

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Group Accounts

Registered Number: SP1860RS

Report and Financial Statements

For the year ended 31 March 2022

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report and Financial Statements

For the year ended 31 March 2022

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Registration information

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered number SP1860RS
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered number 172
Registered Scottish Charity	SC036434

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Board of Management (incorporating the Strategic Report) For year ended 31 March 2022

Board, Executives and Advisers

Board of Management – elected

Andrew Burns	Chair
David Horner	
Sadie Gordon	Vice Chair
Margaret Glass	
Anne Ramsey	Vice Chair
Ian Elrick	
John McIntyre	
Bronwyn Wyper	
Matthew Millar	
Robert Takenzire	(resigned 13/09/21)
Marilyn Clewes	(resigned 13/09/21)

Executive Officers

Shona Stephen	Chief Executive
Neil Manley	Director of Finance and Corporate Support
Louise Smith	Director of Neighbourhood Services
Rona Anderson	Director of Property Enterprise and Regeneration

Registered Office

45 Firhill Road
Glasgow
G20 7BE

Auditor

Wylie & Bisset (Audit) Limited
Chartered Accountants
168 Bath Street
Glasgow
G2 4TP

Bankers

Clydesdale Bank plc
1 Woodside Crescent
Charing Cross
Glasgow
G3 7UL

Solicitors

Harper Macleod	T C Young
45 Gordon St	7 West George St
Glasgow	Glasgow
G1 3PE	G2 1BA

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Board of Management (incorporating the Strategic Report) For year ended 31 March 2022

The Board of Management present their report (incorporating the Strategic Report) and the audited consolidated financial statements for the year ended 31 March 2022.

Overview

Queens Cross Housing Association Limited is a social landlord and registered charity operating in the Queens Cross, Woodside, Westercommon/Hamiltonhill and Dundasvale areas of North West Glasgow. The Group was formed in 1976 with the aim of providing high quality social housing. The Group as at the 31st of March 2022 refers to Queens Cross Housing Association Limited, Queens Cross Factoring Limited, Queens Cross Workspace Ltd and The Garscube Community Foundation after the latter two joined the group in April 2019. The Association's fully owned factoring subsidiary company Queens Cross Factoring Limited provides a factoring service to over 2,506 owners of property in the area. Queens Cross Workspace Limited promotes economic regeneration in the area through the development of rented commercial space and through the provision of training and other financial support.

The Group's main business is the provision of long term affordable rented housing, the provision of housing support for those who need additional help, property management for property owners and the rental of mid-market housing properties. The housing support service is currently funded by a combination of grants, self-directed support personalisation budgets from Glasgow City Council and service charge income.

The Association owned outright 4,346 properties as at 31 March 2022 and manages the tenancies for the majority of these homes. The Association also has a share in 37 shared ownership units. Within this total stock the Association leases 139 units/bed spaces to other care providers who manage these tenancies. Of the total stock 511 units are dedicated to the provision of supported housing to care groups such as older people, people experiencing mental health related issues and young people.

The Association, since its incorporation in 1977, has increased its housing stock through both construction, funded through grant and loan finance, and by stock transfer from other bodies such as Scottish Homes, Glasgow City Council (GCC) and Glasgow Housing Association Limited (GHA) The Association completed two stock transfers from Glasgow Housing Association Limited in 2011 and 2012 with over 1500 homes transferring. The Association continues to have an active development programme with 309 new homes build in a mix of affordable tenures in recent years. As part of its vision and values the Association aims to contribute to the development of the area in social, economic and environmental terms. The Association secures Wider Action funding from a variety of sources for this work. Over and above this the Association funds specific wider action work from its own resources if it is seen as contributing to its overall objectives.

The association recently agreed a change to its rules to remove the geographic boundary in order that it can take advantage of any wider opportunities that may present themselves.

Objectives and Strategy

The Queens Cross Group has published a business plan and strategic objectives for the period 2020-2025 with each company in the Group also producing its own business plan and strategic objectives for 2020-25, approved by the relevant Board of Management.

The Group vision is *Excellent Housing in Vibrant Communities* and our shared Group values are *respect, integrity and aspiration*.

The housing association's strategic objectives are:

1. Building and sustaining popular neighbourhoods
2. Creating and supporting greater life opportunities for all
3. Developing greener spaces and community wellbeing
4. Being a dynamic and listening community partner
5. Treating people equally and with respect.

Below the strategic objectives, key departmental priorities are laid out in the internal management plan. As part of this plan, actions and desired outcomes have been identified.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Board of Management (incorporating the Strategic Report) For year ended 31 March 2022

Performance of Business

Key Performance Indicators are reported to the Board quarterly across a range of performance, satisfaction and financial indicators and reported annually to the regulator via the Annual return on the Charter and other key financial returns including this annual report. The association has also chosen to be a member of Housemark, a cost and outcomes benchmarking club as a means of promoting and evidencing value for money.

The following are the results in 2021/22 for specific key performance indicators.

Housing

The average void re-let period was 33 days in 2021/22 compared to 44 days in 2020/21. The target set was 25 days however continued lockdown restrictions have impacted on this performance. Re-let times have been improving although delivery issues in the final quarter stalled this recovery. The Covid restrictions had a major impact on our performance and we do anticipate that performance will improve. As a result the void letting performance and an increase in properties void during redevelopment overall rent loss was impacted – in 2021/22 we lost £398,872 (1.78%) compared to £203,727 (1.1%) in 2020/21.

The net current tenant rent arrears reduced to 1.2% compared to 2% in 2021/22. This reduction was achieved against the backdrop of the Covid pandemic and housing staff worked hard to support tenants apply for qualifying benefits and manage their rent accounts. Former tenants arrears valued at £55,416 was written off compared to £106,407 in 2020/21.

In March 2022 there were 1993 applicants on the housing list (2069 applicants in March 2021) and 700 tenancy offers were made in 2021/22 compared to 483 in 2020/21.

Asset Management

There were 17,313 reactive maintenance jobs in the year (15,396 in 20/21) with 98% completed right first time against a target of 92%. This equates to an average of 3.98 (3.54 in 2020/21) repairs per property in the year at an average reactive cost of £125 per reactive repair. There was increase in the total number of repairs that can be attributed to the easing of restrictions throughout the year and we were faced with the challenge of both contractor resource issues and the material sourcing throughout the year. Of the total, 6,722 repairs were emergencies and 99.55% were attended to within 4 hours, whilst urgent repairs have a target of 2 days and routine repairs are within 5 days. Our performance to these response targets is detailed here:

	Actual	Target
Emergency	99.55%	100%
Urgent	99.12%	98.5%
Routine	99.56%	98.5%

As at 31 March 2022, 99.61% of all properties (2,866) requiring a current gas safety certificate had one at the anniversary date. Access remained an issue for a smaller number of properties mostly related to despite due to Covid-19 concerns. All gas services have since been completed to the properties that were late.

The major repairs programme remains very challenging due to an over saturated Construction market, inflated tender costs and a shortage of labour and materials, with internal refurbishments carried out in Firhill Road, Maryhill Road, Windsor Street and North Woodside Road.

We now have achieved 99.4% compliance on EESSH having fitted 8 new Quantum heaters, 16 new gas fired boilers with the remaining upgrades being carried out in our Major Repair programmes in 2022.

As at 31 March 2022, 41% of our stock is assessed as meeting the Scottish Housing Quality Standard (SHQS), with the main failures due to new regulation on electrical inspections and inter-connected smoke detectors. Programmes are in place to ensure non-compliance is reduced in 22/23. At 31 March 2022, 82% of our properties met EESSH - the required Energy Efficiency standard - up from 76% the previous year. Whilst 1% of stock have been classified as non-compliant, there are 17% of properties where compliance is as yet unknown. A remedial plan has been established to ensure compliance in 22/23.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Board of Management (incorporating the Strategic Report) For year ended 31 March 2022

Operating and Financial Review

Customer satisfaction.

The association has a framework of engagement surveys across the range of its services.

From the most recent 2020/21 survey 83% of customers were satisfied by our overall service and 90% were satisfied with the standard on their home when moving in. 76% of tenants were satisfied with the repair service they received which is an area we wish to improve on as this has seen a decline in the last year. Conversely we have seen an improvement in tenants satisfied with their opportunities to participate in decision making, up to 81% from 75%.

Financial and non-financial key performance indicators

The Association's key objectives include the achievement of sound finances and good value for money in the delivery of its services. Central to this is ensuring the Association continues to demonstrate its financial viability through its 30 year cash-flow. The Association completes this 30 year plan using the BRIXX financial model. This model, the key assumptions within it and the key business risks for the Association are reviewed, validated and approved by the Board each year. It is the Board's view that these financial assumptions are prudent and realistic and should ensure that we can continue to deliver affordable rents. The key risks incorporated into the model are detailed in the risk assessment section. The Association's financial plan and cash forecast, the projection of operating surpluses and the major repairs and maintenance expenditure, retained reserves and borrowing assumptions behind them are central to the organisation's business plan. It is this business plan which projects the future flows of resources in and out of the Association and against which any new developments or activities are assessed. This assessment measures the benefits of new activity against any impact on the financial objectives described above.

Within the 2022/23 budgeting process the Board has sought to continue to meet the affordability measures we apply using the SFHA's affordability model. Balanced against this the association needs to ensure sufficient resources are available to meet its investment obligations on its existing stock and retain the breadth of its tenancy management and support services.

The Association is a member of the Housemark benchmarking club which provides the Association with a scorecard for its services in terms of their costs, quality, quantity and overall effectiveness of the services provided compared to a selected peer group.

The Housemark results for the 2020/21 year, the most recent data available, shows that the organisation continues to be in the upper quartile for performance measured by both satisfaction and performance against time to complete targets in its repairs services performance whilst costs are within the median of the peer group being £782 (up from £772 in 20/21). The number of repairs on each property each year is 3.5 which is just above the median. Its average which although increasing does again place the organisation in the 2nd upper quartile. Within Housing services our performance on rent arrear recovery as a percentage of total income is in the top quartile whilst our performance of universal credit tenants being in arrears is in the top quartile with 32% against the median of 50%. As an organisation we do have a higher direct cost per property for rent management and collection at £93.42 against the median of £86.46 but the organisation recognises this investment does result in improved performance. The overheads as a share of turnover % has steady improved over recent years at 13.4% and this now sits in the 2nd quartile, an improvement from lower quartile in the prior years as a result of various savings and changes.

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Report of the Board of Management (incorporating the Strategic Report)
For year ended 31 March 2022****Financial and non-financial key performance indicators (continued)**

The Association has a web based purchase order system to support better and controlled procurement and, in line with new procurement legislation, has developed new procurement policies and procedures which outline the required routes to market. These outline thresholds where the use of appropriate frameworks and or procurement portals, such as Public Contracts Scotland, are required and also suggests where social benefits should be included in any tendering exercise. It is continuing to review and re-procure its services and contracts on an on-going basis.

The Association continues to review its pension schemes for their affordability in line with each schemes' valuation cycle. For the SHAPS scheme the association has now adopted full FRS102 disclosure of the liability and the consequential deficit changes are incorporated within these results.

There continues to be uncertainty in relation to funding for supported housing programmes delivered both by the Association and by partners based in our properties. We have reviewed our funding streams and increased the level of service charges, for our supported housing projects, to maximise secure income whilst balancing affordability. We have also undertaken a full review of our leased properties to mitigate the potential risk of funding changes for partner care providers.

The Association wants to be in a position to take advantage of any development opportunities that arise. This is done by the accumulation of sufficient reserves over the business cycle, the prudent use of borrowing against assets when necessary, and the accessing of available funding opportunities to cover service and support costs. The level of major repairs work is determined from the 30 year asset lifecycle work-plan. The table below illustrates this point.

Association's results	2021/22	2020/21	2019/20	2018/19	2017/18
	£000's	£000's	£000's	£'000's	£' 000
Turnover	24,713	24,360	24,233	23,066	21,871
Operating expenditure	21,059	20,175	20,265	20,393	18,512
Operating surplus	3,654	4,200	3,969	2,673	3,357
Capitalised major repairs	1,661	1,325	1,179	2,879	9,204

The Association is required to meet financial covenants in respect of its borrowings which are linked to the level of surplus each year and so future commitments on major repairs spend must be affordable through retained surpluses.

The Association is currently on site completing investment projects that enable us to meet the Scottish Housing Quality Standard and this expenditure is incorporated into the budget plan. Over the next five years, the Association is budgeting to invest £33m on capital repairs to its housing stock. The Association has prioritised regeneration investment in key areas of its stock and is working with a number of contractors in accessing ECO funding to supplement the Association's investment plans and provide enhanced specifications in the works with the aim of making it easier and cheaper to heat our homes. The innovative ground source heating system installation at Westercommon was impacted by the contractor entering administration at a late stage of the programme and the Association has worked with alternate providers to complete the works. The refurbishment of the Cedar multi flats nears completion and the future of the investment programme will be meeting our EESH targets and delivering carbon saving measures.

The Association sees its wider contribution to the economic and social development of the area as very important. Whilst the Association's care work has been supported through supporting people income, our wider action activities benefit from other grant funding sourced by the Social Regeneration section. These services aim to be self-financing over the long term and make appropriate contributions to the support costs that help service them, however the Association has in the past contributed to them to ensure continuity of service provision. Given the current changes to the sector, the ability to do this going forward may be more limited. The business plan and risk strategy have highlighted the significance of this income in the overall financial objectives and this is an area where significant changes are likely to affect the Association in the future.

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Report of the Board of Management (incorporating the Strategic Report)
For year ended 31 March 2022****Capital Structure**

At the year-end borrowings totalled £56,273,931 (2021: £63,693,775). In 2018/19 the association prepared for the significant development project at Hamiltonhill by refinancing its loan portfolio. It secured two private placement bonds of £25m and £15m respectively from pension providers. These two bonds have terms of 22 and 30 years respectively with the £25m bond being amortised over the last 5 years of its term. This bond finance is supplement by two revolving credit facilities from the Clydesdale and Royal bank of Scotland. Over the past year the association reduced its revolving credit debt until the development programme progresses to a point where this is required.

	Fixed/Capped £	Floating/Callable £
Private placement bond	40,000,000	-
Royal Bank of Scotland	2,057,745	5,973,252
Clydesdale Bank	4,189,867	4,189,867
Amortised loan fees	-	(136,800)
	<hr/>	<hr/>
Total	£46,247,612	£10,026,319
	<hr/> <hr/>	<hr/> <hr/>

As part of the refinancing the banking covenants have been aligned to the revised business plan and updated to reflect current accounting rules.

Cash reserves continue to be placed on deposit with the Group's main banker, Clydesdale Bank and the Royal Bank of Scotland and with the Charities Aid Foundation. Going forward the board have agreed a deposit and investment strategy that allows short term credit to be repaid where possible to ensure interest costs are minimised. In the forward financial plan the current cash balance is forecast to fall as the development programme at Hamiltonhill commences and the major repair programme continues its investment in existing stock.

Development

The Association has led work with Scottish Canals and Glasgow City Council to develop a masterplan for the site at Hamiltonhill as part of a wider regeneration of the canal corridor. The masterplan contains proposals for the development of 670 units across this extensive site in a mix of tenures. This will include up to 350 for sale, built by a developer in partnership with QCHA. The regeneration of the Hamiltonhill area as part of the wider canal strategy with Scottish Canals and Glasgow City Council presents a number of potential development opportunities for the Association and will be the central focus for the Association in the next few years. The overall site is now fully in Association ownership with planning permission in principle granted and the first phase of 208 units (178 for rent) has full Planning approval. Advanced works packages have been completed with ground consolidation of the first phase site and a sustainable drainage system linking the site to the Canal, all 100% grant funded at this time. The Association has identified a preferred Developer/Contractor through the Robertson Group and expect to achieve a site start on phase 1 of the new housing in June 2022. As already outlined, the Association has used the financing need of the Hamiltonhill development as an opportunity to restructure its overall loan portfolio and has secured seek access bond finance supplemented with two revolving credit facilities.

Social Regeneration Initiatives

2021/22 saw us rebuild our programme of social regeneration activity after Covid 19. Pre-covid the Association had a programme of social regeneration activities running 6 days per week. All 'physical' activities were brought to a halt and community facilities were closed. During the pandemic the Social Regeneration Team responded to the challenges presented by the pandemic, including obtaining funding and working with partners to introduce a new food delivery service, bringing in funding to help with set up costs of a new community pantry in one of our community facilities and moved activities and sessions online. Our programme of activity rebuilt as restrictions eased during 2021/22, building back up to a blended programme of over 30 sessions per week, including Saturdays. The team brought in over £200,000 of external funding to help deliver our community based and online

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Board of Management (incorporating the Strategic Report) For year ended 31 March 2022

activities. Highlights including restarting in person youth groups, delivering a summer programme for local children, providing free meals and fun activities, delivering a programme of online ESOL classes for local people seeking to learn or improve their English language skills and, hosting a successful Chinese New Year event in February. We continued to promote health and wellbeing running a programme of walking groups, led cycle rides, cook at home “flat pack meals” and obtained funding to install a secure bike shelter for residents in our high rise flats at Cedar Street. The team delivered an activity programme for older people intended to tackle social isolation and promote health and wellbeing, this included almost 200 home delivered Easter High Teas during a time of ongoing restrictions. The team also ran a programme of digital inclusion that built back up to 5 digital drop in’s per week as well as supporting people to get digitally connected by accessing digital inclusion opportunities such as Connecting Scotland. A new prominent community mural was also the outcome of a community arts project that involved extensive community engagement.

Risk and Uncertainties

As part of the business planning process the Group has put into place an enhanced risk review policy. Risks are defined as events that will impact on the achievement of the business plan objectives. Arising from these processes the key risks are identified and scored for their impact and probability. Strategies to address these risks have been drawn up.

Significant risks identified are:

- Increasing arrears as a result of the cost of living crisis, utility cost rises, welfare benefit changes and the continuing impact of Covid 19. The Association aims to monitor performance carefully in this area and has made specific adjustments to forward budget forecasts, service delivery and communication to tenants through the welfare reform strategy. It has also invested in Rentconnect, a software application to assist arrears management.
- The Association continues within its financial planning to limit the assumption of rent growth over and above inflation. Our aim is, where possible, to ensure that our rents continue to be affordable as shown by the SHFA rent affordability tool;
- Inflationary pressures, over and above those factored into the current business plan, on maintenance and major repairs expenditure may be an area of concern. This is especially significant now with the impact of Covid 19 and the resultant delay for many major projects and Brexit impacting component availability. The business plan does make prudent estimates on the prospects for cost and income growth;
- The Association saw a considerable increase in its pension scheme contributions to the SHAPS pension scheme in 2016/17 as a result of the triennial pension valuation. It was decided in 2016 to close the final salary scheme and transfer staff into a CARE 1/80th closed scheme and offer the CARE 1/120th scheme to new members of staff. The Association also offers a defined contribution scheme which it is using to meet its pension auto enrolment obligations. It will continue to explore options to mitigate the risks in this area with a further valuation due in 2022/23;
- The Association was advised that funding for its Sheltered Housing services from Glasgow City Council would end from December 2017. The Association has worked with Social Work Services on reworking the model of care and is now delivering through an Older People’s Service model.
- Reductions in levels of capital grant for securing progress on development plans which would increase the need for private finance to facilitate new schemes; and
- Interest rate increases which would have an interest cost impact for the Association. The Association is actively managing this risk through a rate hedging strategy covered in more detail in the Capital Structure section (page 6) and accessing long term bond finance.
- The Association has always had a robust approach to fire safety. Following the Grenfell Tower fire and the subsequent and on-going reviews there may be a requirement for additional investment, with an as yet unidentified financial impact. The forward financial plan makes provision to install an integrated fire and smoke detection system in all our properties over the next couple of years.

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Report of the Board of Management (incorporating the Strategic Report) For year ended 31 March 2022

In addition to the embedded risk policy, specific risks are also considered within the internal management plan with mitigating actions drawn up.

Future Plans

The Association continues to identify other future potential sites that it would like to develop and will consider these in line with its development strategy and an assessment of each one's financial viability and cash-flow calculation and funding availability. In addition to Hamiltonhill the association has sites at Glenfarg Street and Burnbank gardens and is working up plans for these sites. Going forward the association would be interested in developing homes on the site of the old Woodside health centre.

Over and above the core housing business, the Association will continue to seek and secure external funding for its wider role activities in pursuance of its charitable aims.

Accounting Policies

The accounting policies applied by the Group are detailed in the notes to the accounts. It is useful here to note the key policies that affect the figures in the annual report. Property is recorded at the historical cost of construction and has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. Deferred Capital grant is held as a creditor on the Statement of Financial Position and in line with FRS 102, it is amortised to the Statement of Comprehensive Income over the useful life of the asset.

The Board of Management and Executive Officers

The Board of Management and executive officers of the Association are listed on page 1.

Each elected member of the Board of Management holds one fully paid share of £1 in the Association although independent members do not require to be members. The executive officers of the Association hold no interest in its share capital and, although not having the legal status of directors, they act as executives within the authority delegated by the Board of Management.

Governance

The Association is regulated by the Scottish Housing Regulator and managed by an elected Board of Management. The Board of Management has overall responsibility for managing the Association's finances and is supported by the Audit Sub-Committee who have specific responsibility for overseeing the financial controls of the Association. The Audit Sub-Committee meets quarterly, and the Committee is supported by the work of both the internal and external auditors. The Scottish Housing Regulator's latest regulation plan classifies the Association as being one which they see as having a medium engagement at this time. The Board of Management is charged with overseeing the management of the Association and monitoring its financial and non-financial performance.

Health and Safety

The Board and senior staff of the Association and its subsidiaries are aware of their responsibilities with regards to health and safety, and are working to embed a risk management culture across the Group. The Association and its subsidiary prepare detailed policies on health and safety and provide appropriate training and education to all staff on these areas.

Staff and Equality and Diversity

The association employed on average 215 full time equivalent staff across the year with a staff turnover of 10.7%. The association lost 5% of available days through staff sickness up from 4.3% in 2020/21 with this continuing to be impacted by covid over the period.

Our recent annual staff survey results indicate that 3% of staff identify as Asian black or mixed ethnicity whilst 3.5% have a disability.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Board of Management (incorporating the Strategic Report) For the year ended 31 March 2022

Through our tenant survey results we know 10% of our tenants are of Asian black or mixed ethnicity whilst 33% of tenants regard themselves as having a disability. With this in mind it is our belief that these groups may be under-represented in our workforce and we will strive to improve this.

Queens Cross Housing Association Limited is committed to promoting an environment of respect and understanding, encouraging diversity and eliminating discrimination by providing equality of opportunity for all. Throughout the Association there will be a consistent approach to promoting equality and diversity across all areas. In addition to our statutory responsibility contained in the Housing Scotland Act 2010 we are keen to create safe and inclusive neighbourhoods and an environment where people can live and work without experiencing any form of discrimination or harassment.

Investors in People

The Association has Investors in People Gold status and the organisation will continue to put a high priority on establishing standards and systems to support its service delivery. The recruitment, retention and development of high quality staff who support the aims and values of the organisation will continue to be central to the Association. The Association has been recognised with a Best Companies award One Star organisation award.

Agency Work

We have also been active in providing agency services to other housing associations including property development, clerk of works services, marketing of property for sale, and general housing management. The provision of services to others ensures the effective use of our staff resource, and is a source of income to the Association.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Statement on Internal Financial Controls

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

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

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

- (a) Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- (b) Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- (c) Forecasts and budgets are prepared which allow the Board and management to monitor the key business risks and financial objectives, and progress towards financial plans set out for the year. During the financial year, regular management accounts are prepared promptly, providing relevant, reliable and up to date financial and other information. Significant variances from budgets are investigated as appropriate;
- (d) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the relevant sub-committees which are comprised of Board of Management members;
- (e) The Association has appointed a firm of accountants, on a consultancy basis, as internal auditor with the specific responsibility of assessing the adequacy and reliability of the system of internal financial control. The results of such reviews are reported to the Audit Sub-Committee;
- (f) The Board of Management reviews reports from the external auditor to provide reasonable assurance that control procedures are in place and are being followed; and
- (g) Formal practices have been established for instituting appropriate action to correct weaknesses identified from the reports of the external and internal auditors.

The Board of Management have reviewed the effectiveness of the system of internal financial control in existence in the Group for the year ended 31 March 2022. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Related Party Transactions

Some members of the Board of Management are tenants. Their tenancies are on the Association's normal tenancy terms and, in common with other members of the Board of Management, they cannot use their positions to their advantage. Details of transactions with Board members can be found at note 33.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

**Report of the Board of Management (incorporating the Strategic Report)
For year ended 31 March 2022**

Charitable Donations

During the year the Group made charitable donations to other parties amounting to £18,813 (2021: £1,600).

Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are members of the Board of Management at the time the report is approved:

- So far as each Board member is aware, there is no relevant information of which the Group's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Board member in order to make himself/herself aware of any relevant information, and to establish that the Group's auditor is aware of the information.

Auditor

External Audit services were retendered in 2022 and Wylie and Bisset (Audit) Limited appointed for a three year period.

By order of the Board of Management



Andrew Burns

Chair

Dated: 02 September 2022

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Statement of the Board of Management's Responsibilities For the year ended 31 March 2022

Housing Association legislation requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for the year ended on that date. In preparing those financial statements the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association.

The Board is also responsible for safeguarding the assets of the Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Report of the Auditor to the Members of Queens Cross Housing Association Limited
For the year ended 31 March 2022****Opinion**

We have audited the consolidated financial statements of Queens Cross Housing Association Limited for the year ended 31 March 2022 which comprise the Group and Association's Statement of Comprehensive Income, the Group and Association's Statement of Changes in Capital and Reserves, the Group and Association's Statement of Financial Position, the Group's Statement of Cash Flows and the related notes. 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 Group's and of the Association's affairs as at 31 March 2022 and of the Group's and Association's income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator.

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 responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to 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 board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The board are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Auditor to the Members of Queens Cross Housing Association Limited For the year ended 31 March 2022

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Association 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 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 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 Statement of the Board of Management's Responsibilities set out on page 13, the Board of Management is responsible for the preparation of financial statements which give a true and fair view, and for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error..

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

Auditor 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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures in response to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations we considered the following:

- The nature of the association and the industry, control environment and business performance including performance targets; and
- Our enquiries of management about their identification and assessment of the risks of irregularities.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Auditor to the Members of Queens Cross Housing Association Limited For the year ended 31 March 2022

Based on our understanding of the association and the industry we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to;

- Regulations and legislation pertinent to the company's industry operations including compliance with the Scottish Housing Regulator; and
- UK tax legislation

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks were related to;

- Posting inappropriate journal entries; and
- Management bias in accounting estimates.

Audit response to the risks identified;

Our procedures to respond to the risks identified included the following:

- -Gaining an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates including the requirements of the Scottish Housing Regulator;
- -Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management and legal advisors concerning actual and potential litigation and claims;
- Reviewing correspondence with HMRC;
- -In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments' assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and, evaluating business rationale of any significant transactions that are unusual or outside the normal course of business


We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would be to become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 association's members, as a body, in accordance with section 87 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.


Wylie & Bisset (Audit) Limited, Statutory Auditor
Chartered Accountants
168 Bath Street
Glasgow
G2 4TP

Dated: 30 August 2022

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Auditor to the Board of Management of Queens Cross Housing Association Limited on Corporate Governance Matters For the year ended 31 March 2022

In addition to our audit of the financial statements, we have reviewed your statements on page 11 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2009/4 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 your Statement on Internal Financial Controls on page 11 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



Wylie & Bisset (Audit) Limited, Statutory Auditor
Chartered Accountants
168 Bath Street
Glasgow
G2 4TP

Dated: 30 August 2022

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Group Statement of Comprehensive Income
For the year ended 31 March 2022**

	Note	2022 £	2021 £
Turnover	4	26,568,454	26,004,894
Operating expenditure	4	(22,427,025)	(21,245,168)
Operating surplus	4	4,141,429	4,759,726
Gain/(decrease) on disposal of property, plant and equipment		(82,950)	22,670
Increase in value of investment properties	17	(235,000)	310,000
Interest receivable and other income	7	140,953	279,716
Interest payable and similar charges	8	(2,186,698)	(2,301,936)
Surplus before tax		1,777,734	3,070,176
Taxation	12	(4,986)	(107,038)
Surplus for the year		1,772,748	2,963,138
Other comprehensive income			
Actuarial gain/(loss) on the defined benefit pension scheme	31	3,322,000	(3,164,000)
Total comprehensive income/(expenditure) for the year		5,094,748	(200,862)

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Association Statement of Comprehensive Income
For the year ended 31 March 2022**

	Note	2022 £	2021 £
Turnover	4	24,713,319	24,359,797
Operating expenditure	4	(21,059,220)	(20,159,526)
Operating surplus	4	<u>3,654,099</u>	<u>4,200,271</u>
Gift aid income		40,000	40,000
(Loss)/Gain on disposal of property, plant and equipment		(82,950)	22,670
Decrease in value of investment properties	17	(275,000)	-
Interest receivable and other income	7	102,105	237,514
Interest payable and similar charges	8	(2,186,698)	(2,301,936)
Surplus before tax		<u>1,251,556</u>	<u>2,198,519</u>
Taxation	12	-	-
Surplus for the year		<u>1,251,556</u>	<u>2,198,519</u>
Other comprehensive income			
Actuarial gain/(loss) on the defined benefit pension scheme	31	<u>3,322,000</u>	<u>(3,164,000)</u>
Total comprehensive income/(expenditure) for the year		<u><u>4,573,556</u></u>	<u><u>(965,481)</u></u>

The results for the year relate wholly to continuing activities

The notes form part of these financial statements.

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Group Statement of Changes in Capital and Reserves at 31 March 2022**

	Share Capital £	Revenue Reserves £	Other Reserves £	Total Reserves £
Balance at 1 April 2021	141	58,643,553	604,132	59,247,826
Share capital issued	3	-	-	3
Share capital cancelled	(23)	-	-	(23)
Total comprehensive income	-	5,094,748	-	5,094,748
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2022	<u>121</u>	<u>63,738,301</u>	<u>604,132</u>	<u>64,342,554</u>

Group Statement of Changes in Capital and Reserves at 31 March 2021

	Share Capital £	Revenue Reserves £	Other Reserves £	Total Reserves £
Balance at 1 April 2020	267	58,973,910	474,637	59,488,814
Share capital issued	4	-	-	4
Share capital cancelled	(130)	-	-	(130)
Total comprehensive income	-	(200,862)	-	(200,862)
Transfer to/(from) revenue reserve	-	(129,495)	129,495	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2021	<u>141</u>	<u>58,643,553</u>	<u>604,132</u>	<u>59,247,826</u>

The notes form part of these financial statements.

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Association Statement of Changes in Capital and Reserves at 31 March 2022**

	Share Capital £	Revenue Reserves £	Total Reserves £
Balance at 1 April 2021	141	44,965,477	44,965,618
Share capital issued	3	-	3
Share capital cancelled	(23)	-	(23)
Total comprehensive income	-	4,573,556	4,573,556
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2022	121	49,539,033	49,539,154
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Association Statement of Changes in Capital and Reserves at 31 March 2021

	Share Capital £	Revenue Reserves £	Total Reserves £
Balance at 1 April 2020	267	45,930,958	45,931,225
Share capital issued	4	-	4
Share capital cancelled	(130)	-	(130)
Total comprehensive income	-	(965,481)	(965,481)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2021	141	44,965,477	44,965,618
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements.

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Group Statement of Financial Position
As at 31 March 2022**

	Note	2022 £	2021 £
Tangible fixed assets			
Housing properties	13	137,876,248	139,122,954
Intangible fixed assets	14	2,321	3,094
Other fixed assets	17	17,562,763	17,622,033
		<u>155,441,332</u>	<u>156,748,081</u>
Current assets			
Debtors (amounts falling due within one year)	19	820,705	1,250,264
Stock and work in progress	20	4,278	3,714
Investments	21	25,712,934	25,653,684
Cash and cash equivalents	22	14,686,510	18,522,616
		<u>41,224,427</u>	<u>45,430,278</u>
Creditors: amounts falling due within one year	23	<u>(9,741,813)</u>	<u>(8,874,315)</u>
Net current assets		<u>31,482,614</u>	<u>36,555,963</u>
Total assets less current liabilities		186,923,946	193,304,043
Creditors: amounts falling due after more than one year	24	(123,577,541)	(131,323,222)
Pension asset/(liability)	31	1,162,519	(2,566,810)
Deferred tax	27	(166,370)	(166,185)
		<u>64,342,554</u>	<u>59,247,826</u>
Net assets		<u>64,342,554</u>	<u>59,247,826</u>
Capital and reserves			
Share capital	28	121	141
Revenue reserve	29	63,738,301	58,643,553
Other reserves	29	604,132	604,132
		<u>64,342,554</u>	<u>59,247,826</u>

The financial statements were authorised for issue by the Board of Management on 30 August 2022 and were signed on its behalf by:

Andrew Burns



Chair

Anne Ramsey



Vice Chair

Sadie Gordon



Vice Chair

The notes form part of these financial statements.

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Association Statement of Financial Position
As at 31 March 2022**

	Note	2022 £	2021 £
Tangible fixed assets			
Housing properties	13	137,876,248	139,122,954
Other fixed assets	17	2,168,968	2,409,184
		<u>140,045,216</u>	<u>141,532,138</u>
Investments	18	<u>1</u>	<u>1</u>
		<u>140,045,217</u>	<u>141,532,139</u>
Current assets			
Debtors (amounts falling due after more than one year)	19	491,090	597,160
Debtors (amounts falling due within one year)	19	547,160	952,061
Investments	21	25,712,935	25,653,685
Cash and cash equivalents	22	12,927,222	17,035,510
		<u>39,678,407</u>	<u>44,238,416</u>
Creditors: amounts falling due within one year	23	<u>(8,618,082)</u>	<u>(7,869,084)</u>
Net current assets		<u>31,060,325</u>	<u>36,369,332</u>
Total assets less current liabilities		171,105,541	177,901,471
Creditors: amounts falling due after more than one year	24	(122,728,906)	(130,369,043)
Pension liability	31	1,162,519	(2,566,810)
Net assets		<u>49,539,154</u>	<u>44,965,618</u>
Capital and reserves			
Share capital	28	121	141
Revenue reserve	29	49,539,033	44,965,477
		<u>49,539,154</u>	<u>44,965,618</u>

The financial statements were authorised for issue by the Board of Management on 30 August 2022 and were signed on its behalf by:

Andrew Burns



Chair

Anne Ramsey



Vice Chair

Sadie Gordon



Vice Chair

The notes form part of these financial statements.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

**Group Statement of Cash Flows
For the year ended 31 March 2022**

	Notes	2022	2021
		£	£
Net cash generated from operating activities	1	8,164,466	8,681,995
Cashflow from investing activities			
Purchase of property, plant and equipment		(4,096,644)	(7,213,400)
Purchase of other fixed assets		(425,671)	-
Proceeds from sale of fixed assets		-	137,141
Grants received		2,259,478	5,824,339
Repayment of deferred capital government grant		(109,279)	(93,646)
Interest received		140,953	279,716
		<u>(2,231,163)</u>	<u>(1,065,850)</u>
Cashflow from financing activities			
Interest paid		(2,186,698)	(2,301,936)
Repayment of borrowings		(7,523,463)	(845,371)
Deposits in current asset investments		(59,250)	(2,174,466)
Issue of share capital		3	4
		<u>(9,769,408)</u>	<u>(5,321,769)</u>
Net change in cash and cash equivalents		(3,836,106)	2,294,377
Cash and cash equivalents at 1 April 2021		18,522,616	16,228,239
Cash and cash equivalents at 31 March 2022		<u>14,686,510</u>	<u>18,522,616</u>
		<u>(3,836,106)</u>	<u>2,294,377</u>

Analysis of net debt - Group

	Note	1 st April 2021	Cashflow	Other non cash changes	31 st March 2022
		£	£	£	£
Cash & cash equivalents		18,522,616	(3,836,106)	-	14,686,510
Borrowings					
Loans due within one year	24	(786,964)	(1,527)	-	(788,491)
Loans due after one year	25	(63,684,290)	7,524,990	-	(56,159,300)
Total net debt		<u>(45,948,638)</u>	<u>3,687,357</u>	<u>-</u>	<u>(42,261,281)</u>

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Group Statement of Cash Flows
For the year ended 31 March 2022****1. Net cash generated from operating activities**

	2022	2021
	£	£
Surplus/(Deficit) for the year	1,777,734	(3,070,176)
<u>Adjustments for non cash items</u>		
Depreciation of property assets	5,260,400	5,238,291
Amortisation	773	1,031
Depreciation of other fixed assets	249,941	207,588
(Increase) in stock	(564)	(444)
Decrease in debtors	429,559	158,434
Increase in creditors	653,658	1,174,838
SHAPS past deficit movements	(407,329)	(668,000)
Loss/(Gain) on disposal of other fixed assets	82,950	(22,670)
<u>Adjustments for investing and financing activities</u>		
Decrease/(Increase) in valuation of investment properties	235,000	(310,000)
Interest payable	2,186,698	2,301,936
Interest received	(140,953)	(279,716)
Release of deferred capital government grant	(2,158,392)	(2,172,827)
Forfeited share capital	(23)	(130)
Taxation received	(4,986)	(16,512)
	<hr/>	<hr/>
Net cash generated from operating activities	<u>8,164,466</u>	<u>8,681,995</u>

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

1. General Information

The consolidated financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018. The principal accounting policies are set out below:

The preparation of these financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies (see note 3).

The presentation currency is pounds sterling and the financial statements are rounded to the nearest whole number.

The Association is a Co-operative and Community Benefit Society Limited by shares and is incorporated in the United Kingdom. The Association is a registered social landlord in Scotland and its registered number is 172. The registered address is 45 Firhill Road, Glasgow G20 7BE.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities.

2. Principal accounting policies

Introduction and accounting basis

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards. The effect of events relating to the year ended 31 March 2022, which occurred before the date of approval of the financial statements by the Board of Management have been included in the financial statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2022 and of the results for the year ended on that date.

Basis of consolidation

The Group financial statements consolidate those of the Associations and its subsidiary undertakings drawn up to 31 March 2022. Profit or losses on intra-group transactions are eliminated in full in accordance with FRS 102.

New subsidiaries joining the Group are accounted for under section 19.6 of FRS102, as combinations that are in substance a gift using acquisition accounting. Any gain on acquisition is recognised through the Statement of Comprehensive Income as a gain on business combination. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. On joining the Group, an exercise is undertaken to align subsidiary accounting policies to the Group policies which may result in restatement of comparative figures in the subsidiary results prior to consolidation.

Going concern

The Group has a healthy cash position and the Board of Management anticipate a surplus for 2022/23 and 2023/24. The Board is satisfied that there are sufficient resources in place to continue operating for the foreseeable future and meet the planned capital investment programme over the next 5 years with finance facilities in place. Forward cash-flow forecasts have been prepared for the Board to evidence this forward viability. Thus the Board continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Association

Turnover represents rental and service charge income and fees or revenue grants receivable from Glasgow City Council, the Scottish Government, and other sources. Also included is any income from first tranche shared ownership disposals.

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****2. Principal accounting policies (continued)*****Subsidiaries***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Apportionment of management expenses

Direct employee, administration and operating expenditure have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

The costs of cyclical and major repairs are charged to the Statement of Comprehensive Income in the year in which they are incurred.

Interest receivable

Interest income is recognised in the Statement of Comprehensive Income using the effective interest rate method.

Interest payable

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Lessor

The Association rents out commercial property under formal leases. The rental income is recognised within other activities (note 6) on an accruals basis and when the Association is entitled to that income.

Fixed assets - Housing properties

Housing properties are stated at cost, less accumulated depreciation. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings;
2. Development expenditure including administration costs; and
3. Capitalisation of interest during the development phase.

These costs are either termed "qualifying costs" by the Scottish Government for approved social housing grant or are considered for mortgage loans by the relevant lending authorities or are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value are included in the accounts for the year, provided that the dates of issue or valuation are prior to the year-end.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

2. Principal accounting policies (continued)

Shared equity

On completion of construction, shared equity units are held in stock along with the grant received. On completion of the first tranche sale, the Association's obligation ceases and the cost and grant are de-recognised through the Statement of Comprehensive Income.

Fixed assets – investment properties

Investment properties are initially recorded at cost. Thereafter investment properties are held at market value with any changes in market value recognised in the Statement of Comprehensive Income.

Fixed assets – other fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'operating expenditure' in the Statement of Comprehensive Income.

Depreciation

1. Housing properties

Housing properties are stated at cost less accumulated depreciation. Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. The following major components and useful lives have been identified by the Group:

- Land - not depreciated
- Structure - over 50 years
- Windows/Doors - over 30 years
- Bathroom - over 30 years
- Electrical - over 30 years
- Roofing - over 30 years
- Boiler plumbing - over 15 years
- Kitchen - over 15 years
- Lifts - over 10 years

In the year of addition, the component is depreciated from the date of addition.

In the year of disposal, the net book value of the component being replaced is written off and is included in the depreciation charge for the year.

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****2. Principal accounting policies (continued)****Depreciation (continued)**

2. Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life. The following rates have been used:-

Leasehold Property	-	Over the lease term
Furniture, Fittings & Equipment	-	15 - 25% on cost
Computer Equipment	-	25% reducing balance

A full year's depreciation is charged in the year of purchase.

No charge is made in the year of disposal.

Development administration costs

Development administration costs relating to development activities are capitalised based on an apportionment of the staff time spent directly on this activity.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to sell.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Rental arrears

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in note 20.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****2. Principal accounting policies (continued)****Current asset investments**

Current asset investments are represented by long term deposits with financial institutions repayable after more than three months.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Group has transferred substantially all the risks and rewards or ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Government capital grants

Government Capital Grants, at amounts approved by The Scottish Government or Glasgow City Council, are paid directly to the Group as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Group to recognise income on a systematic basis over the period in which the Group recognises the related costs for which the grant is intended to compensate.

Government revenue grants

Government revenue grants are recognised using the accrual model which means the Group recognises the grant in income on a systematic basis over the period in which the Group recognises the related costs for which the grant is intended to compensate.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

2. Principal accounting policies (continued)

Non-government capital and revenue grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Loans

Mortgage loans are advanced by Private Lenders under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by the Scottish Government.

Financial commitments

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

The principal office premises of the Group are held on a full repairing lease. The lease termination date is 2023.

Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date in the United Kingdom where the group operates and generates income.

Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the Statement of Financial Position date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

2. Principal accounting policies (continued)

Pensions (note 31)

Strathclyde Pension Fund

In accordance with FRS 102, the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

Scottish Housing Association Pension Scheme (SHAPS)

The Association participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and retirement benefits to employees 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 entities taken as a whole.

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.

Thus the Scheme is accounted for as a defined contribution scheme. However the Group has entered into a past service deficit repayment agreement with the Pension Trust and per FRS 102, this discounted past service deficit liability has been recognised in the Statement of Financial Position.

Other Reserves

In line with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities), any gain on revaluation is recognised in the Statement of Comprehensive Income. As this gain is non-distributable a transfer has been made to other reserves in order to keep this separate from distributable reserves.

3. Judgements in applying policies and key sources of estimation uncertainty

Estimate

Useful lives of property, plant and equipment

The main components of housing properties and their useful lives

Recoverable amount of rental and other trade receivables

The obligations under the SHAPs pension scheme and the Strathclyde pension scheme

The valuation of investment properties

Basis of estimation

The useful lives of property, plant and equipment are based on the knowledge of senior management at the Group, with reference to expected asset life cycles.

The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.

Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.

This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

The investment properties were valued by an appropriately qualified surveyor using market data at the date of valuation.

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements****For the year ended 31 March 2022****4. Particulars of Turnover, Operating Expenditure and Operating Surplus/(Deficit)**

Group	2022			2021		
	Turnover	Operating Expenditure	Operating Surplus / (Deficit)	Turnover	Operating Expenditure	Operating Surplus / (Deficit)
	£	£	£	£	£	£
Social Lettings (Note 5)	22,328,540	(17,318,094)	5,010,446	22,272,283	(16,658,182)	5,614,101
Other activities (Note 6a)	1,864,779	(3,221,126)	(1,356,347)	1,643,514	(3,073,169)	(1,429,655)
Queens Cross Factoring Limited	1,444,069	(1,415,468)	28,601	1,278,973	(1,184,915)	94,058
Queens Cross Workspace group	931,066	(472,337)	458,729	810,124	(328,902)	481,222
	<u>26,568,454</u>	<u>(22,427,025)</u>	<u>4,141,429</u>	<u>26,004,894</u>	<u>(21,245,168)</u>	<u>4,759,726</u>

Association	2022			2021		
	Turnover	Operating Expenditure	Operating Surplus / (Deficit)	Turnover	Operating Expenditure	Operating Surplus / (Deficit)
	£	£	£	£	£	£
Social Lettings (Note 5)	22,328,540	(17,318,094)	5,010,446	22,272,283	(16,658,182)	5,614,101
Other activities (Note 6b)	2,384,779	(3,741,126)	(1,356,347)	2,087,514	(3,501,344)	(1,413,830)
	<u>24,713,319</u>	<u>(21,059,220)</u>	<u>3,654,099</u>	<u>24,359,797</u>	<u>(20,159,526)</u>	<u>4,200,271</u>

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements****For the year ended 31 March 2022****5. Particulars of turnover, operating expenditure and operating surplus from social letting activities**

Association	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2022 Total £	2021 Total £
Income from rent and service charges					
Rent receivable net of service charges	16,996,010	2,284,436	117,986	19,398,432	19,153,697
Service charges	193,932	910,553	-	1,104,485	1,119,077
Gross income from rents and service charges	17,189,942	3,194,989	117,986	20,502,917	20,272,774
Less voids	(352,204)	(46,668)	-	(398,872)	(217,651)
Net income from rents and service charges	16,837,738	3,148,321	117,986	20,104,045	20,055,123
Release of deferred Government capital grants	1,905,843	252,548	-	2,158,391	2,171,449
Grants from the Scottish Ministers	-	66,104	-	66,104	45,711
Total turnover from social letting activities	18,743,581	3,466,973	117,986	22,328,540	22,272,283
Expenditure					
Management and maintenance administration costs	(5,102,793)	(669,598)	(112,176)	(5,884,567)	(5,763,335)
Service charges	(107,908)	(14,298)	-	(122,206)	(127,012)
Planned cyclical maintenance	(1,515,607)	(198,881)	-	(1,714,488)	(1,906,050)
Reactive maintenance costs	(3,710,953)	(486,958)	-	(4,197,911)	(3,503,351)
Bad debts – rents and service charge	(48,932)	(6,484)	-	(55,416)	(106,407)
Depreciation of social housing*	(4,723,659)	(619,847)	-	(5,343,506)	(5,252,027)
Operating expenditure for social letting activities	(15,209,852)	(1,996,066)	(112,176)	(17,318,094)	(16,658,182)
Operating surplus on letting activities - 2022	3,533,729	1,470,887	5,810	5,010,446	5,614,101
Operating surplus on letting activities - 2021	4,149,995	1,457,019	7,087	5,614,101	5,614,101

This is made up of £5,047,957 (2021: £4,972,574) depreciation charge per note 13 and the loss on disposal of components of £295,549 (2021: £279,453) included in depreciation in accordance with the SORP as per note 13. Depreciation of £154,074 (2021: £192,062) in relation to other fixed assets per note 17 is included as an administration costs.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

6a. Particulars of turnover, operating expenditure and operating surplus/(deficit) from other activities - Group

Group	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover		Other operating expenditure		Operating surplus/(deficit)	
	£	£	£	£	2022	2021	2022	2021	2022	2021
	£	£	£	£	£	£	£	£	£	£
Wider role activities #	92,422	211,998	-	-	304,420	270,045	(742,236)	(764,940)	(437,816)	(494,895)
Development and construction of property activities	39,070	-	-	144,232	183,302	49,777	(587,050)	(466,647)	(403,748)	(416,870)
Support activities	-	-	748,341	185,012	933,353	966,087	(1,891,840)	(1,840,972)	(958,487)	(874,885)
Other agency / management services	-	-	-	-	-	-	-	(610)	-	(610)
Other activities	-	-	-	49,786	49,786	45,330	-	-	49,786	45,330
Car park income	-	-	-	89,412	89,412	86,850	-	-	89,412	86,850
Furlough grant	-	-	-	15,741	15,741	225,425	-	-	15,741	225,425
RHI energy payments	-	-	-	288,765	288,765	-	-	-	288,765	-
Total from other activities, 2022					<u>1,864,779</u>		<u>(3,221,126)</u>		<u>(1,356,347)</u>	
Total from other activities, 2021	<u>21,490</u>	<u>473,979</u>	<u>730,754</u>	<u>861,310</u>		<u>1,643,514</u>		<u>(3,073,169)</u>		<u>(1,429,655)</u>

Undertaken to support the community, other than the provision, construction, improvement and management of housing. The deficit is a result of both overheads and our commitment to fund areas like youth employability even when the grant funding declines. There is a specific action plan in place to tackle this deficit.

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements****For the year ended 31 March 2022****6b. Particulars of turnover, operating expenditure and operating surplus / (deficit) from other activities - Association**

Association	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover		Other operating expenditure		Operating surplus/(deficit)	
					2022	2021	2022	2021	2022	2021
	£	£	£	£	£	£	£	£	£	£
Wider role activities	92,422	211,998	-	-	304,420	270,045	(742,236)	(764,940)	(437,816)	(494,895)
Development and construction of property activities	39,070	-	-	144,232	183,302	49,777	(587,050)	(466,647)	(400,748)	(416,870)
Support activities	-	-	748,341	185,012	933,353	966,087	(1,937,468)	(1,825,147)	(1,004,115)	(859,060)
Other agency / management services	-	-	-	520,000	520,000	444,000	(474,372)	(444,610)	45,628	(610)
Other activities	-	-	-	49,786	49,786	45,330	-	-	49,786	45,330
Car park income	-	-	-	89,412	89,412	86,850	-	-	89,412	86,850
Furlough grant	-	-	-	15,741	15,741	225,425	-	-	15,741	225,425
RHI Energy Payments	-	-	-	288,765	288,765				288,765	
Total from other activities - 2022	<u>131,492</u>	<u>211,998</u>	<u>748,341</u>	<u>1,292,948</u>	<u>2,384,779</u>		<u>(3,741,126)</u>		<u>(1,356,347)</u>	
Total from other activities - 2021	<u>108,039</u>	<u>383,307</u>	<u>470,134</u>	<u>874,137</u>		<u>2,087,514</u>		<u>(3,501,344)</u>		<u>(1,413,830)</u>

Undertaken to support the community, other than the provision, construction, improvement and management of housing. The deficit is a result of both overheads and our commitment to fund areas like youth employability even when the grant funding declines. There is a specific action plan in place to tackle this deficit.

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****7. Interest receivable and other income**

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Interest receivable on deposits	140,953	279,716	65,375	197,999
Interest receivable from subsidiary loan	-	-	36,730	39,515
	<u>140,953</u>	<u>279,716</u>	<u>102,105</u>	<u>237,514</u>

8. Interest payable and similar charges

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
On private loans	2,135,698	2,295,036	2,135,698	2,295,036
Defined benefit finance charge (note 31)	51,000	6,900	51,000	6,900
	<u>2,186,698</u>	<u>2,301,936</u>	<u>2,186,698</u>	<u>2,301,936</u>

9. Directors' Emoluments

The directors are defined as the members of the Board of Management, the Chief Executive and any other person reporting directly to the Chief Executive or the Board of Management. No emoluments were paid to any member of the Board of Management during the year. The Association considers key management personnel to be the Board of Management and the senior management team (the Executive Officers as per page 1) of the Association only.

	2022	2021
	£	£
Emoluments of Chief Executive (excluding pension contributions)	<u>116,517</u>	<u>114,467</u>

Pension contributions in respect of the Chief Executive including past service deficit payments totalled £26,728 in the year (2021: £20,298).

During the year a salary sacrifice of £13,458 (2021: £13,365) was made by the Chief Executive to the pension scheme. This is included within emoluments disclosed above.

	2022	2021
	£	£
Emoluments payable to highest paid director (excluding pension contributions)	<u>116,517</u>	<u>114,467</u>

The emoluments (excluding pension contributions) of the directors were in the following ranges:

	2022	2021
	No of	No of
	Directors	Directors
£70,001 to £75,000	-	1
£75,001 to £80,000	1	1
£80,001 to £85,000	2	1
£110,001 to £115,000	-	1
£115,001 to £120,000	1	-

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****9. Directors' Emoluments (continued)**

	2022	2021
	£	£
Total emoluments (excluding pension contributions) paid to those earning more than £60,000 and key management	358,158	351,178
Pension contributions of directors earning more than £60,000 for future accrual	76,114	75,537
Pension contributions of directors earning more than £60,000 for past service deficit	-	-
Total expenses reimbursed to directors in so far as not chargeable to United Kingdom income tax	351	765

During the year a salary sacrifice of £38,098 (2021: £37,671) was made by key management personnel to the pension scheme.

10. Employee Information

	2022	2021
	No	No
The full time equivalent number of persons employed during the year was:	215	214
Split as:		
Admin	49	51
Finance	5	5
Housing and Housing Support	128	123
Maintenance	28	30
Development	5	5
	215	214
	2022	2021
	£	£
Staff costs (including Directors' Emoluments):		
Wages and salaries	6,829,139	6,315,498
Social security costs	618,962	586,804
Pension costs	404,977	572,544
Defined benefit pension charge (note 31)	324,000	185,000
	8,177,078	7,659,846

Included in wages and salaries is £62,526 (2021: £22,712) of agency staff costs.

During the year, total settlements paid amounted to £15,292 (2021: £15,060) for 2 employees (2021: 2).

QUEENS CROSS HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2022**

11. Operating Surplus

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Operating surplus is stated after charging:				
Depreciation (note 5)				
- social housing	5,047,802	4,972,574	5,047,802	4,972,574
- loss on disposed components	295,549	279,453	295,549	279,453
- other fixed assets	249,941	207,588	225,872	192,062
Auditor's remuneration (including VAT)				
- In their capacity as auditor - audit	39,849	38,640	16,075	14,825
- In their capacity as tax, VAT advisors	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

12. Taxation

Group	2022	2021
	£	£
Current tax on profits for the year	5,530	16,512
Adjustments in respect of previous years	(729)	-
Deferred taxation (note 27)	185	90,526
	<u> </u>	<u> </u>
	4,986	107,038
	<u> </u>	<u> </u>
The tax charge in the prior year relates to Queens Cross Factoring Limited		
Profit on ordinary activities before tax	67,449	356,260
Profit on ordinary activities multiplied by the standard rate of corporation tax of 19% (2020: 19%)	12,815	67,689
Effects of:		
Provision for tax adjustment	659	46,946
Adjustment in respect of prior years	(729)	-
Permanent capital allowances in excess of depreciation	(344)	-
Deferred tax movement	185	-
Tax relief on gift aid	(7,600)	(7,600)
	<u> </u>	<u> </u>
	4,986	107,038
	<u> </u>	<u> </u>

Association

As the Association was granted charitable status from 11 April 2005, it is no longer subject to corporation tax on its charitable activities. No corporation tax was due in respect of the Association's non-charitable activities (2021: £nil).

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022**

13. Tangible Fixed Assets – Housing Properties Group and Association	Housing Properties Held for Letting £	Completed Shared Ownership Properties £	Housing Properties Under Construction £	2022 Total £	2021 Total £
Cost					
As at 1 April 2021	188,440,763	1,379,467	9,718,346	199,538,576	192,816,420
Additions during year	-	-	2,434,973	2,434,973	5,778,989
Component accounting additions	1,661,672	-	-	1,661,672	1,324,504
Disposals – property	-	-	-	-	(101,884)
Disposals – components	(295,549)	-	-	(295,549)	(279,453)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 March 2022	<u>189,806,886</u>	<u>1,379,467</u>	<u>12,131,318</u>	<u>203,339,672</u>	<u>199,538,576</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation					
As at 1 April 2021	59,105,259	1,310,363	-	60,415,622	55,443,048
Charge for year	5,260,400	-	-	5,260,400	5,238,291
Disposals – property	-	-	-	-	(50,305)
Disposals – components	(212,598)	-	-	(212,598)	(215,412)
	<u>64,153,061</u>	<u>1,310,363</u>	<u>-</u>	<u>65,463,424</u>	<u>60,415,622</u>
As at March 2022	<u>64,153,061</u>	<u>1,310,363</u>	<u>-</u>	<u>65,463,424</u>	<u>60,415,622</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value at 31 March 2022	<u>125,653,825</u>	<u>69,104</u>	<u>12,153,319</u>	<u>137,876,248</u>	
Net book value at 31 March 2021	<u>129,335,505</u>	<u>69,104</u>	<u>9,718,345</u>		<u>139,122,954</u>

Note 1: Total cost of components capitalised for the year amounted to £1,661,672 (2021: £1,324,504). The amount spent on maintenance of housing properties held for letting can be seen in Note 5.

Additions to Housing Properties during the year includes £nil capitalised interest (2021 - £nil) and £nil capitalised administration costs.

All housing properties are freehold. Components with a cost of £295,549 (2021: £279,453) and accumulated depreciation of £212,598 (2021: £215,412) have been disposed of for £nil (2021: £nil) net proceeds.

14. Intangible Fixed Assets - Group

Cost	£
As at 1 April 2021 and 31 March 2022	5,500
Amortisation and impairment	
As at 1 April 2021	2,406
Amortisation charge for year	773
As at 31 March 2022	3,179
Net book value at 31 March 2022	2,321
Net book value at 31 March 2021	3,094

The association owns no intangible fixed assets.

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****15. Housing Stock – Group and Association**

	Units in management	
	2022	2021
The number of units of accommodation in management was as follows:-		
General needs housing	3,835	3,834
Supported housing accommodation	511	511
Shared ownership accommodation	37	38
	4,383	4,383
	4,383	4,383

16. Accommodation managed by others – Group and Association

	No of units/bedspaces	
	2022	2021
Women's Aid	16	17
Quarriers	0	1
Barnardos	7	7
Aspire	11	11
Key Housing	19	20
Glasgow Council (Previously Turning Point)	11	11
Glasgow Council TFF	49	56
Mears	2	2
NASS	4	5
P&D	1	1
Refugee Survival Trust	2	2
Richmond Fellowship	14	14
Scottish Autism	2	1
Night Shelter	1	1
Scottish Autism	1	1
Night Shelter	1	1
	139	149
	139	149

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

17. Tangible Fixed Assets – Other Tangible Assets

Group	Land and buildings community services £	Freehold & leasehold land & buildings £	Leasehold Property £	Furniture, Fittings & Equipment £	Commercial Investment Properties £	2022 Total £	2021 Total £
Cost							
At 1 April 2021	3,117,534	8,895,085	1,237,832	1,144,841	4,465,000	18,860,292	18,492,863
Additions during year	-	80,000	11,873	333,800	-	425,673	109,907
Disposals	-	-	-	(95,867)	-	(330,867)	(52,479)
Gain / (loss) on revaluation	-	-	-	-	(235,000)	-	310,000
At 31 March 2022	3,117,534	8,975,085	1,249,705	1,382,774	4,230,000	18,955,096	18,860,291
Depreciation							
At 1 April 2021	-	-	565,012	673,246	-	1,238,258	1,238,258
Charge for year	-	-	48,788	201,153	-	249,941	207,588
Write off on disposal	-	-	-	(95,867)	-	(95,867)	(52,479)
At 31 March 2022	-	-	613,800	778,533	-	1,392,333	1,238,258
Net Book Value							
At 31 March 2022	3,117,534	8,975,085	635,905	604,239	4,230,000	17,562,763	
At 31 March 2021	3,117,534	8,895,085	672,820	471,594	4,465,000		17,622,033

The group's commercial investment properties were revalued on 14 June 2022 (by DM Hall Chartered Surveyors). The investment properties were valued on an open market bases by a firm of independent Chartered Surveyors. There was a loss on revaluation of £275k for Queens Cross Housing Association, and a £40k gain on revaluation for Queens Cross Workspace Ltd.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2022**

17. Tangible Fixed Assets – Other Tangible Assets (continued)

Association	Leasehold Property £	Furniture, Fittings & Equipment £	Commercial Investment Properties £	2022 Total	2021 Total £
Cost					
At start of year	1,237,832	757,815	1,410,000	3,405,647	3,348,218
Additions during year	11,873	248,782	-	260,655	109,907
Disposals		(95,867)	-	(95,867)	(52,479)
Revaluation	-	-	(275,000)	(275,000)	-
At end of year	<u>1,249,705</u>	<u>910,730</u>	<u>1,135,000</u>	<u>3,295,435</u>	<u>3,405,646</u>
Depreciation					
At start of year	565,012	431,450	-	996,462	856,879
Charge for year	48,788	177,084	-	225,872	192,062
Write off on disposal	-	(95,867)	-	(95,867)	(52,479)
At end of year	<u>613,800</u>	<u>512,667</u>	<u>-</u>	<u>1,126,467</u>	<u>996,462</u>
Net book value at 31 March 2022	<u><u>635,905</u></u>	<u><u>398,065</u></u>	<u><u>1,135,000</u></u>	<u><u>2,168,968</u></u>	
Net book value at 31 March 2021	<u><u>672,819</u></u>	<u><u>326,367</u></u>	<u><u>1,410,000</u></u>		<u><u>2,409,184</u></u>

The Association's commercial investment properties were revalued on 14 June 2022 (by DM Hall Chartered Surveyors). There was a loss on revaluation of £275k for Queens Cross Housing Association.

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****18. Investments - Association**

	2022	2021
	£	£
Investment in subsidiary undertaking	<u>1</u>	<u>1</u>

Queens Cross Factoring Limited (company number SC278139) was incorporated on 7 January 2005 and began trading on 1 April 2005. Queens Cross Housing Association Limited acquired 1 ordinary £1 share in Queens Cross Factoring Limited, at par. This represents a 100% shareholding.

Details of transactions during the year with the above company can be found at note 33.

For the year ended 31 March 2022, Queens Cross Factoring Limited recorded a profit of £62,463 (2021: £249,222) and has net assets of £1,158,757 (2021: £1,136,294).

19. Debtors

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Amounts falling due within one year:				
Rental arrears	439,409	519,000	439,409	519,000
Less provision for bad debts	(338,823)	(338,823)	(338,823)	(338,823)
	<u>100,586</u>	<u>180,177</u>	<u>100,586</u>	<u>180,177</u>
Trade debtors	42,523	44,351	-	-
Other debtors and prepayments	677,596	1,025,736	275,804	605,735
Amounts owed by the subsidiary (less than one year)	-	-	114,700	166,149
Amounts owed by the subsidiary (more than one year)	-	-	547,160	597,160
	<u>820,705</u>	<u>1,250,264</u>	<u>1,038,250</u>	<u>1,549,221</u>
Debtors due less than one year	820,705	1,250,264	491,090	952,061
Debtors due more than one year	-	-	547,160	597,160
	<u>820,705</u>	<u>1,250,264</u>	<u>1,038,250</u>	<u>1,549,221</u>

20. Stock and work in progress

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Stock	<u>4,278</u>	<u>3,714</u>	<u>-</u>	<u>-</u>

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****21. Current asset investments**

	Group		Association	
	2022 £	2021 £	2022 £	2021 £
Balances held in deposit accounts greater than 3 months	25,712,934	25,653,684	25,712,935	25,653,685

22. Cash and cash equivalents

	Group		Association	
	2022 £	2021 £	2022 £	2021 £
Balances held in current accounts	14,686,510	18,522,616	12,927,222	17,035,510

23. Creditors: amounts falling due within one year

	Group		Association	
	2022 £	2021 £	2022 £	2021 £
Borrowings repayable within one year	788,491	786,964	685,157	685,157
Trade creditors	504,537	436,823	-	-
SHG repayable on disposals	1,127,038	1,127,038	1,127,038	1,127,038
Other taxes and social security costs	198,956	185,441	151,580	154,894
Corporation tax	5,530	729	-	-
Other creditors	4,959,580	4,375,626	4,496,626	3,956,813
Deferred capital grants (note 25)	2,157,681	1,945,183	2,157,681	1,945,183
	9,741,813	8,874,315	8,618,082	7,869,084

24. Creditors: amounts falling due out with one year

	Group		Association	
	2022 £	2021 £	2022 £	2021 £
Borrowings	56,159,300	63,684,290	55,588,774	63,008,220
Deferred capital grant (note 25)	67,140,132	67,360,823	67,140,132	67,360,823
Other creditors	278,109	278,109	-	-
	123,577,541	131,323,222	122,728,906	130,369,043
Loan analysis as follows:				
Due between one and two years	687,830	788,493	685,157	685,157
Due between two and five years	2,633,719	2,399,377	2,079,985	2,079,985
Due in five years or more	52,837,751	60,496,420	52,823,632	60,243,078
	56,159,300	63,684,290	55,588,774	63,008,220

The Associations loans are secured by specific charges on the Association's properties and are repayable at rates of interest between 1.7% and 4.53% in instalments over the next 30 years.

Subsidiary company Queen Cross Workspace's loan with Nationwide is secured over the property at Firhill Road Business Centre. They also have two loans with RBS which are secured over the property at Unit 3, 1 Sawmillfield Street and Units 788-804 and 806-830 Garscube Road.

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****24. Creditors: amounts falling due outwith one year (continued)**

The bank loan in subsidiary company Q C Consultants & Project Managers Limited is secured by a floating charge over the company's assets and a standard security over the heritable land and buildings.

25. Deferred capital grants – Group and Association

	2022	2021
	£	£
Government Capital Grants		
At 1 April 2021	69,306,006	65,748,140
Grants received in year		
Released to income in year	2,259,478	5,824,339
Release to shared equity sales (note 6)	(2,158,392)	(2,172,827)
Grants repaid in the year	(109,279)	(93,646)
	<u>69,297,813</u>	<u>69,306,006</u>
At 31 March 2022	<u>69,297,813</u>	<u>69,306,006</u>
Due in less than one year		
Due between one and two years	2,157,681	1,945,183
Due between two and five years	2,154,249	1,945,183
Due in five years or more	6,442,551	4,546,644
	<u>58,543,332</u>	<u>60,868,997</u>
At 31 March 2022	<u>69,297,813</u>	<u>69,306,006</u>

26. Financial Instruments

	Group		Association	
	2022	2021	2022	2021
Cash and cash equivalents	14,686,510	18,522,616	12,927,222	17,035,430
Investments – deposit accounts	25,712,934	25,653,684	25,712,935	25,653,685
Financial assets measured at amortised cost	1,319,814	1,249,330	875,499	785,912
	<u>41,719,258</u>	<u>45,425,630</u>	<u>39,515,656</u>	<u>43,475,107</u>
Financial Liabilities				
Financial liabilities measured at amortised cost	(64,071,534)	(70,687,916)	(62,152,074)	(68,777,226)
	<u>(64,071,534)</u>	<u>(70,687,916)</u>	<u>(62,152,074)</u>	<u>(68,777,226)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, current asset investments, rental arrears, trade debtors, other debtors, accrued income and amounts owed by the subsidiary.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, SHG repayable on disposals, other creditors and the SHAPS pension deficit.

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****27. Provisions for Liabilities**

Deferred tax – Group	2022	2021
	£	£
Accelerated capital allowances	420	235
Capital gain on investment properties	165,950	165,950
	<u>166,370</u>	<u>166,185</u>

This relates to Queens Cross Factoring Limited (refer to note 12). There is no deferred tax provision in respect of the Association (2021: £nil).

28. Share Capital – Group and Association

Shares of £1 each fully paid and issued	2022	2021
	£	£
At beginning of year	141	267
Issued during the year	3	4
Shares forfeited in year	(23)	(130)
	<u>121</u>	<u>141</u>

There are no rights to receive dividends attached to the shares, or any ranking in the event of a winding up.

29. Reserves**Revenue reserve**

The revenue reserve includes all current and prior year retained surpluses or deficits.

Other reserves

The other reserves includes the gain on the revaluation of investment properties less the deferred tax provision in respect of the revaluation gain.

30. Capital Commitments – Group and Association

	2022	2021
	£	£
Capital expenditure that has been contracted for but has not been provided for in the financial statements.	<u>2,500,000</u>	<u>-</u>
This is to be funded by:		
SHG	-	-
Private Finance	-	-
Sales	-	-
Reserves	<u>2,500,000</u>	<u>-</u>
	<u>31,718,930</u>	<u>31,718,930</u>

Capital expenditure that has been approved but not contracted for

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****31. Pensions****Scottish Housing Association Pension Scheme (SHAPS)**

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

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK. The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which will run to either 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme. For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive. The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2022 to 28 February 2023 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2022	31 March 2021
	(£000s)	(£000s)
Fair value of plan assets	29,001	27,378
Present value of defined benefit obligation	29,068	30,178
Surplus (deficit) in plan	(67)	(2,800)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(67)	(2,800)
Deferred tax	*	*
Net defined benefit asset (liability) to be recognised	*	*
		Period ended
		31 March 2022
		(£000s)
Impact of asset ceiling at start of period		0
Effect of the asset ceiling included in net interest cost		0
Actuarial losses (gains) on asset ceiling		0
Impact of asset ceiling at end of period		0

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****31. Pensions (continued)****RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION**

	Period ended 31 March 2022 (£000s)
Defined benefit obligation at start of period	30,178
Current service cost	570
Expenses	24
Interest expense	655
Contributions by plan participants	30
Actuarial losses (gains) due to scheme experience	568
Actuarial losses (gains) due to changes in demographic assumptions	92
Actuarial losses (gains) due to changes in financial assumptions	(2,493)
Benefits paid and expenses	(556)
Liabilities acquired in a business combination	0
Liabilities extinguished on settlements	0
Losses (gains) on curtailments	0
Losses (gains) due to benefit changes	0
Exchange rate changes	0
Defined benefit obligation at end of period	29,068

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period ended 31 March 2022 (£000s)
Fair value of plan assets at start of period	27,378
Interest income	601
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	331
Contributions by the employer	1,217
Contributions by plan participants	30
Benefits paid and expenses	(556)
Assets acquired in a business combination	0
Assets distributed on settlements	0
Exchange rate changes	0
Fair value of plan assets at end of period	29,001

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £932,000.

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****31. Pensions (continued)****DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)**

	Period from 31 March 2021 to 31 March 2022 (£000s)
Current service cost	570
Expenses	24
Net interest expense	54
Losses (gains) on business combinations	0
Losses (gains) on settlements	0
Losses (gains) on curtailments	0
Losses (gains) due to benefit changes	0
Defined benefit costs recognised in statement of comprehensive income (SoCl)	648

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2022 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	331
Experience gains and losses arising on the plan liabilities - gain (loss)	(568)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(92)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	2,493
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	2,164
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	0
Total amount recognised in other comprehensive income - gain (loss)	2,164

Assets	31 March 2022 (£000s)	31 March 2021 (£000s)
Global Equity	5,734	4,235
Absolute Return	1,330	1,349
Distressed Opportunities	1,040	936
Credit Relative Value	930	789
Alternative Risk Premia	1,198	1,098
Emerging Markets Debt	1,080	1,103
Risk Sharing	946	978
Insurance-Linked Securities	608	572
Property	751	491
Infrastructure	1,810	1,529
Private Debt	730	645
Opportunistic illiquid debt	961	701
High Yield	282	718
Opportunistic Credit	101	748
Cash	80	10

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****31. Pensions (continued)**

Corporate Bond Fund	1,833	2,065
Liquid Credit	186	473
Long Lease Property	836	635
Secured Income	1,549	1,504
Over 15 Year Gilts	12	13
Liability Driven Investment	7,017	6,582
Current Hedging	(106)	-
Net Current Assets	93	204
Total assets	29,001	27,378

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

KEY ASSUMPTIONS

	31 March 2022	31 March 2021
	% per annum	% per annum
Discount Rate	2.79%	2.17%
Inflation (RPI)	3.57%	3.28%
Inflation (CPI)	3.19%	2.86%
Salary Growth	4.19%	3.86%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	Life expectancy at age 65 (Years)
Male retiring in 2022	21.6
Female retiring in 2022	23.9
Male retiring in 2042	22.9
Female retiring in 2042	25.4

	Final data item	Default data item
Employer contributions (£)	1,193,509	1,193,509
Expenses (£)	23,904	23,904
Member contributions (£)	30,265	30,265
Insured benefit claims & transfers in (£)	0	0
Contributions in respect of augmentations (£)	0	0
Accounting liability at beginning of period (£)	30,178,021	30,178,021
End of year discount rate	2.79%	2.79%
End of year inflation (RPI)	3.57%	3.57%
End of year inflation (CPI)	3.19%	3.19%
End of year salary growth	4.19%	4.19%
End of year life expectancy at age 65 (years)	21.6	21.6

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****31. Pensions (continued)**

Start of year discount rate	2.17%	2.17%
Start of year inflation (RPI)	3.28%	3.28%
Start of year inflation (CPI)	2.86%	2.86%
Start of year salary growth	3.86%	3.86%
Start of year life expectancy at age 65 (years)	21.5	21.5
One year cost adjustment factor	100%	100%
Maximum recoverable surplus as at 31 March 2022	0	0
Unrecognised surplus as at 31 March 2021	0	0
Liabilities acquired in a business combination	0	0
Liabilities extinguished on settlements	0	0
Losses (gains) on curtailments	0	0
Losses (gains) due to benefit changes	0	0
Assets acquired in a business combination	0	0
Assets distributed on settlements	0	0

Derivation of Assumptions	As at 31 March 2022	As at 31 March 2021
Discount rate assumption	2.79%	2.17%
Inflation (RPI) assumption	3.57%	3.28%
Inflation (CPI) assumption	3.19%	2.86%
Pensionable earnings increases assumption	4.19%	3.68%
Mortality before retirement	No allowance	No allowance
Life expectancy for a male currently age 65	21.6 Years	21.5 Years
Proportion married at retirement	75% for males and 75% for females	75% for males and 75% for females
Allowance for cash commutation	75% of maximum allowance	75% of maximum allowance
Discretionary increases	No allowance	No allowance

Assumptions for future inflation linked pension increases (where applicable) are based on the appropriate headline inflation index, adjusted where necessary to reflect any caps and collars, bearing in mind the proximity of the future inflation assumption to those caps and collars and the expected variability of future inflation increases. These assumptions are set out below in full.

Note that these represent all possible assumptions that could apply to scheme benefits, and in practice not all of these assumptions will be used.

	As at 31 March 2022	As at 31 March 2021
	% per annum	% per annum
Revaluation in deferment RPI 5%	3.57	3.28
Revaluation in deferment RPI 2.5%	2.50	2.50
Revaluation in deferment CPI 5%	3.19	2.86
Revaluation in deferment CPI 2.5%	2.50	2.50
CARE in deferment RPI 5%	3.36	3.13
CARE in deferment CPI 5%	3.06	2.79
CARE in deferment CPI 2.5%	2.10	1.99

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****31. Pensions (continued)**

Pension increase in payment RPI	3.58	3.30
Pension increase in payment RPI 5%	3.36	3.13
Pension increase in payment RPI 3%	2.54	2.43
Pension increase in payment RPI 2.5%	2.21	2.12
Pension increase in payment RPI 5% min 3%	3.82	3.70
Pension increase in payment CPI	3.22	2.90
Pension increase in payment CPI 5%	3.06	2.79
Pension increase in payment CPI 3%	2.40	2.25
Pension increase in payment CPI 2.5%	2.10	1.99
Pension increase in payment CPI 5% min 3%	3.67	3.54

All other assumptions have been set in accordance with the statement of funding principles. No allowance has been made for members transferring benefits out of the scheme in future.

Additional Information on Asset Gains and Losses

Return on plan assets (excluding amounts included in net interest cost)	(255)
Impact of changes in share of assets	586
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	331

Additional Information on Experience Gains and Losses

Impact of experience arising on plan liabilities excluding the impact of any change in orphan share	(509)
Impact of change in orphan share	(59)
Experience gains and losses arising on the plan liabilities - gain (loss)	(568)

**Defined Benefit Costs Recognised in Statement of Comprehensive Income (SOCl)
(Projected*)**

	Period from 31 March 2021 to 31 March 2022 (£000s)
Current service cost	0
Expenses	0
Net interest expense	0
Losses (gains) on business combinations	0
Losses (gains) on settlements	0
Losses (gains) on curtailments	0
Losses (gains) due to benefit changes	0
Defined benefit costs recognised in statement of comprehensive income (SoCI)	0

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****31. Pensions (continued)**

* The total expense recognised in profit and loss account item may change by the actual year end to take account of:

- Events during the year not incorporated into the calculations, for example benefit improvements, settlements or curtailments.
- Actual cash-flows differing from the estimated cash-flows, and affecting the net interest cost.

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation

	Change in assumption	Change in liabilities
Discount rate	Increase of 0.1% p.a.	-
Rate of inflation	Increase of 0.1% p.a.	-
Rate of salary growth	Increase of 0.1% p.a.	-
Rate of mortality	Probability of surviving each year increased by 10%	-

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth where appropriate.

Strathclyde Pension Fund

There are 20 employees who are members of the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Scheme (Scotland) Regulations 1998, as amended.

The main financial assumptions used by the Council's Actuary, Hymans Robertson, in their calculations are as follows:

Assumptions as at	31 March 2022	31 March 2021
Price increases	3.20%	2.85%
Salary increases	3.90%	3.55%
Discount rate	2.70%	2.00%

Mortality

Life expectancy is based on the Funds VitaCurves with improvements in line with the CMI 2021, 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. for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	19.6 years	22.4 years
Future Pensioners	21.0 years	24.5 years

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements****For the year ended 31 March 2022****31. Pensions (continued)****Scheme assets**

The assets in the scheme and the expected rate of return were

	Value at 31 March 2022	Value at 31 March 2021
	£000's	£000's
Fair value of plan assets	9,355	8,782
Present value of scheme liabilities	(8,127)	(8,548)
Present value of unfunded liabilities		
	<u>1,228</u>	<u>234</u>
Net pension liability	<u><u>1,228</u></u>	<u><u>234</u></u>

Reconciliation of defined benefit obligation

	2022	2021
	£	£
Opening Defined Benefit Obligation	8,548,000	6,876,000
Current Service Cost	178,000	142,000
Interest Cost	171,000	158,000
Plan participants contributions	22,000	21,000
Actuarial losses/(gains)	(656,000)	1,485,000
Past Service Costs	-	-
Unfunded Benefits Paid	(8,000)	(8,000)
Benefits Paid	(128,000)	(126,000)
	<u>8,127,000</u>	<u>8,548,000</u>
Closing Defined Benefit Obligation	<u><u>8,127,000</u></u>	<u><u>8,548,000</u></u>

Reconciliation of fair value of employer assets

	2022	2021
	£	£
Opening Fair Value of Employer Assets	8,782,000	7,158,000
Interest income on plan assets	174,000	165,000
Plan participants contributions	22,000	21,000
Contributions by the employer	3,000	122,000
Contributions in respect of Unfunded Benefits	8,000	-
Actuarial gains/(losses)	502,000	1,632,000
Unfunded Benefits Paid	(8,000)	-
Other Experience	-	(190,000)
Benefits Paid	(128,000)	(126,000)
	<u>9,355,000</u>	<u>8,782,000</u>
Closing Fair Value of Employer Assets	<u><u>9,355,000</u></u>	<u><u>8,782,000</u></u>
Net pension liability	<u><u>1,228,000</u></u>	<u><u>234,000</u></u>

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****31. Pensions (continued)****Analysis of amounts included in the Statement of Comprehensive Income**

	2022	2021
	£'000	£'000
Expected return on pension scheme assets	174	165
Interest on pension scheme liabilities	(171)	(158)
	<u>3</u>	<u>7</u>
Net Return – finance cost	<u><u>3</u></u>	<u><u>7</u></u>
	2022	2021
	£'000	£'000
Current service cost	178	142
Past service cost	-	-
Losses on curtailments	-	-
Contributions in respect of unfunded benefits	8	-
Contribution by employers	(3)	(122)
	<u>183</u>	<u>20</u>
Charge to staff costs	<u><u>183</u></u>	<u><u>20</u></u>

The expected employer's contribution for the year to 31 March 2023 will be approximately £157,000.

Analysis of amount recognised in the Statement of Comprehensive Income

	2022	2021
	£	£
Actual return less expected return on scheme assets	502,000	1,442,000
Changes in assumptions underlying the present value of scheme liabilities	(656,000)	(1,485,000)
	<u>(154,000)</u>	<u>(43,000)</u>
Actuarial gain/(loss) recognised in other comprehensive income	<u><u>(154,000)</u></u>	<u><u>(43,000)</u></u>

Change in assumption at 31 March 2022

	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.1% decrease in Real Discount rate	2%	169
1 year increase in member life expectancy	4%	325
0.1% increase in Salary Increase Rate	0%	17
0.1% increase in the Pension Increase Rate (CPI)	2%	150

QUEENS CROSS HOUSING ASSOCIATION LIMITED**Notes to the Financial Statements
For the year ended 31 March 2022****32. Revenue Commitments – Group and Association**

The Group and Association has total commitments under operating leases as follows:

	2022		2021	
	Land & buildings £	Other leases £	Land & buildings £	Other leases £
Within one year	243,600	23,236	243,600	23,236
Between two and five years	974,400	7,286	974,400	14,571
More than 5 years	-	-	243,600	-
	<u>1,218,000</u>	<u>30,522</u>	<u>1,461,600</u>	<u>37,807</u>

33. Related party transactions**Queens Cross Factoring Limited**

Queens Cross Factoring Limited is a subsidiary undertaking of Queens Cross Housing Association Limited.

Queens Cross Housing Association Limited has a service level agreement in place with Queens Cross Factoring Limited. During the year, management charges in respect of this agreement were charged to Queens Cross Factoring Limited of £355,000 (2021: £295,000).

Queens Cross Housing Association Limited paid on behalf of Queens Cross Factoring Limited £489,976 (2021: £448,771) of repairs, insurance, concierge, environmental, cleaning costs electricity landlord supply, postage, photocopier costs and credit card purchases. This was recharged to Queens Cross Factoring Limited in the year.

Gift Aid of £40,000 (2021: £40,000) was made by Queens Cross Factoring Limited during the year. This has still to be paid over and is thus included in the amounts owed by Queens Cross Factoring Limited at the year end.

The total balance due in respect of these transactions is £50,680 (2021: £68,832) and is included in debtors.

During 2012/13 Queens Cross Housing Association Limited provided a loan of £900,000 to Queens Cross Factoring Limited to purchase 12 investment properties. The balance owed at the start of the year was £637,160. Interest of £36,730 (2021: £39,515) was accrued in respect of this loan during the year. There is not a set repayment schedule in place but the loan is repayable over 20 years. £50,000 (2021: £46,000) was repaid in the year leaving a balance at 31 March 2022 of £587,160 (2021: £637,160). £547,160 (2021: £603,160) of this balance is due after more than one year with £40,000 (2021: £40,000) expected to be paid in 2022/23 and thus is included in amounts due within one year.

Queens Cross Workspace Limited

Queens Cross Housing Association Limited has a service level agreement in place with Queens Cross Workspace Limited. During the year, management charges in respect of this agreement were charged to Queens Cross Workspace Limited of £165,000 (2021: £149,000).

As at 31 March 2022 £22,497 was due to the Association from Queens Cross Workspace Limited (2021: £57,317).

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2022

33. Related party transactions (continued)

Board members

The Association has Board members who are also tenants. The total rent received in the year relating to tenant Board members is £27,379 (2021: £32,999). The total rent arrears relating to tenant Board members included within debtors at the year-end is £547 (2021: £nil).

One director of Queens Cross Factoring Limited is a factored owner. The cumulative balance at 31 March 2022 in respect of this account was payments in advance of £75 (2021: £75).

34. Contingent Liability

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

The Trustee has been advised to seek direction from the Court on the effect of these changes. This process is ongoing and is unlikely to be resolved until late 2024 at the earliest. However, one potential outcome is that scheme members, of which the Association is one, may see their share of scheme liabilities increase.

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

35. Legislative Provisions

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and its subsidiary's Queens Cross Factoring Limited, Queens Cross Workspace Limited Group are incorporated under the Companies Act 2006.