



LANARKSHIRE HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

LANARKSHIRE HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Members, Executive and Advisers

Management Committee

Charles Millar – Chair
Fiona Tonner – Vice Chair
Catriona Blyth – Secretary
Liam Donnachie – Treasurer (elected 27 April 2021)
John Glenny
Alastair McLean
John Lockhart
Barry Farrell (appointed 27 April 2021)
Allan Forsythe (appointed 27 April 2021)
Sharon Craig-McLeary (appointed 27 April 2021)
Martin Ritchie (appointed 27 April 2021)
Shaun Alexander (appointed 27 April 2021)
Paul Hughes (resigned 23 November 2021)
Jessie Mitchell (resigned 27 April 2021)

Executive Officers

Simon McManus - Chief Executive
Ann Marie Collins - Corporate Services Director
Gavin Young – Property Services Director
Craig Russell - Housing Services Director
Tracey Winters – Planning & Research Manager
Irene Savage – Housing Manager
Laurie Boles – Finance & Corporate Services Director (resigned 29 October 2021)

Registered Office

191 Brandon Street
Motherwell
ML1 1RS

Auditor

Azets Audit Services
Chartered Accountants
Titanium1
King's Inch Place
Renfrew
PA4 8WF

Bankers

Bank of Scotland
Bellshill Branch
207 Main Street
Bellshill
Lanarkshire
ML4 1 AJ

Solicitors

TC Young
7 West George Street
Glasgow
G2 1BA

Brechin Tindal Oatts
48 St Vincent Street
Glasgow
G2 5HS

Brodies
110 Queen Street
Glasgow
G1 3BX

LANARKSHIRE HOUSING ASSOCIATION LIMITED

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Registration information

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered number 1941 R (S)
The Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered number HAL202
Office of the Scottish Charity Regulator	Scottish Charity number SC042523

LANARKSHIRE HOUSING ASSOCIATION LIMITED

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

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

Legal Status

Lanarkshire Housing Association is a registered non-profit making organisation under the Cooperative and Community Benefits Societies Act 2014 No 1941R(S). The Association is a registered Scottish charity, SC042523.

The Association is registered with Scottish Housing Regulator as Social Landlord No: 202 and under Property Factors (Scotland) Act 2011 as No: PF000275.

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefits Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord.

Principal Activity

The principal activities of the Association are to provide:

- Housing for social rent.
- Management and maintenance services to tenants; and
- Community initiatives and support wider role activities.

Corporate & Governance

The key corporate objective for 2021/22 was the recruitment of new Committee members. Following a recruitment process, five new members were successfully identified and elected to the Management Committee in April 2021, significantly increasing the mix of skills, experience, and professional expertise at Committee's disposal.

All Committee meetings continued to be held virtually during 2021/22 and whilst this was the safest and most effective way of conducting business throughout the year. It is envisaged that physical, in person meetings will recommence in 2022/23 subject to all health & safety risk assessments being in place and it being in accordance the government's advice on social gatherings at that time.

The AGM was held in June 2021 at the Moorings Hotel in Motherwell and the meeting was held in person which was in accordance with the Association's Rules. The brief meeting was quorate, members attending were socially distanced and all health and wellbeing risk assessments were concluded prior to the meeting taking place.

The Management Committee has complied with all its statutory and regulatory requirements throughout the year, and it approved its Annual Assurance Statement at its meeting in October 2021. This Statement was submitted to the Scottish Housing Regulator and has been made available to all tenants and stakeholders. The Committee has an approved Assurance Improvement Plan, which details the areas of the Regulatory Framework can be upgraded from simple compliance to achieving best practice. The Committee receive regular reports on the Improvement Plan.

Other principal highlights of the year include:

- New model rules being approved by the Management Committee and being adopted by the membership at a Special General Meeting held in June 2021;
- The recruitment of a Housing Services Director who will have responsibility for developing and enhancing the systems of tenant engagement and participation;
- An independent review of pensions affordability commenced during the year. Post year end, in April 2022, the Management Committee took the decision to close the existing defined benefit scheme provided by Strathclyde Pension Fund to new entrants and establish a new defined contribution scheme for new recruits. This removes the risk exposure to increasing employers costs and introduces long term stability in the provision of pensions;

LANARKSHIRE HOUSING ASSOCIATION LIMITED

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

Corporate & Governance (continued)

- Rents being frozen at their 2019/20 levels to assist with rent affordability for tenants and reduce the pressures on household income; and
- Continued to deliver investment in the quality of the housing provided.

Management Committee Members Induction and Training

Most members of the Management Committee are already familiar with the practical work of the Association. Where new members are elected, information is supplied regarding the obligation of Management Committee members, details of the Association's main documents and up to date financial statements. In addition, a formal training and induction programme is provided for any new member of the Management Committee.

The Management Committee and Executive Officers

The Management Committee and executive officers of the Association are listed on the first page of the financial statements.

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

Statement of the Management Committee's Responsibilities

The Management Committee is responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Management Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for that period. In preparing these financial statements, the Management Committee is required to:

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it 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 as issued by the Scottish Housing Regulator. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

Related Party Transactions

The Association's subsidiary company, Lanarkshire Initiatives Ltd is now dormant and there were no transactions with the company during the year.

One member of the Management Committee is a tenant. Their tenancy is based on the Association's standard tenancy agreement, and they are unable to use their position to gain any advantage. The Association has a policy on Conflicts of Interest which all Management Committee members comply with. Transaction with the Management Committee are shown in Note 28.

Strategic Objectives

The Association has adopted the following strategic objectives:

- To meet or exceed the requirements of the Scottish Social Housing Charter (the Charter) and deliver fair, accessible, and responsive customer services;
- To ensure all of our homes meet or exceed the Scottish Housing Quality Standard (SHQS) and the Energy Efficiency Standard for Social Housing (EESSH);
- To improve our consultation opportunities to tenants on key measures to regularly maintain and improve the standard and quality of their homes;
- To improve the energy efficiency of our business operations and reduce associated carbon emissions;
- To examine prospects for organic growth of the business through affordable development and acquisition opportunities; and
- Achieve our Corporate and Social Responsibilities (CSRs) through excellence in governance and financial management, linked to ethical codes of practice.

To achieve these objectives, we work closely with our strategic partners at a national, local authority and community level ensuring that our decision making, and direction of the business demonstrate consistency and added value to underpin the advancement of social housing principles and community development.

Future Prospects

The key objectives for 2022/23 have been considered and agreed by the Management Committee following the resumption of all services after the remaining covid prevention restrictions were finally removed. The objectives for the year are summarised as follows:

- Conclusion of the new Strategic Plan which will clearly state the aims, objectives, and aspirations for the business for the medium term. An integral component to the strategic direction will be the development of initiatives to meet the Net Carbon Zero by 2030 commitment;
- Enhance engagement with tenants and shared owners both through the development and implementation of the Tenant Participation Strategy;
- Completion of annual planned maintenance programme including which will include the window replacement contract for 109 units estimated to cost £500,000;
- To complete the recruitment of a Finance Manager which will strengthen the established financial management systems within the business;
- To fully implement risk management software to assist in the management and reporting of risk throughout all strategic and operational activities. This system will also help promote transparency and accountability in the risk management process;
- To continue to support community engagement initiatives and work with partners to promote social inclusion and cohesion;
- To continue to deliver high quality and effective management and maintenance services that meet the needs and expectations of our tenants; and
- Full compliance with all regulatory and statutory duties.

Property Services

The operational objectives of Property Services are to:

- achieve the *Scottish Social Housing Charter's* standards and outcomes;
- meet our repairs and maintenance responsibilities and obligations, particularly compliance with the *Scottish Secure Tenancy Agreement*, and other key legislation; and
- carry out responsive repairs, together with cyclical and planned programmes of work, keeping our housing stock in good condition, in demand and performing well.

Delivery in the last year continued to be challenged principally by restrictions resulting from the Coronavirus pandemic.

Property Services (continued)

Despite these constraints, we were able to maintain repairs service performance comparable with previous years. We also returned to being fully compliant with the statutory duty to timeously complete annual gas safety checks.

The cyclic maintenance programme was dominated by the start of a major paintwork contract, carried out on 449 rented and factored properties across 15 areas.

New requirements for smoke, heat and CO alarms from February 2022, and for outstanding 5 yearly electrical checks to be completed by the end of March 2022 were met. Prior to the Coronavirus outbreak much of the required work had been carried out through a measured term contract, but latterly remaining properties were all improved to meet the higher standards on a reactive basis.

The planned maintenance programme of work inside occupied housing was able to re-start as restrictions relaxed, and we completed previously delayed work: external door replacements in the Clydesdale Road area of Mossend; and boiler and kitchen replacements in Flanigan Grove, Bellshill. Subsequent work was affected by a difficult tendering environment and by labour and materials shortages; while we were able to negotiate a contract for heating and kitchen replacements in 63 properties across a further 3 areas, less progress than planned was achieved by March 2022.

Historically we had plans in place ensuring that our housing and neighbourhoods are well maintained and remain so. These are supported by independently produced 5 yearly stock condition surveys and updates to our life cycle costing exercise. The latest, in September 2021, concluded that all our stock continues to meet the *Scottish Housing Quality Standard*, the Scottish Government's main measure of housing quality, and the *Energy Efficiency Standard for Social Housing*, which aims to improve the energy efficiency of social housing. The survey also, for the first time, addressed the implications of the *Energy Efficiency Standard for Social Housing post 2020*, which sets a target for all social housing to meet by 2032.

Housing Services

The office remained closed to the public throughout 2021/22 and the operating environment remained challenging throughout the year. Despite these challenges, staff continued to be committed to delivering high quality services to tenants.

The rent freeze for the year was warmly welcomed by tenants demonstrated by the high level of responses received from the consultation exercise and the vast majority of responses were very supportive of the Association's proposal. The rent freeze undoubtedly assisted in the management of rent arrears as well. Total gross arrears as at the 31 March 2022 were £150,229 compared to £129,429 for the previous year however, given the challenges facing tenants from food and energy inflation, this is a satisfactory outcome. The arrears position was aided by funding being secured from the Tenant Grant Fund administered by North Lanarkshire Council, where tenants in serious arrears could apply for financial assistance. In total £24,520 was awarded in respect of 11 tenants who satisfied the qualifying criteria.

These financial pressures are likely to intensify in the short term as the cost of living crisis impacts every household and business. The balance of maintaining business viability whilst ensuring that rents remain affordable is going to be difficult however, the views and opinions of tenants will be fed directly into the decision making process on any proposed rent increase. Support for those who require it will continue to be provided through the Advice for Tenants and Residents (AFTAR) project in conjunction with the Citizens Advice Bureau, with the project securing funding for another two years.

Performance in average re-let time reduced to 24 days for 2021/22, and although operating conditions were difficult, there was no interruption of allocation services throughout the year. This reduction in re-let times also saw void loss decrease to £17,020 from £31,115 the previous year.

Housing Services (continued)

In compliance with Regulatory Standards, a Tenant Satisfaction Survey was conducted in February 2022. Whilst the overall level of satisfaction with services has increased from 94.6% to 95.2% which is welcome, some results have been subject to decreases from the previous survey. Given the context in which the survey was conducted, where a number of services had been constrained due to lockdown restrictions, it was not unexpected that satisfaction levels had reduced in certain areas. Once a detailed analysis and evaluation of the survey's results has taken place, an improvement plan will be formulated to tackle the issues identified and to enhance service provision and increase satisfaction levels.

The recruitment of a Housing Services Director in March 2022 will help to re-focus the Association's strategic aims and objectives for Housing Services. A key part of this process will be enhancing the level of engagement and participation with tenants and ensuring that their views are wholly representative of the tenant body and those views and opinions are adequately and properly communicated to the Management Committee for them to inform the development of strategy, policy and procedure.

Key Performance Indicators

Rents

ARC Indicator	31 March 2022	31 March 2021
Average Weekly Rent Uplift	0.0%	2.7%
As % of total rent due:		
Rent Collected	99.9%	99.6%
Gross Arrears	3.1%	3.3%
Rent loss from empty properties	0.4%	0.8%

Repairs

ARC Indicator	31 March 2022	31 March 2021
Time to Complete Emergency Repair (Average)	1.4 Hours	1.4 Hours
Time to Complete Non Emergency Repairs (Average)	3.1 days	3.0 days
Repairs Carried Out Right 1 st Time	99.3%	98.1%
No. of Times Didn't Meet Statutory Duty re Gas Safety Servicing	0	37

Tenant Satisfaction Level	2021/22 Survey	2018/19 Survey	% Change (+ or -)
On overall service provided	95.2%	94.6%	+0.6%
On keeping you informed about services and decisions	98.1%	97.8%	+0.3%
On level of opportunities given to participate in decision making	95.2%	98.7%	-3.5%
On overall quality of your home	79.4%	90.3%	-10.9%
On repairs and maintenance service over last 12 months	92.6%	93.6%	-1%
On management of the neighbourhood you live in	85.5%	93.3%	-7.8%
On how rent level is value for money	88.5%	90.3%	-1.8%

LANARKSHIRE HOUSING ASSOCIATION LIMITED

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

Financial Performance

For the financial year 31 March 2022, the Association has recorded total comprehensive income of £1,753,291 (2021: £170,195) and its net assets position has increased to £22,473,099 (2021: £20,719,805).

The decision not to apply a rent increase in 2021/22 has meant that rental income of £4,128,391 is largely unchanged from the previous year (£4,120,084). The small increase in rent can be explained by the more efficient allocation of void properties during the year resulting in a reduction in rent loss. In addition to this the Association purchased one property with the intention of making it available at an affordable rent.

Operating expenditure reduced to £3,373,114 in 2021/22 from £3,500,298 the previous year. This was attributable to there being a reduction in the expenditure in non-capitalised planned maintenance during the year along with the delay in planned wider role activities due to the pandemic restrictions being in place. A delay in the recruitment of staff during the course of the pandemic also assisted reducing operating costs throughout the year.

Total comprehensive income for the year was increased substantially by the strong investment performance from the Strathclyde Pension Fund, which returned an actuarial gain of £1,114,000, reducing the overall pension liability to £254,000 as at the 31 March 2022.

The Association invested a total of £599,609 in the housing stock. The acquisition from the open market of one property cost £41,000, whilst £23,758 was spent on medical adaptations for tenants. Major repairs and component renewals expenditure amounted to £534,851, with kitchens and heating systems being replaced along with door replacement contract being completed during the year.

Statement on Internal Financial Control

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

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

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

- (a) Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- (b) Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- (c) Forecasts and budgets are prepared which allow the Management Committee and management to monitor the key business risks and financial objectives, and progress towards financial plans set out for the year and the medium term. Regular management accounts are prepared promptly, providing relevant, reliable, and up to date financial and other information. Any significant variance from budget is investigated as appropriate;
- (d) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the relevant sub-committees which are comprised of Management Committee members;

LANARKSHIRE HOUSING ASSOCIATION LIMITED

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

Statement on Internal Financial Control (continued)

- (e) The Association has appointed a firm of accountants, on a consultancy basis, as its internal auditor with the specific responsibility of assessing the adequacy and reliability of the system of internal financial control. The results of such reviews are reported to the Corporate Governance and Finance Sub-Committee;
- (f) The Management Committee reviews reports from the external auditor to provide reasonable assurance that control procedures are in place and are being followed; and
- (g) Formal practices have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Management Committee have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2022. No weaknesses were found in internal financial control 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.

Auditor

Azets Audit Services have expressed their willingness to continue in office as auditor and will be proposed for reappointment at the Annual General Meeting.

Disclosure of Information to the Auditor

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

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

The report of the Management Committee (incorporating the Strategic Report) has been approved by the Management Committee on 21 June 2022.

By order of the Committee

Catriona Blyth
Secretary

LANARKSHIRE HOUSING ASSOCIATION LIMITED

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

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Management Committee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Other information (continued)

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

We have nothing to report in this regard.

Group accounts: Section 99(3) of the Co-operative and Community Benefit Societies Act 2014

We agree with the opinion of the Management Committee of the Association that it would be of no real value to the members of the Association to consolidate or include the financial statements of the Association's subsidiary in group financial statements required to be prepared under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 for the year ended 31 March 2022, because of the immaterial nature of the subsidiary's transactions in the year.

Matters on which we are required to report by exception

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

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

Responsibilities of the Management Committee

As explained more fully in the Statement of the Management Committee's Responsibilities set out on page 2, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We obtain and update our understanding of the Association, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the Association is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the Association that were contrary to applicable laws and regulations, including fraud.

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Association through discussions with the Management Committee members and the senior management team, and from our knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator and taxation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Management Committee and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

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

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

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

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

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

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

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

Date: June 2022

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

LANARKSHIRE HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITOR TO THE MANAGEMENT COMMITTEE OF LANARKSHIRE HOUSING ASSOCIATION LIMITED ON INTERNAL FINANCIAL CONTROL FOR THE YEAR ENDED 31 MARCH 2022

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 6 and 7 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial control contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 6 and 7 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial control and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Azets Audit Services Statutory Auditor Chartered Accountants

Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: June 2022

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

LANARKSHIRE HOUSING ASSOCIATION LIMITED

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

	Note	2022 £	2021 £
Turnover	4	4,216,647	4,273,140
Less: Operating expenditure	4	(3,373,114)	(3,500,298)
Operating surplus	4	843,533	772,842
(Loss)/gain on disposal of property, plant and equipment		(1,103)	1,529
Interest receivable	10	390	874
Interest and financing costs	11	(188,529)	(194,603)
Award for recovery of legal fees	29	-	22,553
Decrease in valuation of investment properties	13	(15,000)	-
Surplus before taxation		639,291	603,195
Taxation	12	-	-
Surplus for the year		639,291	603,195
Other Comprehensive Income			
Actuarial gain/(loss) in respect of the pension scheme	23	1,114,000	(433,000)
Total Comprehensive Income for the year		1,753,291	170,195

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

LANARKSHIRE HOUSING ASSOCIATION LIMITED**STATEMENT OF CHANGES IN CAPITAL AND RESERVES
AS AT 31 MARCH 2022**

	Share Capital £	Revenue Reserves £	Total Reserves £
Balance at 1 April 2021	94	20,719,711	20,719,805
Total Comprehensive Income	-	1,753,291	1,753,291
Issue of share capital	5	-	5
Cancellation of shares	(2)	-	(2)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2022	97	22,473,002	22,473,099
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	<i>Share Capital £</i>	<i>Revenue Reserves £</i>	<i>Total Reserves £</i>
Balance at 1 April 2020	<i>97</i>	<i>20,549,516</i>	<i>20,549,613</i>
Total Comprehensive Income	-	<i>170,195</i>	<i>170,195</i>
Issue of share capital	-	-	-
Cancellation of shares	<i>(3)</i>	-	<i>(3)</i>
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2021	<i>94</i>	<i>20,719,711</i>	<i>20,719,805</i>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements.

LANARKSHIRE HOUSING ASSOCIATION LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

	Note	2022 £	Restated 2021 £
Fixed Assets			
Housing properties	13	27,655,624	27,791,105
Other fixed assets	13	1,008,856	1,051,283
		<u>28,664,480</u>	<u>28,842,388</u>
Investment in subsidiary	16	2	2
		<u>28,664,482</u>	<u>28,842,390</u>
Current assets			
Stocks		5,924	4,944
Debtors	17	536,357	541,372
Cash and cash equivalents	18	2,849,024	2,427,461
		<u>3,391,305</u>	<u>2,973,777</u>
Creditors: amounts falling due within one year	19	(1,612,389)	(1,586,819)
Net current assets		<u>1,778,916</u>	<u>1,386,958</u>
Total assets less current liabilities		30,443,398	30,229,348
Creditors: amounts falling due after more than one year	20	(7,716,299)	(8,303,543)
Retirement benefit scheme deficit	23	(254,000)	(1,206,000)
Net assets		<u>22,473,099</u>	<u>20,719,805</u>
Capital and reserves			
Share capital	22	97	94
Revenue reserve		22,473,002	20,719,711
		<u>22,473,099</u>	<u>20,719,805</u>

The financial statements were authorised for issue by the Management Committee on 21 June 2022 and signed on its behalf by:

Charles Millar Chair

Catriona Blyth Secretary

Fiona Tonner Vice -chair

The notes form part of these financial statements.

LANARKSHIRE HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	Restated 2021 £
Net cash generated from operating activities	27	1,705,513	1,666,572
Cash flow from investing activities			
Purchase of housing properties		(599,609)	(491,396)
Purchase of other fixed assets		(2,858)	(12,853)
Proceeds from sale of fixed assets		55,029	104,877
Government capital grants received		23,216	15,353
Interest received		390	874
		(523,832)	(383,145)
Cash flow from financing activities			
Interest paid and similar charges		(154,914)	(168,990)
Repayment of borrowings		(605,209)	(614,416)
Issue of share capital		5	(3)
		(760,118)	(783,409)
Net change in cash and cash equivalents		421,563	500,018
Cash and cash equivalents at 1 April		2,427,461	1,927,443
Cash and cash equivalents at 31 March		2,849,024	2,427,461

(i) Analysis of changes in net debt

	Restated At 1 April 2021 £	Cash flows £	Other non- cash changes £	At 31 March 2022 £
Cash and cash equivalents				
Cash and cash equivalents	2,427,461	421,563	-	2,849,024
Borrowings				
Debt due within one year	(592,052)	605,209	(600,553)	(587,396)
Debt due after one year	(7,914,255)	-	592,938	(7,321,317)
	(8,506,307)	605,209	(7,615)	(7,908,713)
Total	(6,078,846)	1,026,772	(7,615)	(5,059,689)

The notes form part of these financial statements.

1. General information

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Housing Requirements 2019 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018. The principal accounting policies are set out below.

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

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

The Association is a Co-operative and Community Benefit Society limited by shares and is incorporated in the United Kingdom.

The Association's Scottish Charity number is SC042523.

The address of the Association's registered office is:

191 Brandon Street
Motherwell
ML1 1RS

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities. The Association is a registered social landlord in Scotland and its registered number is HAL 202.

2. Accounting policies

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards. The effect of events relating to the year ended 31 March 2022, which occurred before the date of approval of the financial statements by the Management Committee have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2022 and of the results for the year ended on that date.

Consolidation

The Association and its subsidiary undertaking, Lanarkshire Initiatives Limited, comprise a group. The Financial Conduct Authority has granted exemption from preparing group financial statements on the basis the financial results of the subsidiary are immaterial, which they are as the company is dormant. These financial statements therefore represent the results of the Association and not of the group.

Going concern

The Management Committee anticipate that a surplus will be generated in the year to 31 March 2023 and the year to 31 March 2024. The Association has a healthy cash position and thus the Management Committee is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus, the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Accounting policies (continued)

Turnover

Turnover represents rental and service charge income, factoring service income, and fees or revenue grants receivable from local authorities and from The Scottish Government. Also included is any income from first tranche shared ownership disposals. Turnover is recognised when the Association is entitled to it, the amount of revenue can be measured reliably and its probable the economic benefits of the transaction will flow to the Association.

Government revenue grants

Government revenue grants are recognised using the accrual model which means the Association recognises the grant in income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

Non-government capital and revenue grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Government capital grants

Government capital grants, at amounts approved by the Scottish Government or local authorities, are paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Association to recognise income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

Apportionment of management expenses

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

Pensions (Note 23)

The Association operates a defined benefit scheme in respect of its employees. The assets of the scheme are held in external funds managed by professional investment managers.

In accordance with FRS 102 section 28, the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

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

2. Accounting policies (continued)

Interest receivable

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

Interest payable

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Fixed assets - Housing properties

Housing properties are stated at cost, less accumulated depreciation. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings.
2. Development expenditure including administration costs.

These costs are either termed "qualifying costs" by the Scottish Government for approved social housing grant or are considered for mortgage loans by private lenders or are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value are included in the accounts for the year, provided that the dates of issue or valuation are prior to the year-end.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

New components to be capitalised must have a gross book value equal to or greater than £1,000.

Depreciation - Housing properties

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

Land - not depreciated
Structure – over 60 years
Roof – over 60 years
Windows – over 20 years
Kitchen – over 20 years
Central heating – over 20 years
Bathroom – over 20 years

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal. A de-minimums capitalisation level of £1,000 is applied.

Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used: -

Computer equipment	- 20% on cost
Office equipment	- 20% on cost
Furniture and fittings	- 10% on cost
Office premises	- 2% on cost
Motor vehicles	- 25% on cost

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

2. Accounting policies (continued)

Investment properties

Investment properties are properties held for commercial lettings. These properties are held at their market value and are thus not depreciated. The fair value of each property will be considered at each reporting date and any changes will be recognised in the Statement of Comprehensive Income.

Debtors

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

Rental arrears

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in Note 17.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Investments

This is monies held on deposits of more than three months with the Association's banks.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Loans

Mortgage loans are advanced by Private Lenders or the Scottish Government under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by the Scottish Government.

Financial instruments

The Association only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitutes a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2. Accounting policies (continued)

Financial commitments

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

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

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

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

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

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

Estimate

Valuation of housing properties

Useful lives of property, plant, and equipment

The main components of housing properties

Recoverable amount of rental and other trade receivables

The obligations under the Strathclyde pension scheme

Basis of estimation

Housing properties are held at deemed cost which is based on existing use valuations at the date of transition to FRS 102 of 1 April 2014. Additions after this date are held at historical cost. The assumptions used to form the basis of the existing use valuation were reviewed and were considered reasonable and appropriate.

The useful lives of property, plant and equipment are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.

The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members.

Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.

This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

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

Estimate

The valuation of investment properties

Basis of estimation

The investment properties were valued by an appropriately qualified surveyor using market data at the date of valuation.

LANARKSHIRE HOUSING ASSOCIATION LIMITED

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

4. Particulars of turnover, operating expenditure and operating surplus/(deficit)

	2022			2021		
	Turnover £	Operating Expenditure £	Operating Surplus £	Turnover £	Operating Expenditure £	Operating Surplus £
Income and Expenditure From lettings						
Social Lettings (Note 5)	4,146,081	(3,324,193)	821,888	4,137,569	(3,427,530)	710,039
Other activities (Note 6)	70,566	(48,921)	21,645	135,571	(72,768)	62,803
	<u>4,216,647</u>	<u>(3,373,114)</u>	<u>843,533</u>	<u>4,273,140</u>	<u>(3,500,298)</u>	<u>772,842</u>

LANARKSHIRE HOUSING ASSOCIATION LIMITED

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

5. Particulars of turnover, operating expenditure and operating surplus from social letting activities

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2022 Total £	2021 Total £
Income from rent and service charges					
Rent receivable net of service charges	3,487,929	363,382	175,472	4,026,783	4,032,938
Service charges	118,628	-	-	118,628	118,261
Gross income from rents and service charges	3,606,557	363,382	175,472	4,145,411	4,151,199
Less voids	(17,020)	-	-	(17,020)	(31,115)
Net income from rents and service charges	3,589,537	363,382	175,472	4,128,391	4,120,084
Release of deferred government capital grants	-	16,361	-	16,361	15,200
Other revenue grants	-	1,329	-	1,329	2,285
Total turnover from social letting activities	3,589,537	381,072	175,472	4,146,081	4,137,569
Expenditure					
Management and maintenance administration costs	(1,303,805)	(135,200)	(65,286)	(1,504,291)	(1,604,080)
Service charges	(111,114)	(11,522)	(5,564)	(128,200)	(137,628)
Planned cyclical maintenance including major repairs	(403,212)	(36,612)	-	(439,824)	(389,675)
Reactive maintenance costs	(363,657)	(35,999)	-	(399,656)	(383,167)
Bad debts – rents and service charges	(33,964)	-	-	(33,964)	(57,258)
Depreciation of social housing	(617,659)	(63,233)	(22,666)	(703,558)	(706,642)
Impairment of social housing	-	-	-	-	-
Exceptional costs* - legal fees	(114,700)	-	-	(114,700)	(149,080)
Operating expenditure for social letting activities	(2,948,111)	(282,566)	(93,516)	(3,324,193)	(3,427,530)
Operating surplus on letting activities, 2022	641,426	98,506	81,956	821,888	
Operating surplus on letting activities, 2021	604,742	104,817	480		710,039

* These exceptional costs are legal fees incurred in regard to the ongoing legal case in respect of Watling Street – please see note 29.

LANARKSHIRE HOUSING ASSOCIATION LIMITED

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

6. Particulars of turnover, operating expenditure and operating surplus from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	2022 Total Turnover	2021 Total Turnover	Operating costs - bad debts	Other operating costs	2022 Operating Surplus/ (deficit)	2021 Operating Surplus/ (deficit)
	£	£	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	-	-	-	-	-	-	(13,372)
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	5,950	5,950	5,873	-	(4,403)	1,547	(1,254)
Insurance Income	-	-	-	-	-	87,054	-	-	-	87,054
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	1,490	1,490	4,644	-	(1,468)	22	(702)
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Other agency / management services	-	-	-	-	-	-	-	-	-	-
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-	-
Development and improvements for sale to non RSLs	-	-	-	-	-	-	-	-	-	-
Commercial rent	-	-	-	59,475	59,475	38,000	-	(43,050)	16,425	(8,923)
Misc income	-	-	-	3,651	3,651	-	-	-	3,651	-
Total from other activities, 2022	-	-	-	70,566	70,566	-	-	(48,921)	21,645	-
Total from other activities, 2021	-	-	-	135,571	-	135,571	-	72,768	-	62,803

Undertaken to support the community, other than the provision, construction, improvement, and management of housing

LANARKSHIRE HOUSING ASSOCIATION LIMITED

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

7. Employees

	2022	<i>2021</i>
	£	£
Staff costs (including Directors' Emoluments) consist of:		
Wages and salaries	792,068	<i>802,816</i>
Social security costs	83,130	<i>82,410</i>
Pension costs	237,376	<i>222,069</i>
Defined benefit pension adjustment (Note 23)	136,000	<i>35,000</i>
	<u>1,248,574</u>	<i><u>1,142,295</u></i>

	2022	<i>2021</i>
	Number	<i>Number</i>
The number of full time equivalents employed by the Association during the year was:	<u>17</u>	<i><u>18</u></i>

8. Directors' emoluments

The directors are defined as the members of the Management Committee, the Chief Executive and any other person reporting directly to the Chief Executive or the Management Committee. No emoluments were paid to any member of the Management Committee during the year (*2021: £nil*).

	2022	<i>2021</i>
	£	£
Emoluments of the current Chief Executive (excluding pension contributions)	<u>92,217</u>	<i><u>89,871</u></i>

The Association's pension contribution for the Chief Executive in the year amounted to £22,623 (*2021: £23,129*).

	2022	<i>2021</i>
	Number	<i>Number</i>
Numbers of Directors whose emoluments (excluding pension contributions) exceed £60,000 during the year were as follows: -		
£90,000 - £94,999	1	-
£85,000 - £89,999	-	1
£80,000 - £84,999	-	-
£75,000 - £79,999	-	-
£70,000 - £74,999	2	2
£65,000 - £69,999	2	3
£60,000 - £64,999	-	-
	<u> </u>	<i><u> </u></i>
	£	£
Emoluments (excluding pension contributions) to those earning more than £60,000	<u>371,863</u>	<i><u>438,426</u></i>

LANARKSHIRE HOUSING ASSOCIATION LIMITED

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

8. Directors' emoluments (continued)

Total pension contributions to directors whose emoluments exceeded £60,000 were £88,771 (2021: £108,068). No enhanced or special terms apply to membership and the directors have no other pension arrangements to which the Association contributes.

	£	£
Total expenses reimbursed in so far as not chargeable to U.K. Income Tax	-	-
	<u> </u>	<u> </u>

The Association considers key management personnel to be the Management Committee and senior management team (listed on the first page of the financial statements).

Total emoluments (including employers NI) paid to the key management personnel of the Association amounted to £465,764 (2021: £466,047). Pension contributions on behalf of the key management personnel amounted to £99,415 (2021: £106,068).

9. Auditor's remuneration

	2022 £	2021 £
The remuneration of the auditor for the year in respect of audit services (excluding VAT)	<u>12,750</u>	<u>11,050</u>
Amounts paid to the auditor by the Association in respect of non-audit services (excluding VAT)	<u>1,550</u>	<u>650</u>

The Association will also pay the accounts fee of £250 (2021: audit fee of £860) in respect of Lanarkshire Initiatives Limited for the year end 31 March 2022 as the subsidiary is dormant post year end.

10. Interest receivable

	2022 £	2021 £
Bank interest	<u>390</u>	<u>874</u>

11. Interest payable and similar charges

	2022 £	2021 £
Bank loans	<u>162,529</u>	<u>176,603</u>
Defined benefit pension adjustment (Note 23)	<u>26,000</u>	<u>18,000</u>
	<u>188,529</u>	<u>194,603</u>

12. Taxation

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

LANARKSHIRE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

13. Tangible fixed assets	Housing properties held for letting £	Completed shared ownership housing properties £	Office premises £	Computer equipment, office equipment & furniture and fittings £	Investment properties - Commercial properties £	Total £
Cost or valuation						
At 1 April 2021	30,119,468	1,316,275	658,864	123,907	610,000	32,828,514
Additions – housing units	41,000	-	-	-	-	41,000
Additions – components	558,609	-	-	-	-	558,609
Additions – other fixed assets	-	-	-	2,858	-	2,858
Disposals – housing units	-	(35,509)	-	-	-	(35,509)
Disposals – components	(79,947)	-	-	-	-	(79,947)
Disposals – other fixed assets	-	-	-	(34,244)	-	(34,244)
Transfers	-	-	-	-	-	-
Revaluation	-	-	-	-	(15,000)	(15,000)
At 31 March 2022	<u>30,639,130</u>	<u>1,280,766</u>	<u>658,864</u>	<u>92,521</u>	<u>595,000</u>	<u>33,266,281</u>
Depreciation						
At 1 April 2021	3,497,220	147,418	272,488	69,000	-	3,986,126
Provided for year	626,858	22,666	12,417	17,868	-	679,809
Disposals – housing units	-	(3,977)	-	-	-	(3,977)
Disposals – components	(25,913)	-	-	-	-	(25,913)
Disposals – other fixed assets	-	-	-	(34,244)	-	(34,244)
Transfers	-	-	-	-	-	-
At 31 March 2022	<u>4,098,165</u>	<u>166,107</u>	<u>284,905</u>	<u>52,624</u>	<u>-</u>	<u>4,601,801</u>
Net Book Value						
At 31 March 2022	<u>26,540,965</u>	<u>1,114,659</u>	<u>373,959</u>	<u>39,897</u>	<u>595,000</u>	<u>28,664,480</u>
At 31 March 2021	<u>26,622,248</u>	<u>1,168,857</u>	<u>386,376</u>	<u>54,907</u>	<u>610,000</u>	<u>28,842,388</u>

LANARKSHIRE HOUSING ASSOCIATION LIMITED

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

13. Tangible fixed assets (continued)

The depreciation charge for housing stock in the year was £649,524 (2021: £617,387). The net book value of disposed components was £54,034 (2021: £89,255) and has been included in depreciation of social Housing in note 5 in accordance with the SORP giving a total depreciation of social housing of £703,558 (2021: £706,642).

Additions to housing property include no capitalised interest (2021: £nil) and no capitalised administration costs (2021: £nil). All housing properties are freehold. Properties with a cost of £35,509 (2021: £40,351) and accumulated depreciation of £3,977 (2021: £4,401) have been disposed in the year for proceeds of £55,029 with a grant to be repaid of £24,600 (2021: £104,877 with a grant repaid of £67,398).

The housing properties were revalued on an existing use value as at 1 April 2014 (by Jones Lang LaSalle Limited) and this value was used as the deemed cost from that date in accordance with FRS 102. The commercial properties were valued at 14 March 2022 (by Jones Lang LaSalle Limited) which is considered to be reflective of the fair value as at 31 March 2022 by the Management Committee.

As at 31 March 2022, housing properties used as security for existing loans reported a net book value of £19,009,206 (2021: £19,329,269).

Included within housing properties is land with a carrying value of £5,600,846 (2021: £5,600,846).

14. Housing stock

The number of units of accommodation owned by the Association was as follows: -

	2022	2021
General Needs Housing	840	839
Supported Housing Accommodation	87	87
Shared Ownership Accommodation	41	42
	<u>968</u>	<u>968</u>

15. Commercial units

The number of commercial units owned and rented out by the Association was as follows: -

	2022	2021
Commercial Units	<u>7</u>	<u>7</u>

16. Investments

	2022	2021
	£	£
Investment in subsidiary undertaking	<u>2</u>	<u>2</u>

Lanarkshire Housing Association Limited owns 2 ordinary £1 shares in Lanarkshire Initiatives Limited. This represents a 100% shareholding in Lanarkshire Initiatives Limited, a company registered in Scotland, whose principal activity is that of general construction of buildings and civil engineering works, however the company was dormant during the current year.

For the year ended 31 March 2022, Lanarkshire Initiatives Limited made a profit after taxation of £Nil (2021: loss of £2,238). At 31 March 2022, Lanarkshire Initiatives Limited had net assets of £2 (2021: £2).

LANARKSHIRE HOUSING ASSOCIATION LIMITED

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

17. Debtors	2022	2021
	£	£
Gross rent and service charges	150,229	129,429
Less: Bad debt provision	(100,000)	(78,788)
	50,229	50,641
Other debtors	238,429	231,308
Prepayments and accrued income	247,699	259,423
	536,357	541,372

All amounts shown under debtors fall due for payment within one year

18. Cash and cash equivalents	2022	<i>Restated</i> 2021
	£	£
Cash at bank and in hand	2,345,902	1,924,575
Cash equivalents	503,122	502,886
	2,849,024	2,427,461

19. Creditors: amounts falling due within one year	2022	2021
	£	£
Bank loans	587,396	592,052
Trade creditors	231,208	224,555
Rental advances	79,247	101,506
Other taxes and social security	29,989	28,963
Contract retentions	36,709	27,127
Accruals and deferred income	87,859	83,976
Other creditors	163,594	158,014
Amounts due to the Scottish Government	380,026	355,426
Deferred capital grants (see note 21)	16,361	15,200
	1,612,389	1,586,819

Included in accruals is £19,865 of outstanding pension contributions (2021: £22,826).

The bank overdraft and loans are secured as detailed in note 20.

20. Creditors: amounts falling due after more than one year	2022	2021
	£	£
Deferred capital grants (see note 21)	394,982	389,288
Bank loans	7,321,317	7,914,255
	7,716,299	8,303,543

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**20. Creditors: amounts falling due after more than one year (continued)**

	2022	2021
	£	£
Bank loans are split:		
Due between one and two years	596,486	587,396
Due between two and five years	1,841,166	1,823,114
Due in five years or more	4,883,665	5,503,745
	7,321,317	7,914,255

The loans together with any bank overdraft from the Bank of Scotland plc, Virgin Money and The Royal Bank of Scotland plc are secured by standard securities over the properties on which the loans were granted.

Loans from the Bank of Scotland are repayable on a monthly basis over 15, 25, 30 or 35 years inclusive of interest at rates equivalent to the Bank of Scotland Home Loan rates in force at each repayment date.

Loans from Virgin Money (formerly trading as Clydesdale bank) are repayable on a quarterly basis over 15 years inclusive of interest. The current terms are on a 10 year fixed rate arrangement at 2.6% thereafter moving to another fixed or variable rate option in August 2029.

The loans from The Royal Bank of Scotland plc are repayable on a monthly basis over 30 years inclusive of interest. The rate of interest charged is either fixed at 2.775% or variable between 0.45% and 1.5% above bank base rate per annum.

21. Deferred capital grants

	2022	2021
	£	£
Balance at 1 April 2021	404,488	404,335
Additional capital grant received	23,216	15,353
Released to Statement of Comprehensive Income	(16,361)	(15,200)
Balance at 31 March 2022	411,343	404,488
Due:		
< 1 year	16,361	15,200
1-2 years	16,361	15,200
2-5 years	49,084	45,600
>5 years	329,537	328,488
	411,343	404,488

LANARKSHIRE HOUSING ASSOCIATION LIMITED

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

22. Share capital and reserves	2022	2021
	£	£
At start of year	94	97
Issued in year	5	-
Redeemed in year	(2)	(3)
At end of year	97	94

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. Called up share capital on the Statement of Financial Position has been adjusted to reflect the number of shares held by active members.

The revenue reserve includes all current and prior year retained surpluses or deficits.

23. Pensions

Lanarkshire Housing Association Limited participates in the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended.

From 1 April 2015, the Scheme changed from a final salary 1/60th accrual scheme to a CARE 1/45th accrual scheme. The defined benefit scheme closed to new members on 1 April 2019, but remains open to existing members. During the year, the Association paid employer contributions at a gross rate of 29.9% less 2.53% for ill health liability. From 1 April 2022, the Association will continue to pay contributions at the aforementioned rates plus service deficit payments of £37,000 per year.

An updated accounting valuation of the Strathclyde Pension Fund was performed as at 31 March 2022.

The main financial assumptions used by the Council's Actuary, Hymans Robertson, (these are assumptions specific to the Association which were derived with assistance from Spence and Partners) in their calculations are as follows:

Assumptions as at	31 March 2022	31 March 2021
Pension increases	3.20%	2.75%
Salary increases	2.50%	2.30%
Discount rate	2.70%	2.05%

The average future life expectancies at age 65 are summarised below:

Mortality	Males	Females
Current pensioners	19.6 years	22.4 years
Future pensioners	21.0 years	24.5 years

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

23. Pensions (continued)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Sensitivity Analysis	Approximate % increase to Employer Liability	Approximate Monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	213
0.1% increase in the Salary Increase Rate	0%	39
0.1% increase in the Pension Increase Rate	2%	172
1 year increase in member life expectancy	4%	414

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

Net Pension Liability as at	31 March 2022 £000	<i>31 March 2021 £000</i>
Estimated Employer Assets (A)	10,092	<i>9,251</i>
Present Value of Scheme Liabilities	10,346	<i>10,457</i>
Present Value of Unfunded Liabilities	-	-
Total Value of Liabilities (B)	10,346	<i>10,457</i>
Net Pension Liability (A) – (B)	(254)	<i>(1,206)</i>

Analysis of the amount charged to operating profit:

	Year to 31 March 2022 £'000	<i>Year to 31 March 2021 £'000</i>
Service cost	375	<i>257</i>
Contributions	(239)	<i>(222)</i>
Past service cost	-	-
Curtailement and Settlements	-	-
Decrease in irrecoverable surplus	-	-
Total operating charge	136	<i>35</i>
Net Interest cost	26	<i>18</i>

Analysis of the amount recognised in the Statement of Other Comprehensive Income:

	Year to 31 March 2022 £ 000	<i>Year to 31 March 2021 £ 000</i>
Actuarial gain / (loss) recognised as other comprehensive income	1,114	<i>(433)</i>

LANARKSHIRE HOUSING ASSOCIATION LIMITED

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

23. Pensions (continued)

	Year to 31 March 2022 £ 000	<i>Year to 31 March 2021 £ 000</i>
Deficit in scheme at beginning of year	(1,206)	(720)
Current service cost	(375)	(257)
Employer contributions	239	222
Other income	-	-
Other outgoings (e.g. expenses, etc.)	-	-
Past service costs	-	-
Impact of settlements and curtailments	-	-
Net interest cost	(26)	(18)
Actuarial gain/(loss)	1,114	(433)
	<u>(254)</u>	<u>(1,206)</u>

24. Establishment of Association

The Association is established under the Co-operative and Community Benefit Societies Act 2014 and was incorporated in the United Kingdom and is registered in Scotland.

25. Commitments – capital and repairs

As at 31 March 2021, the Association had commitments in respect of capital and repairs work of:

	2022 £	<i>2021 £</i>
Commitment	<u>643,131</u>	<u>74,815</u>
To be funded by:		
The Association's reserves	<u>643,131</u>	<u>74,815</u>
Approved but not contracted for	<u>500,000</u>	<u>324,619</u>

LANARKSHIRE HOUSING ASSOCIATION LIMITED

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

26. Commitments under operating leases

As at 31 March 2022 the Association had total commitments under non-cancellable operating leases as set out below: -

	2022 £	2021 £
Operating leases which expire:		
Within one year	30,753	26,151
Between one and two years	21,468	17,539
In two to five years	8,029	10,104
	<u>60,250</u>	<u>53,794</u>

27. Net cash flow generated from operating activities

	2022 £	2021 £
Surplus for the year	639,291	603,195
<u>Adjustments for non cash items:</u>		
Depreciation of tangible fixed assets (including loss on disposal of components)	733,843	736,940
(Increase)/decrease in stocks	(980)	(641)
Decrease/(increase) in debtors	5,015	(18,540)
Increase in creditors	4,465	133,621
Loss /(gain) from sale of tangible fixed assets	1,103	(1,529)
Release of deferred Government Capital Grant	(16,361)	(15,200)
Non cash movement relating to pension liability	162,000	53,000
Decrease in valuation of investment properties	15,000	-
Shares cancelled	(2)	(3)
<u>Adjustments for investing and financing activities:</u>		
Interest received	(390)	(874)
Interest payable	162,529	176,603
Net cash generated from operating activities	<u>1,705,513</u>	<u>1,666,572</u>

28. Related parties

Lanarkshire Housing Association Limited owns 2 ordinary £1 shares in Lanarkshire Initiatives Limited. This represents a 100% shareholding in Lanarkshire Initiatives Limited.

Lanarkshire Housing Association Limited reclaimed £nil (2021: £174) of VAT on behalf of Lanarkshire Initiatives Limited in the year.

Lanarkshire Housing Association Limited incurred expenditure of £nil (2021: £3,265) on behalf of Lanarkshire Initiatives Limited in the year.

The Association has Management Committee members who are also tenants. The total rent received in the year relating to tenant Management Committee members is £3,636 (2021: £nil). The total rent arrears relating to tenant Management Committee members included within debtors at the year-end is £nil (2021: £nil). The total rent paid in advance of the year-end was £11 (2021: £nil).

29. Watling Street

A number of residents at the Watling Street, Motherwell development, raised court proceedings against the Association and four other co-defendants. The basis of their claim is that the Association has breached tenancy agreements in that the homes are not fit for habitation. It is claimed that there is a presence of toxic compounds in the indoor air due to inadequate remediation of the site prior to development. It was decided that one of the residents claims would pursue through the court system as a test case whilst the remaining residents' cases would be sisted until the outcome of the test case was determined.

The Management Committee has noted the extensive site investigations conducted by North Lanarkshire Council in previous years over such claims of contaminated land at Watling Street, which concluded that the open space and garden soils were safe. During the course of 2015/16, one of the defendants, North Lanarkshire Council was released from the action by the pursuers and North Lanarkshire Council has no further plans to revisit the conclusions from the site investigation reports.

A Procedural Roll hearing in front of Lord Jones at the Outer House of the Court of Session took place in March 2015. Lord Jones issued his Opinion in December 2015, where he found that the case against Lanarkshire Housing Association Limited should be dismissed along with another defendant in the case, City Link Development Company Ltd. The case against the final defendant in the case, Scott Wilson Scotland Ltd, was allowed to proceed to a Proof before Answer hearing by Lord Jones.

The pursuers appealed the decision of Lord Jones to dismiss Lanarkshire Housing Association Limited from the action to the Inner House of the Court of Session. This appeal was dismissed by the Inner House of the Court of Session in February 2017 and leave to appeal to the Supreme Court was also denied by the Inner House. The pursuers submitted an application to appeal directly to the Supreme Court and this application was refused by the Supreme Court in January 2019.

In the previous financial year, the Association was awarded an additional sum of £22,553 of costs against the pursuers in addition to £289,000 previously awarded. £213,000 is outstanding at this year-end and is included within other debtors (2021: £213,000).

In relation to the outstanding cases which had previously been sisted, the pursuers enrolled a Motion to the Court of Session seeking to amend their pleadings in light of the findings of the test case. Lanarkshire Housing Association Limited opposed this Motion, which was heard by Lord Clark in May 2019, who subsequently ruled in the Association's favour and found that the outstanding cases should be dismissed. Lord Clark's ruling was appealed by the pursuers and the Inner House of the Court of Session heard this Reclaiming Motion in April 2020, which found in the pursuer favour. This Court ruling allows the pursuers to lodge their Minute of Amendment however, the Association's position remains unchanged and senior counsel has been instructed to lodge defences against the action. These outstanding cases are continuing to be heard at the Court of Session and the preliminary timetable for these cases does not anticipate any verdict within 2022. The Association has incurred exceptional legal costs of £114,700 (2021 £149,080) in respect of these outstanding cases as noted in note 5.

30. Post balance sheet event

The Board commissioned research in 2018 from an independent pension professional (Spence & Partners) looking at options for future pension provision. The research provided projections of likely future costs assuming the membership in Strathclyde Pension Fund (SPF) remained open, the SPF membership closed to new entrants and membership was closed entirely. From that research it was considered that the option to exit entirely was prohibitively expensive given relatively limited payment flexibility and that potentially the timing of any exit was far from ideal.

30. Post balance sheet event (continued)

The Board however did want to look to take steps to reduce the risk exposure of continued participation in the defined benefit (DB) pension scheme so had taken a preliminary decision to look to close access to the scheme to new recruits and offer them access to a defined contribution (DC) scheme. This was considered an improvement from continuing with an open membership and also the approach dealt with likely material HR and contractual issues which could have arisen should the scheme have been closed to all existing staff. It was considered that LHA had ample resources to deal with any additional DB accrual.

At that point in 2018 there were no recruitments on the horizon and with an actuarial valuation of SPF due from March 2020 it was considered financially prudent to defer a final decision on the closure to new entrants until a point where new staff were joining. Ideally this would be after March 2020.

The Association was looking to recruit new staff in early 2022 so re-engaged with the pensions professional to provide an update on the 2018 options. These were presented in January 2022. The Board considered the findings in detail and decided, subject to long term financial modelling, to progress with the decision to close SPF membership to new entrants and implement a new DC arrangement. The long term financial modelling was reviewed by the Board in April 2022 and the decision was confirmed at this meeting.

31. Prior year adjustment

In the prior year, £502,886 of cash equivalents in respect of deposits with a notice period of 32 days were incorrectly classified as investments. The comparative in these financial statements has been corrected. This does not impact the previously stated surplus, total comprehensive income or net assets.