



**YORKHILL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

**Registered with the Financial Conduct Authority
Co-operative and Community Benefit Societies Act 2014 No. 02302RS**

**Registered Housing Association - Housing (Scotland) Act 2010 Registered Number HCB 209
Registered Scottish Charity Number SC040346**

YORKHILL HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND PROFESSIONAL ADVISORS

Management committee

Dr M Green
R Winning
C Armstrong
H Fitzgerald
P Braat (co-optee)
B Docherty
G Mattu
N McPherson
P Marsden
Y Alexis
M Harris

Chairperson
Secretary
Vice Chair
Treasurer

Executive officers

Marion Menabney
Gary Watson
Pauline Hollinsworth
Stewart Pattison
Robert Calvert
Grant Kennedy

Chief Executive
Finance Manager
Director of Property Services
Compliance Manager
Property Services Manager
Housing Services Manager

Registered Office

1271 Argyle Street
Glasgow
G3 8TH

Auditor

Azets Audit Services
Titanium 1
King's Inch Place
Renfrew
PA14 8WF

Solicitors

TC Young & Son
7 West George Street
Glasgow
G2 1BA

Bankers

Bank of Scotland
258/262 Dumbarton Road
Glasgow
G11 6TU

YORKHILL HOUSING ASSOCIATION LIMITED

CONTENTS

	Page
Report of the Management Committee (incorporating the Strategic Report)	1 – 5
Management Committee's Statement on Internal Financial Controls	6
Auditor Report on Corporate Governance	7
Independent Auditor's Report on the Financial Statements	8 – 11
Statement of Comprehensive Income	12
Statement of Changes in Capital and Reserves	13
Statement of Financial Position	14
Statement of Cash Flows	15
Notes to the Financial Statements	16 – 36

YORKHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

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

Principal Activities

The principal activities of the Association include:

- Provision and management of rented accommodation (456); and
- Management of properties on behalf of other owners. (505)

Review of business and future prospects

The results for the year are set out in the Statement of Comprehensive Income on page 12. The surplus has been added to reserves brought forward.

Future Plans

In January 2022, the Chief Executive and Director of Property Services advised Committee of their intention to retire after 42 years of service. Pauline Hollinsworth (DPS) will leave in December 2022 and Marion Menabney (CE) will leave in March 2023.

The Association's Business Plan for 2022-25 is being prepared following a recent review by committee members and staff. In view of the planned retirement of the senior officers, the Management Committee appointed an external consultant to prepare the plan and assist members with reviewing strategic options for the future.

Key objectives within the current plan include:

- **Recruitment** – the recruitment process for the Chief Executive will be facilitated with assistance from an external source, she will not be involved. A factoring manager will be sought during August 2022. In common with other sectors, the Association has struggled with recruitment during recent months and is currently short of technical staff to replace the Property Services officers following their retirements.
- **Assurance** – Regulatory compliance is a key principle of the Association's purpose and business planning. The Association has an Assurance Evidence Bank which is renewed annually to ensure the annual Assurance Statement is supported by updated documentary evidence. Compliance with SHR's Regulatory Standards is demonstrated by a wide range of documents, including internal and external reports, policy documents, minutes, and training records.
- **Customer Engagement** – The Association's plans for implementing a new engagement strategy were paused during the pandemic. The Housing Services Manager is co-ordinating the implementation of the updated strategy.
- **Policy Review Schedule** – During 2021-22 the Management Committee ensured its policy review schedule was kept up to date to assist ongoing compliance with legal and regulatory obligations and good practice. Policies were reviewed and updated as required for Asset Management, Risk Management, Treasury Management, Internet and Email, Data Retention, Membership, Retirement Housing Emergency Procedures.
- **Affordability** – The Management Committee is committed to providing homes and services at affordable rent levels for tenants. Value markers are used to monitor financial efficiencies to ensure affordable rent levels do not compromise organisational viability. Financial plans are monitored regularly by senior staff and committee members.

**REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2022**

Future Plans (continued)

- Freedom of Information Act and GDPR UK– The legislation continues to have an impact on the Association's staffing resources, particularly the DPO/Compliance Manager. During 2021-22 6 FoI, 7 ERS and 7 Subject Access requests were received. The Data Protection Officer reports quarterly to Committee to assure members that full compliance with the provisions of the legislation is being maintained. All staff have received training to maintain knowledge and awareness of the organisation's legal obligations in this regard.
- Internal Audit – during 2021-22 audits were completed on Rent Arrears, Reactive Repairs and Covid Business Resilience. The plan for 2022-23 will be finalised when the review of Internal Audit services is completed.
- Cyber Security – The Association renewed its Cyber Essentials accreditation in May 2022. This will be renewed annually to ensure IT systems and procedures remain as secure as possible.
- Review of IT Systems – The Association progressed its review of its IT business systems during 2021-22. The new system will be operational by November 2022.
- Donations - The Association made donations to charitable organisations of £200 in the financial year.

Risk and uncertainties

Covid-19

The most significant risk to the Association during 2021-22 was the impact of Covid-19.

Risk mitigation strategies developed and reviewed between March 2020 and the present day, continue to be implemented and carefully monitored.

All risk registers were updated in accordance with the Association's Risk Management Policy, with covid related risks included as appropriate. Specific risk assessments were undertaken in relation to:

- Staff safety
- Resident safety
- Service provision
- Governance arrangements
- Arrears management
- Planned cyclical and major projects
- Financial planning and viability

The Management Committee received regular update reports on covid management issues to inform their decisions on policy and practice during 2021-22

Financial and non-financial key performance indicators

The Association's current strategic plan covering a 3-year period contains the following 7 organisational objectives:

- To be genuinely controlled by local residents and accountable to the community;
- To provide good quality rented accommodation to those in greatest housing need;
- To provide a responsive effective property management service to tenants and owners;
- To maintain the organisation's long-term viability and financial effectiveness;
- To ensure that all customers of the organisation are given the same high quality of service and that no sector of the community suffers from adverse discrimination; and
- To ensure that all customers of the organisation are consulted on projects, advised regularly on performance and continually asked how satisfied they are with service provided.
- To ensure the Association is fully compliant with its constitutional, regulatory and legal obligations.

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2022

Covid-19 (continued)

These core objectives underpin all business and planning activities undertaken by committee and staff

2021-22 Strategic Outcomes and Impact of Covid-19

- **Local Control and Accountability** – The Management Committee continued to manage the Association's business affairs by holding virtual meetings via the Zoom platform. Members are now investigating methods of combining virtual and face to face meetings to maximise opportunities for attendances.
- **Provision of Affordable Housing** – The Association has continued to process housing applications and allocate property within strict covid guidelines. Void periods have increased which in turn have led to increased void rent loss compared to pre-covid.
- **Effective Service Provision**- The office has been closed to the public since March 2020 in accordance with national guidance. All staff have been working on a combined home/office basis with restricted numbers in the office. All non-urgent repairs were suspended, and investment projects paused. The cash balances have increased accordingly. Backcourt inspections continued and staff arranged bulk refuse clearances where required.
- **Viability and Value** – The Management Committee and sub-committees has received regular reports on a wide range of value indicators, including financial plans, budget monitoring, performance outcomes, procurement processes, arrears management and maintenance expenditure.
- **Equalities** – The adaptation work suspended during the pandemic was resumed. All outstanding work was completed.
- **Consultation**- Engagement strategies now resumed.
- **Regulatory and Legal Compliance** – All regulatory returns were submitted on time. The Association met all legal obligations and achieved full compliance with SHR Regulatory Standards of Governance and Financial Management.

Governance

Governing Document

The Association as a social landlord is registered with the Scottish Housing Regulator, OSCR and the Financial Conduct Authority.

Recruitment and Appointment of the Management Committee

One third of the Management Committee retire by rotation annually at the Annual General Meeting. They can then be nominated for re-election.

The Association endeavours to have a diverse range of Management Committee members who can bring their own skills to the Committee. This is achieved by direct contact with residents within the Yorkhill area as well as by networking and identifying members who could bring their own skills and experience to the Association's Management Committee.

Annual Appraisal of Management Committee

An annual appraisal of the management committee is undertaken by an external organisation. The process involves assessments of the team's collective knowledge and also one to one interviews for individuals. The report presented to committee confirms the ongoing competences of all members in accordance with regulatory requirements.

Organisational Structure

The 2021-22 Management Committee comprised board members: 10 elected and 1 co-optee. The Management Committee meet 10 times per year. There is also a governance and finance sub-committee and a services sub-committee, who meet quarterly and report directly to the Management Committee.

YORKHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

Governance (continued)

Delegated authority is in place and day to day responsibility for the provision of services rests with the Chief Executive. The Chief Executive is responsible for ensuring that the Association delivers the services specified and that key performance indicators are met.

Management committee and executive officers

The Management Committee and executive officers of the Association are listed on the Association's information page at the start of the financial statements.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The executive officers of the Association 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 committee.

Statement of management committee's responsibilities

Statute requires the Management Committee 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 income or expenditure of the Association for the year ended on that date. In preparing these financial statements, the Management Committee 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 the going concern basis unless it is inappropriate to presume that the Association will continue in business.

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

Related party transactions

Some members of the Management Committee are tenants or owner occupiers, however, the policies, procedures and agreements in place do not allow them to use their position on the committee to their personal advantage.

Related party transactions are documented at note 24.

Internal financial control

The Committee is responsible for the Association's system of internal financial control and has reviewed its effectiveness from information provided by management staff.

Any system can only provide reasonable and not absolute assurance against material misstatement or loss.

The financial control system within the Association is fundamentally simple and appropriate to the size and complexity of the organisation. It includes a combination of regular review of financial results compared with an agreed budget and authorisation of all expenditure by senior staff and Committee.

During 2022, the Association's internal processes for payments and payroll were reviewed by the Internal Auditor and confirmed as satisfactory. Development points were included in the report and have been adopted.

YORKHILL HOUSING ASSOCIATION LIMITED

**REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2022**

Disclosure of information to the auditor

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

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

Auditor

A resolution to re-appoint Azets Audit Services as auditor will be put to the members at the Annual General Meeting. The report of the Management Committee (Incorporating the Strategic Report) has been approved by the Management Committee on 11 August 2022 and signed on its behalf by:



**R Winning
Secretary**

Date: 11 August 2022

YORKHILL HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE'S STATEMENT ON INTERNAL FINANCIAL CONTROLS FOR THE YEAR ENDED 31 MARCH 2022

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the various business environments in which it operates.

These controls are designed to give reasonable assurance with respect to:

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

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

- 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;
- 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 regularly, which allow the Management Committee and staff to monitor the key business risks and progress towards financial plans set for the year and medium term; regular management accounts are prepared timeously, providing relevant, reliable and up to date financial and other information and significant variances from budget are investigated where appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures;
- the Management Committee reviews reports from the Chief Executive, staff and the external and internal auditor to provide reasonable assurance that control procedures are in place and are being followed; and
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Management Committee has confirmed the existence of the system of internal financial control in the Association for the year ended 31 March 2022.

By order of the Management Committee



Dr M Green
Chairperson

Dated: 11 August 2022

YORKHILL HOUSING ASSOCIATION LIMITED

**REPORT OF THE AUDITOR TO THE MANAGEMENT COMMITTEE ON CORPORATE GOVERNANCE
MATTERS FOR THE YEAR ENDED 31 MARCH 2022**

In addition to our audit of the Financial Statements, we have reviewed your statement on page 4 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 on 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 the Statement on Internal Financial Control on page 4 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 our enquiry of certain members of the Management Committee and officers of the Association and examination of relevant documents, we have satisfied ourselves that the Management Committee'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 Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

Azets Audit Services

Azets Audit Services
Statutory Auditor
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Dated: 11 August 2022

YORKHILL HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YORKHILL HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Opinion

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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 Management Committee'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 Management Committee 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 Management Committee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

YORKHILL HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YORKHILL HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Other information (continued)

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.

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Management Committee

As explained more fully in the Statement of the Management Committee's Responsibilities set out on pages 3 & 4 the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee 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 Management Committee 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YORKHILL HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, 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 identified the laws and regulations applicable to the Association through discussions with the Management Committee members and the senior management team, and from our 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, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Management Committee and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- making enquiries of the senior management team and the Management Committee 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 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

YORKHILL HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YORKHILL HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Auditor's responsibilities for the audit of the financial statements (continued)

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;
- reading the minutes of meetings of the Management Committee and relevant sub-committees;
- enquiring of the senior management team as to actual and potential litigation and claims;
- reviewing legal and professional fees paid in the year for indication of any actual and potential litigation and claims; and
- reviewing correspondence with HMRC, the Scottish Housing Regulator, OSCR and the Association's legal advisors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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, as a body, 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.

Azets Audit Services.

**Azets Audit Services
Statutory Auditor
Chartered Accountants**

Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 11 August 2022

Azets Audit Services is eligible for appointment as auditor of the Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006

YORKHILL HOUSING ASSOCIATION LIMITED

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

	Notes	2022 £	2021 £
Turnover	4	2,243,402	2,220,160
Operating Expenditure	4	(2,140,495)	(2,070,638)
Operating surplus	4	102,907	149,522
Interest receivable	10	2,473	5,683
Interest payable and financing costs	11	(36,167)	(34,738)
Surplus for the year before taxation		69,213	120,467
Taxation	12	-	-
Surplus for the year		69,213	120,467
Other comprehensive income			
Actuarial gain in respect of pension scheme	23	219,000	(353,000)
Gain on revaluation of investment properties	14b	-	75,952
Total comprehensive income for the year		288,213	(156,581)

The results for the year relate wholly to continuing activities.

The notes on pages 16 to 36 form part of these financial statements.

YORKHILL HOUSING ASSOCIATION LIMITED

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES
AS AT 31 MARCH 2022**

	Share Capital £	Revenue Reserves £	Total Reserves £
Balance at 1 April 2021	115	2,976,949	2,977,064
Total comprehensive income for the year	-	288,213	288,213
Issue of share capital	-	-	-
Cancellation of share capital	(9)	-	(9)
Balance at 31 March 2022	106	3,265,162	3,265,268

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES
AS AT 31 MARCH 2021**

	Share Capital £	Revenue Reserves £	Total Reserves £
Balance at 1 April 2020	122	3,133,530	3,133,652
Total comprehensive income for the year	-	(156,581)	(156,581)
Issue of share capital	1	-	1
Cancellation of share capital	(8)	-	(8)
Balance at 31 March 2021	115	2,976,949	2,977,064

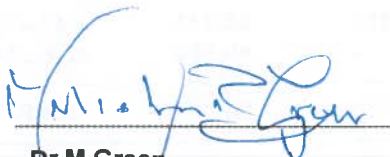
The notes on pages 16 to 36 form part of these financial statements.

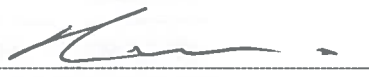
YORKHILL HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2022 £	2021 £
Tangible fixed assets			
Housing properties	14a	6,913,807	7,220,876
Other fixed assets	14b	423,920	408,640
		<u>7,337,727</u>	<u>7,629,516</u>
Current assets			
Debtors	15	254,664	250,944
Cash at bank and in hand	16a	420,730	210,844
Investments	16b	1,934,424	2,082,412
		<u>2,609,818</u>	<u>2,544,200</u>
Creditors			
Amounts falling due within one year	17	(1,247,320)	(1,148,131)
Net current assets		<u>1,362,498</u>	<u>1,396,069</u>
Total assets less current liabilities		<u>8,700,225</u>	<u>9,025,585</u>
Creditors			
Amounts falling due after more than one year	18	(5,381,957)	(5,688,521)
Pension – defined benefit liability	23	(53,000)	(360,000)
Net Assets		<u>3,265,268</u>	<u>2,977,064</u>
Capital and reserves			
Called up share capital	20	106	115
Revenue reserves	21	3,265,162	2,976,949
		<u>3,265,268</u>	<u>2,977,064</u>

The financial statements were authorised for issue by the Management Committee on 11 August 2022 and signed on its behalf by:


Dr M Green
Chairperson


R Winning
Secretary


H Fitzgerald
Treasurer

The notes on pages 16 to 36 form part of these financial statements.

YORKHILL HOUSING ASSOCIATION LIMITED

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

	Notes	2022 £	2021 £
Net cash generated from operating activities	22	424,811	373,196
Cash flow from investing activities			
Purchase of fixed assets		(170,596)	(89,838)
Purchase of other fixed assets		(43,449)	(35,842)
Government capital grants received		28,348	4,180
Interest received		2,473	5,683
		(183,224)	(115,817)
Cash flow from financing activities			
Interest paid		(36,167)	(34,738)
Repayment of borrowings		(48,413)	(48,413)
Issue of share capital		-	1
Transfer to current asset investments		147,988	(143,180)
SHAPS Past service deficit payment		(95,109)	(92,560)
		(31,701)	(318,890)
Net change in cash and cash equivalents		(209,886)	(61,511)
Cash and cash equivalents at 1 April	16a	210,844	272,355
Cash and cash equivalents at 31 March	16a	420,730	210,844

	At 1 April 2021 £	Cash flows £	Other non- cash changes £	At 31 March 2022 £
Cash and cash equivalents				
Cash	210,844	209,886	-	420,730
Cash equivalents	2,082,412	(147,988)	-	1,934,424
	2,293,256	61,898	-	2,355,154
Borrowings				
Debt due within one year	(48,413)	(48,413)	48,413	(48,413)
Debt due after one year	(885,228)	-	49,984	(835,244)
	(933,641)	(48,413)	98,397	(883,657)
Total	1,359,615	13,485	98,397	(1,471,497)

The notes on pages 16 to 36 form part of these financial statements.

YORKHILL HOUSING ASSOCIATION LIMITED

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

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the Association's transactions are denominated. They comprise the financial statements of Yorkhill Housing Association drawn up for the year ended 31 March 2022.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities. The Association is a registered social landlord in Scotland and its registered number is HCB 209.

The Association's Scottish Charity number is SC040346. The address of the Association's registered office is: 1271 Argyle Street, Glasgow, G3 8TH.

2. Accounting policies

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with 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 Housing Requirements 2020 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018.

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

Basis of preparation

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 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.

Going Concern

The Management Committee anticipate that a deficit will be generated in the year to 31 March 2023 and a surplus in the year to 31 March 2024. The Association has a healthy cash balance and net current asset position and thus the Management Committee is satisfied that there are sufficient resources in place to continue operations in the foreseeable future. The Committee members have assessed the impact of COVID-19 on its going concern status and after consideration, do not believe that this will affect the Association's ability to continue operating. Thus, the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover represents rental and service charge income, factoring service income, and fees or revenue grants receivable from Glasgow City Council and from the Scottish Government.

Income from rental and service charges, factoring and commercial letting activities is recognised when the association is entitled to it, it is probable it will be received, and it can be measured reliably.

Income from revenue grants receivable have been covered in a separate accounting policy below.

2. Accounting policies(continued)

Apportionment of management expenses

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

Interest receivable

Interest receivable is recognised in the Statement of Comprehensive Income using the effective interest 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.

Government capital grants

Government capital grants, amounts approved by The Scottish Government or local authorities, are paid directly to the Association 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 Association to recognise income on a systematic basis over the period in which the Association 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 Association recognises the grant in income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

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 Association is entitled to them, it is probable they will be received, and they can be measured reliably.

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.

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

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

YORKHILL HOUSING ASSOCIATION LIMITED

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

2. Accounting policies (continued)

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions 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.

Depreciation

1. Housing properties

Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected useful economic life. The following major components and useful lives have been identified by the Association:

Land	- not depreciated
Kitchens	- over 18 years
Bathrooms	- over 18 years
Structure	- over 50 years
Boilers	- over 15 years
Central heating	- over 24 years
Gutters	- over 20 years
Windows	- over 20 years
Tiles	- over 40 years
Lifts	- over 15 years
Flashings	- over 30 years

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:

Furniture, Fittings & Equipment	- 20% straight line
Office Property	- over 50 years

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

Investment property

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. The investment properties are not depreciated.

Debtors

Short term debtors are measured at transaction price, less any impairment.

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.

YORKHILL HOUSING ASSOCIATION LIMITED

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

2. Accounting policies (continued)

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 15.

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.

Financial instruments

The Association 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 and loans.

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.

Pension costs (note 23)

The Scottish Housing Association Defined Benefits Pension Scheme

The Association participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The SHAPS is accounted for as a defined benefit scheme and as such the amount charged to the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each reporting date.

The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the Statement of Financial Position only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the reporting date. A pension scheme liability is recognised to the extent that the Association has a legal or constructive obligation to settle the liability.

YORKHILL HOUSING ASSOCIATION LIMITED

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

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

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Management Committee consider the following to be critical judgements in preparing the financial statements:

- The categorisation of housing properties as property, plant and equipment in line with the requirements of the SORP;
- The amount disclosed as 'operating profit' is representative of activities that would normally be regarded as 'operating'; and
- The identification of a cash generating unit for impairment purposes.

The Management Committee are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

<u>Estimate</u>	<u>Basis of estimation</u>
Useful lives of property, plant and equipment	The useful lives of property, plant and equipment are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.
The main components of housing properties and their useful lives	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.
Recoverable amount of rental and other trade receivables	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.
The obligations under the SHAPs pension scheme	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

4. Particulars of turnover, operating expenditure and operating surplus

	Notes	Turnover £	Operating Expenditure £	2022 Operating Surplus £	Turnover £	Operating Expenditure £	2021 Operating Surplus £
Affordable lettings	5	2,137,225	2,046,357	90,868	2,126,186	(1,978,714)	147,472
Other activities	6	106,177	94,138	12,039	93,974	(91,924)	2,050
Total		<u>2,243,402</u>	<u>2,140,495</u>	<u>102,907</u>	<u>2,220,160</u>	<u>(2,070,638)</u>	<u>149,522</u>

YORKHILL HOUSING ASSOCIATION LIMITED

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

5	Particulars of income and expenditure from affordable lettings	General Housing Needs £	Supported Housing £	Shared Ownership £	Other £	2022 Total £	2021 Total £
	Income from rent and service charges						
	Rent receivable net of service charges	1,762,824	-	-	-	1,762,824	1,758,023
	Service charges	95,806	-	-	-	95,806	90,423
	Gross income from rents and service charges	1,858,630				1,858,630	1,848,446
	Less: Voids	(9,565)	-	-	-	(9,565)	(9,756)
	Net income from rents and service charges	1,849,065				1,849,065	1,838,690
	Release of deferred government grant	285,325	-	-	-	285,325	285,864
	Grants from the Scottish Ministers	2,835	-	-	-	2,835	1,632
	Total turnover from affordable letting activities	2,137,225				2,137,225	2,126,186
	Expenditure						
	Management and maintenance administration costs	974,573	-	-	-	974,573	1,038,757
	Service charges	98,019	-	-	-	98,019	95,839
	Planned cyclical maintenance including major repairs	311,140	-	-	-	311,140	204,689
	Reactive maintenance costs	152,475	-	-	-	152,475	164,578
	Bad debts - rents and service charges	32,626	-	-	-	32,626	9,166
	Depreciation of social housing	477,524	-	-	-	477,524	465,685
	Operating costs for affordable letting activities	2,046,357				2,046,357	1,978,714
	Operating surplus						
	On affordable letting activities, 2022	90,868				90,868	
	<i>On affordable letting activities, 2021</i>	<i>147,472</i>					<i>147,472</i>

Included in depreciation of social housing is £6,073 (2021 - £603) relating to the loss on disposal of components.

Included in management and maintenance administration costs is £nil (2021: £145,996) in relation to impairment of office premises.

YORKHILL HOUSING ASSOCIATION LIMITED

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

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

	Grants from Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Turnover 2022 Total	Turnover 2021 Total	Operating Expenditure Bad Debts	Other Operating Expenditure	2022 Surplus/ (deficit)	2021 Surplus/ (deficit)
	£	£	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	-	-	-	-	14,355	-	(20,252)
Commercial rent	-	-	-	-	12,340	12,252	-	-	-	12,252
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	87,766	81,722	647	79,136	-	10,050
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSL's	-	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-	-
Development for sale to RSL's	-	-	-	-	-	-	-	-	-	-
Development and improvements for sale to non RSL's	-	-	-	-	-	-	-	-	-	-
Commercial properties	-	-	-	-	-	-	-	-	-	-
Disabled adaptations	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	6,071	-	-	-	-	-
Total from other activities, 2022	-	-	-	-	106,177	-	647	93,491	12,039	-
Total from other activities, 2021	-	-	-	93,974	-	93,974	361	91,563	-	2,050

YORKHILL HOUSING ASSOCIATION LIMITED

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

7. Operating surplus	2022 £	2021 £
Surplus on ordinary activities before taxation is stated after charging:		
Depreciation	477,524	465,082
Auditor's remuneration		
- in their capacity as auditor	13,368	13,256
- other services	565	2,000
	<u> </u>	<u> </u>

8. Directors' emoluments

The Directors are defined as the members of the Management Committee, the Chief Executive and any other person reporting directly to the Chief Executive or the Management Committee whose total emoluments exceed £60,000 per year. Two of the Director's total emoluments exceeded £60,000 per year as shown below. The Association considers key management personnel to be the Management Committee and the senior management team (listed on the Association's information page) of the Association only. No emoluments are paid to any member of the Management Committee during the year.

	2022 £	2021 £
Emoluments of the Director and Chief Executive	128,844	130,245
Social Security costs	9,725	13,851
Employers pension contributions	49,930	19,675
	<u> </u>	<u> </u>
	<u>188,499</u>	<u>163,771</u>

The Chief Executive is no longer an ordinary member of the Association's pension scheme described in Note 23. No enhanced or special terms apply to membership and they have no other pension arrangements to which the Association contributes. The Association's contributions for the Chief Executive include a proportion of the deficit contribution payment made to the scheme in the year (Note 23).

The emoluments of key management (excluding pension contributions and including social security costs and benefits in kind) for the year were £338,005 (2021 - £347,940). Their pension contributions (including the past service element) for the year were £76,420 (2021 - £41,979). No enhanced or special terms apply to membership and the directors have no other pension arrangements to which the Association contributes.

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

	2022 Number	2021 Number
£60,000 - £70,000	1	2
£70,000 - £80,000	1	-
	<u> </u>	<u> </u>
	£	£
Total expenses reimbursed to Management Committee insofar as not chargeable to UK income tax	-	-
	<u> </u>	<u> </u>

YORKHILL HOUSING ASSOCIATION LIMITED

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

9. Employee information

	2022 Number	2021 Number
The average number of full time equivalent employees during the year was:	17	17
	2022 £	2021 £
Wages and salaries	660,309	618,935
Social security costs	54,106	58,134
Pension contributions	62,948	68,513
Service cost adjustment	3,086	(2,440)
	780,449	743,142

10. Interest receivable

	2022 £	2021 £
Interest receivable on deposits	2,473	5,683

11. Interest payable and financing costs

	2022 £	2021 £
On private loans	29,167	33,738
Defined benefit pension liability – interest charge (Note 23)	7,000	1,000
	36,167	34,738

12. Taxation

The Association is a registered charity and as a result no corporation tax is due on any surplus generated from charitable activities. No corporation tax is due on its non-charitable activities.

YORKHILL HOUSING ASSOCIATION LIMITED

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

13. Housing stock

	2022	2021
	Number	Number
The number of units of accommodation in management at year end:		
General needs housing	456	456
Supported housing	-	-
	<u>456</u>	<u>456</u>

14a. Tangible fixed assets

	Housing Properties Held for General Letting £	Housing Properties Held for Supported Letting £	Total £
Cost:			
At 1 April 2021	17,028,343	-	17,028,343
Additions during year			
- Components	170,596	-	170,596
Disposals during year	(25,161)	-	(25,161)
As at 31 March 2022	<u>17,173,778</u>		<u>17,173,778</u>
Depreciation:			
At 1 April 2021	9,807,467	-	9,807,467
Provided during the year	471,592	-	471,592
Disposals during the year	(19,088)	-	(19,088)
As at 31 March 2022	<u>10,259,971</u>		<u>10,259,971</u>
Net book value:			
As at 31 March 2022	<u>6,913,807</u>		<u>6,913,807</u>
As at 31 March 2021	<u>7,220,876</u>		<u>7,220,876</u>

There were no property disposals in the current year (2021 - nil)

Additions to housing properties during the year includes £nil capitalised interest (2021 - £nil) and £nil capitalised administration costs (2021 - £nil). All housing properties are freehold.

The depreciation charge for the year for housing stock was £471,592 (2021 - £465,082). The net book value of disposed components was £6,073 (2021 - £603) and has been included in depreciation of social housing in note 5 in accordance with the SORP.

Included in freehold housing properties is land with a historic cost allocation of £1,069,225 (2021: £1,069,225)

YORKHILL HOUSING ASSOCIATION LIMITED

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

14b. Other fixed assets

	Office Properties £	Furniture Fittings & Equipment £	Total £
Cost:			
At 1 April 2021	465,010	75,916	540,926
Additions during year	-	43,449	43,449
Revaluations during the year	-	-	-
Impairment during the year	-	-	-
Disposals during year	-	(11,518)	(11,518)
As at 31 March 2022	465,010	107,847	572,857
Depreciation:			
At 1 April 2021	99,710	32,576	132,286
Provided during the year	6,600	21,569	28,169
Disposals during the year	-	(11,518)	(11,518)
As at 31 March 2022	106,310	42,627	148,937
Net book value:			
As at 31 March 2022	358,700	65,220	423,920
As at 31 March 2021	365,300	43,340	408,640

Included within office properties are investment properties held at valuation totalling £135,000 (2021 - £135,000)

The company's interest in investment properties was valued at 31 March 2022 on an open market basis by the directors of the company.

If the investment properties had not been included at valuation they would have been included under the historical cost convention as follows:

	2022 £	2021 £
Cost	70,952	70,952
Accumulated depreciation	-	-
	70,952	70,952

YORKHILL HOUSING ASSOCIATION LIMITED

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

15. Debtors	2022	2021
	£	£
Amounts falling due within one year:		
Arrears of rent and service charges	162,785	161,657
Less: Provision for doubtful debts	(103,631)	(83,615)
	59,154	78,042
Prepayments and accrued income	128,080	115,025
Other debtors	67,430	57,877
	254,664	250,944
16a. Cash and cash equivalents	2022	2021
	£	£
Cash at bank and in hand	420,730	210,844
	420,730	210,844
16b. Investments	2022	2021
	£	£
Balances held on deposit	1,934,424	2,082,412
	1,934,424	2,082,412
17. Creditors: Amounts falling due within one year	2022	2021
	£	£
Housing loans	48,413	48,413
Trade creditors	156,466	84,756
Other taxation and social security	13,013	13,752
Other creditors	490,658	475,702
Accruals	162,153	154,049
Rent paid in advance	79,569	72,684
Deferred capital grants (Note 19)	285,325	285,864
Pension creditor	11,723	12,911
	1,247,320	1,148,131

Pension contributions of £11,723 were outstanding at the year-end (2021 - £12,911)

YORKHILL HOUSING ASSOCIATION LIMITED

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

18. Creditors: Amounts falling due after more than one year	2022	2021
	£	£
Deferred capital grants (Note 19)	4,546,713	4,803,293
Housing loans	835,244	885,228
	<u>5,381,957</u>	<u>5,688,521</u>

Housing loans are secured by specific charges on the Association's properties. The net book value of housing properties secured at the year end was £1,153,568 (2021 - 1,236,263). There is 1 bank loan (2021: 1 bank loan), which is repayable at a fixed interest rate of 5.04%. This loan is repayable within the next 30 years as follows:-

	2022	2021
	£	£
Within one year	48,413	48,413
Between one and two years	48,413	48,413
Between two and five years	145,239	145,236
After five years	641,592	691,579
	<u>883,657</u>	<u>933,641</u>
Recognised within amounts falling due in less than 1 year (Note 17)	(48,413)	(48,413)
	<u>835,244</u>	<u>885,228</u>

19. Deferred capital grants	2022	2021
	£	£
Deferred capital grants 1 April	5,089,157	5,370,841
Grants received in year	28,348	4,180
Released to income in the year on disposal	(142)	-
Released to income in year	(285,325)	(285,864)
Deferred capital grants at 31 March	<u>4,832,038</u>	<u>5,089,157</u>
Liability split as:		
Within one year	285,325	285,864
Between one and two years	285,325	285,864
Between two and five years	855,975	857,591
After five years	3,405,413	3,659,838
	<u>4,832,038</u>	<u>5,089,157</u>

YORKHILL HOUSING ASSOCIATION LIMITED

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

20. Share capital

	2022 £	2021 £
At 1 April	115	122
Shares of £1 each fully paid and issued in the year	-	1
Shares forfeited in the year	(9)	(8)
At 31 March	106	115

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.

21. Reserves

Revenue reserves include all current and prior year retained surpluses or deficits.

YORKHILL HOUSING ASSOCIATION LIMITED

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

22. Net cash flow from operating activities	2022	2021
	£	£
Surplus for the year	69,213	120,467
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	505,834	485,568
Impairment of tangible fixed assets	-	145,996
Decrease/(Increase) in debtors	(35,113)	(9,067)
Increase/(Decrease) in creditors	130,582	(114,511)
Interest charge in respect of the defined benefit pension liability	5,935	4,000
Staff service costs in respect of the defined benefit liability	-	(2,440)
Adjustments for investing and financing activities:		
Interest payable	36,167	34,738
Interest received	(2,473)	(5,683)
Release of deferred Government capital grants	(285,325)	(285,864)
Forfeited share capital	(9)	(8)
	424,811	373,196

23. Pension obligations

General

Yorkhill Housing Association Limited participates in the Scottish Housing Pension Scheme (the Scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme offers six benefit structures to employers, namely;

Final salary with a 1/60th accrual rate
 Career average revalued earnings with a 1/60th accrual rate
 Career average revalued earnings with a 1/70th accrual rate
 Career average revalued earnings with a 1/80th accrual rate
 Career average revalued earnings with a 1/120th accrual rate contracted in
 Defined Contribution

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

Yorkhill Housing Association Limited has elected to close the defined benefit scheme as at 01 July 2020 with all staff transferred over to the defined contribution scheme. Prior to this, the Association operated the final salary with a 1/60th accrual rate for staff employed prior to 1 April 2011. All staff employed from 1 April 2011 were previously eligible to join the CARE 1/120th scheme including staff auto enrolled from the staging date of 1 August 2016.

YORKHILL HOUSING ASSOCIATION LIMITED

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

23. Pension obligations (continued)

During the accounting period and prior to the defined benefit scheme closing, Yorkhill Housing Association Limited paid contributions at the rate of 12.6% of pensionable salaries for staff on Final Salary Scheme and 6.1% for staff on CARE 1/120th scheme. Member contributions were 12.5% and 6.0% respectively. After the 01 July 2020, former final salary members employer contributions were 12.6% and former CARE 1/20th employer contributions were 9%. Employee contributions were 12.5% and 6% respectively. All payments after 01 July 2020 were made under the defined contribution scheme. There was an additional annual employer past service deficit contribution of £95,108 (net of administration costs) made in the year ended 31 March 2022 (2021 - £92,560).

As at the balance sheet date there were no active members of the Final Salary Scheme or the Care 1/120th scheme (2021 - *were members of the Final Salary Scheme & were members of the Care 1/20th scheme*). The annual pensionable payroll in respect of these members was £644,162 (2021 - £619,906). Yorkhill Housing Association Limited has stopped membership of the Scheme to its employees.

The Trustees commission an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

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

The last triennial valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £877 million. The valuation revealed a shortfall of assets compared to liabilities of £121 million, equivalent to a past service funding level of 86%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The key valuation assumptions used to determine the assets and liabilities of the Scheme as at 30 September 2018 are detailed below:

- Investment return pre retirement		3.12% per annum
- Investment return post retirement	- Non-pensioners	3.12% per annum
- Investment return post retirement	- Pensioners	3.12% per annum
- Rate of salary increases		3.35% per annum
- Rate of pension increases	- pension accrued pre 6 April	2.00% per annum
2005	- pension accrued from 6 April	1.70% per annum
	2005	
	- (for leavers before 1 October 1993 pension increases are	5%)
- Rate of price inflation		3.35% per annum

YORKHILL HOUSING ASSOCIATION LIMITED

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

23. Pension obligations (continued)

The Trustee's view is that a new recovery plan is required from 1 April 2021 with a past service deficit contribution rate of £92,560, increasing by 3% per annum until the scheme is assessed for 30 September 2022. It has been confirmed that the current deficit contributions will cease on 30 September 2022.

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	31 March 2022 £'000	31 March 2021 £'000
Fair value of plan assets	3,387	3,356
Present value of defined benefit obligations	(3,440)	(3,716)
Defined benefit liability to be recognised	(53)	(360)

YORKHILL HOUSING ASSOCIATION LIMITED

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

23. Pension obligations (continued)

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Defined benefit obligation at start of period	(3,716)	(3,098)
Current service cost	-	(18)
Expenses	(3)	(3)
Interest cost	(78)	(73)
Contribution by plan participants	-	(13)
Actuarial (losses)/gains due to scheme experience	(49)	(38)
Actuarial gains due to changes in demographic assumptions	(12)	-
Actuarial (losses)/gains due to changes in financial assumptions	277	(576)
Benefits paid and expenses	141	103
Defined benefit liability at the end of the period	(3,440)	(3,716)

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

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Fair value of plan assets at start of the period	3,356	3000
Interest income	71	72
Experience on plan assets (excluding amounts included in interest income gain/ (loss))	3	261
Contributions by the employer	98	113
Contributions by participants	-	13
Benefits paid and expenses	(141)	(103)
Fair value of plan assets at end of period	3,387	3,356

Defined benefit costs recognised in the Statement of Comprehensive Income

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Current service cost	-	18
Admin expenses	3	3
Net interest expense	7	1
Defined benefit costs recognised in Statement of Comprehensive Income	10	22

YORKHILL HOUSING ASSOCIATION LIMITED

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

23. Pension obligations (continued)

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Experience on plan assets (excluding amounts included in net interest cost – (loss)/gain	3	261
Experience gains and losses arising on the plan liabilities – (loss)/gain	(49)	(38)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	(12)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)/ gain	277	(576)
Total amount recognised in other comprehensive income – gain	219	(353)

Fund allocation for employer's calculated share of assets

	31 March 2022 £'000	31 March 2021 £'000
Global Equity	670	519
Absolute Return	155	165
Distressed Opportunities	121	115
Credit Relative Value	109	97
Alternative Risk Premia	140	135
Emerging Markets Debt	126	135
Risk Sharing	110	120
Insurance-Linked Securities	71	70
Property	88	60
Infrastructure	211	187
Private Debt	85	79
Opportunistic Illiquid Credit	112	86
High Yield	33	88
Opportunistic Credit	12	92
Cash	9	1
Corporate Bond Fund	214	253
Liquid credit	22	58
Long Lease Property	98	78
Secured Income	181	184
Over 15 Year Gilts	1	2
Currency Hedging	(12)	-
Liability Driven Investment	820	807
Net Current Assets	11	25
Total Assets	3,387	3,356

YORKHILL HOUSING ASSOCIATION LIMITED

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

23. Pension obligations (continued)

The main financial assumptions used by the Scheme Actuary, TPT, in their FRS 102 calculations are as follows:

Assumptions as at	31 March 2022 % per annum
Discount rate	2.79
Inflation (RPI)	3.62
Inflation (CPI)	3.21
Salary growth	4.21
Allowance for commutation of pension for cash at retirement	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

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2017 model with an allowance for smoothing of recent mortality experience and long-term rates of 1.25% p.a. for males and 1% p.a. for females.

Member data summary

Active members

	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	6	247	50
Females	8	238	46
Total	14	485	48

Deferred members

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	1	-	53
Females	4	2	54
Total	5	2	54

Pensioners

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	2	6	64
Females	11	97	68
Total	13	103	68

23. Pension obligations (continued)

Employer debt on withdrawal

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e., the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by TPT of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2018. The employer debt on withdrawal based on the valuation as at 30 September 2021 was £2,169,464.

Contingent liability

In May 2021 TPT Retirement Solutions notified employers of a review of historic scheme benefit changes, and this review has raised legal questions regarding whether and when some historic benefit changes should take effect, the outcome of which could give rise to an increase in liabilities for some employers. The Scheme Trustee has sought clarification from the Court on these liabilities. This process is ongoing, and the matter is unlikely to be resolved before late 2024 at the earliest. As a result of this no allowance will be made for this within the accounting disclosures included in this note.

24. Payments to members and key management personnel

Some members of the Management Committee are tenants of the Association. The tenancies of these Committee Members are on normal terms and the members cannot use their position to their advantage.

The total rent and service charge payable in the year relating to tenant Board members is £23,247 (2021 - £28,624). The prepaid rent relating to tenant Board members included within debtors at the year-end is £376 (2021 - £1,279). The total rental arrears relating to tenant Board members included within creditors at the year-end is £316 (2021 - £392).

The total remuneration (including pension contributions and benefits in kind) paid to Key Management who are deemed to be the Executive Officers as noted on the Association's information page was £414,425 (2021 - £389,919).

