



Alexander Sloan
Accountants and Business Advisers

Dunbritton Housing Association

Report and Financial Statements

For the year ended 31 March 2022

Registered Social Landlord No. HAL260

FCA Reference No. 2421R(S)

Scottish Charity No. SC036518

DUNBRITTON HOUSING ASSOCIATION

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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DUNBRITTON HOUSING ASSOCIATION

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

BOARD OF MANAGEMENT

Sephton MacQuire	Chair
Alistair Tuach	Vice Chair
Sonja Aitken	Board Member
George Morrison	Board Member
Julie Smillie	Board Member
Elizabeth McCurdy	Board Member
Chris Chalk	Board Member
Andrew Cameron	Board Member (Appointed 22 September 2021)
Fiona Craig	Board Member (Appointed 22 September 2021)
Derek Caldwell	Board Member (Appointed 22 September 2021)
Councillor Gary Mulvaney	Co-optee
Councillor Brian Walker	Co-optee

EXECUTIVE OFFICERS

Allan Murphy	Chief Executive Officer
Heather Maitz	Finance Manager
Paul Sweeney	Asset Manager
Daniel Wilson	Corporate Services Manager
Robert Murray	Housing Services Manager

REGISTERED OFFICE

1 Hatters Lane
Dumbarton
G82 1AW

EXTERNAL AUDITORS

Alexander Sloan
Accountants and Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

INTERNAL AUDITORS

Quinn Internal Audit &
Business Support Services Ltd
55 Lady Place
Livingston
EH5 6TB

FINANCE AGENTS

FMD Financial Services Limited
Unit 29, Ladyloan Place
Drumchapel
G15 8LB

BANKERS

Bank of Scotland
94/104 High Street
Dumbarton
G82 1PQ

SOLICITORS

Harper McLeod
Ca'd'oro Building
45 Gordon Street
Glasgow
G1 3PE

DUNBRITTON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022

The Board of Management presents its report and the financial statements for the year ended 31 March 2022.

Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No. 2421R(S)), the Scottish Housing Regulator as a registered social landlord (No. HAL260) under the Housing (Scotland) Act 2010 and as is a registered Scottish Charity with the charity number SC036518.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

In my report last year, I commented that we ended the year amid a worldwide pandemic, and I stated "In my long housing career, I have never witnessed anything quite like it, and I am confident when I am updating this report for you next year, we will be able to measure and reflect on the impact that this pandemic has had on our daily lives both now and in the future."

Therefore, I am delighted to report at the end of March 22 there was some light at the end of the tunnel. In a year where the risks to the worldwide economy had been extremely tested, organisations had to diversify and adapt to new working models. The role out of vaccinations had been pivotal in supporting individuals' freedom, and a continued workforce to maintain markets and the economy.

At the start of the financial year, we moved from an annual Business Plan to 3-year **Corporate Plan**. In addition, we continued during the financial year to closely monitor and maintain and review all emerging and potential **Risks** and how these could impact on our **Strategic Objectives**.

There was no doubt that in last year, similar to the previous year, we faced many challenges however once again we focused on our core business strengths to ensure our organisation ended the year in a good strong financial position.

Corporate Plan

Our Vision and Purpose are core and fundamental to our activities and are integral to our strategic objectives. We continue to review all policies and develop robust procedures to ensure that we can deliver our key strategic objectives, whilst ensuring that we embrace a risk aware culture within the organisation.

Our Vision

'Dunbritton Housing Association's Vision is thriving, diverse, healthy and safe communities that enhance quality of life for our customers.'

DUNBRITTON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022

Review of Business and Future Developments (Contd.)

Our Purpose

Dunbritton Housing Association's Purpose is to:

- *Support our customers to sustain their homes and have a better quality of life*
- *Work with our customers, staff and partners to achieve our Vision*
- *Provide good quality housing and services that are affordable and accessible to all*
- *Support the physical, social, economic and environmental regeneration of our estates and the communities in our area*
- *Enhance quality of life in diverse communities that are safe, sustainable and attractive*

The Board agreed our Strategic Objectives that will be used to take Dunbritton forward, as a progressive and respected housing association, in the sector.

Strategic Objectives

	Objective
1.	Deliver excellent affordable services to our customers that meet their expectations.
2.	Contribute to developing sustainable communities by providing high quality affordable housing where people want to live.
3	Manage our business and resources responsibly, accountably, and sustainably.
4.	Proactively engage with our partners and regulators.
5.	Be an inclusive and supportive employer.
6.	Demonstrate strong governance and robust financial management.

DUNBRITTON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022

Review of Business and Future Developments (Contd.)

Risk

There is an inextricable link between objectives and risks, and it is therefore imperative for organisations to be able to respond and mitigate against these risks.

At Dunbritton we regularly assess changes in the internal and external environments to ensure, where possible, we can identify and mitigate against any potential risks. The Management Team meets on a regular basis with the Chief Executive to consider their respective departments and the overall risk to the Association.

From these discussions and our awareness of changes in the environment from external agencies such as our banks, insurers, consultants, Scottish Federation of Housing Associations, Glasgow West of Scotland Housing Forum and Strategic meetings with Local Authorities we develop our Strategic Risk Register.

From the details discussed all high risks are included in our Management Action plan and updates provided on a 6 monthly basis to our Audit and Risk committee.

COVID-19 continued very much to the fore in 2021/22 however we all had a better understanding of the virus and what we had to do adapt to a changing working environment.

COVID-19

Like all other organisations Dunbritton has been required to respond to the initial impact of COVID-19. The Risk Register was updated detailing the impact of COVID-19 and the steps employed to address these challenges. Following discussion with the Board of Management we considered our strategy in the short, medium, and long terms. During 2021 we have continued to employ similar measures that we introduced back in 2020.

However, a significant step forward was made in September 2021 when we reopened the office to the public and afforded staff the opportunity to return to their workplace. This was a very positive move which was welcomed by both staff and customers.

COVID-19 has always appeared on our Risk Register, however as time has progressed and our understanding improved, we have now reduced the high risk that had previously prevailed.

Governance

- To ensure good governance the Board of Management initially continued to meet (via Zoom) throughout the pandemic. However, by March 22 we were holding hybrid Board meetings, which ensured all the Board could attend in person or join the meeting via video link.
- We have continued to ensure we meet with governance arrangements *and* are confident we have continued to comply with our constitutional and legal obligations, the Board continued to meet as scheduled and in line with our Rules and due to this there was no requirement to have any enhanced delegated authority.
- Having adopted the new Scottish Federation of Housing Associations "Model Rules" in 2021 we were able to continue to host our AGM virtually using Zoom video conferencing. We successfully hosted a quorate AGM in September 2021, following which the new Board met and elected all office bearers.

DUNBRITTON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022

Review of Business and Future Developments (Contd.)

- The secretary has ensured the code of conduct has been completed and recorded all declared interest.
- All statistical returns to the Scottish Housing Regulator were submitted on time.

Customers

- We continued to remain in contact with our customers via telephone, email, web site, and newsletters however face to face meeting were very much appreciated from September 21.
- We continue to survey tenants and act on this feedback. We introduced "Cx – communication" to electronically survey tenants for annual rent increase and the response rate was higher than previous years.
- Service levels have now returned to pre covid times.

Information technology

- Our systems remain robust and we are members of the Scottish Business Resilience Centre (SBRC) and they provided training for all staff. For example, they assisted the Association produce our Lone Working policy.

Finance

- Scottish Housing Regulator (SHR), Financial Conduct Authority(FCA), Office of Scottish Charity Regulator(OSCR) returns have been submitted within the required timescales.
- All stakeholders including lenders have been fully informed during all stages of lockdown and we have met all our obligations.
- Given the impact on employment and the general economy we are ensuring we maintain adequate liquidity. The position is monitored daily with regards to arrears. The Association continues to maintain a good arrears position and we have improved our arrears position (under 2%), despite the impact of COVID-19 on the general economy.
- All financial reporting continued to be monitored and reported to the Board of Management. Cashflows are monitored daily along with all required payments made within timescales.
- We have ensured our financial health has been monitored and maintained during the emergency. All our short-term forecasts are included within the control processes with different scenario testing been carried out. All covenant compliance has been met.
- Our internal audit programme is continuing, and in line with our Rules our external auditors were appointed at the AGM.

Assurance Statement

Since the introduction of the Assurance Statement we have developed a Board members' area within our website. This area allows the Board to view and consider the evidence bank. The evidence is updated on a weekly basis and the Board is advised when new evidence is available for inspection.

Following its introduction in 2019, we have developed both our annual Assurance Statement and the associated 'evidence bank.' With the publication of the first Assurance Statements, we were able to get a flavour of the styles and formats adopted by Associations across the sector. From this we have developed both the statement itself, and the evidence that we provide to the Board to show that we remain compliant.

DUNBRITTON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022

Review of Business and Future Developments (Contd.)

The Annual Assurance Statement is a way for governing bodies and committees to assure firstly themselves and then tenants, people who are homeless or threatened with homelessness, Gypsy/Travellers, and other service users that they comply with regulatory requirements, or to disclose areas where they need to improve.

The Board continues to remain assured that Dunbritton Housing Association is compliant with the Regulatory Standards of Governance, Financial Management, and the requirements of Chapter Three of the Regulatory Framework.

During 2021/22 we have remained focused on our strategic objectives and our Business needs.

The Board is pleased to report that like previous financial years the Association has ended 2021/22 with a healthy balance sheet. The Association generated a surplus of £1.3m and net assets totalling £12.3m.

During 21/22 in pursuance of Value for Money we continued our procurement journey. I am pleased to report that we did a successful procurement exercise for our Internal Audit, and we reappointed Quinn Internal audit for a further 3 years. We have continued to work closely with our procurement specialist and the next area for our focus will be the provision of financial services and external audit.

We continue on our journey with Investors in People (IIP) and are currently working towards attaining Gold standard.

Although we had moved to our new office, not all staff have been working from the office due to COVID-19. I can also confirm that the harbour development of 150 units was fully completed by end of the financial year. As previously reported, the Scottish Government awarded the Association £281,200 towards the additional unforeseen costs with the harbour development. I am pleased to report that following a successful application for additional funding we received another £175,935.

Our Community Support Fund remains popular within our communities, and we continue to fund and support local clubs and community initiatives such as The Brownies, football teams, dance schools and foodbanks.

During 21/22 we have reconnected with our tenants in relation to participation and scrutiny. The Association is currently working with the Tenants Information Services (TIS) to develop our strategy and resurrect our participation groups.

Another good year for the Association, however we are not complacent and remain focused in an ever-changing environment. Our performance figures continue to improve in all aspects of our business, and I am delighted to report that satisfaction levels with the overall service remain in extremely high at 95%. In relation to keeping tenants informed about their services we achieved an outstanding 98%.

Welfare Reform is a major risk for all Associations, and we continue to monitor the current environment to ensure that we are in a position to respond accordingly.

At the start of the year there was great uncertainty in the Housing Association movement about home working, service delivery, support for tenants and maintaining homes, but I am pleased to report that Dunbritton has remained focused and our team has certainly pulled together to ensure it has been another good year for Dunbritton.

DUNBRITTON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022

Review of Business and Future Developments (Contd.)

Despite the difficult year we have further improved our arrears management performance from last year and are now below 2%.

Overall, another excellent year for the Association and I am confident that the continuing work by the Board and staff will serve us well with the challenges we face in the coming year. As of April 2022, we are in our 30th year of operation and the Association continues to demonstrate it is a viable and ambitious organisation, with a good reputation locally and across the housing movement in Scotland.

DUNBRITTON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022

Board of Management and Executive Officers

The members of the Board of Management and the Executive officers are listed on page 1.

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

The members of the Board of Management are also trustees of the charity. Members of the Board of Management are appointed by the members at the Association's Annual General Meeting.

Statement of Board of Management's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Board of Management to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements the Board of Management is required to:

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

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

Going Concern

Based on its budgetary and forecasting processes the Board of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

DUNBRITTON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022

Statement on Internal Financial Control

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

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

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

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

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

Donations

During the year the Association made charitable donations of £1,000 (2021 - £400).

Disclosure of Information to the Auditor

The members of the Board of Management at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

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

DUNBRITTON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022

By order of the Board of Management



DANIEL WILSON
Secretary

18/8/2022

DUNBRITTON HOUSING ASSOCIATION

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

In addition to our audit of the financial statements, we have reviewed your statement on page 9 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement of Internal Financial Control on page 9 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

Through enquiry of certain members of the Board 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 in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW

19/8/2022



Alexander Sloan
Accountants and Business Advisers

DUNBRITTON HOUSING ASSOCIATION

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

Opinion

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

In our opinion the financial statements:

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

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

Basis of Opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board 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.

DUNBRITTON HOUSING ASSOCIATION

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

Other Information (Contd.)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board of Management

As explained more fully in the statement of Board of Management's responsibilities as set out on page 8, 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 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 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:

DUNBRITTON HOUSING ASSOCIATION

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

The extent to which the audit was considered capable of detecting irregularities including fraud
Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

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

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

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

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

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

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

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

DUNBRITTON HOUSING ASSOCIATION LIMITED

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

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

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

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

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

Use of our Report

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

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW

19/8/2022



Alexander Sloan
Accountants and Business Advisers

DUNBRITTON HOUSING ASSOCIATION

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Revenue	2	6,273,108	5,472,330
Operating costs	2	4,600,342	3,984,026
OPERATING SURPLUS		1,672,766	1,488,304
Gain on sale of housing stock	7	-	58,814
Interest receivable and other income		248	550
Interest payable and similar charges	8	(545,019)	(184,048)
Other Finance income/(charges)	10	(6,000)	-
		(550,771)	(124,684)
Surplus on ordinary activities before taxation	9	1,121,995	1,363,620
SURPLUS FOR THE YEAR		1,121,995	1,363,620
Other comprehensive income			
Impairment loss on revalued properties		(3,000)	-
Actuarial gains/(losses) on defined benefit pension plan	18	208,909	(345,000)
TOTAL COMPREHENSIVE INCOME		1,327,904	1,018,620

The results relate wholly to continuing activities.

The notes on pages 20 to 40 form an integral part of these financial statements.

DUNBRITTON HOUSING ASSOCIATION

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2022		2021
		£	£	£
NON-CURRENT ASSETS				
Housing properties - depreciated cost	11	71,392,248		73,963,805
Other tangible assets	11	1,243,354		58,001
Investments	12	65,002		68,002
		<u>72,700,604</u>		<u>74,089,808</u>
CURRENT ASSETS				
Receivables	13	396,749	187,962	
Cash and cash equivalents	14	<u>2,340,530</u>	<u>2,373,585</u>	
		2,737,279	2,561,547	
CREDITORS: Amounts falling due within one year	15	<u>(2,423,100)</u>	<u>(2,616,193)</u>	
NET CURRENT ASSETS / (LIABILITIES)		<u>314,179</u>	<u>(54,646)</u>	
TOTAL ASSETS LESS CURRENT		73,014,783		74,035,162
CREDITORS: Amounts falling due after more than one year	16	(17,092,210)		(18,121,421)
PENSIONS AND OTHER PROVISIONS				
Scottish housing association pension	18	<u>(26,000)</u>	<u>(306,000)</u>	
		(26,000)		(306,000)
DEFERRED INCOME				
Social housing grants	19	(42,709,294)	(43,742,788)	
Other grants	19	<u>(847,793)</u>	<u>(853,375)</u>	
		<u>(43,557,087)</u>		<u>(44,596,163)</u>
NET ASSETS		<u>12,339,486</u>		<u>11,011,578</u>
EQUITY				
Share capital	20	90		86
Revenue reserves		12,362,896		11,311,992
Revaluation reserve		2,500		5,500
Pension reserves		<u>(26,000)</u>		<u>(306,000)</u>
		<u>12,339,486</u>		<u>11,011,578</u>

The financial statements were approved by the Board of Management and authorised for issue and signed on their behalf on 19/8/2022

Committee Member

Committee Member

Secretary

The notes on pages 20 to 40 form an integral part of these financial statements.

DUNBRITTON HOUSING ASSOCIATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022	2021
		£	£
Surplus for the Year		1,121,995	1,363,620
<i>Adjustments for non-cash items:</i>			
Depreciation of tangible fixed assets	11	2,087,988	1,573,398
Amortisation of capital grants	19	(1,361,184)	(1,112,734)
Transfer of interest to financial activities		544,771	183,498
Gain on disposal of tangible fixed assets		-	(58,814)
Non-cash adjustments to pension provisions		(71,091)	(76,000)
Change in market value of investments		3,000	-
Valuation adjustment		(3,000)	-
Share capital written off	20	(2)	(9)
		<u>1,200,482</u>	<u>509,339</u>
Operating cash flows before movements in working capital		2,322,477	1,872,959
Change in debtors		(91,200)	53,829
Change in creditors		(3,481)	(562,624)
		<u>(94,681)</u>	<u>(508,795)</u>
Net cash inflow from operating activities		2,227,796	1,364,164
Investing Activities			
Acquisition and construction of properties		(693,875)	(2,038,351)
Purchase of other fixed assets		(7,909)	(15,345)
Social housing grant received		267,058	412,571
Social housing grant repaid		(62,537)	(33,416)
Proceeds on disposal of housing properties		-	92,652
		<u>(497,263)</u>	<u>(1,581,889)</u>
Net cash outflow from investing activities		(497,263)	(1,581,889)
Financing Activities			
Loan Advances Received		248	550
Interest received on cash and cash equivalents		(545,019)	(184,048)
Interest paid on loans		(1,218,823)	(1,257,144)
Loan principal repayments		6	4
Share capital issued	20	<u>6</u>	<u>4</u>
Net cash (outflow) / inflow from financing activities		(1,763,588)	629,227
(Decrease)/increase in cash	21	(33,055)	411,502
Opening cash & cash equivalents		2,373,585	1,962,083
Closing cash & cash equivalents		<u>2,340,530</u>	<u>2,373,585</u>
Cash and cash equivalents as at 31 March		2,340,530	2,373,585
Cash	21	<u>2,340,530</u>	<u>2,373,585</u>

The notes on pages 20 to 40 form an integral part of these financial statements.

DUNBRITTON HOUSING ASSOCIATION

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2022

	Share Capital £	Revaluation Reserve £	Scottish Housing Association Pension reserve £	Revenue Reserve £	Total £
Balance as at 1 April 2020	91	5,500	(37,000)	10,024,372	9,992,963
Issue of Shares	4	-	-	-	4
Cancellation of Shares	(9)	-	-	-	(9)
Other comprehensive income	-	-	(345,000)	-	(345,000)
Other movements	-	-	76,000	(76,000)	-
Surplus for the year	-	-	-	1,363,620	1,363,620
Balance as at 31 March 2021	86	5,500	(306,000)	11,311,992	11,011,578
Balance as at 1 April 2021	86	5,500	(306,000)	11,311,992	11,011,578
Issue of Shares	6	-	-	-	6
Cancellation of Shares	(2)	-	-	-	(2)
Other comprehensive income	-	-	208,909	-	208,909
Revaluation in year	-	(3,000)	-	-	(3,000)
Other movements	-	-	71,091	(71,091)	-
Surplus for the year	-	-	-	1,121,995	1,121,995
Balance as at 31 March 2022	90	2,500	(26,000)	12,362,896	12,339,486

The notes on pages 20 to 40 form an integral part of these financial statements.

DUNBRITTON HOUSING ASSOCIATION

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

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

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

Revenue

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

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

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

Retirement Benefits

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS) a multi-employer defined benefit scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

Going Concern

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

DUNBRITTON HOUSING ASSOCIATION

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

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Housing Properties

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

<i>Component</i>	<i>Useful Economic Life</i>
Kitchens	16 Years
Bathrooms	30 Years
Boilers	18 Years
Radiators	36 Years
Windows	30 Years
Internal Doors	35 Years
Rewiring	40 Years
Structures	50 Years

Depreciation and Impairment of Other Tangible Assets

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

<i>Asset Category</i>	<i>Depreciation Rate</i>
Furniture & Fittings	25% Straight Line
Office Improvements	25% Straight Line
Office Equipment	25% Straight Line
Office Premises	2% Straight Line

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

Social Housing Grants and Other Capital Grants

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

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

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

Sales Of Housing Properties

First tranche shared ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the statement of recommended practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the statement of comprehensive income.

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

Taxation

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

DUNBRITTON HOUSING ASSOCIATION

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

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Taxation

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

Leases

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives or the term of the lease whichever is shorter.

Works to Existing Properties

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

Capitalisation Of Development Overheads

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

Borrowing Costs

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

Property Development Cost

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

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

Housing Property Managed By Agents

Where a third party manages the Association's housing property the accounting treatment reflects the substance of the transactions. The property is only excluded if the rights and obligations associated with the scheme has been transferred to the third party.

VAT

The Association is VAT registered but the substantial proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.

Financial Instruments - Basic

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

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

DUNBRITTON HOUSING ASSOCIATION

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

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Cash and Liquid Resources

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

Impairment

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

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

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

DUNBRITTON HOUSING ASSOCIATION

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

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

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

Key Judgements

a) Categorisation of Housing Properties

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

b) Identification of cash generating units

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

c) Financial instrument break clauses

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

d) Pension Liability

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by TPT Retirement Solutions ("TPT"). TPT have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method. Details regarding the key judgements and assumptions relating to the pension benefits is included in the Contingent Liabilities note.

Estimation Uncertainty

a) Rent Arrears - Bad Debt Provision

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

b) Life Cycle of Components

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

c) Useful life of properties, plant and equipment

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

d) Costs of shared ownership

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

e) Defined pension liability

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

DUNBRITTON HOUSING ASSOCIATION

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

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

	Notes	Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	6,231,477	4,540,685	1,690,792	5,325,153	3,843,321	1,481,832
Other Activities	4	41,631	59,657	(18,026)	147,177	140,705	6,472
Total		6,273,108	4,600,342	1,672,766	5,472,330	3,984,026	1,488,304

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2022 Total £	2021 Total £
Revenue from Lettings					
Rent receivable net of service charges	4,294,713	236,067	114,134	4,644,914	4,100,981
Service charges receivable	-	50,749	8,062	58,811	39,640
Gross income from rent and service charges	4,294,713	286,816	122,196	4,703,725	4,140,621
Less: Rent losses from voids	(4,398)	-	-	(4,398)	494
Income from rents and service charges	4,299,111	286,816	122,196	4,708,123	4,140,127
Grants released from deferred income	1,311,844	62,089	49,788	1,423,721	1,120,224
Revenue grants from Scottish Ministers	99,633	-	-	99,633	64,802
Total turnover from affordable letting activities	5,710,588	348,905	171,984	6,231,477	5,325,153
Expenditure on affordable letting activities					
Management and maintenance administration costs	1,277,510	85,317	36,349	1,399,176	1,284,965
Service costs	-	55,702	3,109	58,811	39,639
Planned and cyclical maintenance, including major repairs	514,710	59,949	-	574,659	616,853
Reactive maintenance costs	469,180	23,109	-	492,289	359,565
Bad Debts - rents and service charges	(15,337)	-	-	(15,337)	-
Depreciation of affordable let properties	1,906,370	77,524	47,193	2,031,087	1,542,299
Operating costs of affordable letting activities	4,152,433	301,601	86,651	4,540,685	3,843,321
Operating surplus on affordable letting activities	1,558,155	47,304	85,333	1,690,792	1,481,832
2021	1,290,185	112,431	79,216		

DUNBRITTON HOUSING ASSOCIATION

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

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

	Grants from Scottish Ministers	Other revenue grants	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating (deficit) / surplus 2022	Operating surplus / (deficit) 2021
	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	-	-	17,236	(17,236)	(21,775)
Investment property activities	-	-	12,288	12,288	-	-	12,288	12,800
Factoring	-	-	22,184	22,184	1,126	20,942	116	1,386
Other activities	-	-	7,159	7,159	5,439	-	1,720	19,903
Tenant Participation	-	-	-	-	-	14,914	(14,914)	(5,842)
Total From Other Activities	-	-	41,631	41,631	6,565	53,092	(18,026)	6,472
2021	47,000	35,400	64,777	147,177	11,443	129,262	6,472	

DUNBRITTON HOUSING ASSOCIATION

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

5. OFFICERS' EMOLUMENTS

	2022 £	2021 £
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of Management, managers and employees of the Association.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions and social security payments)	74,615	74,447
Pension contributions made on behalf on Officers with emoluments greater than £60,000	6,078	5,810
Compensation payable to Officers (employee) for loss of office	9,042	-
Emoluments payable to Chief Executive Officer (excluding pension contributions and social security payments)	74,615	74,447
Pension contributions paid on behalf of the Chief Executive Officer	6,078	5,810
Total emoluments payable to the Chief Executive Officer	80,693	80,257
Total emoluments paid to key management personnel (excluding social security payments)	296,203	302,773

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

	Number	Number
£60,001 to £70,000	-	1
£80,001 to £90,000	1	1

6. EMPLOYEE INFORMATION

	2022 No.	2021 No.
Average monthly number of full time equivalent persons employed during the year	20	20
Average total number of employees employed during the year	23	24
Staff costs were:	£	£
Wages and salaries	789,627	758,921
National insurance costs	59,368	75,600
Pension costs	68,292	69,869
	917,287	904,390

During the year the Association made contributions of £77,091 (£74,846 - 2021) towards the past service deficit of the Scottish Housing Association Pension Scheme.

DUNBRITTON HOUSING ASSOCIATION

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

7. GAIN ON SALE OF HOUSING STOCK

	2022	2021
	£	£
Sales proceeds	-	101,229
Cost of sales	-	42,415
Gain on sale of housing stock	<u>-</u>	<u>58,814</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£	£
On bank loans and overdrafts	545,019	450,609
Less: Interest Capitalised on developments	-	(266,561)
	<u>545,019</u>	<u>184,048</u>

9. SURPLUS FOR THE YEAR

	2022	2021
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	2,087,988	1,573,398
Auditors' remuneration - audit services	<u>7,750</u>	<u>8,694</u>

10. OTHER FINANCE (CHARGES)/INCOME

	2022	2021
	£	£
Net interest on pension obligations	<u>(6,000)</u>	<u>-</u>

DUNBRITTON HOUSING ASSOCIATION

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

11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
COST				
At 1 April 2021	71,197,918	21,940,436	2,609,648	95,748,002
Additions	351,636	342,239	-	693,875
Disposals	(338,203)	-	-	(338,203)
Transfers	20,285,282	(20,285,282)	-	-
Transfer to Other Fixed Assets	-	(1,234,345)	-	(1,234,345)
At 31 March 2022	<u>91,496,633</u>	<u>763,048</u>	<u>2,609,648</u>	<u>94,869,329</u>
DEPRECIATION				
At 1 April 2021	20,673,214	-	1,110,983	21,784,197
Charge for Year	1,983,894	-	47,193	2,031,087
Transfers	-	-	-	-
Disposals	(338,203)	-	-	(338,203)
At 31 March 2022	<u>22,318,905</u>	<u>-</u>	<u>1,158,176</u>	<u>23,477,081</u>
NET BOOK VALUE				
At 31 March 2022	<u>69,177,728</u>	<u>763,048</u>	<u>1,451,472</u>	<u>71,392,248</u>
At 31 March 2021	<u>50,524,704</u>	<u>21,940,436</u>	<u>1,498,665</u>	<u>73,963,805</u>

	2022		2021	
Expenditure on Existing Properties	Component replacement £	Non-component £	Component replacement £	Non-component £
Amounts capitalised	351,636	-	112,662	-
Amounts charged to the statement of comprehensive income	-	1,066,948	-	976,418

All land and housing properties are heritable.

Additions to housing properties include capitalised development administration costs of £31,929 (2021 - £21,951).

The Association's lenders have standard securities over housing property with a carry value of £40,971,985 (2021 - £41,921,415).

DUNBRITTON HOUSING ASSOCIATION

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

11. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Office Equipment £	Furniture & Fittings £	Office Improvements £	Total £
COST					
At 1 April 2021	-	222,824	139,782	23,169	385,775
Additions	-	7,909	-	-	7,909
Transfer from Housing Properties	1,234,345	-	-	-	1,234,345
At 31 March 2022	1,234,345	230,733	139,782	23,169	1,628,029
DEPRECIATION					
At 1 April 2021	-	208,533	96,072	23,169	327,774
Charge for year	24,687	11,183	21,031	-	56,901
At 31 March 2022	24,687	219,716	117,103	23,169	384,675
NET BOOK VALUE					
At 31 March 2022	1,209,658	11,017	22,679	-	1,243,354
At 31 March 2021	-	14,291	43,710	-	58,001

12. FIXED ASSET INVESTMENTS

	2022 £	2021 £
Subsidiary undertakings	2	2
Investment properties	65,000	68,000
	65,002	68,002

Subsidiary Undertakings

Dunbritton Housing Association has one non-active wholly owned subsidiary undertakings. The registered office of the subsidiaries is 1 Hatters Lane, Dumbarton, G82 1AW.

	2022	Profit / (Loss)	2021	Profit / (Loss)
	Reserves £	£	Reserves £	£
Dunbritton Commercial Limited	2	-	2	-

Investment Properties

	2022 £	2021 £
At 1 April 2021 and 31 March 2022	65,000	68,000
	2022 £	2021 £
At 1 April 2021	68,000	68,000
Revaluations taken to the statement of comprehensive income	(3,000)	-
At 31 March 2022	65,000	68,000

Investment properties were valued by Whitelaw Baikie Figes, an independent qualified surveyor, on 31 March 2022.

DUNBRITTON HOUSING ASSOCIATION

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

13. RECEIVABLES

	2022	2021
	£	£
Gross arrears of rent & service charges	71,855	80,907
Less: Provision for doubtful debts	(22,529)	(49,323)
<i>Net arrears of rent and service charges</i>	49,326	31,584
Social housing grant receivable	212,196	94,609
Other receivables	135,227	61,769
	<u>396,749</u>	<u>187,962</u>

14. CASH AND CASH EQUIVALENTS

	2022	2021
	£	£
Cash at bank and in hand	2,340,530	2,373,585

15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans	1,232,458	1,422,070
Trade payables	393,864	162,303
Rent received in advance	132,737	133,653
Social housing grant in advance	243,193	243,193
Other payables	335,786	640,176
Accruals and deferred income	85,062	14,798
	<u>2,423,100</u>	<u>2,616,193</u>

DUNBRITTON HOUSING ASSOCIATION

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

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

	2022	2021
	£	£
Bank loans	17,092,210	18,121,421
	<u>17,092,210</u>	<u>18,121,421</u>

17. DEBT ANALYSIS - BORROWINGS

	2022	2021
	£	£
Bank Loans		
Amounts due within one year	1,232,458	1,422,070
Amounts due in one year or more but less than two years	1,244,436	1,432,458
Amounts due in two years or more but less than five years	3,794,567	4,202,710
Amounts due in more than five years	12,053,207	12,486,253
	<u>18,324,668</u>	<u>19,543,491</u>

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

Lender	Effective Interest Rate	Maturity (Year)	Variable or Fixed
Fixed	Circa 2.5% all in rate	2027	Fixed
Fixed	Circa 5% all in rate	2027	Fixed
Fixed	Circa 3.34% all in rate	2029	Fixed
Variable	Circa 0.74% all in rate	2028	Variable
Variable	Circa 1.85% all in rate	2029	Variable
Variable	Circa 2.1% all in rate	2030	Variable
Variable	Circa 3.05% all in rate	2028	Variable
Variable	Circa 1.85% all in rate	2043	Variable

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

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

	2022	2021
	£	£
Due to lenders At 31 March 2022	18,435,370	19,666,355
Effective interest rate adjustment	(110,702)	(122,864)
	<u>18,324,668</u>	<u>19,543,491</u>

DUNBRITTON HOUSING ASSOCIATION

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

18. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

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

On 31 August 2020 the Association withdrew from the defined benefit scheme with all remaining members moving onto the Scottish Housing Association Pension defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pensions schemes in the UK.

The last valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). A recovery plan is in place to eliminate the past service deficit which will run to 30 September 2022.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, then the liability of the withdrawing employer is reapportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

In 2019 TPT Retirement Solutions, the administrator of the Scheme developed a method of determining the share of assets and liabilities for individual employers. This method was adopted by the Association in 2019 and resulted in an adjustment to the opening pension liability recognised in the statement of financial position of -£94,000.

Present values of defined benefit obligation, fair value of assets and defined benefit (liability) / asset

	2022	2021
	£	£
Fair value of plan assets	2,895,000	2,806,029
Present value of defined benefit obligation	2,921,000	3,112,029
(Deficit) / Surplus in plan	(26,000)	(306,000)
Defined benefit (liability) / asset to be recognised	(26,000)	(306,000)

DUNBRITTON HOUSING ASSOCIATION

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

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2022 £	2021 £
Defined benefit obligation at the start of period	3,112,000	2,533,640
Current service cost	-	6,000
Expenses	2,000	2,000
Interest expense	67,000	60,000
Contributions by plan participants	-	4,389
Actuarial losses / (gains) due to scheme experience	35,000	22,000
Actuarial losses / (gains) due to changes in demographic assumptions	9,000	-
Actuarial (gains) / losses due to changes in financial assumptions	(240,000)	534,000
Benefits paid and expenses	(64,000)	(50,000)
Defined benefit obligation at the end of period	<u>2,921,000</u>	<u>3,112,029</u>

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

	2022 £	2021 £
Fair value of plan assets at start of period	2,806,000	2,496,640
Interest income	61,000	60,000
Experience on plan assets (excluding amounts included in interest income)	-	-
- gain / (loss)	12,000	211,000
Contributions by the employer	80,000	84,000
Contributions by plan participants	-	4,389
Benefits paid and expenses	(64,000)	(50,000)
Fair value of plan assets at the end of period	<u>2,895,000</u>	<u>2,806,029</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £73,000 (2021 - £271,000).

DUNBRITTON HOUSING ASSOCIATION

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

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

	2022	2021
	£	£
Current service cost	-	6,000
Expenses	2,000	2,000
Net interest expense	6,000	-
Defined benefit costs recognised in statement of comprehensive income	<u>8,000</u>	<u>8,000</u>

Defined benefit costs recognised in the other comprehensive income

	2022	2021
	£	£
Experience on plan assets (excluding amounts included in net interest income) - gain / (loss)	12,000	211,000
Experience gains and losses arising on plan liabilities - (loss) / gain	(35,000)	(22,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - (loss)/gain	(9,000)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	<u>240,000</u>	<u>(534,000)</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	<u>208,000</u>	<u>(345,000)</u>
Total amount recognised in other comprehensive income - gain / (loss)	<u>208,000</u>	<u>(345,000)</u>

DUNBRITTON HOUSING ASSOCIATION

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

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets	2022 £	2021 £	2020 £
Absolute Return	133,000	138,000	153,000
Alternative Risk Premia	120,000	113,000	200,000
Corporate Bond Fund	183,000	212,000	182,000
Credit Relative Value	93,000	81,000	60,000
Distressed Opportunities	104,000	96,000	46,000
Emerging Markets Debt	108,000	113,000	89,000
Global Equity	572,000	434,000	343,000
Infrastructure	181,000	157,000	147,000
Insurance-Linked Securities	61,000	59,000	67,000
Liability Driven Investment	700,000	674,000	658,000
Currency Hedging	(11,000)	-	-
Long Lease Property	83,000	65,000	61,000
Net Current Assets	9,000	21,000	19,000
Over 15 Year Gilts	1,000	1,000	32,000
Private Debt	73,000	66,000	49,000
Property	75,000	50,000	47,000
Risk Sharing	94,000	100,000	79,000
Secured Income	155,000	154,000	139,000
Opportunistic Illiquid Credit	96,000	72,000	61,000
Liquid Credit	19,000	48,000	65,000
High Yield	28,000	74,000	-
Opportunistic Credit	10,000	77,000	-
Cash	8,000	1,000	-
Total assets	<u>2,895,000</u>	<u>2,806,000</u>	<u>2,497,000</u>

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

Key Assumptions

	2022	2021	2020
Discount Rate	2.8%	2.2%	2.3%
Inflation (RPI)	3.6%	3.3%	2.6%
Inflation (CPI)	3.2%	2.9%	1.6%
Salary Growth	4.2%	3.9%	2.6%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance		

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

	Life expectancy at age 65 (years)
Male retiring in 2022	21.6
Female retiring in 2022	23.9
Male retiring in 2042	22.9
Female retiring in 2042	<u>25.4</u>

DUNBRITTON HOUSING ASSOCIATION

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

19. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Non Housing Grants £	Total £
Capital grants				
At 1 April 2021	43,742,788	853,375	-	44,596,163
Additions in the year	384,645	-	-	384,645
Eliminated on disposal	(62,537)	-	-	(62,537)
Amortisation in year	(1,355,602)	(5,582)	-	(1,361,184)
Net book value				
At 31 March 2022	<u>42,709,294</u>	<u>847,793</u>	<u>-</u>	<u>43,557,087</u>
At 31 March 2021	<u>43,742,788</u>	<u>853,375</u>	<u>-</u>	<u>44,596,163</u>
This is expected to be released to the Statement of Comprehensive Income in the following years:				
			2022	2021
			£	£
Amounts due within one year			1,423,721	1,565,700
Amounts due in more than one year			<u>42,133,366</u>	<u>43,030,463</u>
			<u>43,557,087</u>	<u>44,596,163</u>

20. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2022	2021
	£	£
At 1 April	86	91
Issued in year	6	4
Cancelled in year	<u>(2)</u>	<u>(9)</u>
At 31 March	<u>90</u>	<u>86</u>

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

DUNBRITTON HOUSING ASSOCIATION

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

21. CASH FLOWS

<i>Reconciliation of net cash flow to movement in net debt</i>	2022	2021
	£	£
(Decrease) / increase in cash	(33,055)	411,502
Change in liquid resources	-	-
Cashflow from change in net debt	1,218,823	(812,721)
Movement in net debt during the year	1,185,768	(401,219)
Net debt at 1 April	(17,169,906)	(16,768,687)
Net debt at 31 March	(15,984,138)	(17,169,906)

Analysis of changes in net debt	At 01/04/2021	Cashflows	Other Changes	At 31/03/2022
	£	£	£	£
Cash and cash equivalents	2,373,585	(33,055)	-	2,340,530
	2,373,585	(33,055)	-	2,340,530
Debt: Due within one year	(1,422,070)	1,218,823	(1,029,211)	(1,232,458)
Debt: Due after more than one year	(18,121,421)	-	1,029,211	(17,092,210)
Net debt	(17,169,906)	1,185,768	-	(15,984,138)

22. CAPITAL COMMITMENTS

	2022	2021
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	-	1,089,128

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

23. COMMITMENTS UNDER OPERATING LEASES

	2022	2021
	£	£
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
Other		
Expiring in the next year	2,574	2,808
Expiring later than one year and not later than five years	-	2,106
Expiring later than five years	-	-

DUNBRITTON HOUSING ASSOCIATION

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

24. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 1 Hatters Lane, Dumbarton, G82 1AW, .

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in West Dunbartonshire & Argyll & Bute.

25. BOARD OF MANAGEMENT MEMBER EMOLUMENTS

Board of Management members received £608 (2021 - £63) in the year by way of reimbursement of expenses. No remuneration is paid to Board of Management members in respect of their duties to the Association.

26. HOUSING STOCK

	2022 No.	2021 No.
The number of units of accommodation in management at the year end was:-		
General needs	735	735
Supported housing	228	228
Shared ownership	44	44
Supported housing	22	22
	<u>1,029</u>	<u>1,029</u>

27. RELATED PARTY TRANSACTIONS

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

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

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

	2022 £	2021 £
Rent received from tenants on the Board of Management and their close family members	<u>21,174</u>	<u>17,128</u>

At the year end total rent arrears owed by the tenant members on the Board of Management (and their close family) were £0 (2021 - £0).

Members of the Board of Management who are tenants	5	4
Members of the Board of Management who are local councillors	2	2

DUNBRITTON HOUSING ASSOCIATION

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

28 CONTINGENT LIABILITY

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

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

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