

# **Drumchapel Housing Co-operative Limited**

**Report and Financial Statements**

**For the year ended 31 March 2022**

**Registered Social Landlord No. 185**

**FCA Reference No. 2222R(S)**

**Scottish Charity No. SC046239**

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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## MANAGEMENT BOARD, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2022

### MANAGEMENT BOARD

David O'Hara	Chair
Andrew Loen	Vice Chair
Josephine Barnshaw	Secretary
Helen Eakin	
Margaret Bowie	
David Riddell	
Elsbeth Kerr	
Joan McFarlane	
Tiffany Harvey	Co-optee
Vincent Ogar	(elected 25/08/21)
Kayleigh Watt	(elected 25/08/21)
Paul McBride	(resigned 25/05/21)
Tanith Diggory	(resigned 13/04/21)
Jean Hunter	(elected 25/08/21, resigned 07/09/21)
June Devine	(elected 25/08/21, resigned 30/11/21)

### EXECUTIVE OFFICERS

Pauline Burke	Director (appointed 14/06/21), Acting Director (appointed 13/08/19)
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### REGISTERED OFFICE

4 Kinclaven Avenue  
Drumchapel  
Glasgow  
G15 7SP

### EXTERNAL AUDITORS

Findlays Chartered Accountants  
11 Dudhope Terrace  
Dundee  
DD3 8TS

### INTERNAL AUDITORS

Quinn Internal Audit Services Ltd  
55 Lady Place  
Livingston  
EH54 6TB

### FINANCE AGENTS

Cernach Housing Association Ltd  
79 Airgold Drive  
Drumchapel  
Glasgow  
G15 7AJ

### BANKERS

Bank of Scotland  
Anniesland Branch  
836 Crow Road  
Glasgow  
G1 2RQ

### SOLICITORS

MacRoberts LLP  
60 York Street  
Glasgow  
G2 8JX

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

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

### Legal Status

Drumchapel Housing Co-operative (the Co-operative) is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2222R(S). The Co-operative is governed under its Rule Book. The Co-operative is a registered Scottish Charity with the charity number SC046239.

### Principal Activities

The Co-operative aims to provide housing solutions to meet the needs of local communities and to serve the interests of our current and future tenants.

### Review of Business and Future Developments

In the financial year 21/22 the Co-operative has made a surplus of £913,025 (2021 - £59,054). The Co-operative's revenue reserves now sit at a balance of £6,167,486 (2021 - £5,254,461) being carried forward into 2022/23.

Finances are managed through the yearly budget process and ongoing development of key targets.

The Co-operative continues to invest in the existing stock and the five-year financial projections detail how resources are deployed to meet business needs, including key assumptions and trends. All financial plans are subject to scenario planning, sensitivity and stress testing to ensure robustness.

A full risk appraisal is undertaken on all large scale capital projects, which gives a detailed record of all identified risks; this review is presented to the Management Board for a full discussion before formal approval is given.

Treasury Management includes the managing of all short and medium term cash flow requirements, withdrawing funds and managing asset security. In protecting financial resources, it is ensured that investment decisions are properly assessed and that appropriate financial returns are delivered.

Despite the current economic circumstances, the Co-operative is well placed to meet the challenges ahead. The Covid-19 situation has been considered and has been monitored in the very short to medium term. Specifically, there is a robust long term financial model in place, based on prudent assumptions, that indicates viability throughout the thirty years covered by the model as well as allowing us to achieve all financial covenants set by lenders with sufficient head room built in as a contingency.

A key aim for the Co-operative is to ensure that properties meet or exceed national standards. The 30 year planned maintenance programme and cash projections take account of investment in modernising and repairing houses, and in improving the social and physical nature of the community to protect and enhance the assets which underpin the Co-operative's funding.

There is a robust long term financial model in place based on prudent assumptions to maintain viability and ensure all reactive and planned maintenance works are carried out.

The Co-operative currently has 480 properties within a distinct neighbourhood in the Drumchapel area of Glasgow.

We have no current plans to acquire additional stock, either via transfer or new build development. Any change to this will be made by the Board following consideration of a full business case.

The Management Board continues to concentrate the Co-operative's efforts on maintaining current properties and continually developing customer services for tenants and other customers.

The Co-operative currently employs 8 members of staff on a full-time basis. This includes an estate caretaker. During the year we bought in finance services from neighbouring Cernach Housing Association (CHA).

The impact of Covid-19 during 2021/22 and beyond has been considered in the short to medium term by the Co-operative in relation to arrears, voids, bad debt, Bank of England Base interest rate and housing property maintenance. The situation is being monitored closely regarding BREXIT, the on-going conflict in Ukraine and the cost-of-living increase and the wider economic concerns. The Co-operative completed a comprehensive re-working of financial projections and have built in headroom in the underlying assumptions in the short to medium term. Whilst a mid-year review of budgets was required last year, this year a review may not be required due to the easing of Covid restrictions. There will be an update of the 30-year projections for presentation to the Management Board in the Autumn. We can certainly capture any material changes which may impact the Co-operative in the medium-term.

Along with ensuring effective management of the Co-operative's finances, the Management Board are committed to ensuring that value for money remains a top priority for the Co-operative. We look to achieve this as an independent Registered Social Landlord (RSL) and with our local partners. Where it can add value, we work with other local RSLs to procure, purchase and provide. We work closely with the other local RSLs especially in terms of staff and board training, welfare benefits advice services and some maintenance procurement. We also work with other RSLs across Glasgow on common projects, such as the Scottish Housing Connections website consortium.

The collection of rental income remains a priority for the Co-operative. While working to keep rents affordable we need to ensure that we maximise our collection of rental charges due. This has been a challenge with the introduction of UK Government Welfare Reforms and the impact of the Covid-19 epidemic but the Co-operative staff continue to work with our tenants to assist and help resolve any debt issues.

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

### Review of Business and Future Developments (Continued)

We reviewed our Business plan and Asset Management plan during 2021/22 and approved/reviewed a range of policies in Governance, Finance, Housing Management, Maintenance and General Data Protection Regulations. We published our Annual Report on the Charter in October 2021.

A comprehensive training programme for our governing body members was delivered remotely to ensure that the Management Board continue to meet the requirements of the Regulatory Standards of Governance and Financial Management. These training sessions were delivered by external training consultants, covering a broad range of topics.

The Management Board continued their annual board member reviews to ensure that as a board, and as individual board members, they meet regulatory and good practice requirements.

Currently, governance operates through the Management Board which consists of current tenants of the Co-operative and a Co-opted member.

During 2021/22 a new Director was appointed. During 2021/22 internal audits were carried out in allocations, procurement and treasury management to assess our compliance with legislation, our current policies and best practice

We submitted our Annual Assurance Statement to the Scottish Housing Regulator in October 2021 with no areas of material non-compliance reported. The Scottish Housing Regulator formally confirmed the Co-operative meets regulatory requirements including, Standards of Governance and Financial Management in March 2022.

The Co-operative has 98.75% compliance with the Scottish Housing Quality Standard (SHQS) and 99.2% compliance with the Energy Efficient Standard for Social Housing (ESSH) at 31 March 2022.

The asset investment plan, cashflows and 30-year financial models are aligned for consistency in order to ensure that an adequate fundable plan is in place.

In addition to day-to-day repair work, the Co-operative continues to undertake planned replacements of components and cyclical maintenance works. During 2021/22 the Co-operative's planned maintenance programme was complete. The Co-operative continued its ongoing cyclical maintenance programmes to completion. Independent stock condition sample surveys were carried out to allow us to regularly review and keep our asset management information updated and allows the Co-operative to proactively plan for the future. The information from the surveys is used to update our 30-year maintenance projection work to ensure that property standards are maintained in the longer term. This allows the Management Board to regularly review the short, medium and long-term viability of the Co-operative.

Going forward, we aim to ensure we focus on continuing to provide an excellent housing management service, and repairing and maintaining our properties to a high standard in line with the targets set by the Scottish Government. We will ensure the long term financial health and viability of the organisation with a focus on efficiency and value for money.

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

### Management Board and Executive Officers

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

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

The members of the Management Board are also Trustees of the Charity. Members of the Management Board are appointed by the members at the Co-operative's Annual General Meeting.

### Statement of Management Board's Responsibilities

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

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

The Management Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Co-operative 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 Scottish Housing Regulator's Determination of Accounting Requirements 2019. The Management Board is also responsible for safeguarding the assets of the Co-operative and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Management Board is also responsible for ensuring the Co-operative's suppliers are paid promptly.

The Management Board must in determining how amounts are presented within items in the statement of comprehensive income and statement of financial position, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Board is aware:

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

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

### Statement on Internal Financial Control

The Management Board acknowledges its ultimate responsibility for ensuring that the Co-operative 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 Co-operative, or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Management Board's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Co-operative'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 Co-operative'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 Management Board to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Board;
- the Management Board receive 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 Co-operative is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

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

### Donations

During the year the Co-operative made charitable donations amounting to £0 (2021 - £0).

### Auditors

A resolution to re-appoint the Auditors, Findlays, Chartered Accountants, will be proposed at the Annual General Meeting.

### By order of the Management Board

  
**JOSEPHINE BARNSHAW**

Secretary  
9 August 2022

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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## REPORT BY THE AUDITORS TO THE MEMBERS OF DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 5 concerning the Co-operative's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Regulation of Social Housing in Scotland' 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 relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Co-operative's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

### **Opinion**

In our opinion the Statement on Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes 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 Management Board, and Officers of the Co-operative, and examination of relevant documents, we have satisfied ourselves that the Management Board's Statement on Internal Financial Control appropriately reflects the Co-operative's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls within the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



Joan Williamson CA (Senior Statutory Auditor)  
For and on behalf of Findlays Chartered Accountants  
Chartered Accountants and Statutory Auditor,  
11 Dudhope Terrace  
Dundee  
DD3 6TS

9 August 2022

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

### Opinion

We have audited the financial statements of Drumchapel Housing Co-operative Limited (the 'Co-operative') for the year ended 31 March 2022 which comprise statements of comprehensive income, financial position, cash flows, changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Co-operative's affairs as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, 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 Co-operative in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the Management Board with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Management Board are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### 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 requires us to report to you if, in our opinion:

- the Co-operative has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the Statement of Comprehensive Income and Statement of Financial Position and any other statements to which our report relates are not in agreement with the Co-operative's books of account; or
- we have not obtained all the information and explanations necessary for the purposes our audit.

## DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED (Continued)

#### Responsibilities of the Management Board

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

In preparing the financial statements, the Management Board is responsible for assessing the Co-operative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Co-operative or to cease operations, or has 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 specific procedures for this engagement and the extent to which these 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 identified the laws and regulations applicable to the Co-operative through discussions with directors and other management, and from our knowledge and experience of the social housing 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 Co-operative, including the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, SHR regulatory requirements, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting relevant 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 Co-operative's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

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

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

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

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the SHR, Health and Safety Executive, and the company's legal advisors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

#### Use of our Report

This report is made solely to the Co-operative's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Co-operative'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 Co-operative and the Co-operative's members as a body, for our audit work, for this report, or for the opinions we have formed

  
Joan Williamson CA (Senior Statutory Auditor)  
For and on Behalf of Findlays Chartered Accountants  
Chartered Accountants and Statutory Auditor,  
11 Dudhope Terrace  
Dundee  
DD3 6TS

9 August 2022

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

	Notes	2022 £	2021 £
REVENUE	2	2,586,444	2,608,821
Operating Costs	2	(1,931,034)	(1,941,153)
<b>OPERATING SURPLUS</b>		655,410	667,668
Interest Receivable and Other Income		3,639	4,199
Interest Payable and Similar Charges	8	(47,449)	(54,813)
Other Finance (Charges) / Income	11	(9,000)	(1,000)
		(52,810)	(51,614)
Surplus on ordinary activities before taxation		602,600	616,054
Tax on surplus on ordinary activities	10	-	-
<b>SURPLUS FOR THE YEAR</b>	9	<b>602,600</b>	<b>616,054</b>
<b>Other comprehensive income</b>			
Adjustment relating to Opening Pension Liability	24	-	-
Actuarial Gains/ (Losses) on defined benefit Pension Plan	24	310,425	(557,000)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>913,025</b>	<b>59,054</b>

The notes on pages 13 to 30 form part of these financial statements.

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
<b>NON-CURRENT ASSETS</b>					
Housing Properties - Depreciated Cost	12 (a)		13,514,839		13,737,818
Other Non-current Assets	12 (b)		290,543		304,264
			<u>13,805,382</u>		<u>14,042,082</u>
<b>CURRENT ASSETS</b>					
Receivables	14	80,927		98,039	
Stock of maintenance materials		255		114	
Cash at bank and in hand		2,283,882		2,374,536	
		<u>2,365,064</u>		<u>2,472,689</u>	
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>(436,494)</u>		<u>(478,454)</u>	
<b>NET CURRENT ASSETS</b>			<u>1,928,570</u>		<u>1,994,235</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>15,733,952</u>		<u>16,036,317</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16		<u>(1,679,644)</u>		<u>(2,069,537)</u>
<b>PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Scottish Housing Association Pension Scheme	24	<u>(85,000)</u>		<u>(519,793)</u>	
			<u>(85,000)</u>		<u>(519,793)</u>
<b>DEFERRED INCOME</b>					
Social Housing Grants	18	<u>(7,801,348)</u>		<u>(8,192,051)</u>	
			<u>(7,801,348)</u>		<u>(8,192,051)</u>
<b>NET ASSETS</b>			<u>6,167,960</u>		<u>5,254,936</u>
<b>EQUITY</b>					
Share Capital	19		474		475
Revenue Reserves			6,167,486		5,254,461
			<u>6,167,960</u>		<u>5,254,936</u>

The Financial Statements were approved by the Management Board and authorised for issue and signed on their behalf on 9 August 2022.

**Chairperson**

David O'Hara

**Vice Chairperson**

Andrew Loen

**Secretary**

Josephine Barnshaw

The notes on pages 13 to 30 form part of these financial statements.

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

	Notes	2022	2021
		£	£
Net cash inflow from operating activities	17	792,418	826,113
<b>Investing Activities</b>			
Acquisition and Construction of Properties		(401,621)	(88,235)
Purchase of Intangible Fixed Assets		-	-
Purchase of Other Fixed Assets		(7,801)	(1,729)
<b>Net cash outflow from investing activities</b>		<b>(409,422)</b>	<b>(89,964)</b>
<b>Financing Activities</b>			
Interest Received on Cash and Cash Equivalents		3,639	4,199
Interest Paid on Loans		(47,449)	(54,813)
Loan Principal Repayments		(429,863)	(225,446)
Share Capital Issued		23	33
<b>Net cash outflow from financing activities</b>		<b>(473,650)</b>	<b>(276,027)</b>
<b>(Decrease) / increase in cash</b>		<b>(90,654)</b>	<b>460,122</b>
Opening Cash & Cash Equivalents		2,374,536	1,914,414
<b>Closing Cash &amp; Cash Equivalents</b>		<b>2,283,882</b>	<b>2,374,536</b>
<b>Cash and Cash equivalents as at 31 March</b>			
Cash		2,283,882	2,374,536
		<b>2,283,882</b>	<b>2,374,536</b>

The notes on pages 13 to 30 form part of these financial statements.

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2022

	Share Capital	Revenue Reserve	Total
	£	£	£
<b>Balance as at 31 March 2020</b>			
Issue of Shares	474	5,195,407	5,195,881
Cancellation of Shares	33	-	33
Other comprehensive income	(32)	(557,000)	(32)
Surplus for the year	-	616,054	(557,000)
	-	616,054	616,054
<b>Balance as at 31 March 2021</b>	<b>475</b>	<b>5,254,461</b>	<b>5,254,936</b>
<b>Balance as at 1 April 2021</b>			
Issue of Shares	475	5,254,461	5,254,936
Cancellation of Shares	23	-	23
Other comprehensive income - Gain / (loss) on defined benefit pension plan	(24)	-	(24)
Other movement	-	310,425	310,425
Revaluation in year	-	-	-
Prior year adjustment	-	-	-
Surplus for the year	-	602,600	602,600
<b>Balance as at 31 March 2022</b>	<b>474</b>	<b>6,167,486</b>	<b>6,167,960</b>

The notes on pages 13 to 30 form part of these financial statements.

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Statement of Compliance

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 : Accounting by registered social housing providers 2018. The Co-operative is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

#### Basis of Accounting

The financial statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice : Accounting by registered social housing providers 2018, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2019. A summary of the more important accounting policies is set out below.

#### Revenue

The Co-operative 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 it relates.

#### Retirement Benefits

The Co-operative participates in the Scottish Housing Association Defined Benefit Pension Scheme where retirement benefits to employees of the Co-operative 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 Co-operative now accounts for this scheme as a defined benefit pension scheme.

#### Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Co-operative depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Land	Not Depreciated
Building	50 Years
Roof	50 Years
Doors	25 Years
Windows	25 Years
Radiators	20 Years
Boilers	15 Years
Bathrooms	25 Years
Kitchens	20 Years
Render	30 Years
Wiring	30 Years
Close Doors	15 Years
Common Stairs	15 Years
Control Entry	20 Years

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 1. PRINCIPAL ACCOUNTING POLICIES

### Depreciation and Impairment of Other Non-Current Assets

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

Asset Category	Depreciation Rate
Office Premises	2%
Furniture and Fittings	15%
Computer	33%
Office Equipment	15%
Motor Vehicles	25%

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

### Social Housing Grant and Other Grants in Advance/Arrears

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 it relates.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant 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.

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.

### Taxation

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

### Works to Existing Properties

The Co-operative 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.

### Leases/Leased Assets

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.

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

## 1. PRINCIPAL ACCOUNTING POLICIES

### Key Judgements made in the application of Accounting Policies

#### a) *The Categorisation of Housing Properties*

In the judgement of the Board of Management the entirety of the Co-operative'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 Co-operative 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 Co-operative has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Board of Management, 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 Co-operative participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is multi-employer and is administered by the TPT Retirement Solutions. The TPT Retirement Solutions have developed a method of calculating each member's share of the assets and liabilities of the scheme. Guidance received suggests this method may be appropriate and provides a reasonable estimate of the pension assets and liabilities of the Co-operative and therefore this valuation method has been incorporated in these financial statements.

#### **Financial Instruments - Basic**

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

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

#### **Estimation Uncertainty**

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Management Board to exercise judgement in applying the Co-operative'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.

#### a) **Rent Arrears - Bad Debt Provision**

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

#### d) **Defined pension liability**

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

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

Judgements in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi employer pension schemes and estimations performed by TPT Retirement Solutions.

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

## 2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING AND OTHER ACTIVITIES

	Notes	2022			2021		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	2,580,794	1,907,123	653,671	2,581,324	1,916,375	664,949
Other Activities	4	25,650	23,911	1,739	27,497	24,778	2,719
<b>Total</b>		<b>2,586,444</b>	<b>1,931,034</b>	<b>655,410</b>	<b>2,608,821</b>	<b>1,941,153</b>	<b>667,668</b>

## 3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	2022 Total £	2021 Total £
<b>Revenue from Lettings</b>				
Rent receivable net of service charges	2,078,444	31,545	2,109,989	2,109,989
Service charges receivable	63,243	1,182	64,425	64,424
<b>Gross income from rent and service charges</b>	<b>2,141,687</b>	<b>32,727</b>	<b>2,174,414</b>	<b>2,174,413</b>
Less: Rent losses from voids	4,323	-	4,323	4,825
<b>Net Rents Receivable</b>	<b>2,137,364</b>	<b>32,727</b>	<b>2,170,091</b>	<b>2,169,588</b>
Grants released from deferred income	380,366	10,337	390,703	393,521
Revenue grants from Scottish Ministers	-	-	-	-
Other revenue grants	-	-	-	18,215
<b>Total turnover from affordable letting activities</b>	<b>2,517,730</b>	<b>43,064</b>	<b>2,560,794</b>	<b>2,581,324</b>
<b>Expenditure on affordable letting activities</b>				
Management and maintenance administration costs	664,599	11,264	675,863	742,102
Service Costs	62,910	1,066	63,976	62,801
Planned and cyclical maintenance, including major repairs	317,400	588	317,988	322,078
Reactive maintenance costs	213,021	2,441	215,462	166,620
Bad Debts - rents and service charges	9,234	-	9,234	12,334
Depreciation of affordable let properties	611,332	13,268	624,600	610,440
Impairment of affordable letting activities	-	-	-	-
<b>Operating costs of affordable letting activities</b>	<b>1,878,496</b>	<b>28,627</b>	<b>1,907,123</b>	<b>1,916,375</b>
<b>Operating surplus on affordable letting activities</b>	<b>639,234</b>	<b>14,437</b>	<b>653,671</b>	<b>664,949</b>
<b>2021</b>	<b>655,599</b>	<b>9,350</b>		

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

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

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2022	Operating Surplus / (Deficit) 2021
	£	£	£	£	£	£	£	£	£
Wider role activities	5,000	-	-	-	5,000	-	5,160	(160)	-
Support activities	20,626	-	-	-	20,626	-	18,751	1,875	2,287
Agency or management services	-	-	-	-	-	-	-	-	-
Forfeited Shares	-	-	-	24	24	-	-	24	32
Charitable Donations	-	-	-	-	-	-	-	-	400
<b>Total From Other Activities</b>	<b>25,626</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>25,650</b>	<b>-</b>	<b>23,911</b>	<b>1,739</b>	<b>2,719</b>
2021	<b>27,465</b>	<b>-</b>	<b>-</b>	<b>32</b>	<b>27,497</b>	<b>-</b>	<b>24,778</b>	<b>2,719</b>	

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

### 5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Board, managers and certain employees of the Co-operative.

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

Compensation payable to Officers for loss of Office

Pension contributions made on behalf on Officers with emoluments greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)

Total Emoluments paid to key management personnel

Consideration paid for services of key management personnel paid to third parties

	2022	2021
	£	£
	59,334	58,863
	-	-
	5,014	4,974
	59,334	58,863
	64,348	106,535
	-	-

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

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

### 6. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was:

The average total number of Employees employed during the year was:

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

Temporary, Agency and Seconded Staff

	2022	2021
	No.	No.
	10	11
	10	11
	£	£
	351,368	369,582
	32,894	34,881
	29,539	34,380
	19,127	45,410
	432,928	484,253

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

## 7. GAIN ON SALE OF HOUSING STOCK

	2022	2021
	£	£
Sales Proceeds	-	-
Cost of Sales	-	-
Gain On Sale Of Housing Stock	-	-

## 8. INTEREST PAYABLE & SIMILAR CHARGES

	2022	2021
	£	£
On Bank Loans & Overdrafts	47,449	54,813
<b>Less:</b> Interest Capitalised	-	-
	47,449	54,813

## 9. SURPLUS FOR THE YEAR

	2022	2021
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	646,122	633,401
Auditors' Remuneration - Audit Services	7,008	7,090
Auditors' Remuneration - Other Services	-	-
(Loss) on sale of fixed assets	-	-

## 10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

## 11. OTHER FINANCE INCOME / CHARGES

	2022	2021
	£	£
Net Interest on DB Pension Scheme	9,000	1,000

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

## 12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
<b>COST</b>			
As at 1 April 2021	27,564,855	46,126	27,610,981
Additions (Major Repairs)	447,747	-	447,747
Disposals	(199,654)	-	(199,654)
Schemes Completed (Major Repairs)	-	(46,126)	(46,126)
As at 31 March 2022	<u>27,812,948</u>	<u>-</u>	<u>27,812,948</u>
<b>DEPRECIATION</b>			
As at 1 April 2021	13,873,163	-	13,873,163
Charge for Year	624,600	-	624,600
Disposals	(199,654)	-	(199,654)
As at 31 March 2022	<u>14,298,109</u>	<u>-</u>	<u>14,298,109</u>
<b>NET BOOK VALUE</b>			
As at 31 March 2022	<u>13,514,839</u>	<u>-</u>	<u>13,514,839</u>
As at 31 March 2021	<u>13,691,692</u>	<u>46,126</u>	<u>13,737,818</u>

Additions to housing properties include capitalised development administration costs of £Nil (2021 - £Nil) and capitalised major repair costs to existing properties of £447,747 (2021 - £42,109).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £935,071 (2021 - £576,933). The amount capitalised from this year's expenditure is £401,621 (2021 - £88,235) with the balance charged to the statement of comprehensive income.

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

## 12. NON-CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Office Equipment & Motor Vehicle £	Computer Equipment £	Total £
<b>COST</b>					
As at 1 April 2021	432,244	12,970	47,650	118,529	611,393
Additions	-	-	4,367	3,434	7,801
Eliminated on Disposals	-	-	-	-	-
As at 31 March 2022	<u>432,244</u>	<u>12,970</u>	<u>52,017</u>	<u>121,963</u>	<u>619,194</u>
<b>AGGREGATE DEPRECIATION</b>					
As at 1 April 2021	150,854	12,602	38,053	105,620	307,129
Charge for year	8,644	145	5,168	7,565	21,522
Eliminated on Disposals	-	-	-	-	-
As at 31 March 2022	<u>159,498</u>	<u>12,747</u>	<u>43,221</u>	<u>113,185</u>	<u>328,651</u>
<b>NET BOOK VALUE</b>					
As at 31 March 2022	<u>272,746</u>	<u>223</u>	<u>8,796</u>	<u>8,778</u>	<u>290,543</u>
As at 31 March 2021	<u>281,390</u>	<u>368</u>	<u>9,597</u>	<u>12,909</u>	<u>304,264</u>

## 13. CAPITAL COMMITMENTS

	2022 £	2021 £
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	-	<u>312,972</u>

The above commitments are financed from the Co-operative's own resources.

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

## 14. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Arrears of Rent & Service Charges	71,911	93,831
Adjustment to discount arrears balances with payment plans to NPV	-	-
<b>Less: Provision for Doubtful Debts</b>	<b>(67,600)</b>	<b>(67,600)</b>
	<u>4,311</u>	<u>26,231</u>
Social Housing Grant Receivable	-	-
Other Receivables	76,616	71,808
	<u>80,927</u>	<u>98,039</u>

## 15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Housing Loans	184,814	224,784
Trade Payables	78,113	118,120
Rent Received in Advance	94,822	87,231
Other Taxation and Social Security	7,607	10,784
Other Payables	2,314	908
Accruals and Deferred Income	68,824	36,627
	<u>436,494</u>	<u>478,454</u>

At the balance sheet date there were pension contributions outstanding of £0 (2021 - £0).

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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
	£	£
Housing Loans	1,679,644	2,069,537
	<u>1,679,644</u>	<u>2,069,537</u>
<b>Housing Loans</b>		
Amounts due within one year	184,814	224,784
Amounts due in one year or more but less than two years	180,336	229,802
Amounts due in two years or more but less than five years	545,931	664,903
Amounts due in more than five years	953,377	1,174,832
	<u>1,864,458</u>	<u>2,294,321</u>
Less: Amount shown in Current Liabilities	184,814	224,784
	<u>1,679,644</u>	<u>2,069,537</u>

The Co-operative has a number of long-term housing loans secured by specific charges on its properties. The loans are repayable with all in rates varying from 0.84% to 5.49% in instalments. The loans expire between 2023 and 2042.

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

## 17. STATEMENT OF CASH FLOWS

*Reconciliation of surplus for the year to net cash inflow from operating activities*

	2022	2021
	£	£
Surplus for the year	602,800	618,054
Depreciation	646,122	633,400
Amortisation of Capital Grants	(390,703)	(393,521)
Change in stock	(141)	-
Change in debtors	17,112	(12,692)
Change in creditors	(1,990)	60,773
Net Pension Liability Movement excluding actuarial	(124,368)	(128,483)
Transfer of interest to financial activities	43,810	50,614
Total Share Capital Written Off	(24)	(32)
Net cash inflow from operating activities	<u>792,418</u>	<u>826,113</u>

*Reconciliation of net cash flow to movement in net debt*

	2022		2021	
	£	£	£	£
(Decrease) / increase in cash	(90,654)		460,122	
Cashflow from change in net debt	<u>429,863</u>		<u>225,446</u>	
Movement in net debt during the year		339,209		685,568
Net debt at 1st April 2021		80,215		(605,353)
Net debt at 31 March 2022		<u>419,424</u>		<u>80,215</u>

*Analysis of changes in net debt*

	At 01 April 2021	Cashflows	Other Changes	At 31 March 2022
Cash at bank and in hand	2,374,536	(90,654)		2,283,882
Bank overdrafts	-			-
	<u>2,374,536</u>	<u>(90,654)</u>		<u>2,283,882</u>
Liquid resources	-			-
Debt: Due within one year	(224,784)	39,970		(184,814)
Due after more than one year	(2,069,537)	389,393		(1,679,644)
Net Debt	<u>80,215</u>	<u>339,209</u>		<u>419,424</u>

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

## 18. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
<b>Social Housing Grants</b>			
As at 1 April 2021	19,290,208	-	19,290,208
Additions in the year	-	-	-
Eliminated on disposal of components and property Transferred	(140,547)	-	(140,547)
As at 31 March 2022	19,149,661	-	19,149,661
<b>Amortisation</b>			
As at 1 April 2021	11,098,157	-	11,098,157
Eliminated on disposal	(140,547)	-	(140,547)
Amortisation in year	390,703	-	390,703
As at 31 March 2022	11,348,313	-	11,348,313
<b>Net book value</b>			
As at 31 March 2022	7,801,348	-	7,801,348
As at 31 March 2021	8,192,051	-	8,192,051

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

	2022 £	2021 £
Amounts due within one year	390,703	393,521
Amounts due in one year or more	7,410,645	7,798,530
	7,801,348	8,192,051

## 19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2022 £	2021 £
As at 1 April 2021	475	474
Issued in year	23	33
Cancelled in year from transfers	-	-
Cancelled in year	(24)	(32)
As at 31 March 2022	474	475

Each member of the Co-operative holds one share of £1 in the Co-operative. 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 Co-operative. Each member has a right to vote at members' meetings.

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

## 20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-

	2022 No.	2021 No.
General Needs - Built by Co-operative	206	206
General Needs - Rehabilitated by the Co-operative	266	266
Supported Housing	8	8
	<u>480</u>	<u>480</u>

## 21. RELATED PARTY TRANSACTIONS

Key Management Personnel - which includes Board members - and their close families are related parties of the Co-operative as defined by Financial Reporting Standard 102.

Those board members who are tenants of the Co-operative have tenancies that are on the Co-operative's normal tenancy terms and they cannot use their position to their advantage.

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

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

	2022 £	2021 £
Rent received from tenants on the Management Board and their close family members	98,156	93,833

At the year end total rent arrears owed by the tenant members on the Management Board (and their close family) were £5,599 (2021 - £7,992).

	2022	2021
Members of the Management Board who are tenants	10	8
Members of the Management Board who are local councillors	-	1

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

### 22. DETAILS OF CO-OPERATIVE

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

The Co-operative's principal place of business is 4 Kinclaven Avenue, Drumchapel, Glasgow.

The Co-operative is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Drumchapel.

### 23. MANAGEMENT BOARD MEMBER EMOLUMENTS

Management Board members received £24 (2021 - £0) in the year by way of reimbursement of expenses. No remuneration is paid to Management Board members in respect of their duties to the Co-operative.

### 24. RETIREMENT BENEFIT OBLIGATIONS

#### Scottish Housing Association Pension Scheme

Drumchapel Housing Co-operative Limited participates in the Scottish Housing Association Pension Scheme (the Scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme. The Co-operative has since moved to a defined contribution structure in the scheme but has a liability for the past service deficit in the defined benefit scheme.

The last valuation of the Scheme was performed as at 30th 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 88%).

The Scheme Actuary prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2020. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,114m and also an increase in liabilities to approximately £1,220m, equivalent to a slightly increased past service funding level of 91%. The next full actuarial valuation will be for 30th September 2021 and will be finalised later in 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 re-apportioned amongst the remaining employers. Therefore, in certain circumstances the Co-operative may become liable for the obligations of a third party.

All employers in the Scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This recovery plan has been put in place to eliminate the deficit which will run to either 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements. Pension deficit contribution payments of £133,368 (2021 - £129,484) were made during the year by the Co-operative.

Overall, the Co-operative made payments totalling £167,218 (2021- £168,174) to the pension scheme during the year.

No assets included in the fair value of plan assets are the Co-operative's own financial instrument or are properties occupied or used by the Co-operative.

TPT Retirement Solutions (the administering authority) has responsibility for the management of the Scheme. As most of the Scheme's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the Scheme's assets. In order to mitigate this risk, the Scheme holds a diverse investment portfolio with a range of investment managers.

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

## 24. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Historically, only the past service deficit was included as a liability in the financial statements because each employer's share of the pension assets and liabilities could not be determined. However, during the year 2018/19 the TPT Retirement Solutions developed a valuation method to address this. The SORP housing working party, the SHAPS Employer's Committee, and national housing bodies all reviewed the methodology and have not found this to be inappropriate. The Co-operative decided to adopt this valuation method as providing a reasonable estimate of its pension assets and liabilities.

In May 2019, the FRC issued an amendment to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, Multi-employer defined benefit plans. The amendment addresses how to treat the transition from defined contribution to defined benefit accounting and allows for early adoption. This method was adopted by the Co-operative as the most appropriate treatment. As a result the change was effectively accounted for as a change in accounting estimate.

Due to the change in accounting estimate the past service deficit liability was removed as it is included in the pension liability now calculated by the actuary and shown under Pension and Other Provisions for Liabilities and Charges in the Statement of Financial Position. The change was reflected in Other Comprehensive Income.

The following figures are prepared by the Actuaries in accordance with their understanding of FRS 102 and Guidance Note 36: Accounting for Retirement Benefits under FRS 102 issued by the Institute and Faculty of Actuaries.

### Principal Actuarial Assumptions

Assumptions as at	2022 %p.a.	2021 %p.a.
Salary increases	4.2%	3.9%
Pension increases	3.6%	3.3%
Discount rate	2.8%	2.2%

The defined benefit obligation is estimated to comprise of the following:

	2022 £000	2021 £000
Employee members	5	5
Deferred pensioners	10	10
Pensioners	10	10
	<u>25</u>	<u>25</u>

### Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	21.6	23.9
Future Pensioners	22.9	25.4

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

## 24. RETIREMENT BENEFIT OBLIGATIONS

### Fair value of scheme assets by category

	2022	2021
	£000	£000
Equities	975	853
Bonds	2,631	3,049
Property	502	434
Cash	24	35
	<u>4,132</u>	<u>4,371</u>

### Net Pension Liability

	2022	2021
	£000	£000
Fair value of employer's assets	4,132	4,371
Present value of scheme liabilities	(4,217)	(4,890)
	<u>(85)</u>	<u>(519)</u>

### Reconciliation of fair value of employer assets

	2022	2021
	£000	£000
Opening fair value of employer assets	4,371	4,069
Expected Return on Assets	93	97
Contributions by Members	-	-
Contributions by the Employer	138	134
Actuarial (Losses) / Gains	(217)	180
Estimated Benefits Paid	(253)	(109)
<b>Closing fair value</b>	<u>4,132</u>	<u>4,371</u>

### Reconciliation of defined benefit obligations

	2022	2021
	£000	£000
Opening defined benefit obligation	4,890	4,160
Current Service Cost	-	-
Expenses	4	4
Interest Cost	102	98
Contributions by members	-	-
Actuarial (Gains) / Losses	(526)	737
Estimated Benefits Paid	(253)	(109)
<b>Closing defined benefit obligation</b>	<u>4,217</u>	<u>4,890</u>

# DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

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

## 24. RETIREMENT BENEFIT OBLIGATIONS

### Analysis of amount charged to the Income and Expenditure Account

	2022 £000	2021 £000
Charged to operating costs:		
Service cost	-	-
Charged to Other Finance Costs / (Income)		
Expected return on employer assets	(93,000)	(97,000)
Interest on pension scheme liabilities	102,000	98,000
	9,000	1,000
	102,000	98,000
<b>Net charge to the Income and Expenditure Account</b>	<b>9,000</b>	<b>1,000</b>

### Actuarial gain / (loss) recognised in the Statement of Recognised Gains and Losses

	2022 £000	2021 £000
Actuarial gain/(loss) recognised in year	310,425	(557,000)

## 25. CONTINGENT LIABILITIES

### Retirement Benefit Obligations

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until the Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.