs service. An annual updated plan is approved each year by the Audit and Risk Sub-Group who are also responsible for ensuring recommendations are progressed.

Scottish Housing Regulator – Notifiable Events

The Association is required, along with all other registered social landlords, to notify the Scottish Housing Regulator of unusual events. These could be, for example, around significant performance failures, of major health and safety events, or members being removed from the Governing Board or senior staff leaving the organisation. The list is quite lengthy. During the year, we have had seven events that resulted in a Notifiable Event being confirmed to the Scottish Housing Regulator – these included our new Triodos loan facility, 4 low risk GDPR breaches; our office closure due to COVID-19 and the decision of our Chief Executive to retire during 2020. All actions were undertaken to satisfy the Scottish Housing Regulator.

BY ORDER OF THE GOVERNING BOARD

David McCready
CHAIRPERSON

19 August 2021

Opinion

We have audited the financial statements of Barrhead Housing Association Limited for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Scottish Housing Regulator Determination of Accounting Requirements (February 2019)

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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 9, 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the 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.

We gained an understanding of the legal and regulatory framework applicable to the Association and the industry in which it operates and considered the risks of acts by the Association which were contrary to applicable laws and regulations, included fraud. These included but were not limited to the Housing SORP 2018, the Co-operative and Community Benefits 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 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 are to 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 Board that represented a material misstatement due to fraud.

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

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



Use of our report

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

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

Aug 26, 2021 2021



In addition to our audit of the financial Statements, we have reviewed your statement on page 9 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 Auditing Practices Board. 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 9 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 financial statements.

Through enquiry of certain members of the Governing Board and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Governing Board'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 Auditor
61 Dublin Street
Edinburgh EH3 6NL

Aug 26, 2021 2021

BARRHEAD HOUSING ASSOCIATION LIMITED

STATEMENT of COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 £	2020 £
Turnover	2	5,576,878	5,418,208
Operating expenditure	2	(3,980,565)	(4,065,018)
Operating surplus	2	1,596,313	1,353,190
(Loss)/gain on disposal of property, plant and equipment		(9,545)	(8,614)
Interest receivable		21,869	39,261
Interest and financing costs	4	(308,057)	(369,417)
Surplus before tax		1,300,580	1,014,420
Taxation	5	-	-
Surplus for the year		1,300,580	1,014,420
Actuarial gains/losses on defined pension plan	13	(628,000)	847,000
Total Comprehensive Income for the Year		672,580	1,861,420

The results for the year relate wholly to continuing activities.

STATEMENT of CHANGES in RESERVES

For the year ended 31 March 2021

	Share Capital £	Income and Expen- diture Reserve £	Total Reserves £	Total Un- restricted Fund £
Balance at 1 April 2019	51	12,168,649	12,168,649	12,168,649
Issue of Share	2	-	-	-
Cancellation of shares	-	-	-	-
Surplus/(deficit) from statement of comprehensive income	-	1,300,580	1,300,580	1,300,580
Surplus/(deficit) from other comprehensive income	-	(628,000)	(628,000)	(628,000)
Balance at 31 March 2021	53	12,841,229	12,841,229	12,841,229

The notes on pages 17 to 31 form part of these financial statements.

BARRHEAD HOUSING ASSOCIATION LIMITED

STATEMENT of FINANCIAL POSITION

As at 31 March 2021

	Notes	£	2021 £	2020 £
Fixed assets				
Tangible fixed assets	7		45,970,158	46,214,519
Investments	8		1	1
			-----	-----
			45,970,159	46,214,520
Current assets				
Debtors		828,072		321,976
Cash and cash equivalents		5,589,196		4,848,332
		-----		-----
		6,417,268		5,170,308
Creditors: amounts falling due within one year	10	(3,104,428)		(2,499,571)
		-----		-----
Net current assets			3,312,840	2,670,737
			-----	-----
Total assets less current liabilities			49,282,999	48,885,257
Creditors: amounts falling due after more than one year				
Pension – defined benefit liability	11 13		35,924,717 517,000	36,716,557 -
			-----	-----
Total net assets			12,841,282	12,168,700
			=====	=====
Reserves				
Share capital	15		53	51
Income and expenditure reserve	16		12,841,229	12,168,649
			-----	-----
			12,841,282	12,168,700
			=====	=====

These financial statements were approved and authorised for issue by the Governing Board on 19 August 2021 and signed on their behalf by:

Chair, Governing Board Member	David McCready
Vice Chair, Governing Board Member	John Hamilton
Secretary	Helen Sutherland

The notes on pages 17 to 31 form part of these financial statements.

BARRHEAD HOUSING ASSOCIATION LIMITED

STATEMENT of CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 £	2020 £
Net cash generated from operating activities	18	2,132,522	2,125,317
Cash flow from investing activities			
Purchase of tangible fixed assets		(1,272,037)	(1,869,459)
Proceeds from sale of tangible fixed assets		-	-
Housing association grant received (net)		796,273	1,141,736
Interest received		21,869	39,261
		-----	-----
		1,678,627	(688,462)
		-----	-----
Cash flow from financing activities			
Interest paid		(308,057)	(348,417)
Loans Received		-	500,000
Repayment of borrowings		(629,708)	(600,665)
Shares issued		2	5
		-----	-----
		(937,763)	(455,077)
		-----	-----
Net change in cash and cash equivalents		740,864	981,778
Cash and cash equivalents at beginning of the year		4,848,332	3,866,554
		-----	-----
Cash and cash equivalents at end of the year		5,589,196	4,848,332
		=====	=====

Analysis of Changes in Net Debt

	2020 £	Cash Flows £	Non-cash changes Finance Leases £	Other Changes £	2021 £
Long-term borrowings	(9,384,997)		-	651,116	(8,733,881)
Short-term borrowings	(616,783)	629,708	-	(651,116)	(638,191)

Total liabilities	(10,001,780)	629,708	-	-	(9,372,072)
Cash and cash equivalents	4,848,332	740,864	-	-	5,589,196

Total net debt	(5,153,448)	1,370,572	-	-	(3,782,876)
		=====			=====

The notes on pages 17 to 31 form part of these financial statements.

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. Accounting Policies

Introduction and accounting basis

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102), the statement of Recommended Practice for social housing providers "Housing SORP 2014" (SORP 2014) and the Determination of Accounting Requirements (February 2019). The financial statements are prepared under the historical cost basis of accounting.

Barrhead Housing Association is a Public Benefit Entity. The financial statements have been presented in Pounds Sterling as this is the functional and presentational currency of the Association. The principal accounting policies of the Association are set out below.

Going concern

The financial statements have been prepared on a going concern basis. The Governing Board have assessed the Association's ability to continue as a going concern and have reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

Housing Association Grants

Housing Association Grants (HAG) are awarded to reduce the amount of mortgage loan (or other funding) in respect of an approved scheme to the amount which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on the qualifying cost of the scheme in accordance with instructions issued from time to time by the grant awarding body. HAG and other grants are repayable under certain circumstances. These include the disposal of the properties to which the grants relate. HAG is recognized using the accrual model and is recognized in income on a systematic basis over the useful life of the related housing asset. The Association uses the useful life of the housing property structure as the basis for amortisation.

Tangible fixed assets - Housing properties (note 7)

Housing properties are initially stated at cost. The cost of such properties includes the following:

- (i) cost of acquiring land and buildings
- (ii) development expenditure including applicable overheads
- (iii) interest charged on the loans raised to finance the scheme

These costs are either termed "qualifying costs" by the grant awarding bodies for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities or they are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value including retentions are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

Development costs are capitalised to the extent that they are attributable to specific schemes, where such costs are not felt to be excessive.

If expenditure does not qualify for HAG, it may nevertheless be capitalised. Expenditure on schemes, which are subsequently aborted, is written off in the year in which it is recognised that the scheme will not be developed to completion.

Interest on the loan financing the development is capitalised up to the relevant date of completion.

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. Accounting Policies (continued)

Depreciation

Housing Properties

Housing properties are stated at cost, less accumulated depreciation. The Association depreciates housing properties by major component on a straight line basis over the expected economic useful lives of each identified component. All components are categorised as Housing Properties in note 7. No depreciation is charged on the cost of land.

Component	Useful Economic Life
Kitchen	15 years
Central Heating System	30 years
Boilers	15 years
Bathrooms	20 years
Windows	25 years
Lifts	40 years
Structure	50 years
Roofs	40 years
Sheltered Housing Improvements	20 years

Other fixed assets

The Association's assets cost, less any residual value, is written off evenly over the expected useful life as follows:

Office premises	over 5 to 30 years
Furniture & equipment	over 5 years

A full year's depreciation is charged on these assets in the year of purchase with no charge being made in the year of disposal.

Apportionment of management expenses

Direct employee administration and operating costs have been apportioned to the activities reported in the Statement of Comprehensive Income on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealt with in these financial statements.

Lease obligations

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on the accruals basis.

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 and, except for first tranche sales, any gain or loss is recognised. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements. Proceeds of first tranche sales are recognised as turnover and associated costs as operating costs.

Impairment of fixed assets

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units.

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

1. Accounting Policies (continued)

Improvements

Improvements are capitalised where these represent the replacement of separately depreciated components or where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:

- an increase in rental income or
- a material reduction in future maintenance costs or
- a significant extension of the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the Statement of Comprehensive Income.

Financial instruments

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at the transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

Loans and borrowings

Bank loans provided by Private Lenders are also classed as basic under the requirements of FRS 102 and are therefore also measured at amortised cost.

Payment arrangements with tenants

In the case of payment arrangements that exist with tenants, these are deemed to constitute financing transactions and, where material, are measured at the present value of future payments discounted at a market rate of interest applicable to similar debt instruments.

Pensions

The Association participates in the centralised Scottish Housing Associations' Defined Benefit and Defined Contribution Pension Schemes and retirement benefits to employees of the Association 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. Accordingly, in respect of current service cost the accounting charge represents the employer contributions payable.

Turnover

Turnover represents rental income and service charges receivable from tenants, grants and management fees for services, and is measured at the fair value of the consideration received or receivable.

Value added tax

The Association registered for VAT from 1st February 2020. There is a VAT group with the subsidiary, Lavern Property Services Ltd.

BARRHEAD HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2021****1. Accounting Policies (continued)****Judgements in applying policies and key sources of estimation uncertainty**

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The members of the Governing Board are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied in apportioning the cost of housing properties between constituent components and in determining the depreciation rates which have been deemed to be appropriate for the class of asset or assets component and in determining the appropriate level of bad debt provision for rental arrears.

2. Particulars of turnover, operating costs and operating surplus or deficit

	Turnover £	Operating costs £	Operating Surplus/ (Deficit) 2021 £	Operating Surplus/ (Deficit) 2020 £
Affordable letting activities (note 3a)	5,337,021	3,732,880	1,604,141	1,381,415
Other activities (note 3c)	239,857	247,685	(7,828)	(28,225)
Total	5,576,878	3,980,565	1,596,313	1,353,190
2020	5,418,208	4,065,018	1,353,190	

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

3(a). Particulars of turnover operating costs and operating surplus or deficit from affordable letting activities

	General Needs Social Housing £	Supported Social Housing Accom- modation £	Shared Ownership Housing £	Other Social Housing £	2021 Total £	2020 Total £
Income from lettings						
Rent receivable net of service charges	4,207,569	136,928	1,276	50,511	4,396,284	4,285,611
Service charges	46,771	13,905	150	-	60,826	56,460
	-----	-----	-----	-----	-----	-----
Gross income from rents and service charges	4,254,340	150,833	1,426	50,511	4,457,110	4,342,071
<u>Less: Voids</u>	(29,030)	(1,621)	-	-	(30,651)	(17,694)
	-----	-----	-----	-----	-----	-----
Net income from rents and service charges	4,225,310	149,212	1,426	50,511	4,426,459	4,324,377
Grants released from deferred income	847,910	43,130	-	17,864	908,904	880,811
Revenue grants from Scottish Ministers	-	-	-	-	-	-
Other revenue grants	-	1,658	-	-	1,658	1,605
	-----	-----	-----	-----	-----	-----
Total turnover from affordable letting activities	5,073,220	194,000	1,426	68,375	5,337,021	5,206,793
Management and maintenance administration costs	1,221,419	51,442	-	16,160	1,289,021	1,244,483
Service costs	46,166	13,750	150	-	60,066	56,460
Planned and cyclical maintenance including major repairs costs	489,601	8,407	-	-	498,008	640,529
Reactive maintenance costs	373,579	13,397	-	-	386,976	414,704
Bad debts – rents and service charges	33,135	-	-	-	33,135	33,994
Depreciation of affordable letting properties	1,378,696	56,729	-	26,270	1,461,695	1,421,527
Tenant Participation	3,979	-	-	-	3,979	13,681
	-----	-----	-----	-----	-----	-----
Operating costs for affordable letting activities	3,546,575	143,725	150	42,430	3,732,880	3,825,378
	-----	-----	-----	-----	-----	-----
Operating surplus for affordable letting activities	1,526,645	50,275	1,276	25,945	1,604,141	1,381,415
	=====	=====	=====	=====	=====	=====
2020	1,300,926	53,213	1,718	25,558	1,381,415	
	=====	=====	=====	=====	=====	

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

3(b). Expenditure on works to existing properties

	2021	2020
	£	£
Capitalised:		
Improvements	109,597	39,453
Component replacements	294,487	374,259
	-----	-----
	404,084	413,732
Charged to revenue	169,435	262,635
	-----	-----
	573,519	676,367
	=====	=====

3(c). Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers	Other revenue grants	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating surplus or (deficit) 2021	Operating surplus or (deficit) 2020
	£	£	£	£	£	£	£	£
Community Investment activities:								
Big Lottery - Brighter Futures	-	7,871	-	7,871	-	7,871	-	-
Recovery Fund	-	27,274	-	27,274	-	27,274	-	-
Creative Pathways	-	-	-	-	-	675	(675)	(2,500)
Supporting Communities Fund	104,750	-	-	104,750	-	104,750	-	-
Climate Challenge Fund	48,774	-	-	48,774	-	48,774	-	-
Community Regeneration Officer	-	-	19,081	19,081	-	19,081	-	(22,304)
Digital Fund	-	1,200	-	1,200	-	1,200	-	-
Cycling	-	-	-	-	-	-	-	45
Community Chest	-	-	-	-	-	13,335	(13,335)	(875)
Development administration costs	12,731	-	-	12,731	-	22,901	(10,170)	(8,091)
Other Agency/ Management services	-	-	1,824	1,824	-	1,824	-	-
Other Income	-	-	-	-	-	-	-	5,500
Job Retention Scheme	-	16,352	-	16,352	-	-	16,352	-
	-----	-----	-----	-----	-----	-----	-----	-----
Total from other activities	166,255	52,697	20,905	239,857	-	247,685	(7,828)	(28,225)
	=====	=====	=====	=====	=====	=====	=====	=====
2020	162,537	11,704	37,174	211,415	-	239,640	(28,225)	
	=====	=====	=====	=====	=====	=====	=====	

Note: Other activity headings as noted in the Determination of Accounting Requirements (February 2019) do not apply.

BARRHEAD HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2021****3c Continued**

The Community Chest, hardship payments were approved to be paid by the Governing board from Gift Aid received from Lavern Property Services since its inception and held in the Income and Expenditure Reserves.

3d Big Lottery (Brighter Futures) Income

In the year income was received from the Big Lottery. All of the income will be spent towards the Brighter Futures project. This project is ongoing.

	2021	2020
	£	£
Big Lottery Income in the Year	48,284	-
Brighter Futures Expenditure in the Year	7,871	-
	-----	-----
Income deferred to 2021/22	40,413	-
	=====	=====

4. Interest and financing costs

	2021	2020
	£	£
Interest paid on loans in period	308,057	348,417
Finance costs in respect of pension provision	-	21,000
	-----	-----
	308,057	369,417
	=====	=====

5. Taxation

The Association has charitable status and therefore is not liable to corporation tax on any income or gains to the extent that these are applied to the charitable objects.

6. Employees

	2021	2020
	£	£
(a) Staff costs during year		
Wages and salaries	765,621	742,714
Social security costs	80,144	79,324
Pension costs:		
Current service contributions	98,056	72,612
	-----	-----
	943,821	894,650
	=====	=====

The past service deficit has been separately disclosed on the face of the Statement of Comprehensive Income.

The average full-time equivalent number of persons employed by the Association during the year was as follows:

	2021	2020
	No	No
Housing management	21	20
	=====	=====

(b) Key management

Key management includes members of the Governing Board, the Chief Executive and 3 senior Directors.

	2021	2020
	£	£
Compensation (including pension contributions) paid to key management personnel	309,362	306,038
	=====	=====

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

The emoluments of the key managers whose emoluments, excluding pension contributions, were over £60,000 were as follows:

	2021	2020
	No	No
£60,001 to £70,000	2	2
	=====	=====

6. Employees (continued)

(b) Key management (continued)

Aggregate emoluments payable to key management whose total emoluments (excluding pension contributions but including benefits in kind) are £60,000 or more

	2021	2020
	£	£
	135,779	134,242
	=====	=====
Emoluments payable to the Chief Executive	75,419	73,408
Employer's pension contribution	8,854	8,506
	-----	-----
	84,615	81,914
	=====	=====

The former Chief Executive is an ordinary member of the Association's pension scheme described in note 13. No enhanced or special terms applied to membership and she had no other pension arrangements to which the Association contributes.

No member of the Governing Board received any emoluments in respect of their services to the Association.

	2021	2020
	£	£
Governing Board Expenses	10	181
	=====	=====

7. Tangible fixed assets

Cost	Housing Properties Held for Letting	Housing Properties in course of Construction	Completed Shared Ownership Properties	Office Premises	Furniture Fittings & Equipment	Total
	£	£	£	£	£	£
At 1 April 2020	64,691,614	1,445,913	48,684	777,704	284,299	67,248,214
Additions	459,213	800,205	-	3,590	9,029	1,272,037
Transfers	1,596,807	(1,548,123)	(48,684)	-	-	-
Disposals	(24,847)	-	-	-	-	(24,847)
	-----	-----	-----	-----	-----	-----
At 31 March 2021	66,722,787	697,995	-	781,294	293,328	68,495,404
	-----	-----	-----	-----	-----	-----
Depreciation						
At 1 April 2020	20,454,749	-	19,540	316,531	242,875	21,033,695
Provided	1,461,695	-	-	27,271	17,887	1,506,853
Transfer	19,540	-	(19,540)	-	-	-
Disposal	(15,302)	-	-	-	-	(15,302)
	-----	-----	-----	-----	-----	-----
At 31 March 2021	21,920,682	-	-	343,802	260,762	22,525,426
	-----	-----	-----	-----	-----	-----
Net book value						
As at 31 March 2021	44,802,105	697,995	-	437,492	32,566	45,970,158
	=====	=====	=====	=====	=====	=====
As at 31 March 2020	44,236,865	1,445,913	29,144	461,173	41,424	46,214,519
	=====	=====	=====	=====	=====	=====

BARRHEAD HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2021****7. Tangible fixed assets continued**

All housing property and office premises are heritable property.

8. Investments

	2021	2020
	£	£
Levern Property Services Limited	1	1
	=====	=====

Barrhead's wholly owned trading subsidiary, Levern Property Services Limited, was incorporated in Scotland on 24 November 2011 and commenced trading on 1 April 2012. The company made a loss of £1,707 in the year which reduced to a loss of £1,355 after an eligible tax refund of £352. Net assets stand at £3,870. A distribution to the Association of £Nil was made in the current year (2020 - £5,500),

9. Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Gross rents in arrears	178,716	159,813
<u>Less:</u> Bad debt provision	(149,379)	(137,421)
	-----	-----
	29,337	22,392
Prepayments and accrued income	135,259	109,923
Other debtors	663,476	189,667
	-----	-----
	828,072	321,976
	=====	=====

10. Creditors: amounts falling due within one year

	2021	2020
	£	£
Loans (note 12)	638,191	616,783
Trade creditors	760,249	270,531
Other creditors	204,823	193,147
Accruals and Deferred Income	407,178	400,579
Other taxes and Social Security	23,111	17,801
Rents in advance	161,968	119,919
Deferred Grants (note 14)	908,904	880,811
	-----	-----
	3,104,428	2,499,571
	=====	=====

11. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Loans (note 12)	8,733,881	9,384,997
Deferred Grants (note 14)	27,190,836	27,331,560
	-----	-----
	35,924,717	36,716,557
	-----	-----
Pension – defined benefit liability	517,000	-
	-----	-----
	36,441,717	36,716,557
	=====	=====

BARRHEAD HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2021****12. Loans**

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

	2021	2020
	£	£
In one year or less	638,191	616,783
Between two and five years	3,256,177	3,170,348
In five years or more	5,477,704	6,214,649
	-----	-----
	9,372,072	10,001,780
	=====	=====

13. Pension Scheme**Present value of defined benefit obligation, fair value of assets and defined benefit liability**

	2021	2020
	£	£
Fair value of plan assets	5,076,000	4,128,000
Present value of defined benefit obligation	5,593,000	4,111,000
	-----	-----
Defined benefit liability to be recognised	(517,000)	-
Unrecognised Surplus	-	17,000
	=====	=====

Reconciliation of opening and closing balances of the defined benefit obligation

	2021
	£
Defined benefit obligation at start of period	4,111,000
Current service cost	36,000
Expenses	4,000
Interest expense	96,000
Contributions by plan participants	26,000
Actuarial losses (gains) due to scheme experience	514,000
Actuarial losses (gains) due to changes in demographic assumptions	-
Actuarial losses (gains) due to changes in financial assumptions	984,000
Benefits paid and expenses	(178,000)

Defined benefit obligation at end of period	5,593,000
	=====

BARRHEAD HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2021****13. Pension Scheme (continued)**

Reconciliation of opening and closing balances of the fair value of plan assets	2021 £
Fair value of plan assets at the start of the period	4,128,000
Interest income	97,000
Experience on plan assets (excluding amounts included in interest income)	852,000
Contributions by the employer	151,000
Contributions by plan participants	26,000
Benefits paid and expenses	(178,000)

Defined benefit liability to be recognised	5,076,000
	=====

Defined benefit costs recognised in statement of comprehensive income (SOCl)	2021 £
Current service cost	36,000
Expenses	4,000
Net interest expense	-

Defined benefit costs recognised in statement of comprehensive income	40,000
	=====

Defined benefit costs recognised in other comprehensive income	2021 £
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	852,000
Experience gains and losses arising on the plan liabilities - gain (loss)	(514,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(984,000)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(646,000)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	18,000

Total amount recognised in other comprehensive income - gain (loss)	(628,000)
	=====

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

13. Pension Scheme (continued)

Assets	2021	2020
	£'000	£'000
Global Equity	785	568
Absolute Return	250	253
Distressed Opportunities	173	75
Credit Relative Value	146	99
Alternative Risk Premia	204	331
Fund of Hedge Funds	-	-
Emerging Markets Debt	205	147
Risk Sharing	181	131
Insurance-Linked Securities	106	111
Property	91	77
Infrastructure	283	243
Private Debt	120	82
Opportunistic Illiquid Credit	139	101
Cash	2	-
Corporate Bond Fund	383	302
Liquid Credit	88	108
Long Lease Property	118	101
Secured Income	279	229
Over 15 Year Gilts	2	52
Index Linked All Stock Gilts	-	-
Liability Driven Investment	1,220	1,087
Net Current Assets	38	31
	-----	-----
Total assets	5,076	4,128
	=====	=====
	31 March	31 March
	2021	2020
	%	%
Key Assumptions	per annum	per annum
Discount Rate	2.19	2.36
Inflation (RPI)	3.26	2.58
Inflation (CPI)	2.87	1.58
Salary Growth	3.87	2.58
Allowance for commutation of pension for cash at retirement	75% of max. allowance	75% of max. allowance

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2021	21.5
Female retiring in 2021	23.4
Male retiring in 2041	22.8
Female retiring in 2041	25
	=====

The Association participates in the Scottish Housing Associations' Pension Scheme (SHAPS), a multi-employer scheme, which provides benefits to some 155 non-associated employers. The scheme is a defined benefit scheme in the UK.

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

13. Pension Scheme (continued)

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 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.

A full actuarial valuation for the scheme was carried out at 30 September 2018. This actuarial valuation showed assets of £877m, liabilities of £998m and a deficit of £121m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Total deficit contributions (whole scheme)

From 1 April 2020 to September 2022: £31.1m per annum
(payable monthly and increasing by 3% each 1 April).

During the year from 1 April Barrhead Housing Association contributed deficit payments of £118,297.

Under the new recovery plan Barrhead housing Association's share from 1 April 2021 will be £123,455.

In addition to the Recovery Plan contributions, a contingent funding Agreement (CFA) has been agreed between the Scheme Committee and the Employer's Committee. The CFA is designed to ensure that deficit contributions continue to 31 March 2023 if, based on a funding assessment at 30 September 2021, it appears that these deficit contributions will be required.

The assessment of the funding position at 30 September 2021 will take into account the deficit contributions payable to 30 September 2022:

If the results show no deficit is identified the deficit contributions will cease from 30 September 2022.

If the results show the deficit has not cleared then the deficit contributions will continue until 31 March 2023 as follows:

If the deficit is more than £5m, deficit contributions equal to those payable from 1 April 2022 will be payable from 1 October 2022 until 31 March 2023; or

If the deficit is between £0m and £5m, deficit contributions equal to 50% of the deficit contributions from 1 April 2022 will be payable from 1 October 2022 until 31 March 2023.

BARRHEAD HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2021**

14. Deferred Income	2021	2020
	£	£
Social Housing Grants		
Balance as at 1 April 2020	28,212,371	27,951,446
Additions in Year	796,273	1,141,736
Released/Repaid as the result of property disposals	-	-
Amortisation in Year	(908,904)	(880,811)
	-----	-----
	28,099,740	28,212,371
	=====	=====
Due for release:		
Within one year	908,904	880,811
After more than one year	27,190,836	27,331,560
	-----	-----
	28,099,740	28,212,371
	=====	=====

15. Share Capital

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.

16. Income and expenditure reserve	2021	2020
	£	£
Opening balance at 1 April 2020	12,168,649	10,307,229
Surplus for the year	672,580	1,861,420
	-----	-----
Closing balance at 31 March 2021	12,841,229	12,168,649
	=====	=====

17. Reconciliation of surplus for the year to net cash inflow from operating activities	2021	2020
	£	£
Surplus for year	672,580	1,861,420
<i>Adjustments for non-cash items:</i>		
Depreciation of tangible fixed assets	1,506,853	1,465,864
Amortisation of Capital Grants	(908,904)	(880,811)
(Increase)/decrease in debtors	(506,096)	59,794
Increase in creditors	555,356	209,284
Pension cost less contributions payable including remeasurement	517,000	(908,000)
Shares cancelled	-	(4)
<i>Adjustment for investing and financing activities:</i>		
Carrying value of tangible fixed asset disposals	9,545	8,610
Proceeds from the sale of tangible fixed assets	-	-
Interest receivable	(21,869)	(39,261)
Interest payable	308,057	348,417
	-----	-----
	2,132,522	2,125,317
	=====	=====

BARRHEAD HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2021**

18. Capital Commitments	2021	2020
	£	£
Expenditure authorised by the Governing Board contracted less certified	4,109,385	1,333,784
	=====	=====

Expenditure will be funded from Housing Association Grant and the Association's cash reserves.

19. Contingent liabilities**Pensions**

Barrhead has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2015. The Association has no current plans to withdraw from the scheme.

As at 31 March 2021 the Association had no other contingent liabilities (2020 - £Nil).

20. Housing Stock	2021	2020
	£	£
The number of units in Management at 31 March was as follows:		
General Needs – Rehabilitation	300	300
General Needs - New Build	635	622
	-----	-----
	935	922
Supported Accommodation	12	12
Shared Ownership	-	1
	-----	-----
	947	935
	=====	=====

21. Auditor's Remuneration	2021	2020
	£	£
External Audit	7,500	7,000
	=====	=====

22. Related Parties

Councillor Tony Buchanan was co-opted onto the Board from September 2019. Any transactions with East Renfrewshire Council are made at arm's length, on normal commercial terms and Councillors cannot use their position to their advantage.

Levern Property Services Limited ("Levern") is charged for a proportion of office overheads. The charge in the year was £1,824 (2020: £3,706.) Levern also charges Barrhead for staff services provided. The cost in the year was £21,254 (2020: £23,414). At the year-end an amount of £20,875 (2020: £38,800) was due from Levern Property Services. Regular payments are made to Barrhead Housing Association throughout the year to reduce the balance due.

23. Commitments under Operating Leases	2021	2020
	£	£
At the year end, the total future minimum lease payments under non- cancellable operating leases were as follows:		
Not later than one year	5,631	1,764
Later than one year and not later than five years	12,583	24,324
	=====	=====

