



Abertay Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2022

Registered Social Landlord No. HAL297

FCA Reference No. 2517R(S)

Scottish Charity No. SC030152

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Contents

	Page
Members of the Board, Executive and Advisers	1
Report of the Board	2 – 8
Report by the Auditors on corporate governance matters	9
Report of the Auditors	10 -13
Statement of comprehensive income	14
Statement of financial position	15
Statement of cash flows	16
Statement of changes in equity	17
Notes to the financial statements	18 - 33

ABERTAY HOUSING ASSOCIATION LIMITED

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

BOARD

Kathleen Mands

Ron Neave

Andrew Black

Denis Brown

Paul Crichton

Vicki Cutler

Ian Byers

Gordon Edwards

Alan Fraser

Veronica Gray

Paul Hocking

Nile Istephan

Rhona McLeod

Teresa Robertson

Chairperson

Vice Chairperson

Resigned 14 September 2021

Appointed 14 September 2021,
Resigned 21 November 2021

Resigned 26 May 2021

Resigned 26 May 2021

Resigned 14 September 2021

Appointed 2 December 2021

EXECUTIVE OFFICERS

Barry Moore

Marjorie Sloan

Chief Executive

Corporate Services Director and Secretary

REGISTERED OFFICE

147 Fintry Drive

Dundee

DD4 9HE

AUDITORS

Alexander Sloan

Accountants and Business Advisors

180 St Vincent Street

Glasgow

G2 5SG

INTERNAL AUDITORS

Quinn Internal Audit and

Business Support Services

55 Lady Place

Livingston

EH54 6TB

BANKERS

Royal Bank of Scotland Plc

3 High Street

Dundee

DD1 9LY

SOLICITORS

Thorntons WS

33 Yeaman Shore

Dundee

DD1 4BJ

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

The Board presents its report and the Financial Statements for the year ended 31 March 2022.

Legal Status

Abertay Housing Association Limited (the Association) is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2517R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC030152.

Principal Activities

The Association is a not for profit organisation, governed by a voluntary Board. The principal activity of the Association is the provision of affordable rented accommodation in an efficient, caring and friendly environment for people in housing need.

Strategy and Objectives

The Association's overall aim is to enhance the quality of life in our communities.

The Association's structure should be whatever best serves the long term interests of its tenants and communities. The Association believes that, for the foreseeable future, these interests are best served by the Association being run by a strong, independent, locally focussed Board, which includes tenants and other members of its communities within its membership. In early 2019, an Options Appraisal was carried out which confirmed this position.

It is an overriding objective that the Association remains financially viable into the long term future. This will be achieved through effective financial and treasury management. The Association's long term (30 year) financial forecasts give confidence that the Association can afford to maintain and improve its housing stock to meet all known future quality standards, while remaining financially viable.

Risk is an integral part of everything the Association does. The Association will seek to identify the risks it faces and take a prudent approach to managing them.

A focus on providing the best possible value for money is a key consideration for the Association. The Association participates in Scotland's Housing Network's Value for Money benchmarking group. The Association uses this information to inform its decision making, and report on how value for money is being achieved. Annual reports on Value for Money are prepared for the Board.

The Association's key objectives in setting rent levels are as follows:

1. To keep rents affordable for tenants, without risking the Association's long term financial viability or ability to maintain our housing stock to a good standard.
2. To maintain stability and predictability from year to year, (i.e. to favour small steady rises each year, rather than having low rises one year with excessively high rises the following year).

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

3. To maintain its rents at levels which are reasonably in line with other social landlords in the local area.

The Association aims to maintain and improve its properties to a standard which ensures they continue to make desirable homes, so long as it is cost effective over the long term to do so. With deadlines for meeting the Scottish Housing Quality Standard (SHQS) and the Energy Efficiency Standard for Social Housing (ESSH) now passed, we have a number of properties in abeyance from SHQS as tenants or owners have not consented to the required works. In addition, 117 properties require an exemption from ESSH, mainly due to excessive costs. These properties are regularly reviewed. 171 properties are currently in abeyance from SHQS as they do not have the required electrical certification due to lack of access, tenants' reluctance to have the testing done and the acute shortage of suitably qualified operatives. A further 12 properties fail SHQS due to a lack of electrical certification for other reasons. Plans are in place to achieve the appropriate certification during 2022/23. A further 10 properties are in abeyance as tenants or owners have refused to have the work carried out. The position on these properties is reviewed regularly. Further energy efficiency targets in the form of ESSH2 will require to be met by December 2032. Achieving this objective as cost effectively as possible depends on excellent asset management planning, informed by detailed and up to date knowledge of the Association's stock.

The Association aims to deliver excellent, customer focussed, value for money services in all its core areas. This includes:

- letting homes which are in good condition, to those in greatest need, as effectively as possible;
- supporting tenants to maintain their tenancies. The Association will do this through proactive, sensitive, and effective action to help avoid tenants falling into rent arrears, and dealing effectively with neighbourhood problems;
- providing a high quality, cost effective, repairs service;
- maintaining its neighbourhoods to a good standard; and
- providing a good quality factoring service to owners in communities.

The Association aims to provide high quality and effective services in these areas, and for this to be recognised by its regulators and other key decision makers in the sector.

The Association desires to acquire new homes, to improve both the quality and age profile of its stock, and increase its rental income. Ideally, the Association would wish to have a development programme of 30 – 50 new homes per year, which could be managed with its existing staff team.

Review of business and future developments

The Association continued to provide affordable rented accommodation and to maintain and improve our properties to a high standard during 2021/22.

The Board, in consultation with tenants, and recognising the effects of the Covid-19 pandemic, did not apply a rent increase from 1 April 2021 (2020 – 2.5%). The Association strives to ensure that its rents remain competitive and affordable for its tenants.

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

The Association owned 1,847 properties at the end of the year. Of these, 238 are used to provide retirement housing. During the year four properties were sold under the Association's Acquisition and Disposal Strategy. The Association's development of 43 properties at Charleston Gardens, a site purchased from Dundee City Council which previously held a primary school, completed in 2021/22. The Association is currently progressing a further development at the former Mossiel Primary School site in Dundee. The site has been purchased and a contractor will be appointed during the year. Further sites are currently being considered.

The Association's priorities are to provide the best standard of homes for affordable let, and the best standard of service it can. The Association undertook a programme of improvements and planned maintenance during the year with a total spend of £1.8m. This was curtailed from the original budget of £2.3m due to the effects of Covid-19, with periods of the year when works were unable to be carried out, and programmes delayed due to difficulties in accessing tenants' homes. The work which was carried out included external works - re-roofing, chimney repair or removal, replacement of windows and doors, footpath repairs, works to balconies and our maintenance paint work programme. Internally the focus was on rewiring and electrical testing, with a small number of kitchens and bathrooms being replaced towards the end of the year. The Association will continue to spend heavily on improving its stock over the coming years.

Details of movements of the Association's fixed assets during the year are set out in note 12.

No further loan agreements were entered into during the year. £1.0m was drawn down on a revolving credit facility, leaving £9.09m of borrowing from this agreement to be drawn down at the year end. Regular payments were also made on the existing loans. The total bank borrowings increased from £19.49m to £19.97m at the year end. The Association's bank balances decreased over the year, from £2.5m to £1.4m.

The Association's Risk Management Framework consists of three documents: Risk Management Policy, Risk Management Tables and Risk Assurance Register. The Board and the Senior Management Team review strategic and operational risks on a regular basis using a scoring mechanism which considers both the likelihood and probability of the risk and the severity of the impact if the risk were to materialise.

No risks are currently classified as intolerable. There are ten serious and significant risks, serious and significant in that without efficient and effective monitoring and mitigation they would have a serious and significant severity of impact on the Association's Business Plan.

1. Breach of the SHR Regulatory Framework and consequential regulatory intervention.
2. Serious health and safety breach.
3. Breaching loan covenants.
4. Suitable and sufficient procedures and resources not in place to maximise income collection.
5. Cash flow difficulties with borrowing facilities not being in place when needed.
6. Bank increasing margins on previously agreed loans.
7. Welfare reform changes.
8. Asset management – failure to invest in maintaining the existing housing stock.
9. Development contractor failure.
10. Significant breach of procurement legislation.

In addition to the ten serious and significant risks, efficient and effective control mechanisms are also in place to monitor, manage and mitigate all strategic and operational risks.

2021/22 has once again been dominated by the Covid-19 pandemic. This has effected all areas of the Association's business. In addition to staff working from home for part of the year:

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

- New development work has been delayed;
- Parts of the planned maintenance programme were delayed and will need to be accommodated in future years;
- Where repairs could be carried out, they took longer due to social distancing requirements, which in addition to PPE costs and more repairs being reported due to tenants spending more time in their homes lead to additional costs;
- Work on empty properties required prior to relet took longer, resulting in increased lost rent;
- Many tenants are facing severe financial hardship through furlough, reduced hours and increased unemployment leading to difficulties in paying rent.

The Association has an abundance of strength in terms of financial capacity and human resource competence and capability to tolerate difficult scenarios and was able to navigate its path through the storm. Additional scenario planning and constant monitoring throughout the year, enabled us to adapt to circumstances.

We have therefore had a very successful year despite the challenges of the Covid-19 pandemic, but are acutely aware that the legacy will remain with us for some time, with increased arrears and increased costs.

Key performance indicators

In accordance with the Scottish Social Housing Charter, the Association submits an Annual Return on the Charter to the Scottish Housing Regulator. This consists of a number of performance indicators. Some of these are included in a separate annual report to members. The key indicators, including some which are non Charter indicators, are reported to the Board on a quarterly basis.

Housing Quality and Maintenance

- 83.7% of the Association's stock met the Scottish Housing Quality Standard (SHQS) in 2021/22, (the properties not meeting the standard are classed as "exempt" or "abeyances" under the SHQS guidelines, where tenants or sharing owners have not allowed work to be carried out, or EESSH exemptions are required for economic reasons. In addition this year, 185 properties which did not meet the SHQS requirements, as they did not have the appropriate electrical certification);
- The average length of time the Association took to complete emergency repairs in 2021/22 was 5.0 hours;
- The average length of time the Association took to complete non-emergency repairs in 2021/22 was 9.3 days. This figure continues to be effected by the Covid-19 pandemic;
- 92.1% of repairs carried out in the last year were completed right first time;
- 99.0% of the Association's repairs appointments were kept; and
- 98.7% of the Association's tenants who had repairs carried out in the last 12 months were satisfied with the service.

Satisfaction

The Association's satisfaction figures come from a survey of all tenants carried out in autumn 2019. We plan to carry out a satisfaction survey in 2022/23 and every two years thereafter.

- 88.4% of tenants are satisfied with the overall service provided by the Association;
- 83.0% of tenants feel that Abertay was good at keeping them informed about services and outcomes; and
- 72.6% of tenants were satisfied with the opportunities given to them to participate in the Association's decision making process.

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

Getting Good Value from Rents and Service Charges

- 0.6% of rent was lost in 2021/22 through properties being empty, this has started to reduce as the effects of Covid-19 reduce;
- The average length of time the Association took to relet properties was 25.3 days. Again, this has started to reduce as the effects of Covid-19 reduce; and
- 99.6% of the rent due was collected from tenants in 2021/22.

Neighbourhood and Community

- 22.0 cases of anti-social behaviour were reported per 100 homes in 2021/22; and
- 98.0% of anti-social behaviour cases were resolved within locally agreed targets in 2021/22.

Governance

The Association's governing body is its Board which is responsible to the wider membership. The Board serves in a voluntary capacity and the Association recognises this puts more onus on the Senior Management Team to ensure that they achieve high standards of professionalism in their work.

The Board is elected from among the members at the AGM. There are up to 15 places on the Board which are split as follows:

- At least 2 tenants
- At least 2 service users (owner occupiers)
- Up to 11 drawn from all three categories (tenants, service users and others with appropriate skills or expertise).

It is possible for people to be invited to join the Board provided co-options do not exceed one third of the number of elected members.

The Board met regularly during the year, with strategy and governance training held between meetings. Sub-committees can be set up to deal with particular aspects of the Association's affairs.

The Board is responsible for the Association's Business Plan, which incorporates the Association's strategic objectives in respect of governance, finance, housing services, property services and human resource management.

Board members act in a voluntary capacity and do not receive payment for their work beyond reasonable out-of-pocket expenses. They do not benefit from their position and cannot receive favourable treatment in any way – neither can their close relatives.

The Association's engagement plan from the Scottish Housing Regulator shows its Regulatory Status as Compliant. The Board in its latest Assurance Statement is satisfied that the Association is compliant with the requirements of the Regulatory Framework and the Regulatory Standards of Governance and Financial Management.

The Association has appointed internal auditors who carried out seven reviews during 2021/22. These are an important resource in demonstrating compliance with legislation and regulatory standards. They made 10 recommendations which, where agreed, have been or will be implemented over the coming months.

Going concern

The Board has reviewed the results for this year and the budgets going forward. The Board has a good expectation that the Association has adequate resources to continue operational existence for the foreseeable future. The going concern basis of accounting has been adopted in preparing the financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

Related Party Transactions

The tenants who sit on the Board have entered into tenancies on the Association's normal terms and conditions and they cannot use their position to their advantage.

Board and Executive Officers

The members of the Board and the Executive Officers are listed on Page 1.

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

The members of the Board are also Trustees of the Charity. Members of the Board are appointed by the members at the Association's Annual General Meeting.

Statement of Board's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 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 that period. In preparing those Financial Statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2019. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Board must, in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Board is aware:

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

Statement on Internal Financial Control

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

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

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

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

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

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

Donations

During the year the Association made charitable donations amounting to £250 (2021 - £1,200).

Auditors

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

By order of the Board

Marjorie Sloan

MARJORIE SLOAN

Secretary

31 August 2022

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF ABERTAY HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed your statement on page 8 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement of Internal Financial Control on page 8 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

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

Alexander Sloan

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
31 August 2022



ABERTAY HOUSING ASSOCIATION LIMITED

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

Opinion

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

In our opinion the financial statements:

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

Basis of Opinion

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

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

ABERTAY HOUSING ASSOCIATION LIMITED

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

Other Information (Contd.)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the statement of Board's responsibilities as set out on page 7, the Board is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

ABERTAY HOUSING ASSOCIATION LIMITED

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

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

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

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

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

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

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

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

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

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

ABERTAY HOUSING ASSOCIATION LIMITED

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

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

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

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

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

Use of our Report

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

Alexander Sloan

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
31 August 2022



ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	£	2022 £	£	2021 £
Revenue	2		9,220,331		9,123,413
Operating costs	2		7,881,563		7,236,544
OPERATING SURPLUS			1,338,768		1,886,869
Gain on sale of housing stock	7	231,338		118,358	
Interest receivable and other income		429		941	
Interest payable and similar charges	8	(854,868)		(869,319)	
Other Finance income/(charges)	11	(12,358)		(219,141)	
			(635,459)		(969,161)
SURPLUS FOR THE YEAR			703,309		917,708
Other comprehensive income					
Actuarial gains/(losses) on defined benefit pension plan	18		776,146		464,526
TOTAL COMPREHENSIVE INCOME			1,479,455		1,382,234

The results relate wholly to continuing activities.

The notes on pages 18 to 33 form an integral part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2022	2021
		£	£
NON-CURRENT ASSETS			
Housing properties - depreciated cost	12a	54,062,254	52,300,620
Other tangible assets	12b	110,812	137,324
		<u>54,173,066</u>	<u>52,437,944</u>
CURRENT ASSETS			
Receivables	13	852,553	882,099
Cash and cash equivalents	14	1,383,181	2,481,469
		<u>2,235,734</u>	<u>3,363,568</u>
CREDITORS: Amounts falling due within one year	15	(1,970,265)	(2,794,372)
NET CURRENT ASSETS		<u>265,469</u>	<u>569,196</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		54,438,535	53,007,140
CREDITORS: Amounts falling due after more than one year	16	(19,219,321)	(18,751,142)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES			
Tayside pension fund	18	(304,028)	(719,381)
		<u>(304,028)</u>	<u>(719,381)</u>
DEFERRED INCOME			
Social housing grants	19	(18,032,032)	(18,128,484)
Other grants	19	(1,482)	(5,899)
		<u>(18,033,514)</u>	<u>(18,134,383)</u>
NET ASSETS		<u>16,881,672</u>	<u>15,402,234</u>
EQUITY			
Share capital	20	117	134
Revenue reserves		17,185,583	16,121,481
Pension reserves		(304,028)	(719,381)
		<u>16,881,672</u>	<u>15,402,234</u>

The financial statements were approved by the Board and authorised for issue and signed on their behalf on 31 August 2022.

Kathleen Mands
Committee Member

Paul Crichton
Committee Member

Margorie Sloan
Secretary

The notes on pages 18 to 33 form an integral part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	£	2022 £	£	2021 £
Surplus for the Year			703,309		917,708
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets		2,412,226		2,246,530	
Amortisation of capital grants	19	(435,000)		(360,613)	
Gain on disposal of tangible fixed assets		(231,338)		(118,358)	
Non-cash adjustments to pension provisions		360,793		219,141	
Share capital written off	20	(18)		(22)	
			2,106,663		1,986,678
Interest receivable			(429)		(941)
Interest payable	8		854,868		869,319
Operating cash flows before movements in working capital			3,664,411		3,772,764
Change in debtors		(18,681)		(36,156)	
Change in creditors		(842,772)		912,635	
			(861,453)		876,479
Net cash inflow from operating activities			2,802,958		4,649,243
Investing Activities					
Acquisition and construction of properties		(4,196,073)		(4,611,158)	
Purchase of other fixed assets		(5,398)		(30,525)	
Social housing grant received		382,359		2,950,542	
Other grants repaid		-		(19,567)	
Proceeds on disposal of housing properties		285,460		173,800	
Net cash outflow from investing activities			(3,533,652)		(1,536,908)
Financing Activities					
Loan Advances Received		1,000,000		-	
Interest received on cash and cash equivalents		429		941	
Interest paid on loans		(854,868)		(869,319)	
Loan principal repayments		(513,156)		(1,584,437)	
Share capital issued	20	1		4	
Net cash outflow from financing activities			(367,594)		(2,452,811)
(decrease)/increase in cash	21		(1,098,288)		659,524
Opening cash & cash equivalents			2,481,469		1,821,945
Closing cash & cash equivalents			1,383,181		2,481,469
Cash and cash equivalents as at 31 March					
Cash	21		1,383,181		2,481,469
			1,383,181		2,481,469

The notes on pages 18 to 33 form an integral part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2022

	Share Capital	Tayside Pension Reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 1 April 2020	152	(964,766)	14,984,632	14,020,018
Issue of Shares	4	-	-	4
Cancellation of Shares	(22)	-	-	(22)
Other comprehensive income	-	464,526	-	464,526
Other movements	-	(219,141)	219,141	-
Surplus for the year	-	-	917,708	917,708
Balance as at 31 March 2021	134	(719,381)	16,121,481	15,402,234
Balance as at 1 April 2021	134	(719,381)	16,121,481	15,402,234
Issue of Shares	1	-	-	1
Cancellation of Shares	(18)	-	-	(18)
Other comprehensive income	-	776,146	-	776,146
Other movements	-	(360,793)	360,793	-
Surplus for the year	-	-	703,309	703,309
Balance as at 31 March 2022	117	(304,028)	17,185,583	16,881,672

The notes on pages 18 to 33 form an integral part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

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

Revenue

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

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

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

Retirement Benefits

The Association participates in the Tayside Pension Scheme which provides benefits on final pensionable salary, up to 31 March 2015, thereafter, these are based on a career average. The assets of the scheme are held and invested separately from those of the Association.

The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. Contributions to the scheme are charged to the Statement of Comprehensive Income so as to spread the costs of pensions over the employees' working lives with the Association.

The difference between the actual and expected return on assets during the year, including changes in actual assumptions, is recognised in the Statement of Comprehensive Income.

Going Concern

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

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Housing Properties

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

<i>Component</i>	<i>Useful Economic Life</i>
Land	Not Depreciated
Structure	Over 50 years
Roofs	Over 40 years
Windows and Doors	Over 20 years
Bathrooms	Over 15-20 years
Kitchens	Over 15 years
Central Heating	Over 15-20 years

Depreciation and Impairment of Other Tangible Assets

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

<i>Asset Category</i>	<i>Depreciation Rate</i>
Office Premises	4%
Housing Stock Improvements	5%
Machinery & Equipment	6.67%
Furniture & Fittings	10-20%
Computer Hardware & Software	25%

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

Social Housing Grants and Other Capital Grants

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

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

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

Sales Of Housing Properties

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

Taxation

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

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Works to Existing Properties

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

Capitalisation Of Development Overheads

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

Borrowing Costs

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme. All other borrowing costs are expensed to the statement of comprehensive income using the effective interest rate method.

Property Development Cost

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

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

Financial Instruments - Basic

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

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

Cash and Liquid Resources

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

Impairment

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

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

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

ABERTAY HOUSING ASSOCIATION LIMITED

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

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

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

Key Judgements

a) Categorisation of Housing Properties

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

b) Identification of cash generating units

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

c) Financial instrument break clauses

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

Estimation Uncertainty

a) Rent Arrears - Bad Debt Provision

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

b) Life Cycle of Components

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

c) Useful life of properties, plant and equipment

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

d) Defined pension liability

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

e) Allocation of share of assets and liabilities for multi employer schemes

Judgements in respect of the assets and liabilities to be recognised are based upon source information provided by the administration of the multi employer pension schemes and estimations performed by the Tayside Pension Fund.

ABERTAY HOUSING ASSOCIATION LIMITED

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

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

	Notes	Turnover £	Operating costs £	2022 Operating surplus / (deficit) £	Turnover £	Operating costs £	2021 Operating surplus / (deficit) £
Affordable letting activities	3	8,678,821	7,444,307	1,234,514	8,639,304	6,886,241	1,753,063
Other Activities	4	541,510	437,256	104,254	484,109	350,303	133,806
Total		9,220,331	7,881,563	1,338,768	9,123,413	7,236,544	1,886,869

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

	General Needs Housing £	2022 Total £	2021 Total £
Revenue from Lettings			
Rent receivable net of service charges	8,051,675	8,051,675	7,959,219
Service charges receivable	256,382	256,382	281,126
Gross income from rent and service charges	8,308,057	8,308,057	8,240,345
Less: Rent losses from voids	65,237	65,237	84,742
Income from rents and service charges	8,242,820	8,242,820	8,155,603
Grants released from deferred income	435,001	435,001	360,613
Other revenue grants	1,000	1,000	123,088
Total turnover from affordable letting activities	8,678,821	8,678,821	8,639,304
Expenditure on affordable letting activities			
Management and maintenance administration costs	2,482,440	2,482,440	2,245,885
Service costs	126,206	126,206	116,602
Planned and cyclical maintenance, including major repairs	294,429	294,429	265,512
Reactive maintenance costs	2,106,305	2,106,305	1,933,990
Bad Debts - rents and service charges	39,246	39,246	102,981
Depreciation of affordable let properties	2,395,681	2,395,681	2,221,271
Operating costs of affordable letting activities	7,444,307	7,444,307	6,886,241
Operating surplus on affordable letting activities	1,234,514	1,234,514	1,753,063
2021		1,753,063	

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Grants from Scottish Ministers	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating surplus / (deficit) 2022	Operating surplus / (deficit) 2021
	£	£	£	£	£	£	£
Care and repair	112,384	35,327	147,711	-	103,025	44,686	67,893
Factoring	-	251,605	251,605	432	274,861	(23,688)	(18,761)
Support activities	-	142,194	142,194	-	58,938	83,256	84,674
Total From Other Activities	112,384	429,126	541,510	432	436,824	104,254	133,806
2021	68,838	415,271	484,109	5,938	344,365	133,806	

ABERTAY HOUSING ASSOCIATION LIMITED

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

5. OFFICERS' EMOLUMENTS

	2022 £	2021 £
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board, managers and employees of the Association.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	172,832	146,727
Pension contributions made on behalf on Officers with emoluments greater than £60,000	28,702	23,385
Emoluments payable to Chief Executive (excluding pension contributions)	96,226	79,599
Pension contributions paid on behalf of the Chief Executive	16,072	12,753
Total emoluments payable to the Chief Executive	112,298	92,352
Total emoluments paid to key management personnel	201,534	170,112

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

	Number	Number
£70,001 to £80,000	-	1
£80,001 to £90,000	1	-
£90,001 to £100,000	-	1
£100,001 to £120,000	1	-

6. EMPLOYEE INFORMATION

	2022 No.	2021 No.
Average monthly number of full time equivalent persons employed during the year	37	38
Average total number of employees employed during the year	42	44
Staff costs were:	£	£
Wages and salaries	1,216,885	1,264,881
National insurance costs	123,947	117,528
Pension costs	556,005	197,991
Temporary, agency and seconded staff	-	312
	1,896,837	1,580,712

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. GAIN ON SALE OF HOUSING STOCK

	2022	2021
	£	£
Sales proceeds	285,460	173,800
Cost of sales	<u>54,122</u>	<u>55,442</u>
Gain on sale of housing stock	<u>231,338</u>	<u>118,358</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£	£
On bank loans and overdrafts	<u>854,868</u>	<u>869,319</u>

9. SURPLUS FOR THE YEAR

	2022	2021
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	2,318,984	2,167,293
Auditors' remuneration - audit services	9,513	8,820
Gain on sale of other non-current assets	<u>(231,338)</u>	<u>(118,358)</u>

10. CORPORATION TAX

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

11. OTHER FINANCE INCOME / (CHARGES)

	2022	2021
	£	£
Net interest on pension obligations	<u>(12,358)</u>	<u>(219,141)</u>

ABERTAY HOUSING ASSOCIATION LIMITED

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

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
COST			
At 1 April 2021	70,501,123	4,370,483	74,871,606
Additions	1,453,501	2,742,572	4,196,073
Disposals	(306,961)	-	(306,961)
Transfers	6,504,827	(6,504,827)	-
At 31 March 2022	78,152,490	608,228	78,760,718
DEPRECIATION			
At 1 April 2021	22,570,986	-	22,570,986
Charge for Year	2,287,074	-	2,287,074
Disposals	(159,596)	-	(159,596)
At 31 March 2022	24,698,464	-	24,698,464
NET BOOK VALUE			
At 31 March 2022	53,454,026	608,228	54,062,254
At 31 March 2021	47,930,137	4,370,483	52,300,620

	2022		2021	
Expenditure on Existing Properties	<i>Component replacement</i>	<i>Improvement/Repairs</i>	<i>Component replacement</i>	<i>Improvement/Repairs</i>
£	£	£	£	£
Amounts capitalised	1,293,343	160,158	686,981	280,584
Amounts charged to the statement of comprehensive income	-	2,400,734	-	2,199,502

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carry value of £38,595,976 (2021 - £38,817,849).

ABERTAY HOUSING ASSOCIATION LIMITED

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

12. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Machinery & Equipment £	Computer Equipment £	Total £
COST					
At 1 April 2021	380,133	79,387	41,076	210,947	711,543
Additions	-	-	-	5,398	5,398
Eliminated on disposals	-	-	-	-	-
At 31 March 2022	380,133	79,387	41,076	216,345	716,941
DEPRECIATION					
At 1 April 2021	293,011	77,311	19,191	184,706	574,219
Charge for year	15,146	1,506	4,471	10,787	31,910
Eliminated on disposals	-	-	-	-	-
At 31 March 2022	308,157	78,817	23,662	195,493	606,129
NET BOOK VALUE					
At 31 March 2022	71,976	570	17,414	20,852	110,812
At 31 March 2021	87,122	2,076	21,885	26,241	137,324

13. RECEIVABLES

	2022 £	2021 £
Gross arrears of rent and service charges	265,170	257,104
Less: Provision for doubtful debts	(114,493)	(131,013)
<i>Net arrears of rent and service charges</i>	150,677	126,091
Social housing grant receivable	284,132	332,359
Other receivables	417,744	423,649
	852,553	882,099

14. CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash at bank and in hand	1,383,181	2,481,469

ABERTAY HOUSING ASSOCIATION LIMITED

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

15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans	547,775	529,110
Trade payables	302,440	381,099
Rent received in advance	281,181	259,555
Other taxation and social security	31,157	29,157
Other payables	233,051	270,846
Accruals and deferred income	574,661	1,324,605
	<u>1,970,265</u>	<u>2,794,372</u>

At the statement of financial position date there were pensions outstanding of £23,680 (2021 - £23,081).

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

	2022	2021
	£	£
Bank loans	19,219,321	18,751,142
	<u>19,219,321</u>	<u>18,751,142</u>

17. DEBT ANALYSIS - BORROWINGS

	2022	2021
	£	£
Bank Loans		
Amounts due within one year	547,775	529,110
Amounts due in one year or more but less than two years	574,856	554,733
Amounts due in two years or more but less than five years	7,096,021	1,830,712
Amounts due in more than five years	11,548,444	16,365,697
	<u>19,767,096</u>	<u>19,280,252</u>

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

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable or Fixed
Royal Bank of Scotland	1,519	6.25%	2037	Variable
Royal Bank of Scotland	-	5.6%	2039	Variable
Royal Bank of Scotland	-	1.97%	2026	Fixed
Royal Bank of Scotland	-	2.6%	2028	Variable
CAF Bank	109	2.37%	2042	Fixed
CAF Bank	-	2.37%	2043	Fixed

All the Association's bank borrowings are repayable on a monthly or quarterly basis with the principal being amortised over the term of the loans.

In accordance with FRS 102 the Association's bank borrowings are valued using at amortised cost using the effective interest rate method.

	2022	2021
	£	£
Due to lenders at 31 March 2022	19,970,677	19,494,256
Effective interest rate adjustment	(203,581)	(214,004)
	<u>19,767,096</u>	<u>19,280,252</u>

ABERTAY HOUSING ASSOCIATION LIMITED

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

18. RETIREMENT BENEFIT OBLIGATIONS

The pension cost figures used in these accounts comply with the Financial Reporting Standard 102 (FRS 102).

The Association is an admitted body to the Tayside Pension Fund, a fund administered by Dundee City Council. The fund is a funded defined benefit pension scheme providing benefits based on the final pensionable salary to 31 March 2015, thereafter benefits are based on career average basis. Contributions to the fund are determined by the scheme's actuary using the projected unit method and are charged to the Statement of Comprehensive Income as they are incurred. The pension costs for the period were £203,988 (2021 - £197,690). The pension fund is now closed to new members effective from 1 November 2021.

The table below compares the present value of the scheme's liabilities, based on the Actuary's assumptions with the estimated employer assets.

Net pension liability as at:	2022 £	2021 £
Estimated employer assets (A)	11,960,213	11,350,490
Present value of scheme liabilities	12,264,241	12,069,871
Total value of liabilities (B)	12,264,241	12,069,871
Net pension liabilities (A-B)	(304,028)	(719,381)

The movement in the defined benefit obligation over the year is as follows:

	2022 £	2021 £
Opening defined benefit obligation	12,069,871	9,845,192
Current service cost	547,853	393,195
Interest costs	239,265	228,369
Change in financial assumptions	(400,716)	2,507,795
Change in demographic assumptions	-	(138,502)
Experience loss/(gain) on defined benefit obligation	22,312	(510,004)
Estimated benefits paid net of transfers in	(292,631)	(341,536)
Contributions by scheme participants	78,287	85,362
Closing defined benefit obligation	12,264,241	12,069,871

The movement in the fair value of fund assets in the year is as follows:

	2022 £	2021 £
Opening fair value of funds	11,350,490	8,880,426
Interest on assets	226,907	208,007
Return on assets less interest	397,742	2,683,709
Other actuarial gains/(losses)	-	(359,894)
Administration expenses	(4,570)	(3,274)
Contributions by employer including unfunded	203,988	197,690
Contributions by fund participants	78,287	85,362
Estimated benefits paid plus unfunded net of transfers in	(292,631)	(341,536)
Closing fair value of fund assets	11,960,213	11,350,490

ABERTAY HOUSING ASSOCIATION LIMITED

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

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

The amounts recognised in the Statement of Comprehensive Income are as follows:

Analysis of amount recognised in the Statement of Comprehensive Income	2022	2021
	£	£
Service cost	547,853	393,195
Net interest on the defined liability (asset)	12,358	20,362
Administration expenses	4,570	3,274
Total loss (profit)	564,781	416,831

The aggregate assets of the defined pension scheme are comprised as follows:

	Value at 31 March 2022	Value at 31 March 2021
	£	£
Equities	8,469,310	8,127,450
Gilts	563,163	448,818
Bonds	1,427,803	1,481,525
Property	1,304,231	1,037,422
Cash	183,630	239,085
Alternatives	12,076	16,190
Total	11,960,213	11,350,490

The total return on the fund assets for the year to 31 March 2022 was £624,649 (2021 - £2,891,716).

The principal actuarial assumptions used in valuing the defined benefit pension scheme were as follows:

	2022	2021
	£	£
Discount Rate	2.6%	2.0%
Pension increases	3.3%	2.9%
Salary increases	4.3%	3.9%

The net asset/(defined liability) recognised in other comprehensive income:

	2022	2021
	£	£
Return on fund asset in excess of interest	397,742	2,683,709
Other actuarial gains on assets	-	359,894
Change in demographic assumptions	-	138,502
Experience gain on defined benefit obligation	(22,312)	510,004
Changes in financial assumptions	400,716	(2,507,795)
Re-measurement of the net assets	776,146	464,526

Mortality Rates

Life expectancy is based on the S3PA_H tables with a multiplier of 110%. These base tables are then projected using the CMI_2020 Model, allowing for the long-term rate of improvement of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current pensioners	18.9	22.3
Future pensioners	20.3	23.9

ABERTAY HOUSING ASSOCIATION LIMITED

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

19. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Total £
Capital grants received			
At 1 April 2021	21,833,730	94,226	21,927,956
Additions in the year	334,131	-	334,131
Eliminated on disposal	-	-	-
At 31 March 2022	<u>22,167,861</u>	<u>94,226</u>	<u>22,262,087</u>
Amortisation			
At 1 April 2021	3,705,246	88,327	3,793,573
Amortisation in year	430,583	4,417	435,000
Eliminated on disposal	-	-	-
At 31 March 2022	<u>4,135,829</u>	<u>92,744</u>	<u>4,228,573</u>
Net book value			
At 31 March 2022	<u>18,032,032</u>	<u>1,482</u>	<u>18,033,514</u>
At 31 March 2021	<u>18,128,484</u>	<u>5,899</u>	<u>18,134,383</u>

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

	2022 £	2021 £
Amounts due within one year	435,000	360,613
Amounts due in more than one year	17,598,514	17,773,770
	<u>18,033,514</u>	<u>18,134,383</u>

20. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2022 £	2021 £
At 1 April	134	152
Issued in year	1	4
Cancelled in year	(18)	(22)
At 31 March	<u>117</u>	<u>134</u>

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

ABERTAY HOUSING ASSOCIATION LIMITED

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

21. CASH FLOWS

Reconciliation of net cash flow to movement in net debt

	2022	2021
	£	£
(Decrease) / increase in cash	(1,098,288)	659,524
Cashflow from change in net debt	(486,844)	1,584,437
Movement in net debt during the year	(1,585,132)	2,243,961
Net debt at 1 April	(16,798,783)	(19,042,744)
Net debt at 31 March	(18,383,915)	(16,798,783)

	At 1 April 2021	Cashflows	Other Changes	At 31 March 2022
	£	£	£	£
Cash and cash equivalents	2,481,469	(1,098,288)	-	1,383,181
	2,481,469	(1,098,288)	-	1,383,181
Debt: Due within one year	(529,110)	(486,844)	468,179	(547,775)
Due after more than one year	(18,751,142)	-	(468,179)	(19,219,321)
Net debt	(16,798,783)	(1,585,132)	-	(18,383,915)

22. CAPITAL COMMITMENTS

	2022	2021
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	353,501	3,229,714

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

23. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 147 Fintry Drive, Dundee, DD4 9HE.

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

24. BOARD MEMBER EMOLUMENTS

Board members received £119 (2021 - £10) in the year by way of reimbursement of expenses. No remuneration is paid to members in respect of their duties to the Association.

ABERTAY HOUSING ASSOCIATION LIMITED

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

25. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2022 No.	2021 No.
General needs	1,603	1,537
Community projects block	6	6
Retirement housing	238	265
	<u>1,847</u>	<u>1,808</u>

26. RELATED PARTY TRANSACTIONS

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

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

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

	2022 £	2021 £
Rent received from tenants on the Board and their close family members	<u>11,944</u>	<u>12,296</u>
Factoring charges received from factored owners on the Board and their close family members	<u>274</u>	<u>344</u>
At the year end total rent arrears owed by the tenant members on the Board (and their close family) were	<u>179</u>	<u>-</u>
Members of the Board who were tenants during the year	<u>1</u>	<u>1</u>
Members of the Board who were owner occupiers during the year	<u>2</u>	<u>2</u>