



# **Barrhead Housing Association Limited**

Report and Financial Statements

For the year ended 31 March 2022

Registered Social Landlord No. HCB70

FCA Reference No.2229R(S)

Scottish Charity No. SC036265

# BARRHEAD HOUSING ASSOCIATION LIMITED

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## REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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# BARRHEAD HOUSING ASSOCIATION LIMITED

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## GOVERNING BOARD, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2022

### GOVERNING BOARD

|                    |  |
|--------------------|--|
| David McCready     | Chairperson (retired 7 September 2021)                 |
| John Hamilton      | Chairperson (since 9 September 2021)                   |
| Drew McKinney      | Vice Chairperson (appointed 9 September 2021)          |
| Brian Connelly MBE |  |
| Rena McGuire BEM   |  |
| Michael Mukhtar    |  |
| Beth Welsh         |  |
| Paul McIlvenny     |  |
| Laura Mills        |  |
| Tommy Reilly       | (retired 7 September 2021)                             |
| Cllr Tony Buchanan | (ceased to be co-optee 5 May 2022)                     |
| Dianne Greig       | (resigned 26 May 2022)                                 |
| Alan Glasgow       | (appointed 7 September 2021)                           |
| Andrea Paterson    | (appointed 7 September 2021, resigned 28 October 2021) |
| Lesley-Anne Junner | (filled casual vacancy 26 May 2022)                    |
| Deborah McVey      | (filled casual vacancy 26 May 2022)                    |

### EXECUTIVE OFFICERS

|                  |  |
|------------------|--|
| Lorna Wilson     | Chief Executive Officer  |
| Lorraine Dallas  | Director of Customer Services  |
| James Ward       | Director of Asset Management   |
| Helen Sutherland | Director of Corporate Services (resigned 29 April 2022)              |
| Lauren Rice      | Director of Finance and Corporate Services (appointed 25 April 2022) |

### REGISTERED OFFICE

60-70 Main Street  
Barrhead  
Glasgow  
G78 1SB

### EXTERNAL AUDITORS

Alexander Sloan  
Accountants and Business Advisers  
180 St Vincent Street  
Glasgow  
G2 5SG

### INTERNAL AUDITORS

Wylie + Bisset  
168 Bath Street  
Glasgow  
G2 4TP

### BANKERS

Bank of Scotland  
112 Main Street  
Barrhead  
Glasgow  
G78 1RD

### SOLICITORS

TC Young  
7 West George Street  
Glasgow  
G2 1BA

# BARRHEAD HOUSING ASSOCIATION LIMITED

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## REPORT OF THE GOVERNING BOARD FOR THE YEAR ENDED 31 MARCH 2022

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

### Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No 2229R(S)), the Scottish Housing Regulator as a registered social landlord (No.HCB70) under the Housing (Scotland) Act 2010 and as is a registered Scottish Charity with the charity number SCO36265.

### Principal Activities

The Association's principal activity is the provision of affordable housing for let. This includes general needs, supported accommodation, amenity/disabled accommodation and sheltered housing.

### Review of Business and Future Developments

2021/22 was a year of positive change for Barrhead Housing Association. As a community anchor organisation, we continued to focus on and further build the support we provided to our customers and communities who were impacted economically or socially by the effects of the pandemic and the cost of living. During the year the Association redesigned its service and business model to meet customer needs and expectations. Despite continuing disruptions, the Association finished the year on track financially and operationally, completing the vast majority of strategic objectives, including delivery of the new build programme, with high performance and morale. As a result, Barrhead Housing has emerged stronger and more resilient as an organisation.

At the end of the financial year 2021/22 the Association owned and managed 958 homes for social rent, for over 2,000 people, provided a factoring service to 214 owners, and provided a housing information service to 718 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.

### Our Customers

During 2021/22 the Association agreed a new Customer Services Strategy and associated Digital Roadmap based on the following themes:

- Understanding who our customers are
- What are our customers' priorities
- Connecting and communicating with our customers
- Serving our customers.

During a challenging and uncertain year, a number of service improvements were achieved:

- A new Customer Hub was established, providing a 'one and done' person centred service for customers across all of our channels (office, telephone, email, social media)
- A service co-design project was completed with customers which reviewed the customer experiences to identify and implement improvements in housing advice, repairs, and support to stay at home
- The Association received and acted on real time online interaction and feedback from tenants through a digital platform
- A new Tenant App and Portal which was agreed for implementation in 2022/23
- The Association's office, which was closed to the public in March 2020, reopened in June 2022.

The annual rent increase for 2022/23 was set at 3.7% to keep rents as low as possible whilst generating sufficient income to deliver investment and other necessary programmes.

In 2022/23 the focus will be on local, visible, personal service delivery with each customer receiving at least one visit or call.

A review of the Association's rent and service charge structure took place in 2021 and in January 2022 the Board approved a new structure which will provide a long term, sustainable, affordable and transparent rent setting policy and model for the Association and our customers. During 2022 the Association will engage with tenants whilst implementing the new structure and put in place a package of support for tenants most likely to struggle with the cost of living during the current crisis.

Following consultation and engagement with factored owner customers, a new factoring service will be launched during 2022/23.

## **Our People**

In 2021 a new People Strategy was developed setting out the following ambitious outcomes:

- People are proud to work for BHA
- Leaders are compassionate, inclusive, adaptive and inspiring
- Equality and diversity and inclusion thrive
- Employees provide increasingly excellent services to customers
- Every employee co-designs their own learning and development plan
- Employee health and wellbeing is central to decision making
- BHA is an open, safe place where employees can bring their full and best selves to work.

A number of themes with associated actions which will be progressed during 2022/23

1. Leadership and Talent
2. Learning and Development
3. Engagement
4. Wellbeing
5. Reward and recognition
6. Excellence

During the year a new organisational structure was implemented, following extensive consultation with employees. The new design provides resources to deliver exceptional person centred customer service, offer aspirational housing choices, and to be a community housing association for the future, creating opportunities for people and our communities. During the year eight new people joined the organisation, strengthening the diversity, skills and experience of the team.

Following ongoing engagement and refinement of blended working arrangements, which were in place during the pandemic, the Board approved a hybrid working policy for the year 2022/23 focussed on delivery of services and being a great employer of choice.

Following a reassessment, the Association retained Investors in People Silver accreditation and is making significant progress towards Gold.

## **Our Assets**

During 2021/22, the Association spent £449,213 on capital investment in existing homes and a further £360,060 on planned maintenance. Cyclical Maintenance spend was £409,343.

£175,286 was spent on medical adaptations to support customers to living independently at home, funded by grants received from the Scottish Government.

A new Preventative Maintenance Service model was designed and introduced towards the end of the year. This service will undertake an internal and external inspection of every property on a rolling three year programme to identify and deal with property issues proactively before they become larger and more expensive problems.

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 2021/22 the Association spent £2,438,257 on development of housing, £1,763,441 of which was funded by grant from the Scottish Government. During 2022/23, eight new homes will be completed at Dealston Road and 12 at Weavers Lea. In total, 45 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. Services 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 2021/22 when we were successful in accessing funding to deliver

- 551 emergency boxes, kindness and wellness boxes and meals
- 257 fuel vouchers distributed to households across East Renfrewshire
- £25,000 of energy vouchers to vulnerable customers via the SFHA Fuel Support Fund
- 128 new school uniforms
- 1 mobile sensory unit to Cosgrove Care so disabled people could get sensory time at home
- A six-week drama course to 50 young people in partnership with a local drama group
- 78 fitness sessions to 53 individuals both remotely via Zoom and in person, indoors and outdoors
- Tenancy sustainment and readiness workshops to over 120 pupils at St Luke's and Barrhead High School
- 500 books provided to 44 children through the Dolly Parton Imagination Library
- Money advice, better-off fuel calculations and digital support to 95 local people in partnership with the Citizens Advice Bureau
- £2,700 of furniture vouchers to tenants via RAMH ReStore shop
- £15,938 to 18 community groups for local projects through a participatory budgeting event

A new Communities Strategy was published in the year setting out six key priorities for 2021 – 25:

- Tackle inequality and poverty
- Digital engagement and inclusion
- Reduce social isolation and exclusion
- Support community hubs and community led activity
- Create employment and training
- Enhance health and wellbeing

A new Community Investment Team is responsible for delivery of the strategy, provision of welfare advice and tenancy readiness services and for developing and overseeing the Association's range of methods for engaging with and connecting with customers and communities.

## **Our Business**

In 2021, following a tendering process, we appointed a new IT service supplier, Lugo, who will work with the Association to implement our Digital Roadmap including moving our infrastructure to the cloud. We achieved Cyber Essentials Plus accreditation.

Key strategic priorities for 2022/23 are:

- Measuring carbon footprint and tracking reduction
- Agreeing a value for money framework
- Delivering an equality diversity and inclusion action plan.

# BARRHEAD HOUSING ASSOCIATION LIMITED

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## REPORT OF THE GOVERNING BOARD FOR THE YEAR ENDED 31 MARCH 2022

### **Governing Board and Executive Officers**

The members of the Governing Board and the Executive officers are listed on page 1.

Each member of the Governing Board holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of directors, they act as executives within the authority delegated by the Governing Board.

The members of the Governing Board are also trustees of the charity. Members of the Governing Body are appointed by the members at the Association's Annual General Meeting.

### **Statement of Governing Board's Responsibilities**

The Co-operative and Community Benefit Societies Act 2014 requires the Governing Board to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements the Governing 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a 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 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 them 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 2019. It 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.

### **Going Concern**

Based on its budgetary and forecasting processes the Governing Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

# BARRHEAD HOUSING ASSOCIATION LIMITED

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## REPORT OF THE GOVERNING BOARD FOR THE YEAR ENDED 31 MARCH 2022

### Statement on Internal Financial Control

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

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

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

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

The Governing Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year end 31 March 2022. No weaknesses were found in the 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.

### Donations

During the year the Association made no charitable donations (2021: £Nil).

### Disclosure of Information to the Auditor

The members of the Governing Board at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

### Auditor

A resolution to reappoint the Auditors, Alexander Sloan, Accountants and Business Advisers, will be proposed at the Annual General Meeting.

# **BARRHEAD HOUSING ASSOCIATION LIMITED**

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## **REPORT OF THE GOVERNING BOARD FOR THE YEAR ENDED 31 MARCH 2022**

**By order of the Governing Board**



**Lauren Rice**  
Secretary  
18 August 2022

# BARRHEAD HOUSING ASSOCIATION LIMITED

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

In addition to our audit of the financial statements, we have reviewed your statement on page 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice 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 of Internal Financial Control on page 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice 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 Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



**ALEXANDER SLOAN**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
18 August 2022



# BARRHEAD HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARRHEAD HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022

### Opinion

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

In our opinion the financial statements:

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

### Basis of Opinion

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

### Other Matter

The financial statements of the Association for the year ended 31 March 2021 were audited by another auditor who expressed an unmodified opinion of those statements on 19<sup>th</sup> August 2021.

### Conclusions relating to going concern

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

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

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

### Other Information

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

# BARRHEAD HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARRHEAD HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (continued)

### Other Information (Contd.)

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

We have nothing to report in this regard.

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

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

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

### Responsibilities of the Governing Board

As explained more fully in the statement of Governing Board's responsibilities as set out on page 5, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Governing Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing 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 Governing Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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

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

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

# BARRHEAD HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARRHEAD HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Association through discussions with the Governing Board and other management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Association's Assurance Statement and associated supporting information; and
- reviewing correspondence with the Scottish Housing Regulator. HMRC and the Association's legal advisors.

# BARRHEAD HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARRHEAD HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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

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

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

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

### **Use of our Report**

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



**ALEXANDER SLOAN**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
18 August 2022



# BARRHEAD HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

|  | Notes | 2022             | 2021             |
|--|-------|------------------|------------------|
|  |       | £                | £                |
| Revenue  | 2     | 5,657,853        | 5,576,878        |
| Operating costs  | 2     | 4,658,328        | 3,990,110        |
| <b>OPERATING SURPLUS</b>                                 |       | 999,525          | 1,586,768        |
| Interest receivable and other income                     |       | 5,640            | 21,869           |
| Interest payable and similar charges                     | 7     | (280,516)        | (308,057)        |
| Other finance income/(charges)                           | 10    | (10,000)         | -                |
|  |       | (284,876)        | (286,188)        |
| Surplus on ordinary activities before taxation           | 8     | 714,649          | 1,300,580        |
| <b>SURPLUS FOR THE YEAR</b>                              |       | <b>714,649</b>   | <b>1,300,580</b> |
| <b>Other comprehensive income</b>                        |       |                  |                  |
| Actuarial gains/(losses) on defined benefit pension plan | 18    | 398,000          | (628,000)        |
| <b>TOTAL COMPREHENSIVE INCOME</b>                        |       | <b>1,112,649</b> | <b>672,580</b>   |

The results relate wholly to continuing activities.

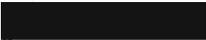
The notes on pages 17 to 35 form an integral part of these financial statements.

# BARRHEAD HOUSING ASSOCIATION LIMITED

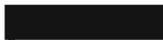
## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

|  | Notes | 2022                     | 2021                     |
|--|-------|--------------------------|--------------------------|
|  |       | £                        | £                        |
| <b>NON-CURRENT ASSETS</b>  |       |                          |                          |
| Housing properties - depreciated cost                            | 11    | 47,142,311               | 45,500,101               |
| Other tangible assets  | 11    | 438,508                  | 470,057                  |
| Investments  | 12    | 1                        | 1                        |
|  |       | <u>47,580,820</u>        | <u>45,970,159</u>        |
| <b>CURRENT ASSETS</b>  |       |                          |                          |
| Receivables  | 13    | 325,480                  | 828,072                  |
| Cash and cash equivalents  | 14    | 5,230,100                | 5,589,196                |
|  |       | <u>5,555,580</u>         | <u>6,417,268</u>         |
| <b>CREDITORS:</b> Amounts falling due within one year            | 15    | <u>(2,062,279)</u>       | <u>(2,195,524)</u>       |
| <b>NET CURRENT ASSETS</b>  |       | <u>3,493,301</u>         | <u>4,221,744</u>         |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                     |       | 51,074,121               | 50,191,903               |
| <b>CREDITORS:</b> Amounts falling due after more than one year   | 16    | (8,082,230)              | (8,733,881)              |
| <b>PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES</b> |       |                          |                          |
| Scottish housing association pension scheme                      | 18    | <u>(17,000)</u>          | <u>(517,000)</u>         |
|  |       | (17,000)                 | (517,000)                |
| <b>DEFERRED INCOME</b>   |       |                          |                          |
| Social housing grants  | 19    | <u>(29,020,957)</u>      | <u>(28,099,740)</u>      |
|  |       | <u>(29,020,957)</u>      | <u>(28,099,740)</u>      |
| <b>NET ASSETS</b>  |       | <u><b>13,953,934</b></u> | <u><b>12,841,282</b></u> |
| <b>EQUITY</b>  |       |                          |                          |
| Share capital  | 20    | 56                       | 53                       |
| Revenue reserves   |       | 13,970,878               | 13,358,229               |
| Pension reserves   |       | <u>(17,000)</u>          | <u>(517,000)</u>         |
|  |       | <u><b>13,953,934</b></u> | <u><b>12,841,282</b></u> |

The financial statements were approved by the Governing Board and authorised for issue and signed on their behalf on 18 August 2022.

  
Committee Member

  
Committee Member

  
Secretary

The notes on pages 17 to 35 form an integral part of these financial statements.

# BARRHEAD HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

|   | Notes | 2022             | 2021             |
|---|-------|------------------|------------------|
|   |       | £                | £                |
| <b>Surplus for the Year</b>                                     |       | 714,649          | 672,580          |
| <i>Adjustments for non-cash items:</i>                          |       |                  |                  |
| Depreciation of tangible fixed assets                           | 11    | 1,566,383        | 1,506,853        |
| Amortisation of capital grants                                  | 19    | (934,289)        | (908,904)        |
| Gain on disposal of tangible fixed assets                       |       | -                | -                |
| Non-cash adjustments to pension provisions                      |       | (102,000)        | 517,000          |
|   |       | <u>530,094</u>   | <u>1,114,949</u> |
| Interest receivable   |       | (5,640)          | (21,869)         |
| Interest payable  | 7     | 280,516          | 308,057          |
|   |       | <u>1,519,619</u> | <u>2,073,717</u> |
| <b>Operating cash flows before movements in working capital</b> |       |                  |                  |
| Change in debtors   |       | 155,792          | (506,096)        |
| Change in creditors   |       | (143,110)        | 555,356          |
|   |       | <u>12,682</u>    | <u>49,260</u>    |
| <b>Net cash inflow from operating activities</b>                |       | 1,532,301        | 2,122,977        |
| <b>Investing Activities</b>                                     |       |                  |                  |
| Acquisition and construction of properties                      |       | (3,176,622)      | (1,272,037)      |
| Purchase of other fixed assets                                  |       | (18,060)         | -                |
| Social housing grant received                                   |       | 2,202,306        | 796,273          |
| Proceeds on disposal of housing properties                      |       | 17,639           | -                |
| Proceeds on disposal of other tangible assets                   |       | -                | 9,545            |
|   |       | <u>(974,738)</u> | <u>(466,219)</u> |
| <b>Net cash outflow from investing activities</b>               |       |                  |                  |
| <b>Financing Activities</b>                                     |       |                  |                  |
| Interest received on cash and cash equivalents                  |       | 5,640            | 21,869           |
| Interest paid on loans  |       | (280,516)        | (308,057)        |
| Loan principal repayments                                       |       | (641,786)        | (629,708)        |
| Share capital issued  | 20    | 3                | 2                |
|   |       | <u>(916,659)</u> | <u>(915,894)</u> |
| <b>Net cash outflow from financing activities</b>               |       |                  |                  |
| <b>(decrease)/increase in cash</b>                              | 21    | (359,096)        | 740,864          |
| <b>Opening cash &amp; cash equivalents</b>                      |       | 5,589,196        | 4,848,332        |
| <b>Closing cash &amp; cash equivalents</b>                      |       | <u>5,230,100</u> | <u>5,589,196</u> |
| <b>Cash and cash equivalents as at 31 March</b>                 |       |                  |                  |
| Cash  | 21    | 5,230,100        | 5,589,196        |
|   |       | <u>5,230,100</u> | <u>5,589,196</u> |

The notes on pages 17 to 35 form an integral part of these financial statements.

# BARRHEAD HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2022

|                                    | Share<br>Capital | Scottish Housing<br>Association<br>Pension reserve | Revenue<br>Reserve | Total             |
|------------------------------------|------------------|--|--------------------|-------------------|
|                                    | £                | £  | £                  | £                 |
| <b>Balance as at 1 April 2020</b>  | 51               | -  | 12,168,649         | 12,168,700        |
| Issue of Shares                    | 2                | -  | -                  | 2                 |
| Other comprehensive income         | -                | (628,000)  | -                  | (628,000)         |
| Other movements                    | -                | 111,000  | (111,000)          | -                 |
| Surplus for the year               | -                | -  | 1,300,580          | 1,300,580         |
| <b>Balance as at 31 March 2021</b> | <b>53</b>        | <b>(517,000)</b>                                   | <b>13,358,229</b>  | <b>12,841,282</b> |
| <b>Balance as at 1 April 2021</b>  | 53               | (517,000)  | 13,358,229         | 12,841,282        |
| Issue of Shares                    | 3                | -  | -                  | 3                 |
| Other comprehensive income         | -                | 398,000  | -                  | 398,000           |
| Other movements                    | -                | 102,000  | (102,000)          | -                 |
| Surplus for the year               | -                | -  | 714,649            | 714,649           |
| <b>Balance as at 31 March 2022</b> | <b>56</b>        | <b>(17,000)</b>                                    | <b>13,970,878</b>  | <b>13,953,934</b> |

The notes on pages 17 to 35 form an integral part of these financial statements.

# BARRHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS

## 1. PRINCIPAL ACCOUNTING POLICIES

### Statement of Compliance and Basis of Accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice for social housing providers 2018. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2019. They comply with the Determination of Accounting Requirements 2019. A summary of the principal accounting policies is set out below

### Revenue

Revenue comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sales of properties built for sale, other services provided, revenue grants receivable and government grants released to income in the period.

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government grants are released to income over the expected useful life of the asset to which they relate. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

### Retirement Benefits

The Association previously participated in the Scottish Housing Association Pension Scheme (SHAPS) a multi-employer defined benefit scheme where retirement benefits to employees of the Association are funded by the 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 organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. The Association moved to the SHAPS defined contribution scheme on leaving the defined benefit scheme. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

### Going Concern

On the basis that the Governing Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

# BARRHEAD HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

##### Housing Properties

Housing properties are held for the provision of social housing. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Association depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

| <i>Component</i>               | <i>Useful Economic Life</i> |
|--------------------------------|-----------------------------|
| 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                    |

##### Depreciation and Impairment of Other Tangible Assets

Non-current assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected economic useful lives of the assets at the following annual rates:

| <i>Asset Category</i> | <i>Depreciation Rate</i> |
|-----------------------|--------------------------|
| Office premises       | Over 5 to 30 years       |
| Furniture & equipment | Over 5 years             |

The carrying values of non-current assets are reviewed for impairment at the end of each reporting period.

##### Social Housing Grants and Other Capital Grants

Social housing grants and other capital grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which they relate.

Social housing grant attributed to individual components is written off to the statement of comprehensive income when these components are replaced.

Although social housing grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

##### Sales Of Housing Properties

First tranche shared ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the statement of recommended practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the statement of comprehensive income.

Disposals under shared equity schemes are accounted for in the statement of comprehensive income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

##### Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

# BARRHEAD HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

#### **Leases**

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives or the term of the lease whichever is shorter.

#### **Works to Existing Properties**

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property, a material reduction in future maintenance costs, or a significant extension of the life of the property.

#### **Capitalisation Of Development Overheads**

Directly attributable development administration costs relating to ongoing development activities are capitalised.

#### **Borrowing Costs**

scheme. All other borrowing costs are expensed to the statement of comprehensive income using the effective interest rate method.

#### **Property Development Cost**

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a non-current asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income.

Property developments that are intended for resale are included in current assets until disposal.

#### **Housing Property Managed By Agents**

Where a third party manages the Association's housing property the accounting treatment reflects the substance of the transactions. The property is only excluded if the rights and obligations associated with the scheme has been transferred to the third party.

#### **VAT**

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

#### **Basis of Consolidation**

The Association has obtained exemption from the Financial Conduct Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The financial statements for Barrhead Housing Association Limited present information about it as an individual undertaking and not about the group.

#### **Financial Instruments - Basic**

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

#### **Cash and Liquid Resources**

Cash comprises cash at bank and in hand, deposits repayable on demand less overdrafts. Liquid resources are current asset investments that can't be disposed of without penalty and are readily convertible into amounts of cash at their carrying value.

#### **Impairment**

The Association assesses at the end of each accounting period whether there are indications that a non-current asset may be impaired or that an impairment loss previously recognised has fully or partially reversed.

Where the carrying value of non-current assets is less than their recoverable amounts the shortfall is recognised as an impairment loss in the Statement of Comprehensive Income. The recoverable amount is the higher of the fair value less costs to sell and value-in-use of the asset based on its service potential.

Impairment losses previously recognised are reversed if the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income.

# BARRHEAD HOUSING ASSOCIATION LIMITED

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

### 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

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

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

#### Key Judgements

##### *a) Categorisation of Housing Properties*

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

##### *b) Identification of cash generating units*

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

##### *c) Financial instrument break clauses*

The Governing Board has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In their judgement these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

##### *d) Pension Liability*

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method. Judgements relating to the benefits issue are included in Note 29.

#### Estimation Uncertainty

##### *a) Rent Arrears - Bad Debt Provision*

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

##### *b) Life Cycle of Components*

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

##### *c) Useful life of properties, plant and equipment*

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

##### *d) Costs of shared ownership*

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

##### *e) Defined pension liability*

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

# BARRHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

## 2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

|                               | Notes | Turnover<br>£    | Operating<br>costs<br>£ | 2022<br>Operating<br>surplus /<br>(deficit)<br>£ | Turnover<br>£    | Operating<br>costs<br>£ | 2021<br>Operating<br>surplus /<br>(deficit)<br>£ |
|-------------------------------|-------|------------------|-------------------------|--|------------------|-------------------------|--|
| Affordable letting activities | 3     | 5,435,533        | 4,485,080               | 950,453  | 5,337,021        | 3,742,425               | 1,594,596  |
| Other Activities              | 4     | 222,320          | 173,248                 | 49,072   | 239,857          | 247,685                 | (7,828)  |
| <b>Total</b>                  |       | <b>5,657,853</b> | <b>4,658,328</b>        | <b>999,525</b>                                   | <b>5,576,878</b> | <b>3,990,110</b>        | <b>1,586,768</b>                                 |

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

|   | General<br>Needs<br>Housing<br>£ | Supported<br>Housing<br>£ | Shared Owner-<br>ship & other<br>Social<br>Housing<br>£ | 2022<br>Total<br>£ | 2021<br>Total<br>£ |
|---|----------------------------------|---------------------------|---|--------------------|--------------------|
| <b>Revenue from Lettings</b>                              |                                  |                           |   |                    |                    |
| Rent receivable net of service charges                    | 4,343,315                        | 138,093                   | -   | 4,481,408          | 4,396,284          |
| Service charges receivable                                | 42,365                           | 13,905                    | -   | 56,270             | 60,826             |
| <b>Gross income from rent and service charges</b>         | <b>4,385,680</b>                 | <b>151,998</b>            | <b>-</b>  | <b>4,537,678</b>   | <b>4,457,110</b>   |
| Less: Rent losses from voids                              | 33,457                           | 2,977                     | -   | 36,434             | 30,651             |
| <b>Income from rents and service charges</b>              | <b>4,352,223</b>                 | <b>149,021</b>            | <b>-</b>  | <b>4,501,244</b>   | <b>4,426,459</b>   |
| Grants released from deferred income                      | 934,289                          | -                         | -   | 934,289            | 908,904            |
| Revenue grants from Scottish Ministers                    | -                                | -                         | -   | -                  | -                  |
| Other revenue grants                                      | -                                | -                         | -   | -                  | 1,658              |
| <b>Total turnover from affordable letting activities</b>  | <b>5,286,512</b>                 | <b>149,021</b>            | <b>-</b>  | <b>5,435,533</b>   | <b>5,337,021</b>   |
| <b>Expenditure on affordable letting activities</b>       |                                  |                           |   |                    |                    |
| Management and maintenance administration costs           | 1,462,146                        | 49,091                    | -   | 1,511,237          | 1,293,000          |
| Service costs   | 36,151                           | 38,689                    | -   | 74,840             | 60,066             |
| Planned and cyclical maintenance, including major repairs | 779,463                          | 5,282                     | -   | 784,745            | 498,008            |
| Reactive maintenance costs                                | 541,226                          | 34,376                    | -   | 575,602            | 386,976            |
| Bad Debts - rents and service charges                     | 4,042                            | 202                       | -   | 4,244              | 33,135             |
| Depreciation of affordable let properties                 | 1,475,303                        | 59,109                    | -   | 1,534,412          | 1,471,240          |
| <b>Operating costs of affordable letting activities</b>   | <b>4,298,332</b>                 | <b>186,748</b>            | <b>-</b>  | <b>4,485,080</b>   | <b>3,742,425</b>   |
| <b>Operating surplus on affordable letting activities</b> | <b>988,180</b>                   | <b>(37,727)</b>           | <b>-</b>  | <b>950,453</b>     | <b>1,594,596</b>   |
| <b>2021</b>   | <b>1,543,045</b>                 | <b>50,275</b>             | <b>1,276</b>  |                    |                    |

# BARRHEAD HOUSING ASSOCIATION LIMITED

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

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

|  | Grants<br>from<br>Scottish<br>Ministers | Other<br>revenue<br>grants | Supporting<br>people<br>income | Other<br>income | Total<br>Turnover | Other<br>operating<br>costs | Operating<br>surplus<br>/ (deficit)<br>2022 | Operating<br>surplus<br>/ (deficit)<br>2021 |
|--|---|----------------------------|--------------------------------|-----------------|-------------------|-----------------------------|---|---|
|  | £                                       | £                          | £                              | £               | £                 | £                           | £   | £   |
| Community investment activities                | 67,322                                  | 149,160                    | -                              | 754             | 217,236           | 173,248                     | 43,988                                      | (14,010)                                    |
| Care and repair                                | -                                       | -                          | 1,694                          | -               | 1,694             | -                           | 1,694                                       | -   |
| Factoring                                      | -                                       | -                          | -                              | 3,390           | 3,390             | -                           | 3,390                                       | -   |
| Uncapitalised development administration costs | -                                       | -                          | -                              | -               | -                 | -                           | -   | (10,170)                                    |
| Job Retention Scheme                           | -                                       | -                          | -                              | -               | -                 | -                           | -   | 16,352                                      |
| <b>Total From Other Activities</b>             | <b>67,322</b>                           | <b>149,160</b>             | <b>1,694</b>                   | <b>4,144</b>    | <b>222,320</b>    | <b>173,248</b>              | <b>49,072</b>                               | <b>(7,828)</b>                              |
| <b>2021</b>                                    | <b>166,255</b>                          | <b>52,697</b>              | <b>-</b>                       | <b>20,905</b>   | <b>239,857</b>    | <b>247,685</b>              | <b>(7,828)</b>                              |   |

# BARRHEAD HOUSING ASSOCIATION LIMITED

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

### 5. OFFICERS' EMOLUMENTS

|   | 2022<br>£      | 2021<br>£      |
|---|----------------|----------------|
| The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Governing Board, managers and employees of the Association. |                |                |
| Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)   | <u>134,275</u> | <u>135,779</u> |
| Pension contributions made on behalf on Officers with emoluments greater than £60,000   | <u>13,393</u>  | <u>14,878</u>  |
| Emoluments payable to the Chief Executive Officer (excluding pension contributions)   | 73,346         | 75,419         |
| Pension contributions paid on behalf of the Chief Executive Officer   | <u>7,321</u>   | <u>8,854</u>   |
| Total emoluments payable to the Chief Executive Officer   | <u>80,667</u>  | <u>84,273</u>  |
| Total emoluments paid to key management personnel   | <u>272,310</u> | <u>309,362</u> |

The number of Officers, including the highest paid Officer, who received emoluments, including pension contributions, over £60,000 was in the following ranges:-

|                    | No.      | No.      |
|--------------------|----------|----------|
| £60,001 to £70,000 | <u>2</u> | <u>2</u> |

### 6. EMPLOYEE INFORMATION

|   | 2022<br>No.      | 2021<br>No.    |
|---|------------------|----------------|
| Average monthly number of full time equivalent persons employed during the year | <u>25</u>        | <u>21</u>      |
| Staff costs were:   | £                | £              |
| Wages and salaries  | 903,405          | 765,621        |
| National insurance costs  | 90,164           | 80,144         |
| Pension costs   | <u>120,335</u>   | <u>98,056</u>  |
|   | <u>1,113,904</u> | <u>943,821</u> |

# BARRHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

## 7. INTEREST PAYABLE AND SIMILAR CHARGES

|                              | 2022           | 2021           |
|------------------------------|----------------|----------------|
|                              | £              | £              |
| On bank loans and overdrafts | 280,516        | 308,057        |
|                              | <u>280,516</u> | <u>308,057</u> |

## 8. SURPLUS FOR THE YEAR

|  | 2022             | 2021             |
|--|------------------|------------------|
|  | £                | £                |
| Surplus For The Year is stated after charging/(crediting): |                  |                  |
| Depreciation - non-current assets                          | 1,566,383        | 1,416,537        |
| (Loss) on component disposals                              | 17,579           | 9,545            |
| Auditors' remuneration - audit services                    | 10,740           | 7,500            |
| Operating lease rentals - other                            | 4,289            | -                |
|  | <u>1,598,991</u> | <u>1,443,582</u> |

## 9. CORPORATION TAX

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

## 10. OTHER FINANCE INCOME / (CHARGES)

|                                     | 2022            | 2021     |
|-------------------------------------|-----------------|----------|
|                                     | £               | £        |
| Net interest on pension obligations | <u>(10,000)</u> | <u>-</u> |

# BARRHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

## 11. NON-CURRENT ASSETS

| (a) Housing Properties | Housing Properties Held for Letting<br>£ | Housing Properties In course of Construction<br>£ | Shared Ownership Completed<br>£ | Other Housing Property category<br>£ | Total<br>£        |
|------------------------|--|---|---------------------------------|--------------------------------------|-------------------|
| <b>COST</b>            |  |   |                                 |                                      |                   |
| At 1 April 2021        | 66,722,787                               | 697,997   | -                               | -                                    | 67,420,783        |
| Additions              | 738,265                                  | 2,438,357   | -                               | -                                    | 3,176,622         |
| Disposals              | (81,639)                                 | -   | -                               | -                                    | (81,639)          |
| Transfers              | 1,150,375                                | (1,150,375)                                       | -                               | -                                    | -                 |
| At 31 March 2022       | <u>68,529,787</u>                        | <u>1,985,979</u>                                  | -                               | -                                    | <u>70,515,766</u> |
| <b>DEPRECIATION</b>    |  |   |                                 |                                      |                   |
| At 1 April 2021        | 21,920,682                               | -   | -                               | -                                    | 21,920,682        |
| Charge for Year        | 1,516,774                                | -   | -                               | -                                    | 1,516,774         |
| Transfers              | -  | -   | -                               | -                                    | -                 |
| Disposals              | (64,001)                                 | -   | -                               | -                                    | (64,001)          |
| At 31 March 2022       | <u>23,373,455</u>                        | -   | -                               | -                                    | <u>23,373,455</u> |
| <b>NET BOOK VALUE</b>  |  |   |                                 |                                      |                   |
| At 31 March 2022       | <u>45,156,332</u>                        | <u>1,985,979</u>                                  | -                               | -                                    | <u>47,142,311</u> |
| At 31 March 2021       | <u>44,802,105</u>                        | <u>697,997</u>                                    | -                               | -                                    | <u>45,500,101</u> |

| Expenditure on Existing Properties                       | 2022                         |                    | 2021                         |                    |
|--|------------------------------|--------------------|------------------------------|--------------------|
|  | <i>Component replacement</i> | <i>Improvement</i> | <i>Component replacement</i> | <i>Improvement</i> |
|  | £                            | £                  | £                            | £                  |
| Amounts capitalised                                      | 449,213                      | 209,288            | 294,487                      | 109,597            |
| Amounts charged to the statement of comprehensive income | -                            | 160,337            | -                            | 169,435            |
|  | <u>          </u>            | <u>          </u>  | <u>          </u>            | <u>          </u>  |

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carry value of £23,473,751 (2021 - £21,241,970)

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

# BARRHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

## 11. NON CURRENT ASSETS (continued)

| (b) Other tangible assets | Office<br>Premises<br>£ | Furniture<br>& Equipment<br>£ | Machinery &<br>Equipment<br>£ | Total<br>£       |
|---------------------------|-------------------------|-------------------------------|-------------------------------|------------------|
| <b>COST</b>               |                         |                               |                               |                  |
| At 1 April 2021           | 781,294                 | 288,568                       | 4,760                         | 1,074,622        |
| Additions                 | 2,056                   | 16,004                        | -                             | 18,060           |
| Eliminated on disposals   | -                       | -                             | -                             | -                |
| At 31 March 2022          | <u>783,350</u>          | <u>304,572</u>                | <u>4,760</u>                  | <u>1,092,682</u> |
| <b>DEPRECIATION</b>       |                         |                               |                               |                  |
| At 1 April 2021           | 343,801                 | 257,149                       | 3,616                         | 604,565          |
| Charge for year           | 29,373                  | 19,283                        | 952                           | 49,609           |
| Eliminated on disposals   | -                       | -                             | -                             | -                |
| At 31 March 2022          | <u>373,174</u>          | <u>276,432</u>                | <u>4,568</u>                  | <u>654,174</u>   |
| <b>NET BOOK VALUE</b>     |                         |                               |                               |                  |
| At 31 March 2022          | <u>410,176</u>          | <u>28,140</u>                 | <u>192</u>                    | <u>438,508</u>   |
| At 31 March 2021          | <u>437,493</u>          | <u>31,419</u>                 | <u>1,144</u>                  | <u>470,057</u>   |

## 12. FIXED ASSET INVESTMENTS

|                         | 2022<br>£ | 2021<br>£ |
|-------------------------|-----------|-----------|
| Subsidiary undertakings | 1         | 1         |
|                         | <u>1</u>  | <u>1</u>  |

### Subsidiary Undertakings

Barrhead Housing Association Limited has the following wholly owned subsidiary undertakings. The registered office of the subsidiary is 60-70 Main Street, Barrhead, Glasgow.

|                                  | 2022           |                         | 2021          |                         |
|----------------------------------|----------------|-------------------------|---------------|-------------------------|
|                                  | Reserves<br>£  | Profit /<br>(Loss)<br>£ | Reserves<br>£ | Profit /<br>(Loss)<br>£ |
| Levern Property Services Limited | <u>(9,398)</u> | <u>(13,268)</u>         | <u>3,870</u>  | <u>(1,355)</u>          |

# BARRHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

## 13. RECEIVABLES

|  | 2022           | 2021           |
|--|----------------|----------------|
|  | £              | £              |
| Gross arrears of rent and service charges      | 159,952        | 178,716        |
| <b>Less:</b> Provision for doubtful debts      | (134,998)      | (149,379)      |
| <i>Net arrears of rent and service charges</i> | 24,954         | 29,337         |
| Social housing grant receivable                | 197,142        | 543,942        |
| Other receivables                              | 85,310         | 254,793        |
| Amounts due from group undertakings            | 18,074         | -              |
|  | <u>325,480</u> | <u>828,072</u> |

## 14. CASH AND CASH EQUIVALENTS

|                          | 2022             | 2021             |
|--------------------------|------------------|------------------|
|                          | £                | £                |
| Cash at bank and in hand | 5,230,100        | 5,589,196        |
|                          | <u>5,230,100</u> | <u>5,589,196</u> |

# BARRHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

## 15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                    | 2022             | 2021             |
|------------------------------------|------------------|------------------|
|                                    | £                | £                |
| Bank loans                         | 648,056          | 638,191          |
| Trade payables                     | 386,726          | 760,249          |
| Rent received in advance           | 191,556          | 161,968          |
| Other taxation and social security | 24,070           | 23,111           |
| Other payables                     | 223,895          | 204,827          |
| Accruals and deferred income       | 587,976          | 407,178          |
|                                    | <u>2,062,279</u> | <u>2,195,524</u> |

## 16. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|            | 2022             | 2021             |
|------------|------------------|------------------|
|            | £                | £                |
| Bank loans | 8,082,230        | 8,733,881        |
|            | <u>8,082,230</u> | <u>8,733,881</u> |

## 17. DEBT ANALYSIS - BORROWINGS

|   | 2022             | 2021             |
|---|------------------|------------------|
|   | £                | £                |
| <b>Bank Loans</b>   |                  |                  |
| Amounts due within one year                               | 648,056          | 638,191          |
| Amounts due in one year or more but less than two years   | 668,654          | 665,930          |
| Amounts due in two years or more but less than five years | 2,005,963        | 2,590,247        |
| Amounts due in more than five years                       | 5,407,614        | 5,477,704        |
|   | <u>8,730,286</u> | <u>9,372,072</u> |

The Association has a number of bank loans the principal terms of which are as follows:

| Lender     | Number of Properties Secured* | Effective Interest Rate | Maturity (Year) | Variable or Fixed |
|------------|-------------------------------|-------------------------|-----------------|-------------------|
| Nationwide |                               | SONIA + 0.43%           | 01/10/2032      | Var               |
| Nationwide |                               | 4.13%                   | 01/10/2032      | Fix               |
| Nationwide | 256                           | 4.71%                   | 01/10/2032      | Fix               |
| Nationwide |                               | SONIA + 0.265%          | 01/10/2032      | Var               |
| Nationwide |                               | SONIA + 0.265%          | 01/10/2032      | Var               |
| Santander  | 105                           | Base + 0.9%             | 19/12/2033      | Var               |
| Santander  |                               | 4.265%                  | 19/12/2033      | Fix               |
| RBS        | 24                            | Base + 2.25%            | 12/04/2040      | Var               |
| BOS        | 23                            | Base + 3%               | 28/03/2028      | Var               |
| BOS        |                               | 5.095%                  | 28/03/2028      | Fix               |
| Triodos    | 90                            | Base + 1.7%             | 28/11/2044      | Var               |

\* Secured property numbers are given by lender/facility, rather than individual loan.

# BARRHEAD HOUSING ASSOCIATION LIMITED

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

## 18. RETIREMENT BENEFIT OBLIGATIONS

### Scottish Housing Association Pension Scheme

Barrhead Housing Association Limited participates in the Scottish Housing Association 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 pensions schemes in the UK.

The last valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). A recovery plan is in place to eliminate the past service deficit which runs to 28 February 2022.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, then the liability of the withdrawing employer is reapportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

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

|  | 2022      | 2021      | 2020      |
|--|-----------|-----------|-----------|
|  | £         | £         | £         |
| Fair value of plan assets                            | 5,241,000 | 5,076,000 | 4,128,000 |
| Present value of defined benefit obligation          | 5,258,000 | 5,593,000 | 4,111,000 |
| Surplus / (deficit) in plan                          | (17,000)  | (517,000) | 17,000    |
| Unrecognised surplus                                 | -         | -         | (17,000)  |
| Defined benefit asset / (liability) to be recognised | (17,000)  | (517,000) | -         |

# BARRHEAD HOUSING ASSOCIATION LIMITED

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

## 18. RETIREMENT BENEFIT OBLIGATIONS (continued)

### Scottish Housing Association Pension Scheme (continued.)

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

|  | 2022             | 2021             |
|--|------------------|------------------|
|  | £                | £                |
| Defined benefit obligation at the start of period                  | 5,593,000        | 4,111,000        |
| Current service cost   | 32,000           | 36,000           |
| Expenses   | 4,000            | 4,000            |
| Interest expense   | 121,000          | 96,000           |
| Contributions by plan participants                                 | 20,000           | 26,000           |
| Actuarial losses (gains) due to scheme experience                  | 85,000           | 514,000          |
| Actuarial losses (gains) due to changes in demographic assumptions | 16,000           | -                |
| Actuarial losses (gains) due to changes in financial assumptions   | (459,000)        | 984,000          |
| Benefits paid and expenses   | (154,000)        | (178,000)        |
| Defined benefit obligation at the end of period                    | <u>5,258,000</u> | <u>5,593,000</u> |

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

|   | 2022             | 2021             |
|---|------------------|------------------|
|   | £                | £                |
| Fair value of plan assets at start of period  | 5,076,000        | 4,128,000        |
| Interest income   | 111,000          | 97,000           |
| Experience on plan assets (excluding amounts included in interest income) - gain (loss) | 40,000           | 852,000          |
| Contributions by the employer   | 148,000          | 151,000          |
| Contributions by plan participants  | 20,000           | 26,000           |
| Benefits paid and expenses  | (154,000)        | (178,000)        |
| Fair value of plan assets at the end of period  | <u>5,241,000</u> | <u>5,076,000</u> |

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £151,000

# BARRHEAD HOUSING ASSOCIATION LIMITED

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

## 18. RETIREMENT BENEFIT OBLIGATIONS (continued)

### Scottish Housing Association Pension Scheme (continued.)

#### Defined benefit costs recognised in the statement of comprehensive income

|                      | 2022          | 2021          |
|----------------------|---------------|---------------|
|                      | £             | £             |
| Current service cost | 32,000        | 36,000        |
| Expenses             | 4,000         | 4,000         |
| Net interest expense | 10,000        | -             |
|                      | <u>46,000</u> | <u>40,000</u> |

#### Defined benefit costs recognised in the other comprehensive income

|   | 2022           | 2021             |
|---|----------------|------------------|
|   | £              | £                |
| Experience on plan assets (excluding amounts included in interest income) - gain /(loss)  | 40,000         | 852,000          |
| Experience gains and losses arising on plan liabilities - gain /(loss)  | (85,000)       | (514,000)        |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)  | (16,000)       | -                |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)   | 459,000        | (984,000)        |
|   | <u>398,000</u> | <u>(646,000)</u> |
| Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)           | 398,000        | (646,000)        |
| Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss) | -              | 18,000           |
|   | <u>398,000</u> | <u>(628,000)</u> |
| Total amount recognised in other comprehensive income - gain (loss)   | 398,000        | (628,000)        |

# BARRHEAD HOUSING ASSOCIATION LIMITED

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

## 18. RETIREMENT BENEFIT OBLIGATIONS (continued)

### Scottish Housing Association Pension Scheme (continued.)

#### Assets

|                               | 2022             | 2021             | 2020             |
|-------------------------------|------------------|------------------|------------------|
|                               | £                | £                | £                |
| Absolute Return               | 240,000          | 250,000          | 253,000          |
| Alternative Risk Premia       | 216,000          | 204,000          | 331,000          |
| Corporate Bond Fund           | 331,000          | 383,000          | 302,000          |
| Credit Relative Value         | 168,000          | 146,000          | 99,000           |
| Distressed Opportunities      | 188,000          | 173,000          | 75,000           |
| Emerging Markets Debt         | 195,000          | 205,000          | 147,000          |
| Liquid Credit                 | 34,000           | 88,000           | 108,000          |
| Global Equity                 | 1,036,000        | 785,000          | 568,000          |
| Currency Hedging              | (19,000)         | -                | -                |
| Infrastructure                | 327,000          | 283,000          | 243,000          |
| Insurance-Linked Securities   | 110,000          | 106,000          | 111,000          |
| Liability Driven Investment   | 1,268,000        | 1,220,000        | 1,087,000        |
| Long Lease Property           | 151,000          | 118,000          | 101,000          |
| Net Current Assets            | 17,000           | 38,000           | 31,000           |
| Over 15 Year Gilts            | 2,000            | 2,000            | 52,000           |
| Private Debt                  | 132,000          | 120,000          | 82,000           |
| Property                      | 136,000          | 91,000           | 77,000           |
| Risk Sharing                  | 171,000          | 181,000          | 131,000          |
| Secured Income                | 280,000          | 279,000          | 229,000          |
| Opportunistic Illiquid Credit | 174,000          | 130,000          | 101,000          |
| Cash                          | 15,000           | 2,000            | -                |
| High Yield                    | 51,000           | 133,000          | -                |
| Opportunistic Credit          | 18,000           | 139,000          | -                |
| Total assets                  | <u>5,241,000</u> | <u>5,076,000</u> | <u>4,128,000</u> |

None of the fair values of the assets shown above include any direct investment in the Association's own financial instruments or any property occupied by, or other assets used by the Association.

#### Key Assumptions

|   | 2022       | 2021       | 2020       |
|---|------------|------------|------------|
| Discount Rate   | 2.8%       | 2.2%       | 2.4%       |
| Inflation (RPI)   | 3.5%       | 3.3%       | 2.6%       |
| Inflation (CPI)   | 3.2%       | 2.9%       | 1.6%       |
| Salary Growth   | 4.2%       | 3.9%       | 2.6%       |
| Allowance for commutation of pension for cash at retirement | <u>75%</u> | <u>75%</u> | <u>75%</u> |

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

|                         | Life expectancy<br>at age 65 years<br>(years) |
|-------------------------|---|
| Male retiring in 2022   | 21.6  |
| Female retiring in 2022 | 23.9  |
| Male retiring in 2042   | 22.9  |
| Female retiring in 2042 | <u>25.4</u>                                   |

# BARRHEAD HOUSING ASSOCIATION LIMITED

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

## 19. DEFERRED INCOME

|                                | Social<br>Housing<br>Grants<br>£ | Total<br>£        |
|--------------------------------|----------------------------------|-------------------|
| <b>Capital grants received</b> |                                  |                   |
| At 1 April 2021                | 43,382,220                       | 43,382,220        |
| Additions in the year          | 1,855,506                        | 1,855,506         |
| At 31 March 2022               | <u>45,237,726</u>                | <u>45,237,726</u> |
| <b>Amortisation</b>            |                                  |                   |
| At 1 April 2021                | 15,282,480                       | 15,282,480        |
| Amortisation in year           | 934,289                          | 934,289           |
| At 31 March 2022               | <u>16,216,769</u>                | <u>16,216,769</u> |
| <b>Net book value</b>          |                                  |                   |
| At 31 March 2022               | <u>29,020,957</u>                | <u>29,020,957</u> |
| At 31 March 2021               | <u>28,099,740</u>                | <u>28,099,740</u> |
| <b>Total at 31 March 2022</b>  | <u>29,020,957</u>                | <u>29,020,957</u> |
| <b>Total at 31 March 2021</b>  | <u>28,099,740</u>                | <u>28,099,740</u> |

This is expected to be released to the Statement of Comprehensive Income in the following years:

|                                   | 2022<br>£         | 2021<br>£         |
|-----------------------------------|-------------------|-------------------|
| Amounts due within one year       | 973,840           | 908,904           |
| Amounts due in more than one year | 28,047,117        | 27,190,836        |
|                                   | <u>29,020,957</u> | <u>28,099,740</u> |

## 20. SHARE CAPITAL

| Shares of £1 each, issued and fully paid | 2022<br>£ | 2021<br>£ |
|--|-----------|-----------|
| At 1 April                               | 53        | 51        |
| Issued in year                           | 3         | 2         |
| At 31 March                              | <u>56</u> | <u>53</u> |

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

# BARRHEAD HOUSING ASSOCIATION LIMITED

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

### 21. CASH FLOWS

#### Reconciliation of net cash flow to movement in net debt

|                                      | 2022      |                    | 2021    |                    |
|--------------------------------------|-----------|--------------------|---------|--------------------|
|                                      | £         | £                  | £       | £                  |
| (Decrease) / increase in cash        | (359,096) |                    | 740,864 |                    |
| Cashflow from change in net debt     | 641,786   |                    | 629,708 |                    |
| Movement in net debt during the year |           | 282,690            |         | 1,370,572          |
| Net debt at 1 April                  |           | (3,782,876)        |         | (5,153,448)        |
| Net debt at 31 March                 |           | <u>(3,500,186)</u> |         | <u>(3,782,876)</u> |

|                              | At<br>01 April 2021 | Cashflows      | Other<br>Changes | At<br>31 March 2022 |
|------------------------------|---------------------|----------------|------------------|---------------------|
|                              | £                   | £              | £                | £                   |
| Cash and cash equivalents    | 5,589,196           | (359,096)      | -                | 5,230,100           |
|                              | 5,589,196           | (359,096)      | -                | 5,230,100           |
| Debt: Due within one year    | (638,191)           | 641,786        | (651,651)        | (648,056)           |
| Due after more than one year | (8,733,881)         | -              | 651,651          | (8,082,230)         |
| Net debt                     | <u>(3,782,876)</u>  | <u>282,690</u> | <u>-</u>         | <u>(3,500,186)</u>  |

### 22. CAPITAL COMMITMENTS

|  | 2022      | 2021      |
|--|-----------|-----------|
|  | £         | £         |
| Capital Expenditure that has been contracted for but has not been provided for in the financial statements | 2,849,204 | 4,109,385 |

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

### 23. COMMITMENTS UNDER OPERATING LEASES

|   | 2022  | 2021   |
|---|-------|--------|
|   | £     | £      |
| At the year end, the total minimum lease payments under non-cancellable operating leases were as follows: |       |        |
| <b>Other</b>  |       |        |
| Expiring in the next year   | 5,152 | 5,631  |
| Expiring later than one year and not later than five years  | 8,839 | 12,583 |

### 24. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 60-70 Main Street, Barrhead, Glasgow, G78 1SB.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in East Renfrewshire.

### 25. GOVERNING BOARD MEMBER EMOLUMENTS

Governing Board members received £nil (2021 - £10) in the year by way of reimbursement of expenses. No remuneration is paid to members in respect of their duties to the Association.

# BARRHEAD HOUSING ASSOCIATION LIMITED

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

### 26. HOUSING STOCK

| The number of units of accommodation in management at the year end was:- | 2022<br>No. | 2021<br>No. |
|--|-------------|-------------|
| General needs  | 946         | 935         |
| Supported housing  | 12          | 12          |
|  | <u>958</u>  | <u>947</u>  |

### 27. RELATED PARTY TRANSACTIONS

Members of the Governing Board are related parties of the Association as defined by Financial Reporting Standard 102.

Any transactions between the Association and any entity with which a Governing Board member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Governing Board members (and their close family) were as follows:

|  |   |   |
|--|---|---|
| Members of the Governing Board who are owner occupiers   | 1 | - |
| Members of the Governing Board who are local councillors | 1 | 1 |

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. Councillor Buchanan ceased to be on the Board from May 2022.

Levern Property Services Limited ("Levern") is charged for a proportion of office overheads. The charge in the year was £2,183 (2021: £1,824). Levern Property Services also charges Barrhead for staff services provided. The cost in the year was £42,281 (2021: £35,510). At the year-end an amount of £18,075 (2021: £20,875) was due from Levern Property Services. Regular payments are made to Barrhead Housing Association throughout the year to reduce the balance due.

A member of the HA's management committee has an interest in Glasgow West Scot Forum and East Renfrewshire Chamber of Commerce. The Housing Association paid membership fees to these organisations during the year of £216 (2021: £1,234) and £1,273 (2021: £216) respectively.

A member of the HA's management committee has an interest in All about Barrhead. The Housing Association paid £350 (2021: £nil) to the organisation during the year in relation to attendance at an award's ceremony.

### 29 CONTINGENT LIABILITY

The Trustees of The Pension Trust (The Trust) has completed a review of the changes made to the benefit structures of the Scottish Housing Association Defined Benefit Schemes within the Trust. The result of this review is that, in some cases, it is unclear whether changes were made to scheme benefits in accordance with the Trust's governing documentation.

The Trustee has been advised to seek direction from the Court on the effect of these changes. This process is ongoing and is unlikely to be resolved until late 2024 at the earliest.

The Pension Trust have not made their legal advice available and the likelihood of success is currently unknown. For multi-employer schemes, the Trustee is unable to provide the estimated potential additional liability at an individual employer level as this is as yet unknown. Furthermore due to the complexities in relation to back payments, transfers, deaths and orphan liabilities, etc., it may not be possible to ascertain an accurate split by individual employers until after the court ruling, when the scope of any rectification work, should this be required, becomes known. As a result, no provision has therefore been included in the financial statements but the Association does have a contingent liability.