

**ARGYLL COMMUNITY HOUSING
ASSOCIATION LIMITED AND
SUBSIDIARIES**



**Report of the Board of Management
and Financial Statements
for the year ended
31st March 2023**

Registration Particulars:

Scottish Housing Regulator

Registered Number: 360

Co-operative and Community Benefit
Societies Act 2014

Registered Number: 2661R (S)

Office of the Scottish Charity Regulator

Registered number: SC042713

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

For the year ended 31st March 2023

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BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

For the year ended 31st March 2023

The Board of Management

The Board of Management and the Executive Officers who held office during the year are as follows:

Board of Management		Appointed	Resigned
Tenant and Independent Members			
Sonja Aitken		19 th September 2019	19 th April 2022
Mike Brown		21 st September 2022	
Janice Gale		11 th November 2021	18 th August 2022
Cameron Grant		19 th November 2013	25 th April 2022
Catherine Grant	Chair	22 nd August 2019	
Esther Hughes	Secretary	4 th February 2021	
Dan Hughes		21 st September 2022	
Mark Irvine		2 nd February 2023	
Jacqueline Malcolm		11 th November 2021	15 th May 2022
Bruce Marshall		12 th July 2012	
Roddy McCuish		11 th April 2013	21 st September 2022
Ian McIntyre		16 th November 2017	
Brian McNeillie		9 th December 2021	13 th May 2022
Pat McVey		15 th December 2022	
James Milne	Vice Chair	14 th June 2012	
Elizabeth Rhodick		24 th May 2018	
Argyll and Bute Council Nominees			
Mary-Jean Devon		9 th December 2021	4 th May 2022
Donald MacMillan		14 th November 2013	4 th May 2022
Iain Shonny Paterson		25 th May 2017	4 th May 2022

After the Local Government elections held on 5th May 2022 the following councillor nominations were made:

Jan Brown	19 th May 2022	
Tommy MacPherson	19 th May 2022	20 th October 2022
Andrew Vennard	19 th May 2022	15 th December 2022
Alastair Redman	15 th December 2022	

Executive Officers

Alastair MacGregor	Chief Executive	Resigned 1 st July 2022
Michelle Mundie	Chief Executive	From 16 th June 2022
Colette Benham	Director of Human Resources and Corporate Services	
Kirsteen McGinn	Director of Property Services, and interim Director of Housing and Neighbourhood Services	Resigned 23 rd June 2023
Fiona Campbell	Director of Assets and Sustainability	From 15 th June 2023
Sandra McLeod	Director of Customer Experience	From 19 th April 2023
Bruce West	Director of Finance and IT	

All resignations and appointments from 31st March 2023 to the date of signing of the accounts are also included above.

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BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

For the year ended 31st March 2023

Registered Office:	Menzies House Glenshellach Business Park Oban PA34 4RY
Auditors:	Alexander Sloan Accountants and Business Advisers 180 St Vincent Street Glasgow G2 5SG
Principal Bankers:	Lloyds Banking Group 120 George Street Edinburgh EH2 4LH
Solicitors:	TC Young 7 West George Street Glasgow G2 1BA
Internal Auditors:	Wylie & Bisset 168 Bath Street Glasgow G2 4TP

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STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31st March 2023

ABOUT ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED GROUP

The Board of Management present their report and audited financial statements for the financial period 1st April 2022 to 31st March 2023.

Argyll Community Housing Association Limited (ACHA) was incorporated on 27th May 2005. ACHA is a not-for-profit organisation, registered with the Scottish Housing Regulator as a Registered Social Landlord (RSL) No. 360 on 21st November 2006 and constituted as an Industrial and Provident Society incorporated under the Co-operative and Community Benefit Societies Act 2014 (Registered Number 2661R(S)). ACHA was registered as a charity with the Office of the Scottish Charity Regulator on 4th November 2011, registered No. SC042713.

Argyll Homes For All Limited (AHFA) is a wholly owned subsidiary of ACHA incorporated on 27th January 2012. It is a trading company limited by shares and registered with Companies House under the Companies Act 2006, number SC415603.

PRINCIPAL ACTIVITIES

ACHA's principal activity is to provide and manage quality affordable housing accommodation for people in housing need across the Argyll and Bute region. ACHA received 5,398 homes from Argyll and Bute Council as a result of the whole stock transfer on 21st November 2006 and now has 5,177 homes as a result of previous right to buy sales, stock rationalisation and new development. ACHA owns and manages a range of housing for rent in primarily general needs accommodation, some sheltered accommodation and a small number of gypsy traveller sites. It provides accommodation for the homeless through tenancies with Argyll and Bute Council.

The emphasis of ACHA's activities is the provision of quality, affordable and sustainable homes, delivering quality housing and more homes in great places to live and work.

The principal activity of the wholly owned subsidiary, AHFA, is property repairs and maintenance, in addition to small capital works, for ACHA.

GOVERNANCE AND DECISION MAKING

ACHA's organisational structure consists of a voluntary Board of Management (Board) supported by a Senior Management Team (SMT). The Board comprises of tenants (10 places), Argyll and Bute Council nominated representatives (3 places) and independent representatives of the wider community (5 places). The Regulation of Social Housing (Influence of Local Authorities) (Scotland) Regulations 2018 provides that no more than 24% of governing bodies to be made up of Board members from the local authority. During the year the Board had 11 leavers and recruited 8 new members. At the 31st March 2023 there were 5 tenant vacancies on ACHA's Board.

The SMT comprises the Chief Executive and each of the directors heading the four functional departments of Housing & Neighbourhood Services, Property Services, Human Resources & Corporate Services, and Finance and IT.

All Board members and staff operate within a set of standing orders, policies and financial regulations. Decisions relating to ACHA's strategic objectives are taken at regular Board meetings whilst operational matters are dealt with by the staff SMT. ACHA also has standing committees, which are the Audit Committee, Policy Committee, Remuneration Committee and Health and Safety Committee and has delegated powers to these. The Audit Committee's remit includes all aspects of audit compliance and internal controls assurance, debt write off and also the annual accounts and financial statements. The Policy Committee has delegated powers to consider the approval of ACHA's operating policies thus enabling the Board meetings to focus on strategic matters. ACHA also has a Health and Safety Committee in recognition of the key strategic importance of health and safety compliance across the Group.

ACHA's governance structure was reviewed during 2022 and, in November 2022, the Board agreed that the four ACHA Area Committees should be removed. A review of ACHA's Rules is currently being

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undertaken to formally remove the Area Committees from the governance structure and to consider further amendments to the constitution. The Area Committees have not met since March 2020 and the matters that fall under their remit have been considered by the Board.

AHFA is a company limited by shares and operates according to its memorandum and articles. AHFA has a Board of Management and Board members operate according to established standing orders, policies and financial regulations. AHFA has no sub committees. AHFA has a Board comprising of 6 members, 3 of whom are Board members of ACHA, 2 who are independent members and 1 current vacancy at the year end. AHFA operates across the whole of the Argyll and Bute region with 2 principal office locations being Oban and Helensburgh.

RISK MANAGEMENT

ACHA has a Risk Management Policy determined by its Board based on known risks. The Strategic Planning Sessions in February 2023 included a session for Board members on Risk Appetite and a further session was delivered on risk appetite by the Association's Internal Auditors in February 2023. The Risk Registers and Matrix were revised at the Strategic Planning event in October 2022 and were reviewed by Board members in April 2023. In addition, the Board receives a progress update from each Directorate quarterly. The internal audit programme has been running successfully throughout the year, completing their review of all planned work during the period, with 21 recommendations for action. The outcomes of the internal audit reviews were considered by officers and reported to the Audit Committee of the Group and the annual plan for the 2023/24 financial year has been approved.

The Scottish Housing Regulator regulation plan for ACHA remained at medium engagement during 2022/23 due to the systemic risk that ACHA poses as a result of the size of the organisation within its area of operation. This requires ACHA to submit regular returns to the Regulator.

HEALTH AND SAFETY

The Group employs a Health, Safety and Environmental Advisor and has a health and safety committee. An annual audit of Health & Safety Management systems is undertaken, to assess compliance with current Health & Safety legislation and best practice. The Health, Safety and Environmental Advisor also carries out additional internal health and safety system audits to ensure compliance. ACHA continue to take a pro-active approach to delivering an effective Safety Management System to continue to meet its Health and Safety obligations.

STAFF

The ACHA group employed 250 full time equivalent (FTE) staff during 2022/23 (weighted FTE – breakdown within note 7 to the accounts), an increase of 5 on the 245 full time equivalent staff during 2021/22. This, again was mainly due to an increase in staff numbers within AHFA in line with their continued business development.

Staff turnover at the end of March 2023 was 16.8 % against a target of 14.0%. Exit trends indicate retirement and career progression as being our key reasons for leaving. Last year we improved our recruitment and selection policy and processes, in anticipation of rolling out electronic recruitment in July 2022. The overall time it takes to recruit, has reduced significantly, and training in recruitment and selection, and unconscious bias has been implemented across the group.

Sickness absence rates for 2022/23 have increased to 8.5%, the highest reasons still being Covid-19, colds and flu and stress, against a target of 3.0%. Training for managers in managing stress has been implemented, and managers review absence levels, and causes regularly. Trigger points for short term and long term absence are followed up at an early stage to allow individuals to access a wealth of health and wellbeing programmes introduced this year. The disability passport scheme has also been introduced to ensure those who need it have in place a process to review what reasonable adjustments may be needed to keep our staff working and managing health conditions. ACHA continue to refresh the 'one stop' Group wide Health and Wellbeing Policy, training for managers, and add to our wide range of health programmes to support staff.

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OBJECTIVES, OPERATIONS AND PERFORMANCE

Performance Management

Performance levels are routinely monitored by staff delivering services, the SMT and Board. The Scottish Housing Regulator monitors and reports on ACHA's performance using the Annual Return on the Charter (ARC). For the ARC, ACHA submits data pertaining to performance indicators which are measured against other social housing providers in Scotland. ACHA use these comparisons to help set our own performance targets which, as a minimum, will be to at least meet the Scottish National Average.

ACHA publishes our Landlord Report to show how we are performing against the standards set out in the Scottish Social Housing Charter, ensuring tenants and others can assess the effectiveness of our work and allowing us to identify where improvement can be made. The most recent report was published in October 2022.

The Scottish Housing Regulator also requires ACHA to submit an Annual Assurance Statement. The purpose of this statement is for ACHA's Board to assess whether they are assured that the organisation complies with regulatory requirements.

Each year the Scottish Housing Regulator publishes an Engagement Plan for each landlord. This outlines what they will do and details Regulatory returns which we must provide in order for the Scottish Housing Regulator to monitor our performance.

It is important that tenants and other customers have the opportunity to provide feedback on the services they receive and ACHA conducts a number of different surveys throughout each year.

Complaints information is used as a learning tool, together with other performance information such as satisfaction surveys and benchmarking of performance indicators. This helps to build an accurate picture of how services are performing and assists in developing service improvements. Areas of concern are also reviewed and considered by the Board as part of their Strategic Planning role and may be included in the Corporate Strategic Plan, which sets out ACHA's aims and objectives going forward. Each of the four departments within ACHA also develops and maintains a departmental operating plan which clearly identifies expected performance and satisfaction levels.

Tenant Participation and Customer Involvement

ACHA seeks to involve our tenants and customers in the running of the organisation and the development of services in as many ways as possible. Our Governing Body is entirely made up of tenants, members of the local community and representatives from Argyll and Bute Council. ACHA staff do not form part of the Governing Body. In addition to the Board, tenants and other interested parties are able to participate and get involved with ACHA in the following ways:

- Joining our Feedb@ck Forum, which gives tenants and other customers the opportunity to review and comment on our Policies
- Becoming a member of ACHA for just £1 for life and attending our Annual General Meeting
- Becoming a member of a local Registered Tenant Organisation - ACHA currently supports two such groups, one in Cardross and the other in Campbeltown
- Joining the "Your Voice" tenant scrutiny group, who test our policies and procedures to ensure they are fit for purpose
- Taking part in consultation and other surveys
- Attending our Tenant and Member Conference

A rolling programme of policy, strategy and procedural review is in place and tenants and other service users are actively encouraged to take part in the consultation processes.

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Housing Allocations

ACHA is one of the main Social Housing providers in the Argyll and Bute area. Our properties are allocated via a common housing register, HOME Argyll (Housing Options Made Easy), which is operated in partnership with Dunbritton Housing Association, West Highland Housing Association, Fyne Homes and Argyll and Bute Council. Having a common housing register means that applicants seeking rehousing only have to complete one online application form which can be accessed via any of the Partner websites. Applicants are also required to complete a Housing Options questionnaire, which is aimed at helping applicants make informed decisions regarding their housing requirements.

As at 31st March 2023 there were a total of 3,627 applicants on the HOME Argyll waiting lists.

During 2022/23 ACHA let 415 properties to applicants from the following waiting list categories:

Statutory Homeless	125 (30%)
Direct Waiting List	204 (49%)
Transfer Waiting List	86 (21%)

Tenants from the partner organisations are also able to “swap” houses via our mutual exchange facility. During 2022/23, 34 tenants were able to move into more suitable accommodation via this scheme.

Estate Management and Anti-Social Behaviour

Our staff complete regular inspections of our estates and play parks and encourage all our tenants to take pride in the community in which they live. ACHA is not the sole landowner or landlord with responsibilities for maintenance of open spaces, such as grass cutting or fencing for example. Whenever possible, we will work with other owners for the benefit of our estates and the wider community. An example of this is the work undertaken via our Exemplar Estates project which aims to improve the appearance of estates throughout Argyll and Bute.

The Board of Management approved a number of local projects as part of our Estate Management Action Plans. These projects are mainly external works to common areas or gardens. We were able to judge the annual ‘Garden in Bloom’ competitions in each area. This is an opportunity to recognise the hard work and commitment from tenants in maintaining their garden.

Our last tenant satisfaction survey revealed that 77% of our tenants were satisfied with the management of the neighbourhood that they lived in.

Part of our Estate Management work includes supporting tenants and other members of the community who are experiencing anti-social behaviour and/or neighbour nuisance. During the year we resolved 96% of the 251 cases reported to us, within locally agreed targets. ACHA does not have sole responsibility for dealing with anti-social behaviour and very often will rely on the assistance of Police Scotland or other agencies to either take direct action against those who commit anti-social acts or, at the very least, assist ACHA take action. ACHA raised 4 court actions against tenants in respect of anti-social behaviour, in the reporting year, which ultimately resulted in the perpetrator of anti-social behaviour being evicted.

Factoring and Private Owners

ACHA’s day to day undertakings involve private owners where they own properties in shared blocks, estates or common ground. As many owners have a shared responsibility they also have an ability to influence decision making, and a legal responsibility for maintenance, upkeep and repairs to common property and common areas.

Last year saw an increase in the number of owners that joined ACHA’s comprehensive factoring service and, at the end of the financial year there were 365 owners, from a total of 110 blocks, who entered into a formal arrangement. The comprehensive service is in place to arrange repairs, maintenance and upgrading work to common blocks to maintain and improve the property for all residents and provide customers with access to the repairs service and customer service centre to report work required.

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Our last consultation took place with owners during early 2023, with 63% of respondents confirming that they were either very or fairly satisfied with the overall factoring service provided by ACHA.

Welfare Rights Service

The welfare rights team played an important role during the financial year in relation to assisting 1,268 tenants with a wide range of enquiries. The team continued to represent tenants at the appeals stage, enabling tenants to have benefits decisions reviewed again independently. The majority of these appeals were successful, maximising their income.

ACHA secured energy vouchers from the Housing Associations' Charitable Trust (HACT) for the period December 2021 to August 2022. 782 ACHA households were assisted and a total of £0.097 million in vouchers were distributed. A fund of £0.050 million was released from ACHA to alleviate financial hardship and in total 110 households were assisted throughout Argyll and Bute.

More recently ACHA has secured funding from the Lottery for £0.020 million and have been assisting tenants with items such as Air Fryers and Slow cookers to help with the reduction of energy costs.

Total client gain recorded for the year was £3.75 million, reflecting the continued level of need for support with income maximisation. Within that figure, Universal Credit Housing Cost elements of £0.804 million were secured, Housing Benefit payments of £0.614 million were paid and Discretionary Housing Payments of £0.183 million were awarded. Therefore, a total of approximately £1.6m was available to fund tenant's rental costs to ACHA.

This has been a challenging time for our tenants and the Association with the cost of living crisis, the importance of one to one contact albeit in some cases remotely has been invaluable to our tenants in providing assistance for claims for financial support and prevention of rent arrears. Staff have and are continuing to refer tenants to the Flexible Food Fund and Fuel Bank Foundation and this has been successful in assisting tenants whom are experiencing financial hardship and fuel poverty.

HOUSING STOCK

Housing Stock

At the start of the financial year, 1st April 2022, ACHA owned 5,165 homes. In addition to 14 new homes being completed and brought into rental during the year the impact of the stock rationalisation programme saw a net decrease in the housing stock of 2 properties through planned purchases and sales. At the financial year-end 31st March 2023 ACHA therefore owned 5,177 homes.

The housing stock at 31st March 2023 is broken down by type as follows:

<u>Rentable Stock</u>	<u>2023</u>	<u>2022</u>
General Needs Houses	4,980	4,965
Sheltered Housing	<u>197</u>	<u>200</u>
	<u>5,177</u>	<u>5,165</u>

Sheltered Housing

ACHA has 197 Sheltered Houses spread across 11 complexes, that offer a comfortable, friendly and safe self-contained home with additional services to help older people to live independently within the community for as long as possible. Our Community Support Assistants are registered with the Scottish Social Services Council and provide housing support including development of person centred Support Plans for all tenants.

Significant upgrades have been carried out to our warden call systems in complexes during 2022/2023. The works are due to be completed by the end of 2023 which should see our complexes fully digitally

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ready. A programme of Fire Door installations has also been carried along with compartmentalisation in all complexes, ensuring compliance with current fire safety guidance.

Gypsy Traveller Sites

ACHA owns and operates 2 sites for Gypsy/Travellers, currently offering 11 pitches. There are sites at:

<u>Gypsy Traveller Sites</u>	<u>2023</u>	<u>2022</u>
Lochgilthead, Duncholgan	7	7
Oban, Bayview	4	8
	<u>11</u>	<u>15</u>

Each pitch offers an amenity unit with kitchen and bathroom facilities, and an electric hook up for our tenants. Following consultation with the residents we undertook works to increase the size and reduce the number of pitches in Dunchologan and Bayview. While this work was to ensure we complied with fire safety guidance given by Scottish Fire & Rescue Services there were other benefits to the site such as additional storage space and environmental improvements which meet some of the strategic aims of ACHA, the Local Authority and the Scottish Government.

Maintaining Our Houses

ACHA seeks to maintain its properties to the highest standards, with programmes of cyclical repairs carried out in the medium term to deal with the gradual and predictable deterioration of building components. ACHA also undertakes reactive or responsive repairs and maintenance based on emergency and routine works requests from its tenants and factored owners. In addition, ACHA has a long-term programme of major repairs which have become necessary since the original developments were completed, including works required by subsequent legislative changes.

Repairs Category (Average Completion Time)

Emergency	3.2 hours	(2021/22 – 3.2 hours)
Non-Emergency	15 days	(2021/22 - 19 days)

Repairs satisfaction is monitored in a number of ways (including telephone surveys, physical post inspection of work and via returned satisfaction questionnaires). Satisfaction levels remain high, with 98.8% of respondents confirming that they were happy with our repairs service.

Investing to Improve the Housing Stock

ACHA has delivered the following elements of work during 2022/23:

Investment programme – Element completions	Planned	Outturn	Percentage
No of kitchen/bathrooms	42	61	145%
No of window/door	79	36	45%
No of heating/rewire	70	127	181%
No of roof/roughcast	9	3	33%
No of energy efficiency upgrades	431	423	98%

The total number of elements required for completion this year of all types was 631, ACHA delivered 650 elements equating to 103% of the targeted objective.

After carrying out a 100% stock condition survey in 2019, we continue to address the fails in the SHQS that were identified, a substantial number of these fails were energy efficiency fails, which has also impacted on our performance in meeting the EESSH target. This will continue to be our focus to address all of these fails and improve the energy efficiency of our homes. ACHA have completed the installs to ACHA homes that were part of the Warm Homes Funding through the National Grid. We have also completed all of the homes that were funded through the Home Energy Efficiency Programme for Scotland Area Based Scheme (HEEPS / ABS) grant funding through the Scottish Government and

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Argyll and Bute Council. We have been successful in a further bid that will upgrade another 400 homes in the Cowal & Bute area, which will enable us to install insulation measures to further mixed tenure blocks. We have completed the project funded by BEIS (Department of Business & Energy Industrial Strategy) to complete a whole house retrofit project to increase the thermal efficiency of a further 130 homes. We also received funding to upgrade the heating systems in 72 of our homes and this has been completed. A bid to the Scottish Government's Social Housing Net Zero fund was successful to part fund the installation of further insulation measures to 139 homes, this work is underway and will be complete in 2023/24. A further bid to this fund has also been successful to upgrade properties on Bute, these works will be complete in 2024.

Developing New Housing Stock

New build development activity has continued on the sites started last year, with the sites at Inveraray (10 units) and Tarbert (4 units) being completed within the financial year. We are currently on site at Eton Avenue, Dunoon progressing 4 units.

The Scottish Government have continued to support our development programme. Significant work has also been undertaken in evaluating and feasibility assessing sites for development, for inclusion in ACHA's planned future new build programme and in applications for Housing Association Grant. We are currently assessing our proposals for the development programme beyond 2023.

ARGYLL HOMES FOR ALL LIMITED (AHFA)

AHFA is a subsidiary company of ACHA developed to carry out repairs, maintenance and small capital works on its 5,177 properties. During the last year AHFA has carried out some 24,000 repairs & maintenance jobs as well as a high number of refurbishment works and servicing. In more remote regions, in times of high demand and where specialist skills are required the internal labour resource is supplemented by selected and approved contractors. This enables the business to successfully deliver the contracts held with ACHA which included;

- Term maintenance and repair
- Gutter cleaning
- Electric periodic inspections
- External painting and pre-paint repairs
- Grounds maintenance
- Solid fuel maintenance and servicing
- Gas servicing and maintenance
- Fire alarm servicing and testing
- Pressurised water systems servicing
- Small capital works

The services provided were impacted by Covid-19 and supply chain issues in the early part of the year with a residual legacy of higher sickness absence and work in progress. As a result, performance indicators, when compared to previous years, are not as good as pre-covid. Overall the service provided can be regarded as good as demonstrated by a high level of satisfaction with repairs. The housing sector, along with most other sectors, has seen the impact of significant cost rises on supplies and a shortage of available contractors. ACHA's investment in its subsidiary has allowed a greater degree of risk mitigation in that regard.

There are relatively few significant issues reported relating to the quality of work provided and this is demonstrated not only by the post inspections carried out by ACHA and AHFA which have a 99% pass rate but also by reports provided by independent auditors who monitor the works associated with a number of contracts.

AHFA are highly visible within the community with strong branding on the vehicle fleet and uniformed operatives. We continue to invest in our staff with a programme of training and upskilling which saw the following delivered;

- Internal toolbox talks.
- External training provided by industry specialists and colleges.
- Self-attained safety training modules.

As well as covering safety, the training programme aims to enhance the skills of our staff so we can offer career paths and a future within AHFA.

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AHFA have reported a loss for the year of £0.171m which is as a result of high material and sub-contractor costs as well as delays in delivery of new vans resulting in hired vans being used.

FINANCIAL REVIEW

Rental Income

Rents are our main source of income and are a key factor in what we can spend on services in future years. ACHA increased rents during the period by 3.5% with the average rent, including service charges, across all stock being £95.11 for 2022/23. In February 2023 the Board approved a rent increase of 6.0% for 2023/24. Rent receivable for 2022/23 was £25.66 million, an increase of £0.91 million, or 3.7%, from the £24.75 million in 2021/22.

Rent Arrears and Bad Debt

Rent arrears at 31st March 2023 is set out below.

Rent Arrears	Amount £000	%	Written Off £000
Current Tenants	822	3.2	-
Former Tenants	300	1.3	88
Total	1,122		

The year-end figure for current tenants is 3.2% (3.9% 2021/22) against a target of 2.5%, which is calculated by taking the current tenant arrears at the year-end of £0.822 million and dividing this by the Gross Rent Charge £25.66 million. The timing of receipt of housing benefit and universal credit, which is paid in arrears, will mean this current tenant value is higher than in reality (i.e. technical arrears).

Voids (Empty Houses)

ACHA aims to limit the length of time that our properties remain empty. Wherever possible we will pre-allocate properties in order to reduce the length of time that they are empty to maximise our potential income. On average it took 45 days to re-let a property (this includes low and no demand properties). Void re-let times have improved during the 2022/23 financial year. This is to be expected as the two previous years performance on void re-let times were affected by the Covid-19 pandemic and related restrictions.

During 2022/23, ACHA lost rental income to the value of £0.78 million due to properties not being re-let, an increase of £0.03 million on the previous year.

Sundry Debt Income and Bad Debts

A total of £2.65 million of sundry debtor invoices were issued by the group within 2022/23 compared to £1.79 million in 2021/22. In total the amount of outstanding debt as at 31st March 2023 decreased to £1.38 million compared to £1.57 million at the previous year-end. Bad debts written off during the year amounted to £0.32 million compared to £0.29 million in 2021/22. Sundry debt provided for during 2022/23 reduced by £0.23 million on the previous year.

Grant Income

During 2022/23 ACHA received Housing Association Grant (HAG) of £1.17 million and Strategic Housing Fund (SHF) of £0.21 million to support new build development. A further £1.59 million of Warm Homes Fund grant was received in relation to installation of Air Source Heat Pump systems. A further £1.22 million of grant was received from the Department for Business, Energy & Industrial Strategy (BEIS) for retrofit projects. Home Energy Efficiency Programme for Scotland Area Based Scheme grant (HEEPS ABS) of £0.39 million was received to fully offset expenditure on private owner properties within mixed tenure blocks. A grant of £0.41 million was received relating to expenditure on Aids and Adaptions projects.

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Expenditure

Expenditure on management and administration costs during 2022/23 increased to £8.27 million from £8.08 million in the previous year. Of this, £0.083 million related to increased costs within sheltered housing (mainly utility costs increases) with an increase in the insurance premium accounting for a large proportion of the remaining increase. Planned and cyclical maintenance (including major repairs) expenditure in 2022/23 was £2.99 million compared to £3.80 million in 2021/22. A number of specific projects, including some 'catch-up' programmes from the Covid-19 period, resulted in a higher than normal spend in 2021/22, with 2022/23 values now returning to normal. Reactive maintenance expenditure, for the Association, was £4.56 million compared to £4.62 million, a small decrease of £0.06 million. Again in terms of comparison, the 2021/22 spend was higher than normal due to Covid-19 catch up works. For the group, the net expenditure on reactive maintenance was £4.73 million in 2022/23, an increase of £0.21 million from £4.52 million in the previous year. Depreciation on social housing charged during 2022/23 was £7.01 million compared to £6.74 million in the previous year. This increase will relate to the major repairs and new build expenditure capitalised during the financial year.

Creditor Payment Policy

The payment policy, which ACHA follows, is to pay for all purchases within 28 days, although some payments are settled in 14 days, and/or in accordance with creditor terms of business. For ACHA, the average creditor payment period for 2022/23 was 27 days against 21 days for the prior year, with 5,328 invoices being processed for payment compared to 5,638 in the prior year. For AHFA the average creditor payment period for 2022/23 was 22 days against 22 for the prior year, with 13,288 invoices processed against 12,537 in the prior year.

Assets

Housing properties, net of depreciation, increased from £181.58 million in 2021/22 to £189.31 million in 2022/23, an increase of £7.73 million. This increase includes £1.95 million of new build expenditure and £13.93 million of expenditure on existing properties, with disposals of £2.17 million, impairment of £0.09 million and a depreciation charge (for housing assets) of £5.89 million (after adjustment for disposals and impairment) during the year. Debtors increased to £2.20 million from £1.80 million in 2021/22, mainly in relation to accrued income at the year end in relation to grants and direct housing payments. Cash held within the group at the 31st March 2023 was £4.88 million compared to £7.22 million at the previous year-end. The cash balance at 31st March 2022 was higher due to disruption to major repairs contracts during 2021/22.

Liabilities

The group position on creditors due within one year increased to £6.90 million in 2022/23 from £5.69 million in 2021/22, due mainly to increases in trade creditors and accruals. Creditors due in more than a year increased from £141.21 million to £141.83 million which was due to the addition of deferred grant (net of the release to income of amortised grant and capital repayment of loans).

No additional loan funding was drawn down during the 2022/23 financial year. During the financial year ACHA paid a total of £1.88 million in relation to loan interest and repaid £0.16m of capital loan repayments on amortising loans. More detail on these loans is contained within Note 19.

Pensions

The actuarial report for the Strathclyde Pension Fund showed a decrease in the pension liability for the ACHA group of £13.95 million, with the net surplus at £10.74 million compared to a £3.21 million liability in the previous year. In terms of presentation in the accounts, no surplus is recognised within the financial statements. Therefore, the Group has taken a gain of £4.676 million to offset the pension liability to nil. The remaining gain of £10.742 million is unrecognised in line with Financial Reporting Standard 102 (FRS 102).

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31st March 2023

Reserves

At the year-end 31st March 2023 the revenue reserves balance of the ACHA group had moved from a £42.45 million surplus to a surplus of £49.53 million including the pension liability movement of £3.21 million noted above.

ACHA's business plan incorporates planned costs for cyclical repairs and replacements across the 30-year business plan. The borrowing profile therefore incorporates costs without relying upon a specific designated reserve.

GOING CONCERN

The Audit Committee on behalf of the Board has considered ACHA's going concern status and is satisfied the ACHA has sufficient borrowing facilities in place to support the business plan which demonstrates full repayment within the 30-year viability profile. In the view of the organisation therefore the test of being considered a going concern has been met.

FUTURE OUTLOOK

ACHA can face the future in a strong financial position with a track record of successfully containing costs and managing income. Our business plan has recently been approved by our principal lender and we have agreed loan facilities in place to support the business plan.

ACHA is in the process of reviewing its strategic objectives following the appointment of a new chief executive in 2022/23 and has committed to undertaking a significant transformation programme. This will allow ACHA to focus on our key priorities and to improve further our efficiency, effectiveness and performance. It will also afford the opportunity to align and integrate the commitments from the strategic plan and actions from the transformation plan into our future financial planning.

ACHA has identified the following key challenges to going forward:

- Increasing costs from a volatile and uncertain economic situation in relation to both interest rates and inflation.
- Potential pressure on income collections as a result of economic factors impacting on tenants ability to pay.
- Void rent loss due to changing housing demand and void houses requiring significant investment works.
- Further investment to meet and maintain compliance with Scottish Housing Quality Standard and Energy Efficiency Standard for Social Housing and generally improving the condition and quality of the housing stock.
- Improving services, performance and tenant satisfaction.
- Service delivery challenges arising from distortion of supply chains and labour resource pressures.
- Striking a balance between rent affordability to tenants, the viability of ACHA's business plan and service delivery, performance and investment.

We look forward to achieving and delivering our objectives. We recognise the challenges summarised above and the need to balance the competing demands of performance, customer satisfaction, investment requirements and rent affordability and the impact of these on ACHA's financial strength and capacity.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31st March 2023

AUDITORS

ACHA tendered for the external audit service during 2021 and appointed Alexander Sloan at the 2021 Annual General Meeting. Alexander Sloan have been contracted for a period of three years with an option to extend for a further two years.

By order of the Board of Management

Cathy Grant

Cathy Grant
Chair of the Board of Management

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

BOARD OF MANAGEMENT'S RESPONSIBILITIES

For the year ended 31st March 2023

Statute requires the Board to prepare financial statements for each financial year which give a true and fair view of the affairs of ACHA and of the surplus or deficit for that period. In preparing those financial statements, the Board is required to fulfil the following obligations:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- 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 company will continue in business.

The Board confirms that the financial statements comply with these requirements.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of ACHA and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 as revised, and the Determination of Accounting Requirements 2019. They are also responsible for safeguarding the assets of ACHA and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board members have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Board members has confirmed that they have taken all the steps that they ought to have taken as Board members in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the Board of Management



Cathy Grant
Chair of the Board of Management

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

BOARD OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

For the year ended 31st March 2023

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

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

It is the Board's responsibility to establish and maintain systems of internal financial control. The Board can only provide reasonable assurance and not absolute assurance against material financial mis-statement or loss. Key elements of controls 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 ACHA's assets. Core policies have been established and others continue to be developed;
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared regularly which allow the Board and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information, and significant variances from budgets are investigated as appropriate;
- ACHA's performance against the business plan is reviewed regularly;
- 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 relevant sub-committees comprising Board members and Co-optees;
- the Board reviews reports from their SMT, staff and from the internal and external auditors, and from specialised consultants to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing ACHA;
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports;
- an Internal Audit Needs Assessment has been developed by ACHA in accordance with established audit practice and internal audit has been in operation this year.

The Board has reviewed the system of internal financial control in ACHA for the year ended 31st March 2023 and until the below date. To the best of its knowledge no weaknesses were found in internal financial controls which could result in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

These arrangements comply with the requirements contained in the Scottish Housing Regulator's regulatory standards.

By order of the Board of Management



Cathy Grant
Chair of the Board of Management

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

INDEPENDENT AUDITORS REPORT

For the year ended 31st March 2023

Corporate Governance

In addition to our audit of the financial statements, we have reviewed the Board of Management's statement on page 15 concerning the Association's compliance with the information required by the Regulatory Standards for systemically important RSL's in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the 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 15 has provided the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes, issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Alexander Sloan

ALEXANDER SLOAN

Accountants and Business Advisers
Statutory Auditors
GLASGOW



Alexander Sloan
Accountants and Business Advisers

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

INDEPENDENT AUDITORS REPORT

For the year ended 31st March 2023

Opinion

We have audited the financial statements of Argyll Community Housing Association Limited (the 'parent Association') and its subsidiaries (the 'group') for the year ended 31st March 2023 which comprise the group and parent Statement of Comprehensive Income, the group and parent Statement of Financial Position, the group and parent Statement of Cash Flows, the group and parent 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 Group's and parent Association's affairs as at 31st March 2023 and of the surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

Basis 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 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 of Management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Other information

The Board of Management 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.

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.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

INDEPENDENT AUDITORS REPORT

For the year ended 31st March 2023

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 parent Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the parent 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 parent Association or group; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board of Management

As explained more fully in the statement of Board of Management's responsibilities as set out on page 14, the Board of Management 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 of Management 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 of Management is responsible for assessing the group and parent 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 of Management either intend to liquidate the group or the parent 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:

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 group and parent Association through discussions with the Board of Management 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 group and parent 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

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

INDEPENDENT AUDITORS REPORT

For the year ended 31st March 2023

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 group and parent Association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

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

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

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

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

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

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

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.

Description of the 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 aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

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.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

INDEPENDENT AUDITORS REPORT

For the year ended 31st March 2023

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



ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2023

	<i>Note</i>	2023 £000	2022 £000
Turnover	2	30,469	29,136
Operating costs	2	<u>(24,782)</u>	<u>(25,140)</u>
Operating Surplus		5,687	3,996
(Deficit)/surplus on disposal of housing fixed assets		(1,321)	(1,190)
Finance income	9	24	1
Finance charges	10	<u>(1,987)</u>	<u>(1,878)</u>
Surplus on ordinary activities before Taxation		2,403	929
Taxation	11	<u>-</u>	<u>-</u>
Surplus for the year		<u>2,403</u>	<u>929</u>
Actuarial gain/(loss) on pension scheme	27	<u>4,676</u>	<u>5,669</u>
Total comprehensive income for the year		<u><u>7,079</u></u>	<u><u>6,598</u></u>

All figures relate to continuing operations.

The notes on pages 28 to 53 form part of these financial statements

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2023

	<i>Note</i>	2023 £000	2022 £000
Turnover	2	30,605	29,272
Operating costs	2	<u>(24,752)</u>	<u>(25,373)</u>
Operating Surplus		5,853	3,899
(Deficit)/surplus on disposal of housing fixed assets		(1,321)	(1,190)
Finance income	9	24	1
Finance charges	10	<u>(1,982)</u>	<u>(1,873)</u>
Surplus on ordinary activities before Taxation		2,574	837
Taxation	11	<u>-</u>	<u>-</u>
Surplus for the year		<u>2,574</u>	<u>837</u>
Actuarial gain/(loss) on pension scheme		4,492	5,522
Total comprehensive income for the year		<u><u>7,066</u></u>	<u><u>6,359</u></u>

All figures relate to continuing operations.

The notes on pages 28 to 53 form part of these financial statements

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

GROUP STATEMENT OF FINANCIAL POSITION

As at 31st March 2023

	<i>Note</i>	2023	2022
		£000	£000
Property, plant & equipment			
Housing properties	12	189,311	181,584
Other Fixed Assets	13	1,728	1,825
		<u>191,039</u>	<u>183,409</u>
Current assets			
Stock and work in progress	15	143	117
Debtors	16	2,203	1,808
Cash at bank and in hand	17	4,876	7,218
		<u>7,222</u>	<u>9,143</u>
Creditors: amounts falling due within one year	18	<u>(6,896)</u>	<u>(5,688)</u>
Net current assets / (liabilities)		<u>326</u>	<u>3,455</u>
Total assets less current liabilities		191,365	186,864
Creditors: amounts falling due after one year	19	(141,834)	(141,207)
Provisions for liabilities and charges: Deferred tax	11	<u>-</u>	<u>-</u>
Net assets before pension deficit		49,531	45,657
Pension deficit	27	-	(3,205)
Net assets after pension deficit		<u>49,531</u>	<u>42,452</u>
Capital and reserves			
Share capital	21	-	-
Revenue Reserves		49,531	42,452
Designated Reserve		<u>-</u>	<u>-</u>
Shareholders' funds		<u>49,531</u>	<u>42,452</u>

The notes on pages 28 to 53 form part of these financial statements

These financial statements were approved by the Board of Management, authorised for issue and signed on their behalf by:

Chair of the Board of Management

Cathy Grant

Cathy Grant

Board member

James Milne

James Milne

Secretary

Esther Hughes

Esther Hughes

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31st March 2023

	<i>Note</i>	2023	2022
		£000	£000
Property, plant & equipment			
Housing properties	12	189,311	181,584
Other Fixed Assets	13	1,708	1,809
		<u>191,019</u>	<u>183,393</u>
Current assets			
Stock and work in progress	15	-	-
Debtors	16	2,203	1,807
Cash at bank and in hand	17	4,876	7,218
		<u>7,079</u>	<u>9,025</u>
Creditors: amounts falling due within one year	18	<u>(6,918)</u>	<u>(5,858)</u>
Net current assets / (liabilities)		<u>161</u>	<u>3,167</u>
Total assets less current liabilities		191,180	186,560
Creditors: amounts falling due after one year	19	(141,834)	(141,207)
Provisions for liabilities and charges: Deferred tax	11	<u>-</u>	<u>-</u>
Net assets before pension deficit		49,346	45,353
Pension deficit		-	(3,073)
Net Surplus after pension deficit		<u>49,346</u>	<u>42,280</u>
Capital and reserves			
Share capital	21	-	-
Revenue Reserves		49,346	42,280
Designated Reserve		<u>-</u>	<u>-</u>
Shareholders' funds		<u>49,346</u>	<u>42,280</u>

The notes on pages 28 to 53 form part of these financial statements

These financial statements were approved by the Board of Management, authorised for issue and signed on their behalf by:

Chair of the Board of Management

Cathy Grant

Cathy Grant

Board member

James Milne

James Milne

Secretary

Esther Hughes

Esther Hughes

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

GROUP STATEMENT OF CHANGES IN EQUITY
As at 31st March 2023

	Called up share capital £000	Revenue reserve £000	Total equity £000
Balance at 31 March 2022	-	42,452	42,452
Changes in equity			
Total comprehensive income	-	7,079	7,079
Designated Reserve	-		
Balance at 31 March 2023	-	49,531	49,531

	Called up share capital £000	Revenue reserve £000	Total equity £000
Balance at 31 March 2021	-	35,873	35,873
Changes in equity			
Total comprehensive income	-	6,598	6,598
Designated Reserve	-	(19)	(19)
Balance at 31 March 2022	-	42,452	42,452

COMPANY STATEMENT OF CHANGES IN EQUITY
As at 31st March 2023

	Called up share capital £000	Revenue reserve £000	Total equity £000
Balance at 31 March 2022	-	42,280	42,280
Changes in equity			
Total comprehensive income	-	7,066	7,066
Designated Reserve	-	-	-
Balance at 31 March 2023	-	49,346	49,346

	Called up share capital £000	Revenue reserve £000	Total equity £000
Balance at 31 March 2021	-	35,940	35,940
Changes in equity			
Total comprehensive income	-	6,359	6,359
Designated Reserve	-	(19)	(19)
Balance at 31 March 2022	-	42,280	42,280

The notes on pages 28 to 53 form part of these financial statements

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31st March 2023

GROUP STATEMENT OF CASH FLOWS	<i>Notes</i>	2023 £000	£000	2022 £000	£000
Cash flows from operating activities					
Cash generated from operations	23	11,543		8,798	
Net cash from operating activities			11,543		8,798
Cash flow from investing activities					
Improvement of properties	12	(13,929)		(9,441)	
Construction of new properties net of disposals	12	(1,946)		(2,193)	
Purchase of other fixed assets	13	(202)		(453)	
Sale proceeds		17		71	
Government grants received	20	4,195		3,168	
Net cash flow from investing activities			(11,865)		(8,848)
Cash flow from financing activities					
Finance income	9	24		1	
Finance charges	10	(1,883)		(1,719)	
Bank loans drawn down		-		-	
Bank loans repaid	25	(161)		(153)	
Net cash flow from financing activities			(2,020)		(1,871)
(Decrease) / increase in cash and cash equivalents			(2,342)		(1,921)
Cash and cash equivalents at the start of the year			7,218		9,139
Cash and cash equivalents at the end of the year			4,876		7,218

The notes on pages 28 to 53 form part of these financial statements

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31st March 2023

COMPANY STATEMENT OF CASH FLOWS	<i>Notes</i>	2023 £000	£000	2022 £000	£000
Cash flows from operating activities					
Cash generated from operations	23	11,523		9,200	
Net cash from operating activities			11,523		9,200
Cash flow from investing activities					
Improvement of properties	12	(13,929)		(9,441)	
Construction of new properties net of disposals	12	(1,946)		(2,193)	
Purchase of other fixed assets	13	(182)		(430)	
Right-to-buy proceeds		17		71	
Government grants received	20	4,195		3,168	
Net cash flow from investing activities			(11,845)		(8,825)
Cash flow from financing activities					
Finance income	9	24		1	
Finance charges	10	(1,883)		(1,719)	
Bank loans drawn down		-		-	
Bank loans repaid	25	(161)		(153)	
Net cash flow from financing activities			(2,020)		(1,871)
(Decrease) / increase in cash and cash equivalents			(2,342)		(1,496)
Cash and cash equivalents at the start of the year			7,218		8,714
Cash and cash equivalents at the end of the year			4,876		7,218

The notes on pages 28 to 53 form part of these financial statements

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

1. ACCOUNTING POLICIES

Going Concern

During the year ACHA (group) made an operating surplus of £5.68 million which when adjusted for disposals, interest receivable and payable resulted in a surplus of £2.40 million prior to the adjustment of the actuarial gain on the pension scheme giving total comprehensive income for the year of £7.08 million. At the financial year-end ACHA (group) had net assets of £49.53 million. The going concern basis of accounting is considered appropriate because ACHA has an agreed banking facility with Lloyds Banking Group of £59.6 million under the business plan to meet future requirements. Loan covenant compliance has also been confirmed. Lloyds Banking Group have also approved the latest 2023/24 30-year business plan, where Lloyds are required to annually agree the net operating cash flows.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and under the historical cost accounting rules. They comply with the Determination of Accounting Requirements 2019 and with the SORP 2018 - Statement of Recommended Practice for social housing providers.

Basis of consolidation

In accordance with FRS 102, the group financial statements consolidate the financial statements of the parent company and its one subsidiary, Argyll Homes For All Limited, for the year ended 31st March 2023. The subsidiary is accounted for using acquisition accounting.

Turnover

Turnover represents rental and service charge income receivable from tenants and owner occupiers, fees and revenue based grants receivable relating to housing and fees from the provision of management services. Tenant service charges are levied on a basis intended to cover appropriate service costs each year. Income is recognised only when it is earned.

Cash Flow Statement

The cash flow statement represents the cash transactions of the Association for the period from 1st April 2022 to 31st March 2023. Cash and cash equivalents comprise cash on hand and in deposit and are subject to an insignificant risk of change in value.

Housing properties

The Association operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock. Housing properties are stated at cost, with all properties acquired under the stock transfer agreement acquired at nil value. Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the association's asset management strategy and the requirement of SHQS and EESSH. In determining the remaining useful lives for the housing stock, the Association has taken account of views provided by both internal and external professional sources, and these are reflected in the assumptions in the current approved Business Plan. Components with a de minimis value of £1,000 or less are classed as revenue expenditure and are written off in the year in which they are incurred.

Depreciation and Impairment

Depreciation is charged so as to write down the cost of the housing properties and major components on a straight line basis over their expected useful economic lives. Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates (land is not subject to depreciation):

Component Type	Economic Useful Life (Years)
Land	Nil
Structure, Wall Finishes (including insulation) and Roofs	50
Plumbing	40
Windows and Doors, Heating Systems and Electrics (including Warden Call Systems)	30
Kitchens and Bathrooms	25

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

Depreciation will be charged for a full year in the year of acquisition and none in the year of disposal. The SORP and FRS 102 outline a number of indicators for impairment which the Association must consider on an annual basis. Where an indicator for impairment is identified then the Association must carry out a full impairment review. Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any write down charged to the Statement of Comprehensive Income.

New Build

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale. The Association's policy is to capitalise the cost of acquiring land and buildings and all development expenditure including direct development staff costs. Expenditure on schemes which are subsequently aborted will be written off in the year in which it is recognised that the schemes will not be developed to completion.

Non-Housing properties

ACHA owns a number of non-housing properties. ACHA applies the same capitalisation and component life approach as stated under housing properties unless otherwise stated. Garages are stated at cost, with all garages acquired under the stock transfer agreement acquired at nil cost. The economic useful life of garages or similar assets built post transfer will be 15 years. Gypsy traveller sites are also stated at cost, similarly all sites acquired under stock transfer were at nil value. The economic useful life of structures built post transfer will be 20 years.

Related Assets

Related assets, such as private water supplies, play parks, sewage systems and septic tanks, are stated at cost: all related assets acquired under the stock transfer agreement were acquired at nil value. The estimated useful economic life of related assets built after transfer will be 15 years.

Housing Association Grant

Housing Association Grant (HAG) is received from central government agencies and local authorities and is utilised to reduce the capital costs of housing properties. Grants received in respect of capital expenditure are credited to the comprehensive statement of income under the accruals method in line with the depreciation rates adopted for the underlying asset to which the expenditure relates. HAG due or received in advance is included as a current asset or liability. HAG received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates, in line with the performance model. Properties are disposed of under the appropriate legislation and guidance. All HAG relating to the share of property sold are removed from the financial statements at the date of sale. Any HAG received that cannot be repaid from the proceeds of sale is abated and the grant removed from the financial statements. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the grant funding, the potential future obligation to repay is disclosed as a contingent liability.

Business Plan Support Grant

Business Plan Support Grant (BPSG) relates to the £68 million grant provided by Scottish Government at stock transfer in respect of improvements required to the transferring properties to achieve the Scottish Housing Quality Standard. BPSG received in respect of capital expenditure was credited to the comprehensive statement of income under the accruals method in line with the depreciation rates adopted for the underlying asset to which the expenditure relates. Unamortised BPSG is held within creditors due after one year. Properties are disposed of under the appropriate legislation and guidance. All business plan support grants relating to the share of property sold are removed from the financial statements at the date of sale and written off. Any residual business plan support grant held at the point of component replacement is written off in the year of replacement.

Other Grants

These include grants from Scottish Government and/or local authorities and/or other organisations. Grants received in respect of capital expenditure are credited to the comprehensive statement of income under the accruals method in line with the depreciation rates adopted for the underlying asset to which the expenditure relates. Grants due or received in advance are included as a current asset or liability.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

Grants received in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which it relates, in line with the performance model.

Other Fixed Assets

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write down the cost of other fixed assets on a straight line basis over their expected useful lives as follows:

Asset Type	Economic Useful Life (Years)
Information Technology (IT) hardware and software	3
Furniture and Equipment	10

A full year's depreciation is charged in the year of acquisition with none charged in the year of disposal.

Offices are stated at cost. Depreciation on offices is calculated on a component basis using the same components and economic useful lives as the housing properties. Bute store is depreciated over a 50-year economic useful life, consistent with the economic useful life for structure under housing assets.

Employee Benefits

Short term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred. The financial cost of annual leave and time off in lieu earned but not taken by employees at the year-end date is accrued as a liability.

Pensions

ACHA participates in one multi-employer pension scheme and accounts for this in accordance with the requirements of FRS 102. Strathclyde Pension Fund (SPF) is a defined benefit scheme as defined by the Local Government Pension Scheme (Scotland) regulations 1998. Contributions are charged to Statement of Comprehensive Income so as to spread the cost of pensions over the employees' working lives within ACHA. The SPF made an actuarial gain for the year ended 31st March 2023 of £15.418 million (Group). In terms of presentation in the accounts, no surplus is recognised within the financial statements. Therefore, the Group has taken account of a gain of £4.676 million, to offset the pension liability to nil, in the Statement of Comprehensive Income. The remaining gain of £10.742 million is presented as an unrecognised surplus.

Taxation

The charge or credit for taxation is based on the surplus or deficit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102. As ACHA is a registered charity it has obtained consent to relief from Corporation Tax from HMRC on its charitable activities.

VAT

ACHA was registered for VAT on 24th March 2010. A large proportion of ACHA's income, namely rents, is exempt for VAT purposes and therefore gives rise to the partial exemption calculation. All expenditure is shown inclusive of VAT. ACHA created a VAT Group with its subsidiary for trading during 2013/14.

Loans and Grants

Loans are advanced by private or public lenders under the terms of individual mortgage deeds in respect of each development or under a global facility secured on existing developments. Grants from the Scottish Government's Housing Directorate (in the form of Housing Association Grant funding) or local authorities are payable to subsidise the capital cost of housing developments. Advances are generally available only in respect of those developments which have been given approval by the Scottish Government's Housing Directorate. Under certain circumstances HAG is repayable. Business Plan Support Grant and Related Assets or EAF grant is not normally repayable under the terms of the stock transfer agreement. Grants in respect of revenue expenditure are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

Financial Instruments

ACHA has given consideration under FRS 102 in relation to accounting for Financial Instruments. Having reviewed all relevant financial assets and liabilities ACHA have agreed with our external auditors that all financial instruments and transactions are defined as 'basic'. Loans provided to ACHA are classed as basic under FRS 102 and are measured at amortised cost.

Payables and receivables due within one year are measured at transaction price less settlements. Where receivables are deemed to be longer term and constitute a financing transaction they are measured at the present value of future payments discounted at a market rate of interest applicable to similar debt instruments.

Operating Leases

Operating lease rentals are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Inventories

Inventories and work in progress is stated at the lower of cost and net realisable value.

Bad and Doubtful Debts

Provision is made against rent arrears for current tenants and former tenants as well as other sundry debts to the extent that they are classed as potentially irrecoverable. The current policy for rent arrears is to provide for all former tenant debt and also for current tenant debt where this is in excess of £1,000. For sundry debt, all debt over 3 months old is fully provided for as well as any debt between 0-3 months which is greater than £1,000. Debt is passed for approval to write off where a debtor is deceased with no estate, has been sequestered or where the debt is prescribed. All former tenant debt for rent arrears older than 12 months is passed for formal write off on an annual basis.

Estimation and Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board to exercise judgement in applying the Group's 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:

Rent Arrears - Bad Debt Provision

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

Life Cycle of Components

The Group estimates the useful lives of major components of its housing property with reference to surveys carried out by qualified surveyors and specialist advice.

Useful life of properties, plant and equipment

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

Key Judgements made in the application of Accounting Policies

The Categorisation of Housing Properties

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

Identification of cash generating units

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

Financial Instruments

Following guidance from the Financial Reporting Council, the Group and its Board of Management are of the view that the clauses held within the loan agreements do not require these financial instruments, other than the 'non-cancellable call option', to be classified as 'non-basic' financial instruments.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

Pensions

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. For further information on the pension estimates please see Note 27 of the accounts.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

2. Particulars of turnover, operating costs and operating deficit

GROUP

	Turnover	Operating Costs	Other income and gains	Operating Surplus / (Deficit) to 31st March 2023	Operating Surplus / (Deficit) to 31st March 2022
	£000	£000	£000	£000	£000
Social Lettings <i>(Note 3)</i>	28,138	(23,065)	-	5,073	3,873
Other Activities <i>(Note 4)</i>	2,331	(1,717)	-	614	123
	<u>30,469</u>	<u>(24,782)</u>	-	<u>5,687</u>	
Total for year to 31 st March 2022	<u>29,136</u>	<u>(25,140)</u>	-	<u>3,996</u>	

COMPANY

	Turnover	Operating Costs	Other income and gains	Operating Surplus / (Deficit) to 31st March 2023	Operating Surplus / (Deficit) to 31st March 2022
	£000	£000	£000	£000	£000
Social Lettings <i>(Note 3)</i>	28,138	(22,899)	-	5,239	3,776
Other Activities <i>(Note 4)</i>	2,467	(1,853)	-	614	123
	<u>30,605</u>	<u>(24,752)</u>	-	<u>5,853</u>	
Total for year to 31 st March 2022	<u>29,272</u>	<u>(25,373)</u>	-	<u>3,899</u>	

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

3. Particulars of turnover, operating costs and operating surplus or deficit from social letting activities – Group

	General Needs Housing	Supported Housing	Total	Total For Previous Period of Account
	£000	£000	£000	£000
Rents receivable net of service charges	24,282	939	25,221	24,291
Rent from garages	13	-	13	12
Rent from travelling people sites	65	-	65	63
Service charges	57	307	364	383
Gross income from rents and service charges	24,417	1,246	25,663	24,749
Less voids	(771)	(13)	(784)	(725)
Net income from rents and service charges	23,646	1,233	24,879	24,024
Grants from the Scottish Ministers	-	-	-	-
Other revenue grants	36	-	36	33
Deferred grant amortisation	3,223	-	3,223	3,094
Total turnover from social letting activities	26,905	1,233	28,138	27,151
Management and maintenance administration costs	7,821	451	8,272	8,079
Planned and cyclical maintenance including major repairs costs	2,991	-	2,991	3,802
Reactive maintenance costs	4,727	-	4,727	4,522
Bad debts – rents and service charges	31	-	31	28
Depreciation of social housing	7,012	-	7,012	6,741
Impairment of social housing	32	-	32	106
Operating costs for social letting activities	22,614	451	23,065	23,278
Other income and gains	-	-	-	-
Operating surplus for social lettings	4,291	782	5,073	3,873
Operating surplus for social lettings for previous period of account	2,974	899	3,873	

As a result of component accounting being applied all major repairs expenditure relating to identified components has been capitalised during the period.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

Particulars of turnover, operating costs and operating surplus or deficit from social letting activities – Company

	General Needs Housing	Supported Housing	Total	Total For Previous Period of Account
	£000	£000	£000	£000
Rents receivable net of service charges	24,282	939	25,221	24,291
Rent from garages	13	-	13	12
Rent from travelling people sites	65	-	65	63
Service charges	57	307	364	383
Gross income from rents and service charges	24,417	1,246	25,663	24,749
Less voids	(771)	(13)	(784)	(725)
Net income from rents and service charges	23,646	1,233	24,879	24,024
Grants from the Scottish Ministers	-	-	-	-
Other revenue grants	36	-	36	33
Deferred grant amortisation	3,223	-	3,223	3,094
Total turnover from social letting activities	26,905	1,233	28,138	27,151
Management and maintenance administration costs	7,821	451	8,272	8,079
Planned and cyclical maintenance including major repairs costs	2,991	-	2,991	3,802
Reactive maintenance costs	4,561	-	4,561	4,619
Bad debts – rents and service charges	31	-	31	28
Depreciation of social housing	7,012	-	7,012	6,741
Impairment on social housing	32	-	32	106
Operating costs for social letting activities	22,448	451	22,899	23,375
Other income and gains	-	-	-	-
Operating surplus for social lettings	4,457	782	5,239	3,776
Operating surplus for social lettings for previous period of account	2,877	899	3,776	

As a result of component accounting being applied all major repairs expenditure relating to identified components has been capitalised during the period.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

4. Particulars of turnover, operating costs and operating surplus/(deficit) from other activities - Group

	Grants from Scottish Ministers	Other Revenue Grants	Other Income	Total Turnover	Operating Costs Bad Debts	Other Operating Costs	Operating Surplus / (Deficit)	Operating Surplus / (Deficit) for previous period of account £000
	£000	£000	£000	£000	£000	£000	£000	£000
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	10	10	-	(275)	(265)	(296)
Related Assets	-	-	-	-	-	(26)	(26)	(18)
Aids and Adaptations	405	-	-	405	-	(409)	(4)	27
Tenant and Owner Recharges	-	396	324	720	(91)	(718)	(89)	(164)
Insurance	-	-	104	104	-	(148)	(44)	44
Other activities	-	-	1,092	1,092	-	(50)	1,042	530
Total from other activities	405	396	1,530	2,331	(91)	(1,626)	614	123
Total from other activities for previous period of account	386	483	1,116	1,985	(193)	(1,669)	123	

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

4. Particulars of turnover, operating costs and operating surplus/(deficit) from other activities - Company

	Grants from Scottish Ministers	Other Revenue Grants	Other Income	Total Turnover	Operating Costs Bad Debts	Other Operating Costs	Operating Surplus / (Deficit)	Operating Surplus / (Deficit) for previous period of account
	£000	£000	£000	£000	£000	£000	£000	£000
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	10	10	-	(275)	(265)	(296)
Related Assets	-	-	-	-	-	(26)	(26)	(18)
Aids and Adaptations	405	-	-	405	-	(409)	(4)	27
Tenant and Owner Recharges	-	396	324	720	(91)	(718)	(89)	(164)
AHFA support service income	-	-	136	136	-	(136)	-	-
Insurance	-	-	104	104	-	(148)	(44)	44
Other activities	-	-	1,092	1,092	-	(50)	1,042	530
Total from other activities	405	396	1,666	2,467	(91)	(1,762)	614	123
Total from other activities for previous period of account	386	483	1,252	2,121	(193)	(1,805)	123	

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

5. Housing stock

	Units under development		Units under management	
	2023	2022	2023	2022
Housing accommodation for letting:				
General Needs	4	15	4,980	4,965
Sheltered Housing	-	-	197	200
	<u>4</u>	<u>15</u>	<u>5,177</u>	<u>5,165</u>

6. Remuneration of members of Board of Management and Key Management Personnel

No members of the Board of Management received any remuneration from ACHA or AHFA.

Key management personnel are defined to include the Chief Executive, Strategic Directors and any other officer whose total annual emoluments, excluding pension contributions, exceed £60k during the reporting year.

	2023 £000	2022 £000
Total emoluments payable to directors / key management personnel and benefits in kind	563	597
Pension contributions	74	78
	<u>637</u>	<u>675</u>
Emoluments payable to the highest paid director (excluding pension contributions)	121	102
Pension contributions	14	17
	<u>135</u>	<u>119</u>

The Chief Executive is a member of the Strathclyde Pension Fund defined benefit pension scheme as disclosed in note 27. No enhanced or special terms apply to memberships. ACHA's contributions to the Chief Executive's pension in the year amounted to £12k (2022: £17k).

ACHA's key management emoluments (excluding pension contributions) fell within the following band distributions:

	2023	2022
More than £60,000 but not more than £70,000	2	2
More than £70,000 but not more than £80,000	3	1
More than £80,000 but not more than £90,000	1	1
More than £90,000 but not more than £100,000	-	1
More than £100,000 but not more than £110,000	-	2
More than £110,000 but not more than £120,000	-	-
More than £120,000 but not more than £130,000	1	-

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

7. Staff numbers and costs

The weighted full time equivalent number of persons employed and seconded to ACHA (excluding board members) in the year, analysed by category, was as follows:

	Number of employees	
	2023	2022
Housing & Neighbourhood Services	74	75
Finance & IT	18	17
Human Resources & Corporate Services	14	14
Property Services	35	38
Argyll Homes For All	109	101
	<u>250</u>	<u>245</u>

The aggregate payroll costs of these persons were as follows:

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Wages and salaries	7,209	6,864	3,684	3,696
Social security costs	768	688	394	373
Employer pension costs	706	806	581	706
Current service cost adjustment (defined benefit pension scheme)	1,367	1,477	1,320	1,427
	<u>10,050</u>	<u>9,835</u>	<u>5,979</u>	<u>6,202</u>

Current service costs for the Group, relating to the Strathclyde Pension Fund defined benefit scheme, amount to £1.367m (2022 - £1.477m). These costs are included within Note 3 – Management and Maintenance Administration costs.

During the year the value of Property Services staff costs that were capitalised amounted to £1.168m (2022 - £1.129m).

8. Operating surplus on ordinary activities - Group

	2023	2022
	£000	£000
<i>Operating surplus on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit (including expenses and excluding VAT for the year)	24	24
Other services from bodies related to external audit	1	1
Operating lease rentals:		
Buildings	175	159
Other	356	344
Depreciation	<u>7,028</u>	<u>6,752</u>

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

Operating surplus on ordinary activities - Company

	2023	2022
	£000	£000
<i>Operating surplus on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit (including expenses and excluding VAT for the year)	20	20
Other services from bodies related to external audit	-	-
Operating lease rentals:		
Buildings	175	159
Other	-	-
Depreciation	<u>7,012</u>	<u>6,740</u>

9. Finance income - Group

	2023	2022
	£000	£000
Bank interest receivable	24	1
Interest on pension fund (<i>Note 27</i>)	-	-
	<u>24</u>	<u>1</u>

Finance income - Company

	2023	2022
	£000	£000
Bank interest receivable	24	1
Interest on pension fund (<i>Note 27</i>)	-	-
	<u>24</u>	<u>1</u>

10. Finance charges - Group

	2023	2022
	£000	£000
On bank loans	1,883	1,719
Interest on pension fund (<i>Note 27</i>)	104	159
	<u>1,987</u>	<u>1,878</u>

Finance charges - Company

	2023	2022
	£000	£000
On bank loans	1,883	1,719
Interest on pension fund (<i>Note 27</i>)	99	154
	<u>1,982</u>	<u>1,873</u>

11. Taxation

Due to ACHA's charitable status, no tax liability arose in the year to 31st March 2023 (2022: £ Nil).

AHFA is liable for UK Corporation Tax on its trading profits, which amounted to £ Nil in the year (2022: £ Nil).

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

12. Property, plant & equipment – Group and Company – Social Housing Properties

	Housing properties held for letting £000	Housing properties in course of construction £000	Total 2023 £000	Total 2022 £000
Cost				
At start of year	232,724	2,799	235,523	226,212
Additions during year new build	890	1,056	1,946	2,193
Additions during year existing	13,928	-	13,928	9,441
Transfers	2,180	(2,180)	-	-
Disposals	(2,166)	-	(2,166)	(1,908)
Impairment	(87)	-	(87)	(415)
At end of year	<u>247,469</u>	<u>1,675</u>	<u>249,144</u>	<u>235,523</u>
Depreciation				
At start of year	(53,939)	-	(53,939)	(48,192)
Charge during year	(6,730)	-	(6,730)	(6,485)
Disposals	803	-	803	582
Impairment	33	-	33	156
At end of year	<u>(59,833)</u>	<u>-</u>	<u>(59,833)</u>	<u>(53,939)</u>
Net book value				
At 31 March 2023	<u>187,636</u>	<u>1,675</u>	<u>189,311</u>	<u>181,584</u>
At 31 March 2022	<u>178,785</u>	<u>2,799</u>	<u>181,584</u>	

All properties transferred to ACHA at 21st November 2006 were transferred at nil value as part of the Large Scale Voluntary Stock Transfer.

Additions to housing properties include capitalised development administration costs of £1.17 million, (2022 – £1.13 million), and capitalised major repair costs to existing properties of £12.76 million (2022 - £8.31 million). All land and properties are heritable.

Total expenditure on existing properties in the year amounted to £21.48 million (2022 – £17.86 million). The amount capitalised is £13.93 million (2022 - £9.44 million) with the balance being charged to the statement of comprehensive income.

During the year a number of components were replaced and some properties sold / demolished, resulting in a loss £1.34 million (2022 – loss of £1.33 million). This value is consistent with 2020/21 and 2021/22, and is generally due to the number of heating systems being replaced with Air Source Heat Pump systems being fitted as part of the Warm Homes Fund project. Previous heating components fitted since stock transfer in 2006 have an economic useful life of 30 years so this results in a higher value being written off as a disposal. A small number of properties were sold or demolished during the year as part of ACHA's approved stock rationalisation programme.

ACHA has included in housing properties held for letting £3.87 million (2022 – £2.58 million) of cost relating to the fourth quarter of the year however as this is work in progress and not yet completed it has not been componentised nor depreciated in the current year. The componentisation and depreciation of these works will be completed in the following financial period.

Security has been granted to lenders in respect of housing properties at stock transfer and specific loans granted for new build development. As at the end of the financial year there were also 355 properties which were unencumbered.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

13. Property, plant & equipment (other) - Group

	IT	Offices / Store	Furniture / Equipment	Total Other non housing
	£000	£000	£000	£000
Cost				
At start of year	2,785	1,906	52	4,743
Additions during year	191	-	11	202
Disposals	(50)	-	-	(50)
At end of year	<u>2,926</u>	<u>1,906</u>	<u>63</u>	<u>4,895</u>
Depreciation				
At start of year	(2,472)	(409)	(37)	(2,918)
Provided during year	(242)	(43)	(12)	(297)
Disposals	48	-	-	48
At end of year	<u>(2,666)</u>	<u>(452)</u>	<u>(49)</u>	<u>(3,167)</u>
Net book value				
At 31 March 2023	<u>260</u>	<u>1,454</u>	<u>14</u>	<u>1,728</u>
At 31 March 2022	<u>313</u>	<u>1,497</u>	<u>15</u>	<u>1,825</u>

Property, plant & equipment (other) - Company

	IT	Offices	Furniture / Equipment	Total Other non housing
	£000	£000	£000	£000
Cost				
At start of year	2,519	1,906	33	4,458
Additions during year	182	-	-	182
Disposals	(50)	-	-	(50)
At end of year	<u>2,651</u>	<u>1,906</u>	<u>33</u>	<u>4,590</u>
Depreciation				
At start of year	(2,210)	(408)	(31)	(2,649)
Provided during year	(235)	(44)	(2)	(281)
Disposals	48	-	-	48
At end of year	<u>(2,397)</u>	<u>(452)</u>	<u>(33)</u>	<u>(2,882)</u>
Net book value				
At 31 March 2023	<u>254</u>	<u>1,454</u>	<u>-</u>	<u>1,708</u>
At 31 March 2022	<u>309</u>	<u>1,498</u>	<u>2</u>	<u>1,809</u>

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

14. Investments	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Investment in Subsidiary Companies	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

ACHA owns one share in Argyll Homes For All Limited (AHFA), which is a wholly owned subsidiary company. The principal activity of AHFA, registered company number SC415603, for the year ended 31st March 2023 was that of property maintenance. As at 31st March 2023 the capital and reserves of AHFA were £0.186 million (2022: (£0.173 million)) with a loss for the year of £0.171 million (2022: £0.090 million profit).

Subsidiary: Argyll Homes For All Limited

Nature of business: Property maintenance and repairs

Class of shares:			2023	2022
% holding			£000	£000
Ordinary	100.00	Aggregate Capital and Reserves	186	173
		Profit / (loss) for the year	(171)	90

15. Stocks and work in progress	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Stock	143	117	-	-
	<u>143</u>	<u>117</u>	<u>-</u>	<u>-</u>

16. Debtors	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Rental debtors	1,122	1,287	1,122	1,287
Less bad debt provision	(459)	(516)	(459)	(516)
	<u>663</u>	<u>771</u>	<u>663</u>	<u>771</u>
Prepayments and accrued income	1,455	993	1,427	956
Other debtors	1,381	1,571	1,409	1,607
Less bad debt provision	(1,296)	(1,527)	(1,296)	(1,527)
	<u>2,203</u>	<u>1,808</u>	<u>2,203</u>	<u>1,807</u>

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

The above figure for rental debtors is made up as follows:

	Debtor £000	Provided £000	2023 Net Debtor £000
Due from current tenants	822	(159)	663
Due from former tenants	300	(300)	-
	<u>1,122</u>	<u>(459)</u>	<u>663</u>

Rental Bad debts of £0.088 million were written off during the period (2022 £0.083 million). The provision for Rental Bad debts reduced by £0.057 million during the year (2022 £0.055 million reduction).

Sundry debts of £0.322 million were written off during the period (2022 £0.289 million). The provision for Sundry debtors reduced by £0.231 million during the year (2022 £0.096 million reduction).

AHFA had no debts written off during the year.

17. Cash at bank and in hand	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Bank	4,875	7,217	4,875	7,217
Cash	1	1	1	1
	<u>4,876</u>	<u>7,218</u>	<u>4,876</u>	<u>7,218</u>

18. Creditors: amounts falling due within one year	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Loans (secured)	169	161	169	161
Trade creditors	1,084	647	707	857
Other creditors	1,020	876	957	787
Accruals and deferred income	1,400	910	1,862	959
Deferred grant income	3,223	3,094	3,223	3,094
	<u>6,896</u>	<u>5,688</u>	<u>6,918</u>	<u>5,858</u>

19. Creditors: amounts falling due after one year	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Loan (secured)	61,287	61,457	61,287	61,457
Deferred Grant (Note 20)	80,547	79,750	80,547	79,750
	<u>141,834</u>	<u>141,207</u>	<u>141,834</u>	<u>141,207</u>

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

The loans with Lloyds Banking Group reduced by £0.065 million during 2022/23 due to capital repayments to the Oban office development loan. This is the only Lloyds Banking Group loan that is repayable on an amortising basis, with the loan to be repaid in full by March 2025. The repayment profile for the office loan is shown below.

	£000
Due within one year	69
Due between 1 and 2 years	73
Due between 2 and 5 years	-
Over 5 years	-
	<u>142</u>

A loan with Argyll and Bute Council through the Strategic Housing Fund for £3 million was agreed and drawn down during 2013/14 and 2014/15. This is a capital and interest repayment loan and is repayable by 2040. The repayment profile is shown below:

	Glenshellach £000	Bonawe £000	Helensburgh £000	Total £000
Due within one year	77	4	19	100
Due between 1 and 2 years	80	4	20	104
Due between 2 and 5 years	263	14	67	344
Over 5 years	1,328	73	365	1,766
	<u>1,748</u>	<u>95</u>	<u>471</u>	<u>2,314</u>
Rate %	4.45%	4.43%	4.43%	

The remainder of loans drawn, amounting to £59.0 million with Lloyds Banking Group, are repayable by bullet repayment. A summary of all fixed rate loans with Lloyds Banking Group as at 31st March 2023 is as follows:

Fixed Rate Hedging	Value (£000's)	End date	Rate %
Tranche A	6,000	29/06/2023	4.227
Tranche A	3,000	28/06/2023	4.227
Tranche A	3,000	19/06/2023	2.952
Tranche A	4,750	18/12/2023	1.620
Tranche A	7,000	18/11/2024	1.535
Tranche A	3,950	30/12/2024	1.515
Tranche A	7,000	30/06/2025	2.636
Tranche B	2,000	30/06/2023	4.476
Tranche B	5,000	28/03/2024	0.927
Tranche B	10,000	30/03/2029	5.430
Tranche C	142	11/03/2025	5.955
Tranche D	5,000	30/06/2023	6.176
Tranche D	2,300	30/06/2023	6.176
Total	<u>59,142</u>		

Rates quoted are all inclusive of the rate, margin and capitalisation charges.

Loans are secured by a specific charge against ACHA's properties with the office loan secured against the office development at Menzies House, Glenshellach Business Park, Oban. At the year-end there were 4,768 housing properties secured to Lloyds Banking Group in addition to 54 housing properties secured to Argyll and Bute Council.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

20. Deferred Grant Income – Group and Company

	2023	2022
	£000	£000
Housing Association Grant (HAG)		
At 1 st April	30,977	30,154
Received during year	1,170	1,714
Released to income during year	<u>(919)</u>	<u>(891)</u>
At 31 st March	<u><u>31,228</u></u>	<u><u>30,977</u></u>
Other grants	2023	2022
	£000	£000
At 1 st April	51,867	52,834
Received during year	3,025	1,454
Released to income during year	<u>(2,305)</u>	<u>(2,203)</u>
Released to income during year - disposals	<u>(25)</u>	<u>(66)</u>
Released to income during year - Impairment	<u>(20)</u>	<u>(152)</u>
At 31 st March	<u><u>52,542</u></u>	<u><u>51,867</u></u>
	2023	2022
	£000	£000
Amount to be released within one year	3,223	3,094
Amount to be released in more than one year	<u>80,547</u>	<u>79,750</u>
	<u><u>83,770</u></u>	<u><u>82,844</u></u>

21. Share capital

	2023	2022
	£	£
Shares of £1 each fully paid		
At 1 st April	251	250
Issued in year	10	8
Cancelled in year	<u>(74)</u>	<u>(7)</u>
At 31 st March	<u><u>187</u></u>	<u><u>251</u></u>

Shares issued were in respect of new members of ACHA, who each hold one share of £1. These shares carry no rights to dividend or distributions on winding up. When a shareholder ceases to be a member the person's share is cancelled and the amount thereon becomes the property of ACHA. Each member has a right to vote in accordance with ACHA's Rules at Members meetings.

ACHA holds one share in its subsidiary company Argyll Homes For All Limited (SC415603) which is a wholly owned subsidiary trading company.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

22. Commitments – Group and Company

(a) Capital commitments authorised and contracted for at 31st March 2023 amounted to:

	2023	2022
	£000	£000
Within one year		
Major Repairs	8,176	2,216
New Build	595	1,884
IT	-	48
	<u>8,771</u>	<u>4,418</u>
Within two to five years		
Major Repairs	1,148	23
New Build	17	104
IT	-	-
	<u>1,165</u>	<u>127</u>

The investment programme is financed by a combination of operating cash flow and private finance. Values included above are gross expenditure and include elements that will be grant funded.

(b) At the 31st March 2023, the total future minimum lease payments under non-cancellable operating leases were as follows:

	2023	2022
	£000	£000
Land and Buildings		
Due within 1 year	24	23
Due between 1 and 5 years	-	-
Over 5 years	-	-
	<u>24</u>	<u>23</u>
Other		
Due within 1 year	424	374
Due between 1 and 5 years	1,582	1,774
Over 5 years	295	288
	<u>2,301</u>	<u>2,436</u>

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

23. Reconciliation of operating surplus to net cash inflow from operating activities - Group

	2023	2022
	£000	£000
Operating surplus/deficit	5,687	3,996
Adjustments:		
Depreciation on non-housing fixed assets	297	267
Depreciation on housing fixed assets	6,730	6,485
Impairment on housing fixed assets	32	106
Deferred Grant Amortisation	(3,223)	(3,094)
Movement in working capital:		
Non cash adjustment in pension fund	1,367	1,477
(Increase)/Decrease in stock	(26)	2
(Increase) in debtors	(394)	(4)
Increase/(Decrease) in creditors	1,073	(418)
Designated Reserve Carry Forward	-	(19)
Cash inflow from operating activities	<u>11,543</u>	<u>8,798</u>

Reconciliation of operating surplus to net cash inflow from operating activities - Company

	2023	2022
	£000	£000
Operating surplus/deficit	5,853	3,899
Adjustments:		
Depreciation on non-housing fixed assets	282	256
Depreciation on housing fixed assets	6,730	6,485
Impairment on housing fixed assets	32	106
Deferred Grant Amortisation	(3,223)	(3,094)
Movement in working capital:		
Non cash adjustment in pension fund	1,320	1,427
(Increase)/Decrease in stock	-	-
(Increase)/Decrease in debtors	(395)	139
Increase in creditors	924	1
Designated Reserve Carry Forward	-	(19)
Cash inflow from operating activities	<u>11,523</u>	<u>9,200</u>

24. Analysis of changes in net debt - Group

	At 31st March	Cash flows	At 31st March
	2022		2023
	£000	£000	£000
Cash in hand, at bank	7,218	(2,342)	4,876
Debt due within one year	(161)	(8)	(169)
Debt due in more than one year	(61,456)	169	(61,287)
Total	<u>(54,399)</u>	<u>(2,181)</u>	<u>(56,580)</u>

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

25. Reconciliation of net cash flow to movement in net debt - Group

	2023 £000	2022 £000
(Decrease) in cash in the period	(2,342)	(1,921)
Cash (inflow) from debt financing	-	-
Cash outflow from debt financing	161	153
	<hr/>	<hr/>
Change in debt resulting from cash flows	(2,181)	(1,768)
Net debt at beginning of period	(54,399)	(52,631)
Net debt at end of period	<u>(56,580)</u>	<u>(54,399)</u>

26. Group structure

ACHA is a registered social landlord, incorporated in Scotland. ACHA owns one share in Argyll Homes for All Limited (AHFA) which is a wholly owned subsidiary company. The principal activity of AHFA, registered company number SC415603, in the year ended 31st March 2023 was that of property maintenance.

27. Strathclyde Pension Scheme

The majority of ACHA group employees belong to the Strathclyde Pension Fund which is part of the Local Government Pension Scheme (LGPS). The total pensionable payroll at the balance sheet date was £4.596 million. This is a defined benefit scheme which provides benefits based on the final pensionable salary, the assets of which are held in a separate trustee administered fund. The best estimate of total employer contributions for 2023/24 is £0.887 million.

As noted in note 1, Argyll and Bute Council have guaranteed to accept liability for any unfunded costs which may arise with regard to ACHA relating to its membership of the Local Government Pension Scheme (LGPS) administered by Glasgow City Council should it cease to exist, withdraw from the LGPS or otherwise become unable to continue covering any unfunded liabilities with regard to the Local Government Pension Scheme (Scotland) Regulations 1998, as amended, or the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998. If applicable, the assumptions and other data that have the most significant effect on the determination of the contribution levels of the scheme are as follows:

Assumptions as at	31 st March 2023 % p.a.	31 st March 2022 % p.a.
Pension Increase Rate	2.95%	3.20%
Salary Increase Rate	3.65%	3.90%
Discount Rate	4.75%	2.70%

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

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Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and long term rate of employment of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	19.3	22.2
Future Pensioners	20.5	24.2

Under the requirements of FRS 102, ACHA is required to disclose further information on its share of assets and liabilities of the LGPS on a market value basis at the end of the financial year.

ACHA's share of assets in the scheme and expected rate of return were:

	% Split of Assets 31st March 2023	Assets at 31st March 2023 £000	% Split of Assets 31st March 2022	Assets at 31st March 2022 £000
Equities	60%	23,157	64%	24,840
Bonds	28%	10,807	24%	9,315
Property	10%	3,860	10%	3,881
Cash	2%	772	2%	776
Total		<u>38,596</u>		<u>38,812</u>

Analysis of the amount charged in arriving at the operating surplus

	Period to 31st March 2023 £000	Period to 31st March 2022 £000
Service cost	2,114	2,281
Past service costs	-	-
Amounts charged to finance charge	<u>2,114</u>	<u>2,281</u>

	Period to 31st March 2023 £000	Period to 31st March 2022 £000
Net interest	104	159
Amounts charged to finance charge	<u>104</u>	<u>159</u>

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

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For the year ended 31st March 2023

Analysis of the amount recognised in the statement of comprehensive income

	Period to 31st March 2023 £000	Period to 31st March 2022 £000
Actual return	(1,665)	2,054
Changes in financial assumptions	18,819	3,434
Other experience gains and losses	(2,021)	(71)
Changes in demographic assumptions	285	252
Unrecognised pension asset	(10,742)	-
Amounts charged to finance charge	<u>4,676</u>	<u>5,669</u>

Reconciliation of opening and closing balances of the present value of scheme liabilities

	2023 £000
Opening scheme liabilities	(42,017)
Current service cost	(2,114)
Past service cost	-
Interest cost	(1,157)
Re-measurements	17,083
Benefits paid	634
Contributions	(283)
Closing scheme liabilities	<u>(27,854)</u>

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

	2023 £000
Opening fair value of plan assets	38,812
Interest income	1,053
Return on plan assets (in excess of interest income)	(1,665)
Contributions by employer	745
Plan participants contributions	285
Benefits paid	(634)
Other experience	-
Closing scheme assets	<u>38,596</u>

	2023 £000	2022 £000
Net asset / (liability) at end of year	10,742	(3,205)
Unrecognised Surplus	(10,742)	-
Surplus / (Deficit) recognised in financial statements	<u>-</u>	<u>(3,205)</u>

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2023

28. Related party disclosures

During the year there were a number of payments made and received between ACHA and its wholly owned subsidiary Argyll Homes for All Limited (AHFA). At the balance sheet date, the inter-company debtor / creditor was a debit of £0.043 million (2021/22 £0.037 million) which related to a balance of support service charges and assigned staff costs due to ACHA. At the year-end, income accrued by AHFA but not yet paid by ACHA amounted to £0.554 million (2021/22 £0.694 million).

Eight members of the Board of Management were also tenants during the year (2021/22: ten). Seven members of the Board of Management were Argyll and Bute Council Councillors during the year (2021/22: three), with the increase in number due to the change of Councillors at the local government elections in May 2022. Members rent arrears were treated in a similar manner to that of other tenants in arrears with ACHA. The total value of rent received from tenants who were board members at the year-end was £0.024 million (2021/22 £0.051 million) with total non-technical rent arrears at the year-end of nil (2021/22: £1k). The tenancy agreements and rents charged for those members of the Board of Management were on standard terms applicable to any other tenant of ACHA.

Payments made to members of the Board of Management during 2022/23 amounted to £2k (2021/22: £2k). This relates to reimbursement of travel expenses and subsistence.

All transactions with local authorities were made at arm's length, on normal commercial terms and no Board members used their position to their advantage. ACHA has entered premise leases with Argyll and Bute Council and has contractual arrangements for the provision of environmental / cleaning services. ACHA also had a number of transactions during the year in relation to building warrants, paid Council Tax for void properties and made Strategic Housing Fund loan repayments. During the year ACHA paid £0.68 million (2021/22: £0.62 million) to the Council for these services, inclusive of the three Strategic Housing Fund loans (£0.020 million - 2021/22: £0.20 million).

During the period ACHA received from the Council £7.1 million in housing benefit payments (2021/22: £7.3 million), rental income for homeless and additional support needs tenancies of £0.07 million (2021/22: £0.07 million). ACHA received £0.21 million SHF grant income during the period (2021/22: nil).

At the period end there was no creditor value outstanding to the Council (2021/22: £6k).

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

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For the year ended 31st March 2023

29. Financial Instruments

The carrying amounts of the Group's financial instruments are as follows:

	2023	2022
	£000	£000
<i>Financial assets</i>		
Debt instruments measured at amortised cost:		
- Trade debtors (note 16)	663	771
- Accrued income (note 16)	1,334	806
- Other debtors (note 16)	84	44
- Cash and cash equivalents (note 17)	4,876	7,218
	6,957	8,839
<i>Financial liabilities</i>		
Measured at amortised cost:		
- Bank loans and overdraft (notes 18-19)	61,457	61,618
- Trade creditors (note 18)	1,084	647
- Accrued expenses (note 18)	1,398	874
- Other creditors (note 18)	1,005	841
	64,944	63,980

The income, expenses, net gains and net losses attributable the Group's financial instruments are summarised as follows:

	2023	2022
	£000	£000
<i>Income and expense</i>		
Financial assets measured at amortised cost	24	1
Financial liabilities measured at amortised cost	(1,883)	(1,719)

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss was £0.024 million (2021/22 - £1k) and £1.883 million (2021/22 - £1.719 million) respectively.