



ANNUAL FINANCIAL STATEMENTS

Year Ended 31 March 2023

**A Registered Society under the
Co-operative & Community Benefit Societies Act 2014 No: 2644R (S)
Registered Charity No: SCO 35767
Scottish Housing Regulator registration: No 359
Property Factor Act: No PF000183**

TABLE OF CONTENTS

| | |
|--|-----------|
| CORPORATE INFORMATION | 2 |
| Board of Management, Directors & Advisors | 2 |
| Overview of Business | 3 |
| Core Values | 4 |
| Regulation | 4 |
| Governance & Management | 4 |
| Internal Financial Control | 7 |
| Board Statement on Internal Financial Control | 10 |
| OPERATING & FINANCIAL REVIEW | 13 |
| Summary of Performance Indicators | 14 |
| Housing Services | 15 |
| Tenant Participation | 16 |
| Planned & Cyclical Maintenance | 17 |
| Investment | 18 |
| Development | 19 |
| Political & Charitable Donations | 21 |
| Key Risks Impacting On The Future | 21 |
| Fuel Poverty & EESSH | 21 |
| Financial Review | 22 |
| Auditors | 24 |
| Independent Auditors Report | 25 |
| Report by the Auditors to the Members of Hebridean Housing Partnership Ltd on Corporate Governance Matters | 30 |
| FINANCIAL STATEMENTS | 31 |
| Statement of Comprehensive Income as at 31 March 2023 | 32 |
| Statement of Changes in Reserves as at 31 March 2023 | 33 |
| Statement of Financial Position as at 31 March 2023 | 34 |
| Statement of Cash Flows for the Year Ended 31 March 2023 | 35 |
| Notes to the Statement of Cash Flows for the Year Ended 31 March 2023 | 36 |
| NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 | 37 |

CORPORATE INFORMATION

Board of Management, Directors & Advisors

| Name | Category | Changes during the year | |
|----------------------|-----------------------|----------------------------------|------------------|
| | | Appointed | Resigned |
| Alex Gardner | Tenant | 26 August 2021 (re-appointed) | 29 March 2023 |
| Fiona Knape | Tenant | 15 December 2022 | |
| Calum Mackay | Community | 31 August 2022 (re-appointed) | |
| Iain Macmillan | Community | 26 August 2021 (re-appointed) | 22 November 2022 |
| Roddy Nicolson | Community | 31 August 2022 (re-appointed) | |
| Norman A Macdonald | Co-opted Community | 23 March 2022 31 August 2022 | 30 August 2022 |
| Gordon Macleod | Co-opted Community | 26 August 2021 31 August 2022 | 30 August 2022 |
| Helen Mackenzie | Board Appointed | 24 June 2021 | |
| Alison MacCorquodale | Board Appointed | 26 May 2022 | |
| Donald Macsween | Councillor | 25 May 2022 | |
| Iain M Macleod | Councillor | 25 May 2022 | |
| Finlay Stewart | Councillor | 25 May 2022 | |

Secretary and Registered Office

Dena Macleod BA CA
Creed Court
Gleann Seileach Business Park
Willowglen Road
Stornoway
Isle of Lewis
HS1 2QP

Bankers

Royal Bank of Scotland plc
17 North Beach Street
Stornoway
Isle of Lewis
HS1 2XH

Funders

Royal Bank Of Scotland plc
RBS Global Banking & Markets
Kirkstane House
139 St Vincent Street
Glasgow
G2 5JF

Directors

Chief Executive: Dena Macleod BA CA
Director of Operations:
John Maciver BSc MPHIL, FCIH
Director of Finance & Corporate
Services: Donald Macleod BAcc, FCCA

External Auditors

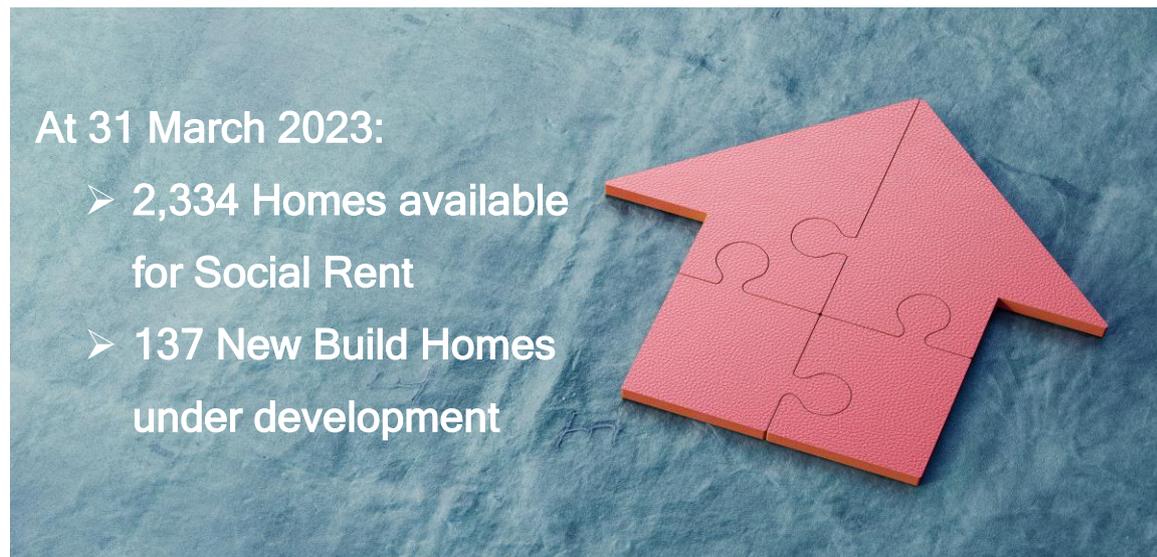
CIB Audit
63 Kenneth Street
Stornoway
HS1 2DS

Solicitors

Harper Macleod
The Ca'd'oro
45 Gordon Street
Glasgow
G1 3PE

Overview of Business

Our principal activity is to provide and manage good quality, affordable accommodation for people in housing need in the Outer Hebrides. We are a charitable Registered Social Landlord and we own and manage a range of houses for rent, primarily general needs accommodation but also some supported accommodation. We provide accommodation for homeless people who are referred by Comhairle Nan Eilean Siar as statutory homeless and requiring permanent secure accommodation.



2022/23 saw further challenges in the rising cost of living and subsequent rise in interest rates, the war in Ukraine and the continued pressure on supply chains and the labour market due to COVID-19 and BREXIT.

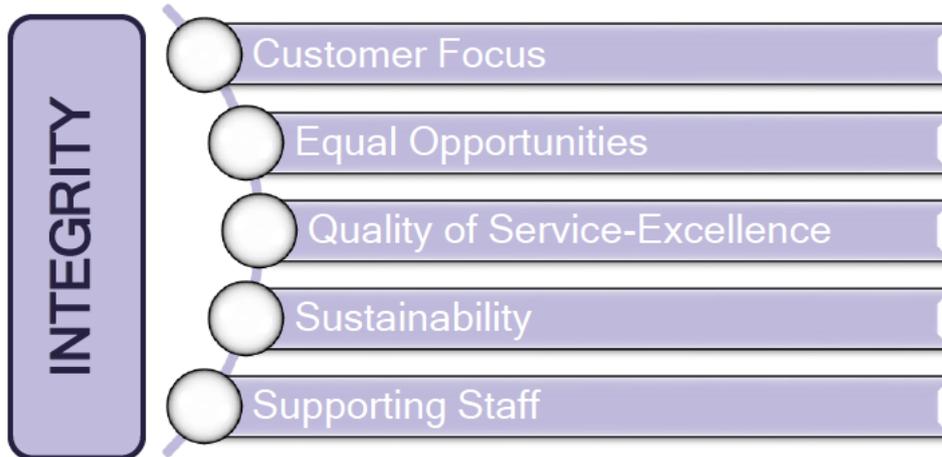


Our priority is to deliver our vision of, 'making our house, your home' for all tenants. We are currently in a strong financial position to manage identified risks but recognise how quickly those risks can change. Our local supply chain is vital to the economic wellbeing of many families in the Outer Hebrides and we are committed to our investment and development programmes.

Core Values

Our core value is Integrity - “We will be honest, fair, dependable and trustworthy in all our working relationships. We will do the right thing no matter who is watching”.

The core value is supported by the following five values:



Regulation

HHP, because of its ‘systemic importance’ in the Outer Hebrides is categorised as ‘medium engagement’ by the Scottish Housing Regulator in our most recent Regulation Plan. Given the level of public money invested by HHP for developing new homes on an annual basis it is important that the Regulator has assurance that the organisation is well managed and delivers value for money.

Regular meetings take place with the Regulator to review the risks and challenges facing the business and monitor progress against the Business Plan. 30 year and 5 year financial projections are submitted to the Regulator annually. Our Annual Assurance Statement was filed with positive feedback received from the Regulator.

The Regulator has expressed satisfaction with HHP’s progress for 2022/23.

Governance & Management

HHP is a registered society under the Co-operative and Communities Benefit Societies Act 2014 and is governed by a set of Rules appropriate for a Registered Social Landlord. The Partnership is governed by a voluntary Board of Management, which is supported by a Chief Executive, Executive Team and staff. A full list of Board Members is at Page 2.

All Board Members and staff are required to comply with our Standing Orders, policies and financial regulations.

The composition of the Board provides for four tenant members. The Board's skill mix is regularly reviewed, and where gaps are identified, Board Members seek to identify individuals from within the Partnership's existing membership and wider community to strengthen the range of expertise on the Board. The Governance structure is shown in Figure 1.

Figure 1 Board of Management



Our Standing Orders allow for three Standing Committees and two Working Groups. These Standing Orders also allow Working Groups to be set up as required for specific tasks.

The Board comprises up to 15 members - 4 Tenant members, 3 Comhairle Nan Eilean Siar nominees, 4 Community representatives or 5 should there be insufficient nominations for the tenant category, up to 2 Board Appointed Members and up to 2 Co-opted Members. The Board may appoint a Board Member whom they consider will enhance the skills, knowledge, diversity and/or objectivity of the Board and its decision-making. There are currently 10 Board members.

HHP's Rules require that one Community and one Tenant member step down each year. There will be elections for the vacant positions at the Annual General Meeting in August 2023.

Tenant and Community members hold one fully paid £1 share. During 2022/23 nine shares were issued to new members.

The Board is responsible for the overall strategic direction and objectives of HHP. Our four Strategic goals are outlined below:

- *Placing tenants at the centre of everything we do.*
- *Investing in an environmentally sustainable way in tenants' homes.*
- *Being a good employer that attracts and retains high quality staff.*
- *Working with partners to contribute to the wellbeing of communities throughout the Outer Hebrides*

The Board has delegated responsibility to the following Standing Committees:

Audit & Risk

To ensure that the activities of the Board are within the law and the regulations which govern the Board, and that an effective internal control system is maintained.

Joint Consultative Committee

To establish workable and effective arrangements for good industrial relations, for the avoidance of any misunderstanding and for the promotion of joint participation in all matters of common interest and concern on a genuine consultative and negotiating basis at Organisation level.

Development and Finance Committee

To ensure that Financial and Development matters are examined in detail and in accordance with policy and to enable swift responses where time is of the essence.

Internal Financial Control

The Board is responsible for establishing and maintaining systems of internal financial control within the organisation. By their nature these systems can provide reasonable, but not absolute, assurance against material misstatement or loss. The internal control framework is supported by organisational control measures including, financial and business planning, performance monitoring and reporting, project management and communication systems. The internal control framework also relies on formal governance measures including a structure of corporate policies, authorities and responsibilities delegated from the Board to the Executive Team.

Management Structure

The organisation for which the Board has overall responsibility is governed by a set of Standing Orders, which reserves specific powers to the Board and delegates functions and powers to its Officers, Committees and Working Groups.

Audit & Risk Committee

The Audit & Risk Committee consists of six members. Meetings are normally held four times a year to review and approve annual internal and external audit plans, reports and the action taken on issues raised by audit. In addition, the Audit and Risk Committee reviews the corporate risk management arrangements including the Risk Register.

Health & Safety

The Board places the highest priority on the Health and Safety of tenants, staff and contractors. A Health and Safety group chaired by the Director of Operations meets regularly with a remit to ensure the Health and Safety requirements are being met. Our Health & Safety policies and procedures are regularly reviewed.

System of Internal Control

The key elements of the system of internal control are as follows:

- Regular meetings of the Board, which has a schedule of matters specifically reserved for its approval and which are the subject of regular standard reports as required;
- Appointment of Internal Auditors who work to the standards of the Institute of Internal Auditors and produce an annual internal audit plan and regular internal audit reports;
- The regular review by the Audit and Risk Committee of reports prepared by Internal Auditors;
- A business plan with a detailed annual budget, regularly revised forecasts, a comparison of actual with budget and key performance indicators all of which are reviewed by the Board.

Identification of Business Risk

Risk management lies with the Board supported by the Executive Team. Key risks have been identified as part of the business planning process and scored to reflect the likelihood of this occurring. Mitigation strategies are put in place to minimise the impact of identified risk on the organisation.

Corporate Risk

The Risk Register, which is updated and reviewed at each Audit & Risk Committee, is organisation wide and shows each risk, the significance of the risk and the probability of these risks occurring. The Register also details the impact of the risks should they occur and who will have responsibility for devising and implementing suitable controls and mitigating actions.

Corporate Governance

The Board meets six times a year to focus on performance, financial monitoring, and strategic direction along with the regular review of policies.

Management Information Systems

Management Information Systems have been established which provide timely monthly information on key aspects of the business. Management accounts comparing actual results against budget are presented to the Board along with performance against key financial and non-financial indicators.

Internal Audit

On 1 October 2019, the Board appointed Wylie & Bisset as their Internal Auditors. The Internal Auditors report directly to the Audit and Risk Committee.

Our External Auditors have placed reliance on the work carried out by the Internal Auditors on the accounting systems.

Investment Appraisal

The Financial Regulations provide the framework and procedures for investment appraisal. Expenditure beyond certain levels requires to be approved by the Board. A Fixed Asset Register is in place which details all the assets owned by the Partnership.

Investment

On 1 June 2010 HHP Community Housing Limited was formed as a non-charitable subsidiary of the Partnership. During 2022/23 there was no activity.

Board Statement on Internal Financial Control

The Board acknowledges its ultimate responsibility for ensuring that the Partnership 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 Partnership, or for publication;
- maintenance of proper accounting records;
- safeguarding of assets against unauthorised use or disposition;
- The proper authorisation and recording of transactions.

Statement of Board Responsibilities

It is the Board's responsibility to establish and maintain the 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 Partnership's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and any delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Partnership'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 Head of Service and the Board to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- monthly financial management reports are prepared, 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 Board;
- the Audit & Risk Committee/Board received reports from management and from 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 Partnership is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

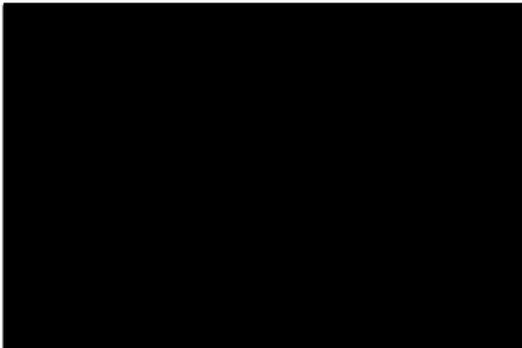
The Board has reviewed the effectiveness of the system of internal financial control in existence in the Partnership for the year end 31 March 2023. No weaknesses were found in internal financial controls which result in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

The Board of Management is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Partnership and to enable them to ensure the Financial Statements comply with the Co-operative & Community Benefits 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 Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Partnership's suppliers are paid promptly.

Statement of Disclosure to Auditors

In so far as the Board of Management are aware:

- There is no relevant audit information (information needed by the Partnership's auditors in connection with preparing their report) of which the Partnership's auditors are unaware, and
- The Board of Management have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.



Chair ✓

OPERATING & FINANCIAL REVIEW



Summary of Performance Indicators

| DETAIL | Variance | ARC 2022/23 | ARC 2021/22 | ARC 2020/21 |
|--|----------|----------------|----------------|----------------|
| Emergency repairs completed | 13.84% | 1,119 | 983 | 1,206 |
| Average length of time to complete emergency repairs | -6.90% | 2.48 hours | 2.32 hours | 2.61 hours |
| Non-emergency repairs completed | -1.62% | 4,615 | 4,690 | 4,141 |
| Average length of time to complete non-emergency repairs | -4.65% | 3.69 days | 3.87 days | 4.90 days |
| Reactive repairs completed right first time | 0.13% | 89.84% | 89.72% | 90.56% |
| Total arrears | -2.37% | £332,677 | £340,748 | £307,832 |
| Former tenant arrears | 3.02% | £113,701 | £110,365 | £120,221 |
| Average time to re-let properties in the last year | -31.48% | 30.97 days | 45.19 days | 50.19 days |
| Calendar days properties were empty | -26.74% | 6,225 | 8,497 | 8,131 |
| Rent loss through voids | -43.26% | £61,139 | £107,753 | £96,726 |
| General needs lets | 0.41% | 242 | 241 | 184 |
| Supported Housing lets | -72.73% | 3 | 11 | 2 |
| Anti-social behaviour cases | -18.75% | 13 | 16 | 12 |
| Abandoned properties | 16.67% | 7 | 6 | 4 |
| Total self-contained stock | 1.88% | 2,330 | 2,287 | 2,223 |
| Stock meeting SHQS | 10.59% | 82.79% | 74.86% | 80.07% |
| Rent increase | 71.43% | 6.0% | 3.5% | 1.3% |
| Staff turnover | -15.38% | 11% | 13% | 5.08% |

Most areas of performance have returned to pre-pandemic levels:

- Average time to re-let properties in the last year has improved by 31.48%
- Number of calendar days properties were empty decreased by 26.74%
- Void loss improved by 43.26%
- Arrears have decreased by 2.37%

The total stock meeting SHQS has increased by 10.59%. This indicator is still impacted by access issues for Electrical Installation Condition Reports (EICRs).

Scottish Government are carrying out a review of the Energy Efficiency Standard for Social Housing post 2020 (ESSH2).

Housing Services

There has been an increased number of welfare concerns identified throughout 2022/23. The reasons for this increase are not clear and are likely to be due to a number of factors. These include people struggling to cope following Covid lockdowns and the increased cost of living. Through the electric testing and smoke detector installation programmes, we have been accessing more homes which allows identification of issues. Mental health issues and addiction problems are factors in several cases making it difficult for people to manage their home and day to day living. These cases have been hugely challenging and time consuming for officers in trying to improve the living conditions for those tenants and in trying to secure the involvement of other agencies.

The cost of living crisis has caused difficulties and challenges for tenants particularly with the huge increases in heating and food costs. We were successful in funding applications from the Scottish Federation of Housing Associations (SFHA) and Housing Associations Charitable Trust (HACT) and were able to distribute warm home packs and energy/food vouchers to tenants. Tenants were extremely grateful for the help and assistance they received.

Universal Credit claims remained steady with no major issues highlighted with process. Improvements in the landlord portal for Universal Credit allows officers to view payments 7 days before the payment is due. If there are any changes to the expected payment amount, officers can make contact with the tenant to discuss their change in circumstances. Bedroom Tax continues to be mitigated by the Discretionary Housing Payment facilitated by Comhairle Nan Eilean Siar.

Despite the pressures being experienced by tenants, arrears have remained stable and officers have worked hard to support and advise households. Key to this is early action which reduces the risk of debt increasing to unmanageable levels.

There was a significant decrease in the void rent loss for 2022/23 with teams working hard to reduce the re-let time turnaround time which improved greatly from the previous year. However, as in previous years, low demand has continued to impact on performance particularly in the most rural areas.

Tenant Participation

Tenant Events were once again held in person, with Cost of Living Events held in Stornoway, Balivanich and Castlebay. There was very good representation from partner agencies who provided advice and assistance to tenants on energy and finances and other useful information. Those tenants who attended found the events very useful and helpful.

The Tenant Participation and Engagement contract with TPAS was reviewed following the departure of their officer who was employed to help develop our Tenant's Involvement in the planning and delivery of services. As a result of this review a new post of Tenancy Engagement Officer has been created within HHP. The new postholder will co-ordinate and promote tenant and customer involvement in the design and delivery of Housing Services. They will work with the Western Isles Housing Association Communities Forum as it tries to re-establish itself as a focus for participation across the islands. They will also work with small informal groups who wish to engage in a less structured manner and with individual tenants where appropriate. Providing a choice in ways to participate is important particularly in a large and sparsely populated area such as the Outer Hebrides where there is a high number of small schemes consisting of less than 20 houses which makes participation challenging.

The community grant fund was available through the year. One application was received and £1,708.95 was awarded to the Newmarket Play Park Group.

We are again funding 6 tenant places at the TPAS Annual Conference and will build on the knowledge and engagement levels this brings.



Planned & Cyclical Maintenance

Our Planned Maintenance Programme aims to protect the structure of tenant's homes and to maintain the wider environment.

Our cyclical maintenance programmes ensure the safety of tenants and compliance with our legal and regulatory requirements. The following works were carried out during the year:

- Gas, air source and oil heating systems were serviced;
- Fire alarms, stair lighting, and door entry systems were checked and tested;
- Stair-lifts were serviced;
- Electrical systems were tested where these were more than 5 years old in line with our new regulatory requirements;
- Water systems were tested for legionella, and anti-scald valves were checked where appropriate;
- Asbestos was checked where in place and;
- Flatted common areas were inspected.

Investment

£4.28M was invested in tenants' homes during the year delivering the following improvements:



Addressing the challenge of fuel poverty is a key priority and this is demonstrated by our investment in new heating systems and our commitment to replacing Total Heating Total Control systems. We installed a further 126 Air Source Heat Pumps in off-gas areas which delivers a more controllable and affordable solution for our tenants. We also replaced 18 gas heating systems with new high efficiency boilers.

Our successful application for Grant funding from the Scottish Government's Low Carbon Infrastructure Transition Programme (LCITP) allowed us to speed up the rate at which we are replacing old storage heating systems.

A review of around 200 infra-red heating systems was carried out during the year. Tenants had expressed increasing concerns around running costs and the effectiveness of systems in heating their homes. Following this review, the Board agreed to replace all the systems over the next 2 financial years. An impairment loss of £1.3 Million has been recognised in the Statement of Comprehensive Income with respect to these heating systems.

Development

Developing new homes remains a challenge when increased energy costs, inflation at record levels and other factors result in supply chain cost pressures. We have continued to work with CNES in the delivery of their Strategic Housing Investment Plan (SHIP) through our new build programme to March 2027.

Over £5M of funding from the Scottish Government Affordable Housing Supply Programme was drawn to support the completion of 46 homes as shown:

| Scheme | Area | Type | Units |
|--|-------------|------|-----------|
| Gleann Mòr, Barvas | Rural Lewis | Rent | 8 |
| Johnstone Court, Balivanich | South Uist | Rent | 10 |
| Sinclair Avenue | Stornoway | Rent | 22 |
| Sinclair Avenue | Stornoway | NSSE | 2 |
| 5-8 Leana Ruadh, Uig | Rural Lewis | Rent | 4 |
| Total Handover to 31 March 2023 | | | 46 |



137 Homes Under Construction at
31 March 2023

Work has begun on an 8 house development in Lochmaddy and a 72 house development at Blackwater. 50 new housing with extra care homes at Bremner Court completed in May 2023 and supports the changing needs of our aging population.

Future Development

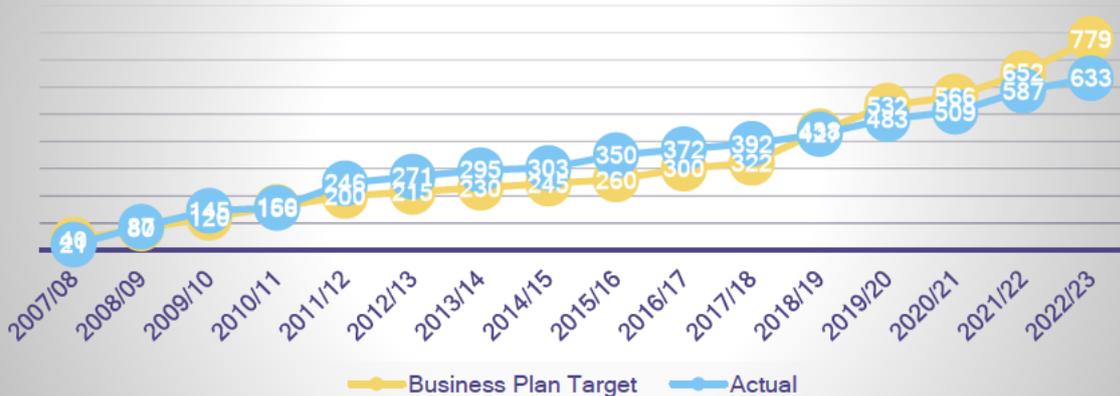
We continue to assist the Comhairle in identifying suitable land to create a good landbank of developable sites. We have provided our input to the development of the Local Housing Strategy (LHS) which should set out the Comhairle's aspirations on where housing should be built. The LHS will be informed by the Housing Needs Study carried out by the Comhairle in 2022 which provided a similar picture to our Housing Needs and Demand Study conducted in 2021 which identified a small number in need for social housing out-with our existing waiting list.

Completed Developments

We completed the following new build homes in 2022/23:



New Build Units



Political & Charitable Donations

- a) There were no political donations made by HHP during the financial year.
- b) A total of £5,000 was donated during the year to the following local charities:
- | | |
|--------|-----------------------------------|
| £1,000 | Garadh a Bhagh a Tuath |
| £1,000 | Action for Children |
| £1,000 | Western Isle Community Care Forum |
| £1,000 | Bethesda Hospice |
| £1,000 | Marie Curie Nursing Assistants |

Key Risks Impacting On The Future

HHP's 30 year Business Plan is extremely sensitive to changes in the operating environment and in an effort to minimise that risk, a risk strategy and risk register is maintained. The Strategy is reviewed annually and the register is reviewed quarterly and updated as necessary.

Any risk, which materially jeopardises the Partnership's ability to achieve our vision and goals or conduct our business is not accepted. HHP's risk appetite is assessed as part of the annual business planning process.

The number one risk on our risk register is affordability for tenants with the growing pressures on the cost of living. The changing demographics and reducing population of the Outer Hebrides, climate change, global events (e.g. war), supply chain & workforce challenges are the other top risks identified on our risk register.

Partnership working is critical if we are to address the demographic challenges which are a concern for the future of our islands and which contribute to this weakening demand. We continue to seek to encourage and develop this debate and promote action to address it.

Fuel Poverty & EESSH

Levels of fuel poverty in the Outer Hebrides are amongst the highest in the UK and have been exacerbated with the rising costs of energy since the war in Ukraine. We invest heavily in tenants homes to meet the requirements of EESSH and improve energy efficiency. We have replaced almost all our solid fuel heating systems with Air

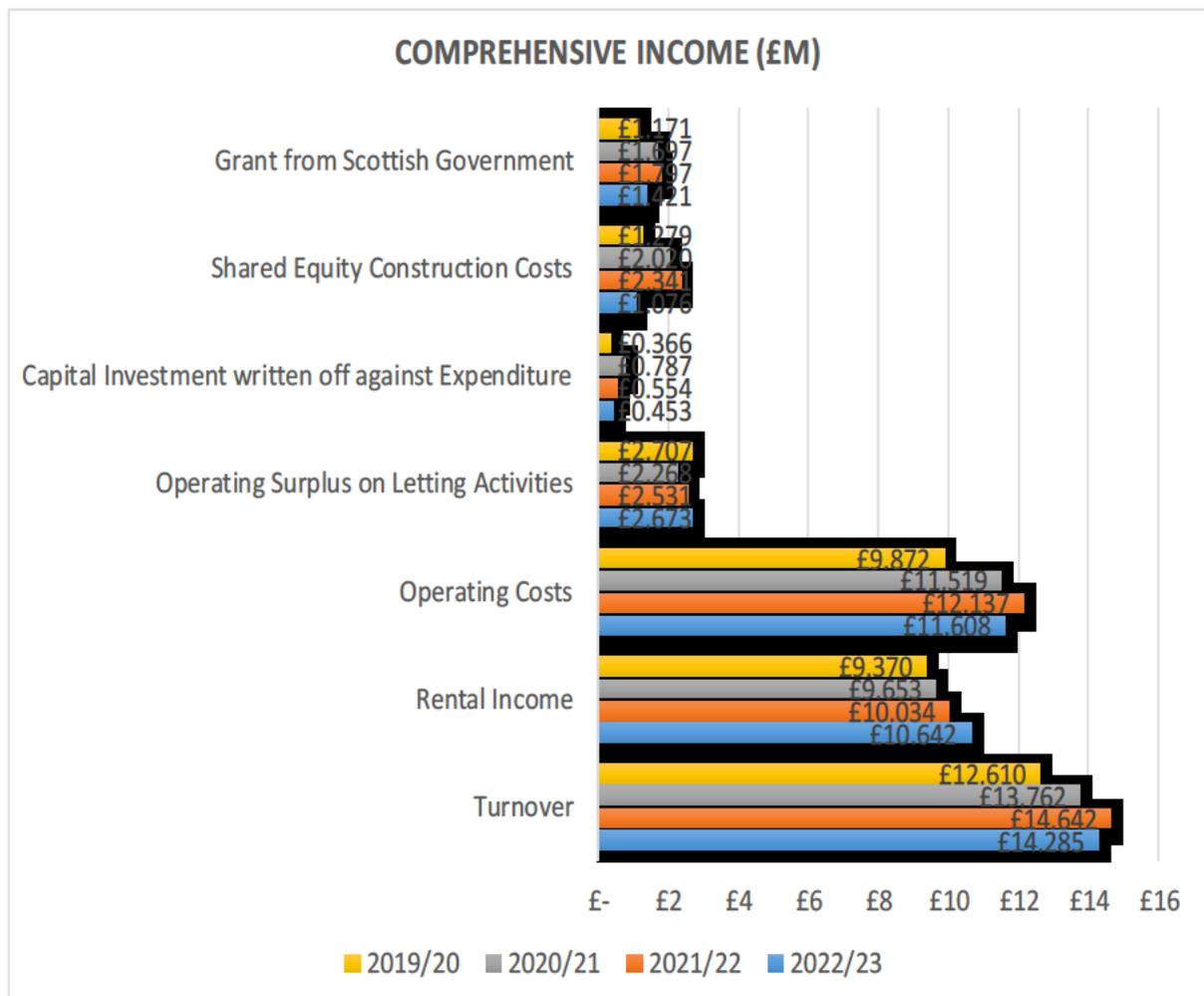
Source Heating and are making good progress on replacing storage systems which are on restricted tariffs such as THTC. This year 100 heating systems were replaced throughout the islands using additional funding from the Scottish Government through the Social Housing Net Zero Fund.

Due to the ongoing energy crisis it was not possible to switch energy suppliers but we continued to work with agencies to provide financial support to tenants who found themselves facing financial issues during the crisis.

Work also continues with other Highland RSL's and Councils on lobbying MSPs, the Government, OFGEM and SSE on prices within the Highlands & Islands, which are the highest in the UK.

Financial Review

Comprehensive Income



There were 6 Shared Equity properties sold during the year (2022/23).

Financial Position

HHP's Financial Position is shown on Page 34. The key factors affecting the Statement of Financial Position are:

- a) The value of housing properties under construction has increased as a result of the increase in the Partnership's development and investment plans;
- b) The addition of 44 new homes for rent funded largely from Affordable Housing Supply Programme (AHSP) Grant from the Scottish Government;
- c) An increase in creditors more than one year with £7 Million drawn during the year from our £25 Million refinancing agreement with our funders (Royal Bank of Scotland);
- d) An increase in Deferred Capital Grants reflecting the continued investment in new homes.

Cash Flow

The Cash Flow is shown on page 35. The net change in cash equivalents was £4.711M (2022: -£1.666M). The principal cash outflows were operating, development costs and investment in assets with cash inflow boosted by proceeds from sales and grants received.

Current Liquidity

At 31 March 2023, HHP had cash and short-term deposits of £8.022M (2022: £3.311M). It is anticipated that there will be a requirement to draw down funds from our borrowing facility during 2023/24.

Capital Structure & Treasury Management Policy

The main elements of HHP's long term funding are a loan facility arranged with the Royal Bank of Scotland (RBS) and grant provided by The Scottish Government. The RBS loan facility which was re-structured in June 2021, allows us to borrow up to £25 Million. In broad terms, the current Business Plan assumes that borrowing will increase each year until the maximum of £25 Million is reached in 2025 reflecting the significant investment in improving our current stock and building new homes. Debt is progressively paid off in subsequent years and is projected to be fully paid off by 2046.

The Board receives updates each quarter which detail the debt, cash and interest received.

Our Treasury Management Policy sets down the framework for investing and managing cash, raising loans, interest rate management and the use of financial derivatives by the Group. A key objective of the Policy is to ensure that the Partnership's loan portfolio represents the optimum balance of risk in interest rate, loan maturity and fixed rate exposure. Currently we have drawn £17M of the RBS loan facility with £15.5M fixed and £1.5M variable.

Plans For The Future

HHP plans to invest £16.266 Million over the next 5 years ensuring the Scottish Housing Quality Standard is maintained in all its properties. £27.743 Million of HHP cash and borrowings have been earmarked for the new build projects due for completion in the next 5 years.

Auditors

A resolution to appoint new auditors for the next financial year will be proposed at the Annual General Meeting in August 2023.

Independent Auditors Report

Opinion

We have audited the financial statements of Hebridean Housing Partnership (the 'Partnership') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Cashflow statement and notes to the financial statements, 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 FRS 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 Partnership's affairs as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Co-operative and Communities Benefit Societies Act 2014, the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019.

Basis for Opinion

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

Conclusions Relating to Going Concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the society'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 committee of management with respect to going concern are described in the relevant sections of this report.

Other Information

The Board of Management are responsible for the other information. The other information comprises the information included 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.

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

In the light of the knowledge and understanding of the Partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the Board of Managements' Report.

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

- The information given in the Report of the Board of Management is inconsistent with the Financial Statements;
- Proper books of accounts have not been kept by the Partnership in accordance with the requirements of the legislation;
- A satisfactory system of control over transactions has not been maintained by the Partnership in accordance with the requirement of the legislation;
- The financial statements are not in agreement with the books of accounts;
or
- We have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.

Responsibilities of the Board of Management

As explained more fully in the Boards' Responsibilities Statement set out on page 10, the Board of Management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management are responsible for assessing the Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intend to liquidate the Partnership 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.

As part of the audit engagement, we:

- gain an understanding of the legal and regulatory framework applicable to the Partnership and assess compliance with that framework;
- enquire of management and those charged with governance around actual and potential litigation and claims;
- review the financial statements disclosures and test to supporting documentation to assess compliance with applicable laws and regulations;
- consider the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud, through discussion with management and those charged with governance;
- perform audit work to ensure the transactions included within the financial statements are properly recorded and authorised;
- consider whether the assumptions and judgements applied by management within significant accounting estimates are reasonable.

There are inherent limitations in the audit procedures described above that result in an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with International Standards on Auditing (UK). The further removed non-compliance with laws and regulations is from the events and financial transactions in the financial

statements, the less likely the auditor is to become aware of it or recognise non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment through forgery, collusion, omission or misrepresentation.

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>

This description forms part of our auditor's report.

Use of our report

This report is made solely to the Partnership's members, as a body, in accordance with the Co-operative and Communities Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Partnership'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 Partnership and the Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.


CIB Audit

Chartered Accountants

Statutory Auditor

Stornoway

Date: 28 June 2023

Report by the Auditors to the Members of Hebridean Housing Partnership Ltd on Corporate Governance Matters

Corporate Governance

In addition to our audit of the Financial Statements, we have reviewed your statement on page 10 concerning the Partnership's compliance with the information required by the Regulatory Standards (for systemically important RSLs) in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Partnership's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 10 has provided the disclosures required by the relevant Regulatory Standards (for systemically important RSLs) within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as the result of our audit work on the Financial Statements.

Through enquiry of certain members of the Board and Officers of the Partnership and examination of relevant documents, we have satisfied ourselves that the Board's Statement on Internal Financial Control appropriately reflects the Partnership's compliance with the information required by the relevant Regulatory Standards (for systemically important RSLs) in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.


CIB Audit

Chartered Accountants

Statutory Auditor

Stornoway

Date: 28 June 2023

FINANCIAL STATEMENTS

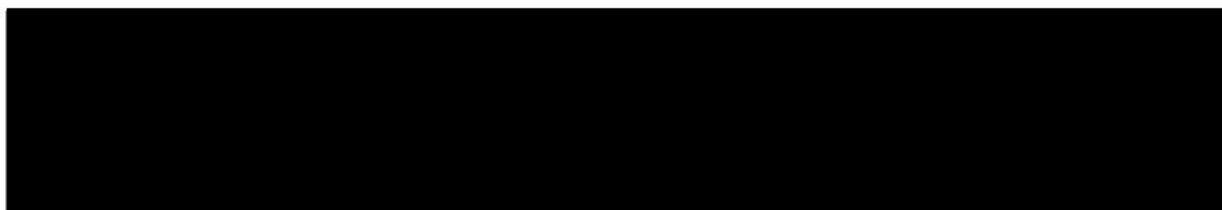


Statement of Comprehensive Income as at 31 March 2023

| | | 31 March 2023 | 31 March 2022 |
|--|--------------|------------------|------------------|
| | | £ | £ |
| | Notes | | |
| Turnover | 3 | 14,284,851 | 14,641,625 |
| Operating expenditure | 3 | (11,608,004) | (12,137,491) |
| Other Income | | | |
| Operating surplus | 3 | 2,676,847 | 2,504,134 |
| Loss on disposal of property, plant & equipment | | (157,197) | (248,435) |
| Interest receivable | 6 | 16,650 | 2,381 |
| Interest payable and financing costs | 7 | (705,947) | (404,348) |
| Decrease in valuation of housing properties | | (1,342,435) | 5,356 |
| Surplus before tax | | 487,918 | 1,859,088 |
| Actuarial gain/(loss) in respect of pension scheme | 22 | 2,730,000 | 1,408,000 |
| Total comprehensive income for the year | | 3,217,918 | 3,267,088 |

The results for the year relate wholly to continuing activities.

These financial statements were approved by the Board on 28 June 2023 and were signed on its behalf by:



Gordon Macleod
Chair

Dena Macleod
Company Secretary

Roddy Nicolson
Board Member

The notes on pages 36 to 61 form part of these financial statements.

Statement of Changes in Reserves as at 31 March 2023

| | Share Capital £ | Unrestricted Fund £ | Total Reserves £ |
|--|-----------------------|---------------------------|------------------------|
| Current Year | | | |
| Balance at 1 April 2022 | 215 | 39,456,403 | 39,456,618 |
| Movement in Share Capital | 9 | | 9 |
| Surplus from statement of comprehensive income | | 3,217,918 | 3,217,918 |
| Balance at 31 March 2023 | <u>224</u> | <u>42,674,321</u> | <u>42,674,545</u> |
| Prior Year | | | |
| Balance at 1 April 2021 | 210 | 36,189,315 | 36,189,525 |
| Movement in Share Capital | 5 | | 5 |
| Surplus from statement of comprehensive income | | 3,267,088 | 3,267,088 |
| Balance at 31 March 2022 | <u>215</u> | <u>39,456,403</u> | <u>39,456,618</u> |

The notes on pages 36 to 61 form part of these financial statements.

Statement of Financial Position as at 31 March 2023

| | | 31 March 2023 | 31 March 2022 |
|--|--------------|--------------------|--------------------|
| | | £ | £ |
| | Notes | | |
| Fixed Assets | | | |
| Tangible Assets-Social Housing | 8 | 127,121,410 | 119,784,179 |
| Tangible Assets-Property, plant & equipment | 9 | 2,070,317 | 1,951,376 |
| Investments | 10 | 2 | 2 |
| | | <u>129,191,729</u> | <u>121,735,557</u> |
| Current Assets | | | |
| Stock | | 24,693 | 279,798 |
| Trade and other debtors | 11 | 1,890,232 | 1,932,737 |
| Investments | | 4,353,272 | 839,708 |
| Cash and cash equivalents | | 3,668,308 | 2,471,287 |
| | | <u>9,936,505</u> | <u>5,523,530</u> |
| Less: Creditors amounts falling due within one year | 12 | <u>(2,652,809)</u> | <u>(3,282,551)</u> |
| Net current assets | | <u>7,283,696</u> | <u>2,240,979</u> |
| Total assets less current liabilities | | <u>136,475,425</u> | <u>123,976,536</u> |
| Creditors: amounts falling due after more than one year | | | |
| | 13 | (22,583,000) | (15,583,000) |
| Deferred Capital Grants | 14 | (71,217,881) | (66,781,918) |
| Pension Liability | 15 | - | (2,155,000) |
| Net Assets | | <u>42,674,544</u> | <u>39,456,618</u> |
| Reserves | | | |
| Share Capital | 16 | 224 | 215 |
| Income & Expenditure reserve | | <u>42,674,320</u> | <u>39,456,403</u> |
| | | <u>42,674,544</u> | <u>39,456,618</u> |

These financial statements were approved by the Board on 28 June 2023 and were signed on its behalf by:


 Gordon Macleod Dena Macleod Roddy Nicolson
 Chair Company Secretary Board Member

The notes on pages 36 to 61 form part of these financial statements.

Statement of Cash Flows for the Year Ended 31 March 2023

| | | 31 March 2023 | 31 March 2022 |
|---|-------------------|------------------|--------------------|
| | | £ | £ |
| Net Cash inflow from operating activities | Note 1 | 4,490,042 | 6,007,969 |
| Cashflow from investing activities | | | |
| Purchase of tangible assets | | (12,893,176) | (18,789,013) |
| Proceeds from sale of tangible fixed assets | | 626,939 | 1,412,741 |
| Grants received | | 6,064,067 | 4,894,868 |
| Interest received | | 16,650 | 2,381 |
| Cashflow from financing activities | | | |
| Interest paid | | (593,937) | (286,227) |
| New secured loans | | 7,000,000 | 5,091,004 |
| Net change in cash equivalents | | <u>4,710,585</u> | <u>(1,666,277)</u> |
| Cash and cash equivalents at the beginning of the year | | 3,310,995 | 4,977,273 |
| Cash and cash equivalents at the end of the year | | <u>8,021,580</u> | <u>3,310,996</u> |
| | | <u>4,710,585</u> | <u>(1,666,277)</u> |

The notes on pages 36 to 61 form part of these financial statements.

Notes to the Statement of Cash Flows for the Year Ended 31 March 2023

| Cashflow from Operating Activities | | |
|--|------------------|------------------|
| | 2023 | 2022 |
| | £ | £ |
| Surplus for the year | 2,676,847 | 2,504,134 |
| <i>Adjustments for non-cash items:</i> | | |
| Depreciation of tangible fixed assets | 4,005,838 | 3,597,878 |
| Decrease/(Increase) in stock | 255,105 | 236,757 |
| Decrease/(Increase) in trade and other debtors | 42,505 | 502,197 |
| (Decrease)/Increase in trade and other creditors | (1,139,742) | 444,194 |
| Pension costs less contributions payable | 510,000 | 561,000 |
| Carrying amount of tangible fixed asset disposed | (203,216) | (245,167) |
| <i>Adjustments for investing or financing activities:</i> | | |
| Loss from the disposal of tangible fixed assets | (157,197) | (248,435) |
| Government grants utilised in the year | (1,612,107) | (1,462,709) |
| Interest payable | 112,010 | 118,121 |
| | <u>4,490,042</u> | <u>6,007,969</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTE 1 - ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements, except where noted below.

Base of Accounting

The Financial Statements of the Partnership are prepared in accordance with FRS 102 as issued by the Financial Reporting Council and comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator and the Statement of Recommended Practice (SORP) for social housing providers issued in 2018.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies that have been applied consistently to all periods presented in these financial statements are set out below.

The preparation of financial statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the Partnership. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. Hebridean Housing Partnership Ltd is a public benefit entity (PBE).

Preparation of Consolidated Financial Statements

The Financial Statements contain information about Hebridean Housing Partnership as an individual company and do not contain consolidated financial information as the parent of a group. The Partnership has taken the option not to prepare consolidated

Financial Statements due to the immateriality of the results of its subsidiary, HHP Community Housing Limited, as detailed in Note 10.

Turnover

Turnover, which is stated net of Value Added Tax, represents income receivable from lettings and service charges, fees receivable, revenue grants and other income.

Grant Income

Grant Income received is matched with the expenditure to which it relates. Social Housing Grant received as a contribution towards the capital cost of a housing development is recognised in line with the accrual model. The accrual model results in the grant being recognised over the expected useful life of the housing property structure and its individual components. Where grant is paid as a contribution towards revenue expenditure, it is included in turnover.

Deposit and Liquid Resources

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

Pension Costs

The Partnership participates in the Highland Superannuation Scheme and contributions to the pension scheme are calculated as a percentage of pensionable salaries of the employees, determined in accordance with actuarial advice. The actual pension cost is charged to the income and expenditure account based on contributions to the fund. In accordance with FRS102 the future payments in respect of the past service deficit plan have been discounted and recognised as a provision within the financial statements. When a pension plan is in a net surplus position, there is a requirement, under FRS102, to restrict the surplus where there are restrictions on the recoverability of the plan surplus.

Housing Properties

Housing properties are stated at cost less accumulated depreciation. The cost of properties is their purchase price together with capitalised repairs. Housing properties in the course of construction are stated at cost and are not depreciated. Housing properties are transferred to completed properties when they are ready for letting and are stated at cost. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings; and
2. Development expenditure including administration costs

Where it is considered that there has been any impairment in value this is provided for accordingly. Expenditure on schemes that are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

Improvements to Housing Properties

The Partnership capitalises repairs and improvement expenditure on its housing properties which result in an enhancement of the economic benefit of the asset.

Impairment

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired. Impairment is recognised where the carrying value of an asset exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows expected from the continued use of these assets. Any impairment of assets would be recognised in the Statement of Comprehensive Income.

Shared Ownership

Shared ownership properties are split proportionately between current and fixed assets based on the first tranche proportion.

First tranche proportions will be accounted for as current assets and the related sales proceeds shown in turnover; and

The remaining element of the share ownership property will be accounted for as a fixed asset and any subsequent sale will be treated as a part disposal of a fixed asset.

Commercial Properties

Commercial Properties are valued at existing use value.

Provisions

The Partnership only provide for contractual liabilities that exist at the balance sheet date.

Taxation

Income and capital gains are generally exempt from tax if applied for charitable purposes.

Depreciation

Depreciation is charged on a straight-line basis to write off the cost of each asset, less any estimated residual value, over its expected useful life, as set out below. Assets are depreciated in the year of acquisition, from the date of their acquisition, and in the year of disposal, up to the date of disposal. Land is not depreciated.

Housing Properties & Offices

All of the major components comprised within the Partnership's housing properties and offices are treated as separable assets and their costs (after the deduction of any related social housing grant) are depreciated by reference to the expected useful life of each component, on the following basis:

| | Years |
|---------------------------|-------|
| Roofs | 50 |
| Kitchens | 20 |
| Bathrooms | 30 |
| Showers | 10 |
| Heating Boilers | 15 |
| Heating Systems | 30 |
| Window & Doors | 25 |
| Other External Components | 15 |
| Structure | 60 |

Other Fixed Assets

All other Fixed Assets are depreciated by reference to the following expected useful lives:

| | Years |
|--|----------------------|
| Furniture, Fittings and Office Equipment | 5 |
| Computer Hardware and Software | 4 |
| Motor Vehicles | 25% reducing balance |

Sale of Housing Accommodation

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are recognised in the Statement of Comprehensive Income at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grant removed from the Financial Statements.

Stock

Stocks are valued at the lower of cost and net realisable value.

Capitalisation of Development Overheads

Staff costs that are directly attributable to bringing housing properties into working condition for their intended use are capitalised.

Value Added Tax

The Partnership is registered for VAT. A large proportion of its income, including rental receipts, is exempt for VAT purposes, giving rise to a partial exemption calculation. Expenditure with recoverable VAT is shown net of VAT and expenditure with irrecoverable VAT is shown inclusive of VAT. VAT on refurbishment works expenditure included in the development works agreement with Comhairle Nan Eilean Siar is fully recoverable. Expenditure on these works is shown net of VAT.

Bad & Doubtful Debts

Provision is made against rent arrears for current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable.

Leased Assets

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

Designated Reserves

Designated reserves are unrestricted reserves earmarked by Directors for particular purposes.

Financial Instruments

Loans provided to HHP Community Housing Limited are classed as basic under the requirements of FRS102, and are measured at amortised cost. In the case of payment arrangements that exist with customers, these are deemed to constitute financing transactions and are measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

Going Concern

The Board has assessed the Partnership's ability to continue as a going concern and have reviewed the 30 year Business Plan and its exposure to key risks through detailed sensitivity analysis.

Based on these projections and the wider information currently available, the Board consider that the Partnership has sufficient resources to meet any potential concerns and there are no material uncertainties about the Partnership's ability to continue as a going concern.

The Partnership therefore continues to adopt the going concern basis in preparing its financial statements and the period of management's going concern assessment is the period to 30 June 2024.

NOTE 2 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions that affect the amounts reported for assets, liabilities, income and expenditure.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods should it affect future periods.

The estimates and assumptions which carry a higher degree of risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. They are amended when necessary to reflect current estimates, future investment, economic utilisation and the physical condition of the assets. See notes 8 and 9 for details of the values of tangible fixed assets.

NOTE 3 - TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

| | 2023 | | | 2022 | | |
|--------------------------------------|-------------------|---------------------|------------------|-------------------|---------------------|------------------|
| | Operating | Operating | Operating | Operating | Operating | Operating |
| | Turnover | Costs | Surplus | Turnover | Costs | Surplus |
| | £ | £ | £ | £ | £ | £ |
| Income and Expenditure from Lettings | | | | | | |
| Social Lettings (Note 4) | 13,113,615 | (10,440,498) | 2,673,117 | 12,253,874 | (9,722,621) | 2,531,253 |
| Other Activities (Note 5) | 1,171,235 | (1,167,505) | 3,730 | 2,387,751 | (2,414,870) | (27,119) |
| TOTAL | 14,284,850 | (11,608,003) | 2,676,847 | 14,641,625 | (12,137,491) | 2,504,134 |

NOTE 4 - PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM SOCIAL LETTING ACTIVITIES

| | General Needs Supported Shared | | | | | 2022 |
|--|--------------------------------|---------------|--------------|----------|-------------------|-------------------|
| | Housing | Accommodation | Ownership | Other | Total | |
| | £ | £ | £ | £ | £ | |
| Income from rent and service charges | | | | | | |
| Rent receivable net of service charges | 10,495,727 | 84,687 | 4,028 | - | 10,584,442 | 9,973,633 |
| Service charges | 56,102 | - | 1,750 | - | 57,852 | 59,363 |
| Gross Income from rents and service charges | 10,551,829 | 84,687 | 5,779 | - | 10,642,295 | 10,032,996 |
| Less voids | (65,806) | - | - | - | (65,806) | (108,470) |
| Net Income from rents and service charges | 10,486,023 | 84,687 | 5,779 | - | 10,576,489 | 9,924,526 |
| Release of deferred capital grant | 1,612,107 | - | - | - | 1,612,107 | 1,462,709 |
| Other Revenue Grants | 925,019 | - | - | - | 925,019 | 866,639 |
| Total Turnover from social letting activities | 13,023,150 | 84,687 | 5,779 | - | 13,113,616 | 12,253,874 |
| Expenditure | | | | | | |
| Management and Maintenance Administration costs | 2,864,454 | 24,588 | 3,688 | - | 2,892,730 | 2,663,764 |
| Planned and Cyclical Maintenance including major repairs | 1,489,247 | 8,886 | - | - | 1,498,133 | 1,491,660 |
| Reactive Maintenance | 1,991,432 | 11,053 | 358 | - | 2,002,843 | 1,889,388 |
| Bad Debts-rents and service charges | 40,955 | - | - | - | 40,955 | 79,931 |
| Depreciation of social housing | 3,979,322 | 24,389 | 2,127 | - | 4,005,838 | 3,597,878 |
| Operating costs for social letting activities | 10,365,410 | 68,916 | 6,173 | - | 10,440,499 | 9,722,621 |
| Operating surplus on letting activities for 31 March 2023 | 2,657,740 | 15,771 | (394) | - | 2,673,117 | 2,531,253 |
| Operating surplus on letting activities for 31 March 2022 | 2,518,272 | 17,156 | (4,174) | - | 2,531,253 | - |

NOTE 5 - PARTICULAR OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM OTHER ACTIVITIES

| | Grants from | Other Revenue | Other | Total | | Other | | Operating | |
|--|--------------------|---------------|----------------|------------------|-----------|------------------|-----------|------------------|----------|
| | Scottish Ministers | Grants | Income | Turnover | | Operating Costs | | Surplus/ Deficit | |
| | £ | £ | £ | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | | | | £ | £ | £ | £ | £ | £ |
| Factoring | - | - | 4,721 | 4,721 | 4,344 | 3,557 | 3,588 | 1,164 | 756 |
| Development & construction of Property Activities | - | - | 89,872 | 89,872 | 40,637 | 81,219 | 62,476 | 8,653 | (21,839) |
| Sale of Developments | 495,542 | - | 580,920 | 1,076,462 | 2,341,313 | 1,076,462 | 2,341,313 | - | - |
| Management Services | - | - | 180 | 180 | 1,457 | 6,267 | 7,493 | (6,087) | (6,036) |
| Amortization capital reserve | - | - | - | - | - | - | - | - | - |
| Total from other activities 2023 | 495,542 | - | 675,693 | 1,171,235 | | 1,167,505 | | 3,730 | |
| Total for other activities 2022 | 930,661 | - | 1,457,090 | | 2,387,751 | | 2,414,870 | | (27,119) |

NOTE 6 - INTEREST RECEIVABLE AND OTHER INCOME

| Interest Receivable and Other Income | | |
|---|---------------|--------------|
| | 2023 | 2022 |
| | £ | £ |
| Interest receivable on deposits | 16,379 | 2,113 |
| Interest receivable on loan to subsidiary | 271 | 267 |
| | <u>16,650</u> | <u>2,381</u> |

NOTE 7 - INTEREST PAYABLE AND SIMILAR CHARGES

| Interest Payable and Similar Charges | | |
|---|----------------|----------------|
| | 2023 | 2022 |
| | £ | £ |
| Interest Payable | 537,935 | 296,115 |
| Other Financing costs | 103,012 | 43,233 |
| Net Cost on pension | 65,000 | 65,000 |
| | <u>705,947</u> | <u>404,348</u> |

Other financing costs include commitment, non-utilisation fees, the amortisation of transaction costs on the funding arrangements.

NOTE 8 - TANGIBLE FIXED ASSETS - SOCIAL HOUSING

| Tangible Fixed Assets | | | | |
|---------------------------|-----------------------------|-------------------------------|----------------------------|---------------------|
| SOCIAL HOUSING | Housing | Housing | Shared | Total |
| | Properties held for letting | Properties under construction | Ownership held for letting | |
| | £ | £ | £ | £ |
| Current Year Cost | | | | |
| At start of the year | 129,379,304 | 20,220,037 | 128,335 | 149,727,676 |
| Additions during the year | 4,371,897 | 8,423,318 | - | 12,795,214 |
| Transfers in year | 8,217,671 | (8,217,671) | - | - |
| Impairment | (1,721,474) | | | (1,721,474) |
| Disposals | (630,294) | (10,917) | - | (641,210) |
| At end of year | 139,617,104 | 20,414,767 | 128,335 | 160,160,206 |
| Depreciation | | | | |
| At start of year | (29,860,529) | - | (82,967) | (29,943,496) |
| Provided in year | (3,910,161) | - | (2,173) | (3,912,334) |
| Impairment | 379,039 | | | 379,039 |
| Eliminated on Disposal | 437,995 | - | - | 437,995 |
| At end of year | (32,953,656) | - | (85,140) | (33,038,796) |
| Net Book Value | | | | |
| At end of year | 106,663,448 | 20,414,767 | 43,195 | 127,121,410 |
| Prior Year | | | | |
| At start of the year | 113,367,312 | 17,751,670 | 127,643 | 131,246,625 |
| Additions during the year | 4,373,495 | 14,850,720 | 692 | 19,224,907 |
| Transfers in year | 12,382,353 | (12,382,353) | - | - |
| Impairment | - | | | - |
| Disposals | (743,856) | - | - | (743,856) |
| At end of year | 129,379,304 | 20,220,037 | 128,335 | 149,727,675 |
| Depreciation | | | | |
| At start of year | (26,876,295) | - | (80,840) | (26,957,135) |
| Transfers in year | - | - | - | - |
| Provided in year | (3,482,923) | - | (2,127) | (3,485,051) |
| Impairment | 5,356 | - | - | 5,356 |
| Eliminated on Disposal | 493,333 | - | - | 493,333 |
| At end of year | (29,860,529) | - | (82,967) | (29,943,497) |
| Net Book Value | | | | |
| At end of year | 99,518,775 | 20,220,037 | 45,367 | 119,784,179 |

Development administration costs capitalised amounted to £196,719 (2022: £172,008) for which Social Housing Grants amounting to £nil (2022: £nil) were received in the year.

The loss on sale of property disposals in the year were £2,781 (2022: loss of £nil).

The cost of new components capitalised in the year was £12,589,568 (2022: £16,755,848). Components with a cost of £630,294 (2022: £743,856), HAG of £80,456 (2022: £161,296) and accumulated depreciation of £437,994 (2022: £493,333) were disposed of in the year.

NOTE 9 - TANGIBLE FIXED ASSETS - PROPERTY, PLANT & EQUIPMENT

| TANGIBLE FIXED ASSETS | | | | | | | | |
|-----------------------------|----------------------------|-----------------------------|--------------------------|----------------------------|--------------------------------------|--------------------|-------------------------|--------------------|
| Property, Plant & Equipment | Heritable Property £ | Commerical Property £ | Office Equipment £ | Computer Equipment £ | Non-Housing Work In Progress £ | Motor Vans £ | Other Equipment £ | Total £ |
| Current Year Cost | | | | | | | | |
| At start of the year | 908,190 | 930,708 | 93,224 | 578,963 | 227,409 | 38,950 | 95,873 | 2,873,317 |
| Additions during the year | - | - | 1,296 | 12,548 | 127,155 | - | - | 140,999 |
| Transfers in year | 71,447 | - | - | - | - | - | - | 71,447 |
| Disposals | - | - | - | (1,325) | - | - | - | (1,325) |
| At end of year | 979,637 | 930,708 | 94,520 | 590,186 | 354,564 | 38,950 | 95,873 | 3,084,438 |
| Depreciation | | | | | | | | |
| At start of year | - | (239,053) | (92,585) | (475,593) | - | (19,425) | (95,287) | (921,943) |
| Transfers in year | - | - | - | - | - | - | - | - |
| Provided in year | - | (24,131) | (148) | (63,746) | - | (5,288) | (190) | (93,503) |
| Eliminated on Disposal | - | - | - | 1,325 | - | - | - | 1,325 |
| At end of year | - | (263,184) | (92,733) | (538,014) | - | (24,713) | (95,477) | (1,014,121) |
| Net Book Value | | | | | | | | |
| At end of year | 979,637 | 667,524 | 1,787 | 52,172 | 354,564 | 14,237 | 396 | 2,070,317 |
| Prior Year | | | | | | | | |
| At start of the year | 1,006,479 | 930,708 | 92,486 | 538,504 | - | 38,950 | 95,112 | 2,702,239 |
| Additions during the year | - | - | 738 | 40,460 | 227,409 | - | 761 | 269,368 |
| Transfers in year | (98,289) | - | - | - | - | - | - | (98,289) |
| Disposals | - | - | - | - | - | - | - | - |
| At end of year | 908,190 | 930,708 | 93,224 | 578,963 | 227,409 | 38,950 | 95,873 | 2,873,318 |
| Depreciation | | | | | | | | |
| At start of year | - | (214,922) | (92,272) | (394,636) | - | (12,172) | (95,113) | (809,115) |
| Transfers in year | - | - | - | - | - | - | - | - |
| Provided in year | - | (24,131) | (312) | (80,957) | - | (7,252) | (174) | (112,827) |
| Eliminated on Disposal | - | - | - | - | - | - | - | - |
| At end of year | - | (239,053) | (92,585) | (475,593) | - | (19,425) | (95,287) | (921,942) |
| Net Book Value | | | | | | | | |
| At end of year | 908,190 | 691,654 | 640 | 103,371 | 227,409 | 19,525 | 587 | 1,951,376 |

NOTE 10 - INVESTMENTS

| Investments | | | |
|--------------------------------------|---------------------------------------|-------------------|---------------------|
| | | 2023 | 2022 |
| | | £ | £ |
| Investment in subsidiary undertaking | | 1 | 1 |
| Investment in Hebrides Energy CIC | | 1 | 1 |
| | | <u>2</u> | <u>2</u> |
| | <i>Activity</i> | <i>Registered</i> | <i>Shareholding</i> |
| HHP Community Housing Ltd | Dormant | Scotland | 100% |
| Hebrides Energy | Offer competitive electricity tariffs | Scotland | 11.1% |

NOTE 11 - TRADE & OTHER RECEIVABLES

| Trade and other receivables | | | |
|--|--|------------------|------------------|
| | | 2023 | 2022 |
| | | £ | £ |
| Rental Arrears | | 187,483 | 197,318 |
| Less: provision for bad debts | | (168,174) | (157,488) |
| | | <u>19,309</u> | <u>39,830</u> |
| Amounts owed by subsidiary undertaking (due within 1 year) | | 18,350 | 18,079 |
| Other debtors | | 1,150,571 | 1,194,735 |
| Prepayments and accrued income | | 499,630 | 448,712 |
| Other debtors (due in more than 1 year) | | 202,372 | 231,381 |
| Total | | <u>1,890,232</u> | <u>1,932,737</u> |

NOTE 12 - CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

| Creditors-Amounts falling due within one year | | | |
|--|--|------------------|------------------|
| | | 2023 | 2022 |
| | | £ | £ |
| Trade payables | | 699,223 | 1,053,226 |
| Contract retentions | | 287,210 | 243,439 |
| Accruals and deferred income | | 928,200 | 1,412,467 |
| Rent in advance | | 272,960 | 97,867 |
| HAG creditor | | 464,262 | 474,598 |
| RTB Receipts Repayable on demand | | 954 | 954 |
| Total | | <u>2,652,809</u> | <u>3,282,551</u> |

Outstanding retentions will be financed initially from cash balances.

NOTE 13 - CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| Creditors-Amounts falling due after more than one year | | |
|---|-------------------|-------------------|
| | 2023 | 2022 |
| | £ | £ |
| Bank term loans | 17,000,000 | 10,000,000 |
| RTB Receipts due to the Scottish Government | 5,583,000 | 5,583,000 |
| Total | 22,583,000 | 15,583,000 |
| Bank Term loans are secured by specific charges on the Partnership's properties and are repayable at varying rates of interest. | | |
| The above creditors are due are follows: | | |
| | £ | £ |
| Between one and two years | - | - |
| Between two and five years | - | - |
| In five years or more | 22,583,000 | 15,583,000 |
| | 22,583,000 | 15,583,000 |

At the year end the Partnership's outstanding loan balance was £17 Million. A committed facility of £25 Million was available from the Royal Bank of Scotland along with an uncommitted overdraft facility of £0.250 Million. Loan arrangement fees incurred in setting up this facility are included in debtors and are being amortised over the period of the loan. Security has been granted in accordance with the restated loan agreement to the Royal Bank for the period of the lending facility.

NOTE 14 - DEFERRED CAPITAL GRANTS

| Deferred Capital Grants | | | | | |
|---------------------------|---|---|---|---------------------------------------|---------------------|
| | Housing Properties held for letting £ | Housing Properties under construction £ | Shared Ownership held for letting £ | Property Plant & Equipment £ | Total £ |
| Current Year Cost | | | | | |
| At start of the year | (51,758,090) | (14,208,850) | (43,259) | (771,720) | (66,781,919) |
| Additions during the year | (976,647) | (5,087,420) | - | - | (6,064,067) |
| Disposals during the year | 15,997 | - | - | - | 15,997 |
| Transfers in year | (5,324,076) | 5,324,076 | - | - | - |
| Amortised in year | 1,609,870 | - | 2,060 | 177 | 1,612,107 |
| At end of year | (56,432,945) | (13,972,194) | (41,199) | (771,543) | (71,217,881) |
| Prior Year | | | | | |
| At start of the year | (44,867,368) | (16,631,908) | (45,318) | (771,897) | (62,316,492) |
| Additions during the year | (817,605) | (5,271,826) | - | - | (6,089,431) |
| Disposals during the year | 161,296 | - | - | - | 161,296 |
| Transfers in year | (7,694,885) | 7,694,885 | - | - | - |
| Amortised in year | 1,460,473 | - | 2,060 | 177 | 1,462,709 |
| At end of year | (51,758,090) | (14,208,850) | (43,259) | (771,720) | (66,781,918) |

NOTE 15 - PROVISIONS FOR LIABILITIES & CHARGES

| Pension Fund | | |
|--------------------------------|-------------|------------------|
| | 2023 £ | 2022 £ |
| At 1 April 2022 | 2,155,000 | 2,937,000 |
| Created in Year | (4,525,000) | (782,000) |
| Restriction in Pension Surplus | 2,370,000 | |
| At 31 March 2023 | - | 2,155,000 |

NOTE 16 - SHARE CAPITAL

| Share Capital | | |
|---|------|------|
| | 2023 | 2022 |
| | £ | £ |
| Shares of £1 each issued and fully paid | | |
| At 1 April 2022 | 215 | 210 |
| issued during period | 9 | 5 |
| At 31 March 2023 | 224 | 215 |

Shares were held by the following Board members during the year:

- Calum Mackay
- Iain Macmillan
- Alex Gardner
- Roddy Nicolson
- Gordon Macleod
- Helen Mackenzie
- Alison MacCorquodale
- Fiona Knape
- Norman A Macdonald

NOTE 17 - KEY MANAGEMENT EMOLUMENTS

| OFFICER'S EMOLUMENTS | | |
|--|-------------|-------------|
| | 2023 | 2022 |
| | £ | £ |
| Senior Officers are defined as the Chief Executive, the Director of Finance & Corporate Services and Director of Operations | | |
| Aggregate emoluments payable to Directors exceeding £60,000 (excluding pension contributions and benefits in kind) | 240,105 | 228,810 |
| Emoluments payable to the highest paid officer (excluding pension contributions) | 93,927 | 90,767 |
| During the period the Directors' emoluments (excluding pension contributions) fell within the following band distributions: | | |
| More than £60,000 but not more than £70,000 | - | 2 |
| More than £70,000 but not more than £80,000 | 2 | - |
| More than £80,000 but not more than £100,000 | 1 | 1 |
| Pension contributions | 43,101 | 41,074 |
| The directors are members of the Highland Superannuation Fund and employer's contributions are paid on the same basis as other members of staff. | | |
| Total Expenses reimbursed in so far as not chargeable to UK Income Tax | 654 | 622 |

NOTE 18 - EMPLOYEE INFORMATION

The average number of persons employed during the year was: 53

At 31 March 2023 the number of employees of the Partnership, including Directors, was 47 (FTE), (2022 - 46 FTE).

| EMPLOYEE INFORMATION | | |
|--|------------------|------------------|
| | 2023 | 2022 |
| | £ | £ |
| Staff costs (for the above persons) | | |
| Wages and Salaries | 1,700,057 | 1,580,800 |
| Social Security costs | 178,427 | 157,940 |
| Employers' pension costs | 308,769 | 285,275 |
| FRS102 Pension Adjustment (Note 22) | 510,000 | 561,000 |
| | <u>2,697,253</u> | <u>2,585,016</u> |
| Staff costs capitalised | (634,630) | (620,484) |
| | <u>2,062,623</u> | <u>1,964,532</u> |

NOTE 19 - OPERATING SURPLUS

| OPERATING SURPLUS | | |
|--|-----------------------------|-----------------------------|
| | 2023 | 2022 |
| | £ | £ |
| Operating surplus is stated after charging: | | |
| Depreciation | 4,005,837 | 3,597,878 |
| Amortised capital grants | (1,612,107) | (1,462,709) |
| Repairs:cyclical, major, day to day | 3,500,975 | 3,381,049 |
| Auditor's remuneration | | |
| -in their capacity as auditors | 11,340 | 11,340 |
| -in respect of other services | - | - |
| | <u> </u> | <u> </u> |

NOTE 20 - TAXATION

The Partnership is a registered charity and is therefore exempt from Corporation Tax on its charitable activities. No corporation tax was due on the non-charitable activities in the year (2022: nil).

NOTE 21 - CAPITAL COMMITMENTS

| CAPITAL COMMITMENTS | | |
|---|-------------------|-------------------|
| | 2023 | 2022 |
| | £ | £ |
| Capital expenditure which has been contracted for but has not been provided for in the financial statements | 14,186,147 | 18,822,421 |
| Capital expenditure which has been authorised by the Board but is not contracted | <u>35,303,753</u> | <u>33,747,679</u> |
| | <u>49,489,900</u> | <u>52,570,100</u> |
| This is to be funded by: | | |
| Funding from the Scottish Government | 21,747,400 | 23,066,500 |
| Private Finance | <u>27,742,500</u> | <u>29,503,600</u> |
| | <u>49,489,900</u> | <u>52,570,100</u> |

NOTE 22 - PENSIONS

The Partnership participates in the Highland Superannuation Fund (HSF) which, as part of the Local Government Pension Scheme is a defined benefit statutory scheme. From 1 April 2011 the scheme has operated the career average revalued earnings with 1/120th accrual benefit rate. Contributions are charged to the Income and Expenditure Account so as to spread the cost of pension over employees' working lives. These contributions are determined by formal actuarial valuation which takes place every three years, the last valuation was to 31 March 2020. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period, the Partnership paid contributions at a rate of 18% of pensionable salaries.

There were 52 active members of the Scheme employed by the Partnership. All new employees join the scheme and have the option to withdrawn after a short period if they so choose.

The fund is administered by Highland Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. As the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the scheme as at 31 March 2023. The funding update revealed a decrease in the assets of the Scheme to £12.848 million and for the first time showed a new asset compared to liabilities of approximately £2.370 million. Under FRS102, the net surplus has been restricted as we are unable to recover the surplus through reduced contributions or refunds from the plan.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 31 March 2020.

| Employer Membership Statistics | | | |
|--------------------------------|-----------|-----------------------------------|-------------|
| | Number | Total Salaries/Pensions £000's | Average Age |
| | 31-Mar-20 | 31-Mar-20 | 31-Mar-20 |
| Actives | 52 | 1482 | 52 |
| Deferred Pensioners | 28 | 63 | 51 |
| Pensioners | 18 | 172 | 66 |

Investment Returns

The return on the Fund in market value terms for the period to 31 March 2023 is estimated below based on actual Fund returns as provided by the Administering Authority and index returns where necessary. Details are below:

| | |
|---|---------|
| Actual returns from 1 April 2022 to 31 March 2023 | (2.90%) |
|---|---------|

Major Categories of Plan Assets as a % of Total Plan Assets

The bid value of the Fund's assets are estimated to be £2,389,637,198 based on information provided by the Administering Authority.

| Period Ended | 31-Mar-23 | 31-Mar-22 |
|--------------|-----------|-----------|
| Equities | 69% | 63% |
| Bonds | 11% | 12% |
| Property | 15% | 15% |
| Cash | 5% | 10% |

Financial Assumptions

| Period Ended | 31-Mar-23 | 31-Mar-22 |
|-----------------------|-----------|-----------|
| Pension increase Rate | 2.95% | 3.20% |
| Salary increase Rate | 3.75% | 4.00% |
| Discount Rate | 4.75% | 2.70% |

Historic Mortality

| Period Ended | Current Pensioners | Future Pensioners |
|--------------|--|--|
| 31-Mar-23 | CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a | CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a |

Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

Changes in Fair Value of Plan Assets Defined Obligation & Net Liability For The Year Ended 31 March 2023

| Period ended 31 March 2023 | Assets | Obligations | Net Liability/ Asset |
|---|---------------|----------------|-------------------------|
| | £000's | £000's | £000's |
| Fair Value of Plan Assets | 13,022 | - | 13,022 |
| Present Value of liabilities | - | 15,147 | (15,147) |
| Present value of unfunded liabilities | - | 30 | (30) |
| Opening Position at 31 March 2022 | 13,022 | 15,177 | (2,155) |
| Service Cost | - | 824 | (824) |
| Net Interest | | | |
| Interest income on plan assets | 354 | - | 354 |
| Interest cost on defined benefit obligation | - | 419 | (419) |
| Total Net interest | 354 | 419 | (65) |
| Total defined benefit cost recognised in P & L | 354 | 1,243 | (889) |
| Cashflows | | | |
| Plan Participants contributions | 114 | 114 | - |
| Employers contributions | 313 | - | 313 |
| Contributions in respect of unfunded benefits | 1 | - | 1 |
| Benefits paid | (216) | (216) | - |
| Unfunded benefits paid | (1) | (1) | - |
| Expected closing position | 13,587 | 16,317 | (2,730) |
| Remeasurements | | | |
| Changes in demographic assumptions | - | (106) | 106 |
| Changes in financial assumptions | - | (6,493) | 6,493 |
| Other experience | - | 760 | (760) |
| Return on assets excluding amounts in net interest | (739) | - | (739) |
| Total remeasurements recognised in Other Comprehensive Income (OCI) | (739) | (5,839) | 5,100 |
| Fair Value of plan assets | 12,848 | - | 12,848 |
| Present value of funded liabilities | - | 10,454 | (10,454) |
| Present value of unfunded liabilities | - | 24 | (24) |
| Closing position at 31 March 2023 | 12,848 | 10,478 | 2,370 |

NOTE 23 - PROPERTY STOCK

The number of units of accommodation owned by the Partnership was as follows:

| Property Stock | | | | |
|---|---------------------|--------------|-------------------------|-----------|
| The number of units of accommodation owned by the Partnership was as follows: | | | | |
| | Units in Management | | Units under Development | |
| | 2023 | 2022 | 2023 | 2022 |
| Unimproved | | | | |
| New Build | 538 | 526 | 137 | 96 |
| Improved | 1,783 | 1,761 | - | - |
| General Needs Housing | <u>2,321</u> | <u>2,287</u> | <u>137</u> | <u>96</u> |
| Shared Ownership Accommodation | 3 | 3 | - | - |
| Supported Housing Accommodation | 20 | 20 | - | - |
| Total Housing Stock | <u>2,344</u> | <u>2,310</u> | <u>137</u> | <u>96</u> |
| Other Property | | | | |
| Garages | 42 | 42 | - | - |
| Commerical | 6 | 6 | - | - |
| Heritable-Partnership's offices | 3 | 3 | - | - |
| Total Other Property | <u>51</u> | <u>51</u> | <u>-</u> | <u>-</u> |

NOTE 24 - REVENUE COMMITMENTS

| Operating Leases | | |
|---|------------|--------------|
| | 2023 | 2022 |
| | £ | £ |
| At 31 March 2023 the Partnership had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows: | | |
| Within one year | 404 | 2,426 |
| In the second to fifth year inclusive | - | - |
| | <u>404</u> | <u>2,426</u> |

NOTE 25 - RELATED PARTY TRANSACTIONS

Board Members

During the period the tenancies held by tenant Board Members were held on normal commercial terms and they are not able to use their position to their advantage.

The Partnership retains a register of Members' interests. There are no interests in related parties requiring to be declared.

Transactions entered into with members and rent arrear balances at 31 March 2023 are as follows:

| | |
|--------------|-----------|
| Rent Charges | £5,275.92 |
| Arrears | £42.01 |

Any transactions with the Comhairle are made at arm's length, on normal commercial terms and the Councillors cannot use their positions to their personal advantage.

HHP Community Housing Ltd

HHP Community Housing Ltd is a wholly owned subsidiary of Hebridean Housing Partnership, a company incorporated in Scotland. All of the directors are Board Members of HHP.

At the year-end HHP Community Housing Ltd owed Hebridean Housing Partnership £18,350 (2022: £18,079) which is included in other debtors Note 11.

NOTE 26 - LEGISLATIVE PROVISIONS

Hebridean Housing Partnership Limited ("HHP" or "The Partnership") is registered under the Co-operative and Community Benefit Societies Act 2014 (previously known as the Industrial and Provident Societies Act 1965) and is a Housing Association registered with Scottish Housing Regulator (previously Communities Scotland) under the Housing (Scotland) Act 2010. HHP has charitable status and is registered with OSCR.



HHP is a registered society under the Co-operative and Community Benefit Societies Act 2014 Registered Number: 2644R(S) Registered Office: Creed Court Glenn Seileach Business Park Willowglen Road STORNOWAY Isle of Lewis HS1 2QP. It is a charity registered in Scotland Charity Number:SC035767 registered as Registered Social Landlord with the Scottish Housing Regulator Registration Number 359 and registered as a Property Factor Registration Number PF000183
Email: info@hebrideanhousing.co.uk
Web: www.hebrideanhousing.co.uk
Phone:0300 123 0773