

# **Annual Report and Financial Statements**

**For the year ended 31 March 2023**

**Barrhead Housing Association Limited  
Registered Social Landlord No. HCB70  
FCA Reference No.2229R(S)  
Scottish Charity No. SC036265**

## Contents

	<b>Page</b>
Members of the Governing Board, Executive and Advisers	<b>1</b>
Report of the Governing Board	<b>2 - 17</b>
Report by the Auditors on corporate governance matters	<b>18</b>
Report of the Auditors	<b>19 - 22</b>
Statement of comprehensive income	<b>23</b>
Statement of financial position	<b>24</b>
Statement of cash flows	<b>25</b>
Statement of changes in equity	<b>26</b>
Notes to the financial statements	<b>27 - 46</b>

---

## Governing Board, Executive and Advisers

### Governing Board

John Hamilton	Chairperson
Drew McKinney	Vice Chairperson
Brian Connelly MBE	
Rena McGuire BEM	
Beth Welsh	
Paul McIlvenny	
Alan Glasgow	
Lesley-Anne Junner	(Appointed 6 Sep 2022)
Deborah McVey	(Appointed 6 Sep 2022)
Alan Oliver	(Appointed 6 Sep 2022)
Cllr Danny Devlin	(co-opted 6 Sep 2022)
Cllr Tony Buchanan	(Ceased to be co-optee 5 May 2022)
Dianne Greig	(Resigned 26 May 2022)
Michael Mukhtar	(Resigned 7 Feb 2023)

### Executive Officers

Lorna Wilson	Chief Executive Officer
Lauren Rice	Director of Finance and Corporate Services (appointed 25 April 2022)
Lorraine Dallas	Director of Customer Services (resigned 11 Dec 2022)
James Ward	Director of Asset Management (resigned 23 Sep 2022)
Scott Stewart	Director of Assets and Communities (appointed 27 Sep 2022)
Colin McCulloch	Director of Customer Services (appointed 2 Jan 2023)

### Registered Office

60-70 Main Street  
Barrhead  
Glasgow  
G78 1SB

---

## Governing Board, Executive and Advisers (cont.)

### 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

The Royal Bank of Scotland  
1 Moncrieff Street  
Paisley  
Renfrewshire  
PA3 2AW

### Solicitors

TC Young  
7 West George Street  
Glasgow  
G2 1BA

## **Report of the Governing Board**

The Governing Board presents its report and the financial statements for the year ended 31 March 2023.

### **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 is a registered Scottish charity with the charity number SC036265.

### **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.

## Chair's Welcome

My first full year as Chair of Barrhead Housing has been a year of change, as we welcomed three new executive directors to our team and three new non-executive directors onto the governing board.

It was also a year of connections, when relationships were strengthened with our customers and key partners. I am particularly encouraged by the partnership working which has developed with East Renfrewshire Council across a range of strategic and operational priorities including new house building, preventing and alleviating homelessness, reducing poverty, and improving neighbourhoods; with the Health and Social Care Partnership in understanding and planning to meet future needs; and with the wide range of local groups and organisations we are fortunate of having the opportunity to help achieve great things every day.



The governing board is focused on continuing to develop as board, on supporting the team to be the best that they can be, and on amplifying the tenant voice in our decision making. With this in mind, we are looking forward to meeting with and considering recommendations from a new tenant-led Service Improvement Group which will be pivotal in driving continuous improvement.

I was pleased to see the publication of our Sustainability Framework in May 2023. Sustainability underpins our business in every sense, and we recognise the need to take sustainable actions and decisions for our customers (current and future), our homes, our communities, our business, and our planet.

I am proud to lead a strong, diverse, and talented governing board who are passionate about our customers and communities. In our new executive team, we have leaders who understand the challenges ahead and have the capability and energy to meet them. Together with our dedicated and enthusiastic wider team, I am confident we will move Barrhead Housing forward positively in the year ahead and beyond. During 2023/24, we are working with our customers, team and stakeholders to develop a new business strategy for Barrhead Housing which will place us at the forefront of the local community housing association sector in the future, and the governing board is excited to be embarking on this new phase of the organisation.



## Our Business and Future Developments

This has been a successful year for Barrhead Housing. In a challenging year with high inflation, rising interest rates and widespread economic uncertainty, we've delivered strong financial results whilst adding 22 properties to our housing stock and delivering steady investment in our existing homes. Our rent arrears have risen to £203k from £160k last year, reflecting challenging circumstances.

Following an organisational restructure in April 2022, it has been a year of significant change in the organisation, and we've brought in several new team members. We took a values-based approach to recruitment, meaning our new recruits were selected because they strongly demonstrated our core values: Respectful, Adaptable, Dedicated, Aspirational and Responsive. We also broadened the talent on our Governing Board with three new local people joining us.

Our new Sustainability Framework was published recently, demonstrating our commitment to doing the right things for people and places, and taking a long-term and considered approach to our decision-making.

We also established a new Equality, Diversity and Inclusion (EDI) internal working group and implemented our EDI action plan. We recognise and embrace diversity but recognise that more could be done to build inclusive communities and environments to be enjoyed by all. We'll continue to keep EDI as a key focus of our business and hope to demonstrate continual improvement in this area.

We also published a new Value for Money framework as part of our commitment to being transparent about our decision-making and accountable to our customers. We have made some difficult decisions in the last year, including setting a rent increase of 5% for 2023/24. Whilst we understand this represents a significant increase for customers, it also makes it harder for us as a business to deliver all of our customers' priorities, both long-term and short-term. Yet, the framework commits that we will listen to customers, and rigorously seek to deliver high quality services and investment in home at the best possible prices.



## Our People

This was a challenging year as our customers were deeply affected by the cost-of-living crisis. We're making it a priority to visit customers in their local areas and listen to customer feedback so we can design and deliver the most effective support and services.

### At a glance

- Our Customer Hub dealt with 10,320 customer phone calls
- We made 100 visits to vulnerable tenants to check on and support them
- We let 65 homes during the year
- We provided homes for 23 people who had experience of homelessness
- 960 people were on our housing waiting list at the end of March
- 86.3% customers were satisfied with the overall service provided by Barrhead Housing [headline satisfaction survey result]

We developed some key services this year. We carried out a comprehensive review of our sheltered housing service to better understand our customers' needs. Following our review, we made the role of Housing Support Assistant a permanent post, ensuring our sheltered customers can rely upon a staff member on site five days a week. We also plan to improve connectedness and increase the role of technology to provide safety and comfort to our sheltered customers.

We also reviewed the factoring service we provide to owner occupiers. This involved significant engagement with owners and the decision to change our business operations to make the factoring service a core function of our customer services team. All factored customers will now have a dedicated customer services officer for their area, with quarterly estate visits to ensure a high standard of physical environment, and they will be offered a joint inspection visit with our team. We will coordinate repairs and planned works to ensure common buildings are kept safe and in good condition.

The results of our Customer Satisfaction Survey were published in September 2022. These showed a high level of customer satisfaction with our services at 86% whilst highlighting customers' priorities for improvement: estate management, complaints handling and repairs.

### Customer Satisfaction

Customers consistently said our team are friendly and approachable. They particularly value our welfare rights service. One customer said that accessing the service had '*...helped me claim things I never knew I could get*'. Another said the service was '*...absolutely excellent. It has changed my finances and made them much more manageable*'.

We also continued to implement our People strategy with a big focus on employee wellbeing and recognition. We worked with staff to develop a wellbeing approach, meaning we support our staff's physical and mental health in various ways including flexible working, providing fruit in the office, mental health training, giving time for volunteering and

encouraging social and outdoor meetings and activities. We have an exceptional team at Barrhead Housing and know how important it is to recognise the team's great work. We've committed do this with an annual team event aimed at recognition and team building, as well as fun and informal recognition throughout the year with our team mascot, thank you cards, sharing customer compliments and monthly executive team updates. We also recognise talent by promoting internally where we can. This year six people in our team successfully secured promotion through our approach to developing talent.

We launched our leadership development programme in February, aimed at equipping senior staff with the skills they need to lead Barrhead Housing towards its long-term aspirations.

We also launched our employee engagement survey in March. The results, with an overall engagement score of 88%, showed that the team is highly engaged and absolutely committed to exceptional customer service and working respectfully with all our colleagues and partners.



## Our Homes

Investment in our homes improves the lives of our tenants and their communities. Ongoing repairs and investment ensure the long-term sustainability of our stock and provide a responsive service for tenants.

### At a glance

- 74 tenants received new kitchens.
- 2389 repairs were carried out in our homes.
- We built 20 new energy-efficient homes.
- 60 tenants received new bathrooms.
- We made £448k of investment in our homes.
- 86.5% of tenants are satisfied with their homes.

The five-yearly stock condition survey was completed in August 2022 by John Martin Partnership. The survey assessed 30% of our homes internally and 100% of the external areas of our properties. This work provides us with detailed information that helps us build our short- and long-term investment programmes.

With sustainability and easing cost-of-living pressures for tenants high on our agenda, work is underway to investigate new measures that could be retrofitted to our properties to achieve higher levels of energy efficiency and make homes better to live in. In partnership with Queens Cross, Paisley and Maryhill housing associations, we have appointed John Gilbert Architects to provide detailed analysis and property-specific plans to help build a robust investment plan.

With the support of the Scottish Government and East Renfrewshire Council, we worked in partnership with Avant Homes to build 12 new homes and with AS Homes to build eight new homes. A further 25 new homes are under construction in partnership with Taylor Wimpey which are due for completion this summer. These high-quality, energy-efficient homes are providing much needed social housing in East Renfrewshire.

We also work closely with the Occupational Therapist at East Renfrewshire Council to make adaptations to properties that allow tenants to live safely and independently in their homes. We spent just under £70k on various types of adaptations to our properties.

Every year, our focus is to invest in homes according to customers' priorities. To help support customers through the cost-of-living crisis, we identified heating systems that were most in need of upgrading and this resulted in us replacing 40 boilers in 2023/23. We aim to upgrade a further 45 boilers next year. We also replaced 74 kitchens and 60 bathrooms in Barrhead and Neilston with our appointed contractor, Everwarm.



It has been a challenging year for our reactive repairs contractor with many economic drivers having an impact, including the availability of labour and materials. This has made it difficult to deliver reactive repairs to the standard and timescales our customers expect.

In 2023/24, we will adopt a new model for reactive repairs. Working in partnership with several local contractors, we aim to deliver a better solution and improved service for our tenants.

## Our Community

Our community investment team tackled poverty and inequality for local families with its coordinated partner and community volunteering approach. Across our communities, the team delivered cooking, exercise and craft workshops, employability workshops and supported people through the cost-of-living crisis.

We gave control to local people with our Community Fund 2023 Voting Event, which saw £16k being awarded to 18 community projects with votes from over 380 members of the community.

In April 2022, we restructured the Community Investment team, which now includes four posts:

- Community Investment Manager (funded by Barrhead Housing)
- Community Investment Officer (funded by Barrhead Housing)
- Welfare Advice Officer (funded by Barrhead Housing)
- Tenancy Readiness Officer (externally funded).



For all its hard work, our community investment team was the runner up in the All About Barrhead "Impact in the Community" Award in March 2023. The team worked with all the other shortlisted finalists, either through direct funding or established project partnerships.

### At a glance

- 1,200 people were involved in our community activities.
- We put £310k into customers' pockets with our welfare advice service following 227 referrals.
- 164 tenants received a Tenant Support Fund payment, with £30k given in total.
- 26 customers got financial support with fuel debt, with £5k given in total.
- The social value of our projects this year was just over £1m.
- We brought in £501k of external funding.

We also supported 22 young people through East Renfrewshire Council's Young Persons Guarantee project, an intense employability course. We subsequently created two internal paid six-month work placements, one of which was extended for a further 12 months.

We also approved our Customer Participation Framework which sets out our commitment to provide a variety of ways customers can get involved. This will help ensure customers are encouraged and supported to participate fully and get involved in decisions that affect them, with customer involvement leading to a real impact on service delivery and satisfaction levels.



## Our Partnerships

Partnership working within the community is at the heart of our approach. We work closely with key partners to give our customers access to the support and services they need to live safe and fulfilled lives.

We have undertaken a pilot of pro-active estate management works by collaborating with East Renfrewshire Council's Mixed Tenure Squad ("MTS"). MTS carry out regular visits to 'hotspot' areas known to have estate management issues, removing any bulk waste and tidying up areas where bins have become disorderly. This has led to rapid improvements in the appearance of our estates, allowing customer service officers to focus on other tasks and providing more welcoming environments for customers.

Working closely with the Health and Social Care Partnership ("the HSCP"), we have succeeded in finding suitable housing for several young people leaving care settings or others in need of urgent rehousing due to medical need. We have also agreed to find properties that the HSCP can use as transitional housing for emergency cases and as a place where soft 'living' skills can be developed by their service users. With this partnership, we are ensuring we meet the needs of people who are most in need of housing and support them with skills to live independently.

In March, we were awarded a grant of over £260k through the Scottish Government's Investing in Communities Fund. The fund aims to tackle poverty and inequality in our most deprived communities and with this funding, we can take a community-leading role in this. With a coordinated and community-led approach, we will work with 11 of our grassroots community partners to deliver a range of projects to reduce poverty and support those experiencing difficulties in the local area over the next three years. This success demonstrates the exceptional work of our community investment team, who have developed a wide range of local partnerships and work tirelessly to strengthen and grow our community anchor role for the benefit of our customers and the wider community.

---

## **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.

## **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; and
- 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 2023. 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 (2022: £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.

By order of the Governing Board



Lauren Rice

Secretary

10 August 2023

---

## **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 16 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 16 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  
10 August 2023



**Alexander Sloan**  
Accountants and Business Advisers

---

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARRHEAD HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023**

### **Opinion**

We have audited the financial statements of Barrhead Housing Association Limited (the 'Association') for the year ended 31 March 2023 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 2023 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.

### **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.

---

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARRHEAD HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (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 15, 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:

---

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARRHEAD HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (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.

---

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARRHEAD HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (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**  
**10 August 2023**

The logo for Alexander Sloan consists of a stylized blue 'A' shape formed by three thick, curved lines.

**Alexander Sloan**  
Accountants and Business Advisers

# BARRHEAD HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023		2022	
		£	£	£	£
Revenue	2		6,009,674		5,657,853
Operating costs	2		4,965,348		4,658,328
<b>OPERATING SURPLUS</b>			<u>1,044,326</u>		<u>999,525</u>
Interest receivable and other income		53,370		5,640	
Interest payable and similar charges	7	(324,174)		(280,516)	
Other finance income/(charges)	10	<u>1,000</u>		<u>(10,000)</u>	
			<u>(269,804)</u>		<u>(284,876)</u>
Surplus on ordinary activities before taxation	8		<u>774,522</u>		<u>714,649</u>
<b>SURPLUS FOR THE YEAR</b>			<b>774,522</b>		<b>714,649</b>
<b>Other comprehensive income</b>					
Actuarial gains/(losses) on defined benefit pension plan	18		<u>(257,000)</u>		<u>398,000</u>
<b>TOTAL COMPREHENSIVE INCOME</b>			<u><b>517,522</b></u>		<u><b>1,112,649</b></u>

The results relate wholly to continuing activities.

The notes on pages 27 to 46 form an integral part of these financial statements.

# BARRHEAD HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2023	2022
		£	£
<b>NON-CURRENT ASSETS</b>			
Housing properties - depreciated cost	11	49,991,750	47,142,311
Other tangible assets	11	401,512	438,508
Investments	12	1	1
		<u>50,393,263</u>	<u>47,580,820</u>
<b>CURRENT ASSETS</b>			
Receivables	13	255,311	325,480
Cash and cash equivalents	14	4,344,611	5,230,100
		<u>4,599,922</u>	<u>5,555,580</u>
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>(2,143,767)</u>	<u>(2,062,279)</u>
<b>NET CURRENT ASSETS</b>		<u>2,456,155</u>	<u>3,493,301</u>
<b>TOTAL ASSETS LESS CURRENT</b>		<u>52,849,418</u>	<u>51,074,121</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16	(7,634,004)	(8,082,230)
<b>PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Scottish housing association pension	18	<u>(188,000)</u>	<u>(17,000)</u>
		(188,000)	(17,000)
<b>DEFERRED INCOME</b>			
Social housing grants	19	<u>(30,555,964)</u>	<u>(29,020,957)</u>
		<u>(30,555,964)</u>	<u>(29,020,957)</u>
<b>NET ASSETS</b>		<u><u>14,471,450</u></u>	<u><u>13,953,934</u></u>
<b>EQUITY</b>			
Share capital	20	50	56
Revenue reserves		14,659,400	13,970,878
Pension reserves		(188,000)	(17,000)
		<u>14,471,450</u>	<u>13,953,934</u>

The financial statements were approved by the Governing Board and authorised for issue and signed on their behalf on 10 August 2023.

  
Committee Member

  
Committee Member

  
Secretary

The notes on pages 27 to 46 form an integral part of these financial statements.

# BARRHEAD HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023		2022	
		£	£	£	£
<b>Surplus for the Year</b>			774,522		714,649
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets	11	1,625,074		1,566,383	
Amortisation of capital grants	19	(986,884)		(934,289)	
Non-cash adjustments to pension provisions		(86,000)		(102,000)	
Share capital written off	20	(8)		-	
			582,563		530,094
Interest receivable			(53,370)		(5,640)
Interest payable	7		324,174		280,516
<b>Operating cash flows before movements in working</b>			1,627,889		1,519,619
Change in debtors		(110,625)		155,792	
Change in creditors		57,552		(143,110)	
			(53,073)		12,682
<b>Net cash inflow from operating activities</b>			1,574,816		1,532,301
<b>Investing Activities</b>					
Acquisition and construction of properties		(4,456,929)		(3,176,622)	
Purchase of other fixed assets		(10,969)		(18,060)	
Social housing grant received		2,719,593		2,202,306	
Social housing grant repaid		(16,907)		-	
Proceeds on disposal of housing properties		-		17,639	
<b>Net cash outflow from investing activities</b>			(1,765,213)		(974,738)
<b>Financing Activities</b>					
Loan Advances Received		1,350,000		-	
Loan redemption payments		(1,161,912)		-	
Interest received on cash and cash equivalents		53,370		5,640	
Interest paid on loans		(324,174)		(280,516)	
Loan principal repayments		(612,377)		(641,786)	
Share capital issued	20	2		3	
<b>Net cash outflow from financing activities</b>			(695,091)		(916,659)
<b>Decrease in cash</b>	21		(885,489)		(359,096)
<b>Opening cash &amp; cash equivalents</b>			5,230,100		5,589,196
<b>Closing cash &amp; cash equivalents</b>			<b>4,344,611</b>		<b>5,230,100</b>
<b>Cash and cash equivalents as at 31 March</b>					
Cash	21		4,344,611		5,230,100
			<b>4,344,611</b>		<b>5,230,100</b>

The notes on pages 27 to 46 form an integral part of these financial statements.

# BARRHEAD HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2023

	Share Capital	Scottish Housing Association Pension Reserve	Revenue Reserve	Total
	£	£	£	£
<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>
<b>Balance as at 1 April 2022</b>	56	(17,000)	13,970,878	13,953,934
Issue of Shares	2	-	-	2
Cancellation of Shares	(8)	-	-	(8)
Other comprehensive income	-	(257,000)	-	(257,000)
Other movements	-	86,000	(86,000)	-
Surplus for the year	-	-	774,522	774,522
<b>Balance as at 31 March 2023</b>	<b>50</b>	<b>(188,000)</b>	<b>14,659,400</b>	<b>14,471,450</b>

The notes on pages 27 to 46 form an integral part of these financial statements.

# BARRHEAD HOUSING ASSOCIATION LIMITED

---

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 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 beginning 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 an 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 2023

### Note 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.

##### 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 2023

### 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.

##### **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, Levern 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 2023

### Note 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 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) 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 2023

Note to the financial statements (continued)

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

	Notes	2023 Turnover	Operating costs	Operating surplus / (deficit)	2022 Turnover	Operating costs	Operating surplus / (deficit)
		£	£	£	£	£	£
Affordable letting activities	3	5,738,330	4,732,098	1,006,232	5,435,533	4,485,080	950,453
Other Activities	4	271,344	233,250	38,094	222,320	173,248	49,072
<b>Total</b>		<b>6,009,674</b>	<b>4,965,348</b>	<b>1,044,326</b>	<b>5,657,853</b>	<b>4,658,328</b>	<b>999,525</b>

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

	General Needs Housing	Supported Housing	Shared Owner- ship & other Social Housing	2023 Total	2022 Total
	£	£	£	£	£
<b>Revenue from Lettings</b>					
Rent receivable net of service charges	4,593,319	142,562	-	4,735,881	4,481,408
Service charges receivable	50,172	13,908	-	64,080	56,270
<b>Gross income from rent and service charges</b>	<b>4,643,491</b>	<b>156,470</b>	<b>-</b>	<b>4,799,961</b>	<b>4,537,678</b>
Less: Rent losses from voids	47,617	898	-	48,515	36,434
<b>Income from rents and service charges</b>	<b>4,595,874</b>	<b>155,572</b>	<b>-</b>	<b>4,751,446</b>	<b>4,501,244</b>
Grants released from deferred income	986,884	-	-	986,884	934,289
<b>Total turnover from affordable letting activities</b>	<b>5,582,758</b>	<b>155,572</b>	<b>-</b>	<b>5,738,330</b>	<b>5,435,533</b>
<b>Expenditure on affordable letting activities</b>					
Management and maintenance administration costs	1,800,286	58,513	-	1,858,799	1,511,237
Service costs	49,353	13,908	-	63,261	74,840
Planned and cyclical maintenance, including major repairs	579,855	36,001	-	615,856	784,745
Reactive maintenance costs	524,015	11,224	-	535,239	575,602
Bad Debts - rents and service charges	51,432	20	-	51,452	4,244
Depreciation of affordable let properties	1,607,491	-	-	1,607,491	1,534,412
<b>Operating costs of affordable letting activities</b>	<b>4,612,432</b>	<b>119,666</b>	<b>-</b>	<b>4,732,098</b>	<b>4,485,080</b>
<b>Operating surplus on affordable letting activities</b>	<b>970,326</b>	<b>35,906</b>	<b>-</b>	<b>1,006,232</b>	<b>950,453</b>
<b>2022</b>	<b>988,180</b>	<b>(37,727)</b>	<b>-</b>		

# BARRHEAD HOUSING ASSOCIATION LIMITED

Financial Statements for the year ended 31 March 2023

Note to the financial statements (continued)

## 4. Particulars of Revenue, Operating Costs and Operating Surplus or Deficit from Other Activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Other operating costs	Operating surplus / (deficit) 2023	Operating surplus / (deficit) 2022
	£	£	£	£	£	£	£	£
Community investment activities	-	232,945	-	11,089	244,034	233,250	10,784	43,988
Care and repair	-	-	1,793	-	1,793	-	1,793	1,694
Investment property activities	-	-	-	-	-	-	-	-
Factoring	-	-	-	25,517	25,517	-	25,517	3,390
	<u>-</u>	<u>232,945</u>	<u>1,793</u>	<u>36,606</u>	<u>271,344</u>	<u>233,250</u>	<u>38,094</u>	<u>49,072</u>
<b>Total From Other Activities</b>	<b>-</b>	<b>232,945</b>	<b>1,793</b>	<b>36,606</b>	<b>271,344</b>	<b>233,250</b>	<b>38,094</b>	<b>49,072</b>
<b>2022</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>	

# BARRHEAD HOUSING ASSOCIATION LIMITED

Financial Statements for the year ended 31 March 2023

Note to the financial statements (continued)

## 5. Officers' Emoluments

	2023	2022
	£	£
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)	149,055	134,275
Pension contributions made on behalf of Officers with emoluments greater than £60,000	13,270	13,393
Emoluments payable to the Chief Executive Officer (excluding pension contributions)	86,471	73,346
Pension contributions paid on behalf of the Chief Executive Officer	7,621	7,321
Total emoluments payable to the Chief Executive Officer	94,092	80,667
Total emoluments paid to key management personnel	268,067	272,310

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	1	2
£80,001 to £90,000	1	-

## 6. Employee Information

	2023	2022
	No.	No.
Average monthly number of full time equivalent persons employed during the year	25	25
Average total number of employees employed during the year	29	26
Staff costs were:	£	£
Wages and salaries	1,090,235	903,405
National insurance costs	105,222	90,164
Pension costs	109,007	120,335
	1,304,464	1,113,904

# BARRHEAD HOUSING ASSOCIATION LIMITED

Financial Statements for the year ended 31 March 2023

Note to the financial statements (continued)

## 7. Interest Payable and Similar Charges

	2023	2022
	£	£
On bank loans and overdrafts	324,174	280,516
	<u>324,174</u>	<u>280,516</u>

## 8. Surplus for the year

	2023	2022
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	1,625,074	1,566,383
(Loss) on component disposals	-	17,579
Auditors' remuneration - audit services	13,350	10,740
Operating lease rentals - other	-	4,289
	<u>1,638,424</u>	<u>1,598,991</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)

	2023	2022
	£	£
Net interest on pension obligations	1,000	(10,000)

# BARRHEAD HOUSING ASSOCIATION LIMITED

Financial Statements for the year ended 31 March 2023

Note to the financial statements (continued)

## 11. Non Current Assets

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
<b>COST</b>			
At 1 April 2022	68,529,787	1,985,979	70,515,766
Additions	715,939	3,740,990	4,456,929
Disposals	(146,730)	-	(146,730)
Transfers	2,881,199	(2,881,199)	-
	<u>71,980,195</u>	<u>2,845,770</u>	<u>74,825,965</u>
At 31 March 2023			
<b>DEPRECIATION</b>			
At 1 April 2022	23,373,455	-	23,373,455
Charge for Year	1,588,106	-	1,588,106
Transfers	-	-	-
Disposals	(127,345)	-	(127,345)
	<u>24,834,215</u>	<u>-</u>	<u>24,834,215</u>
At 31 March 2023			
<b>NET BOOK VALUE</b>			
At 31 March 2023	<u>47,145,980</u>	<u>2,845,770</u>	<u>49,991,750</u>
At 31 March 2022	<u>45,156,332</u>	<u>1,985,979</u>	<u>47,142,311</u>
<b>Expenditure on Existing Properties</b>			
	<b>2023</b>		<b>2022</b>
	<i>Component</i>	<i>Improvement</i>	<i>Component</i>
	<b>£</b>	<b>£</b>	<b>£</b>
Amounts capitalised	628,203	87,736	449,213
Amounts charged to the statement of comprehensive income	-	1,151,095	-
	<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 carrying value of £21,696,772 (2022 - £23,473,751).

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 2023

Note to the financial statements (continued)

## 11. Non Current Assets (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Machinery & Equipment £	Total £
<b>COST</b>				
At 1 April 2022	783,350	304,572	4,760	1,092,682
Additions	(0)	10,970	-	10,969
Eliminated on disposals	<u>(17,146)</u>	<u>(92,240)</u>	<u>(4,760)</u>	<u>(114,146)</u>
At 31 March 2023	<u>766,204</u>	<u>223,301</u>	<u>-</u>	<u>989,505</u>
<b>DEPRECIATION</b>				
At 1 April 2022	373,174	276,432	4,568	654,174
Charge for year	25,944	11,024	-	36,968
Eliminated on disposals	<u>(9,323)</u>	<u>(89,258)</u>	<u>(4,568)</u>	<u>(103,149)</u>
At 31 March 2023	<u>389,795</u>	<u>198,198</u>	<u>-</u>	<u>587,993</u>
<b>NET BOOK VALUE</b>				
At 31 March 2023	<u>376,409</u>	<u>25,103</u>	<u>-</u>	<u>401,512</u>
At 31 March 2022	<u>410,176</u>	<u>28,140</u>	<u>192</u>	<u>438,508</u>

## 12. Fixed Asset Investments

	2023 £	2022 £
Subsidiary undertakings	1	1
	<u>1</u>	<u>1</u>

### Subsidiary Undertakings

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

	2023		2022	
	Reserves £	Profit / (Loss) £	Reserves £	Profit / (Loss) £
Levern Property Services Limited	<u>(20,274)</u>	<u>(10,878)</u>	<u>(9,398)</u>	<u>(13,268)</u>

# BARRHEAD HOUSING ASSOCIATION LIMITED

Financial Statements for the year ended 31 March 2023  
Note to the financial statements (continued)

## 13. Receivables

	2023	2022
	£	£
Gross arrears of rent and service charges	202,817	159,952
<b>Less:</b> Provision for doubtful debts	<u>(174,859)</u>	<u>(134,998)</u>
<i>Net arrears of rent and service charges</i>	27,958	24,954
Social housing grant receivable	16,348	197,142
Other receivables	91,274	85,310
Amounts due from group undertakings	<u>119,731</u>	<u>18,074</u>
	<u>255,311</u>	<u>325,480</u>

## 14. Cash and Cash Equivalents

	2023	2022
	£	£
Cash at bank and in hand	<u>4,344,611</u>	<u>5,230,100</u>
	<u>4,344,611</u>	<u>5,230,100</u>

# BARRHEAD HOUSING ASSOCIATION LIMITED

Financial Statements for the year ended 31 March 2023

Note to the financial statements (continued)

## 15. Payables: Amounts falling due within one year

	2023	2022
	£	£
Bank loans	671,993	648,056
Trade payables	240,609	386,726
Rent received in advance	210,857	191,556
Other taxation and social security	27,378	24,070
Other payables	45,851	223,895
Accruals and deferred income	947,079	587,976
	<u>2,143,767</u>	<u>2,062,279</u>

## 16. Payables: Amounts falling due after more than one year

	2023	2022
	£	£
Bank loans	7,634,004	8,082,230
	<u>7,634,004</u>	<u>8,082,230</u>

## 17. Debt analysis: Borrowings

	2023	2022
	£	£
<b>Bank Loans</b>		
Amounts due within one year	671,993	648,056
Amounts due in one year or more but less than two years	673,893	668,654
Amounts due in two years or more but less than five years	2,126,298	2,005,963
Amounts due in more than five years	4,833,813	5,407,614
	<u>8,305,997</u>	<u>8,730,286</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
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 2023  
Note 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 2021 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £1,173m. The valuation revealed a shortfall of assets compared with the value of liabilities of £27m (equivalent to a past service funding level of 98%).

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 employers. 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)

	2023	2022	2021
	£	£	£
Fair value of plan assets	3,453,000	5,241,000	5,076,000
Present value of defined benefit obligation	3,641,000	5,258,000	5,593,000
Surplus / (deficit) in plan	(188,000)	(17,000)	(517,000)
Unrecognised surplus	-	-	-
Defined benefit asset / (liability) to be recognised	(188,000)	(17,000)	(517,000)

# BARRHEAD HOUSING ASSOCIATION LIMITED

Financial Statements for the year ended 31 March 2023  
 Note 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

	2023	2022
	£	£
Defined benefit obligation at the start of period	5,258,000	5,593,000
Current service cost	9,000	32,000
Expenses	4,000	4,000
Interest expense	145,000	121,000
Contributions by plan participants	19,000	20,000
Actuarial losses (gains) due to scheme experience	(9,000)	85,000
Actuarial losses (gains) due to changes in demographic assumptions	(77,000)	16,000
Actuarial losses (gains) due to changes in financial assumptions	(1,587,000)	(459,000)
Benefits paid and expenses	(121,000)	(154,000)
Defined benefit obligation at the end of period	<u>3,641,000</u>	<u>5,258,000</u>

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

	2023	2022
	£	£
Fair value of plan assets at start of period	5,241,000	5,076,000
Interest income	146,000	111,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(1,930,000)	40,000
Contributions by the employer	98,000	148,000
Contributions by plan participants	19,000	20,000
Benefits paid and expenses	(121,000)	(154,000)
Fair value of plan assets at the end of period	<u>3,453,000</u>	<u>5,241,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was £(1,784,000).

# BARRHEAD HOUSING ASSOCIATION LIMITED

Financial Statements for the year ended 31 March 2023  
 Note 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

	2023 £	2022 £
Current service cost	9,000	32,000
Expenses	4,000	4,000
Net interest expense	(1,000)	10,000
Defined benefit costs recognised in statement of comprehensive income	<u>12,000</u>	<u>46,000</u>

Defined benefit costs recognised in the other comprehensive income

	2023 £	2022 £
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)	(1,930,000)	40,000
Experience gains and losses arising on plan liabilities - gain/(loss)	9,000	(85,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain/(loss)	77,000	(16,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain/(loss)	1,587,000	459,000
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain/(loss)	<u>(257,000)</u>	<u>398,000</u>
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain/(loss)	<u>-</u>	<u>-</u>
Total amount recognised in other comprehensive income - gain (loss)	<u>(257,000)</u>	<u>398,000</u>

# BARRHEAD HOUSING ASSOCIATION LIMITED

Financial Statements for the year ended 31 March 2023  
Note to the financial statements (continued)

## 18. Retirement Benefit Obligations (continued)

Scottish Housing Association Pension Scheme (continued.)

### Assets

	2023	2022	2021
	£	£	£
Absolute Return	47,000	240,000	250,000
Alternative Risk Premia	20,000	216,000	204,000
Corporate Bond Fund	4,000	331,000	383,000
Credit Relative Value	132,000	168,000	146,000
Distressed Opportunities	106,000	188,000	173,000
Emerging Markets Debt	27,000	195,000	205,000
Liquid Credit	-	34,000	88,000
Global Equity	91,000	1,036,000	785,000
Currency Hedging	7,000	(19,000)	-
Infrastructure	372,000	327,000	283,000
Insurance-Linked Securities	96,000	110,000	106,000
Liability Driven Investment	1,462,000	1,268,000	1,220,000
Long Lease Property	116,000	151,000	118,000
Net Current Assets	8,000	17,000	38,000
Over 15 Year Gilts	-	2,000	2,000
Private Debt	154,000	132,000	120,000
Property	144,000	136,000	91,000
Risk Sharing	252,000	171,000	181,000
Secured Income	231,000	280,000	279,000
Opportunistic Illiquid Credit	153,000	174,000	130,000
Cash	14,000	15,000	2,000
High Yield	17,000	51,000	133,000
Opportunistic Credit	-	18,000	139,000
	<u>3,453,000</u>	<u>5,241,000</u>	<u>5,076,000</u>
Total assets	3,453,000	5,241,000	5,076,000

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

	2023	2022	2021
Discount Rate	4.9%	2.8%	2.2%
Inflation (RPI)	3.2%	3.5%	3.3%
Inflation (CPI)	2.8%	3.2%	2.9%
Salary Growth	3.8%	4.2%	3.9%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance		
	<u>75% of maximum allowance</u>	<u></u>	<u></u>

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at age 65 years (years)
Male retiring in 2023	20.5
Female retiring in 2023	23.0
Male retiring in 2043	21.7
Female retiring in 2043	<u>24.4</u>

# BARRHEAD HOUSING ASSOCIATION LIMITED

Financial Statements for the year ended 31 March 2023

Note to the financial statements (continued)

## 19. Deferred Income

	Social Housing Grants £	Total £
<b>Capital grants received</b>		
At 1 April 2022	45,237,726	45,237,726
Additions in the year	2,538,799	2,538,799
Eliminated on disposal	(16,907)	(16,907)
At 31 March 2023	<u>47,759,617</u>	<u>47,759,617</u>
<b>Amortisation</b>		
At 1 April 2022	16,216,769	16,216,769
Amortisation in year	986,884	986,884
Eliminated on disposal	-	-
At 31 March 2023	<u>17,203,653</u>	<u>17,203,653</u>
<b>Net book value</b>		
At 31 March 2023	<u>30,555,964</u>	<u>30,555,964</u>
At 31 March 2022	<u>29,020,957</u>	<u>29,020,957</u>

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

	2023 £	2022 £
Amounts due within one year	1,011,000	973,840
Amounts due in more than one year	29,544,964	28,047,117
	<u>30,555,964</u>	<u>29,020,957</u>

## 20. Share Capital

	2023 £	2022 £
<b>Shares of £1 each, issued and fully paid</b>		
At 1 April	56	53
Issued in year	2	3
Cancelled in year	(8)	-
At 31 March	<u>50</u>	<u>56</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 2023

Note to the financial statements (continued)

## 21. Cash Flows

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

	2023		2022	
	£	£	£	£
Decrease in cash	(885,489)		(359,096)	
Cashflow from change in net debt	424,289		641,786	
Movement in net debt during the year		(461,200)		282,690
Net debt at 1 April		(3,500,186)		(3,782,876)
Net debt at 31 March		(3,961,386)		(3,500,186)

	At 01 April 2022	Cashflows	Other Changes	At 31 March 2023
	£	£	£	£
Cash and cash equivalents	5,230,100	(885,489)	-	4,344,611
Debt: Due within one year	5,230,100	(885,489)	-	4,344,611
Due after more than one year	(648,056)	424,289	(448,226)	(671,993)
Due after more than one year	(8,082,230)	-	448,226	(7,634,004)
Net debt	(3,500,186)	(461,200)	-	(3,961,386)

## 22. Capital Commitments

	2023	2022
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	1,775,021	2,849,204

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

	2023	2022
	£	£
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	4,673	5,152
Expiring later than one year and not later than five years	4,194	8,839

# BARRHEAD HOUSING ASSOCIATION LIMITED

Financial Statements for the year ended 31 March 2023

Note to the financial statements (continued)

## 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 £20 (2022 - £nil) in the year by way of reimbursement of expenses. No remuneration is paid to members in respect of their duties to the Association.

## 26. Housing Stock

The number of units of accommodation in management at the year end was:-	2023 No.	2022 No.
General needs	968	946
Supported housing	12	12
	<u>980</u>	<u>958</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.

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

Councillor Tony Buchanan was co-opted onto the Board from September 2019 and ceased to be on the Board from May 2022. Councillor Danny Devlin was co-opted onto the Board from September 2022. Any transactions with East Renfrewshire Council are made at arm's length, on normal commercial terms and Councillors cannot use their position to their advantage.

Levern Property Services Limited ("LPS") is charged for a proportion of office overheads. The charge in the year was £1,179 (2022: £2,183). Levern Property Services also charges Barrhead for staff services provided. The cost in the year was £25,517 (2022: £42,281). At the year-end an amount of £119,731 (2022: £18,075) was due from Levern Property Services. The majority of the sum due was settled after year end.

A member of the Association's management committee has an interest in Glasgow West of Scotland Forum and East Renfrewshire Chamber of Commerce. The Association paid membership fees to these organisations during the year of £1,674 (2022: £1,273) and £216 (2022: £216) respectively.

A member of the HA's management committee has an interest in All about Barrhead. The Housing Association paid £350 (2022: £350) to the organisation during the year in relation to attendance at an award's ceremony.

# BARRHEAD HOUSING ASSOCIATION LIMITED

---

Financial Statements for the year ended 31 March 2023

Note to the financial statements (continued)

## 29 Contingent Liability

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £27m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.