

GARDEEN HOUSING ASSOCIATION LIMITED
REPORT and FINANCIAL STATEMENTS
For the year ended 31 March 2022



GARDEEN HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2022

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GARDEEN HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS

For the year ended 31 March 2022

MANAGEMENT COMMITTEE

M Leat	Chairperson
C Brewer	Vice Chair
S Lack	Treasurer
M Smith	Secretary
C Brown	
K Bavidge	
F Bowman	
R Cowan	
G Ferguson	
W Hughes	(Resigned 1 April 21)
M McDevitt	
R O'Malley	

EXECUTIVE OFFICERS

Roslyn Crawford	Director
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REGISTERED OFFICE

32 Garlieston Road
Barlanark
Glasgow
G33 4UD

EXTERNAL AUDITORS

Chiene + Tait LLP
Chartered Accountants and
Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

INTERNAL AUDITORS

Alexander Sloan
Chartered Accountants
180 St Vincent Street
Glasgow
G2 5SG

FINANCE AGENTS

FMD Financial Services Ltd
Unit 29
Ladyloan Place
Drumchapel
G15 8LB

BANKERS

Royal Bank of Scotland
1304 Duke Street
Glasgow
G31 5PZ

SOLICITORS

BTO
48 St Vincent Street
Glasgow
G2 5HS

SOLICITORS

Kelly & Co
184 Abercromby Street
Glasgow
G40 2RZ

SOLICITORS

T C Young
7 West George Street
Glasgow
G2 1BA

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE

For the year ended 31 March 2022

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

Legal Status

Gardeen Housing Association Limited is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2326R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC037681.

Principal Activities

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

Review of Business and Future Developments

The Management Committee of Gardeen Housing Association has faced another challenging year as a result of the Covid-19 pandemic. Tenants have been impacted through redundancy, ill health and loss of income. The impact of higher energy costs is also impacting on tenants. The collection of rental income and management of voids remains a key focus for Gardeen Housing. The Association has performed well in these areas when compared to our peers. Voids times have increased as a result of social distancing and additional health and safety checks.

The Management Committee remains committed to providing a costed programme of planned maintenance and improvements. Brexit is likely to increase costs for the Association as procurement costs increase and this will continue to be monitored by the Management Committee. There are also new challenges as a result of increasing inflation and interest rates, resulting in higher costs. Gardeen staff have adopted a hybrid pattern of work and this will continue as long as performance and satisfaction levels remain high. The Management Committee are focused on providing a local bespoke service to tenants and have worked with external advisers to update the financial projections to ensure that Gardeen is fit for purpose for the future.

The members of the Management Committee are pleased to confirm that the state of the financial affairs of Gardeen Housing Association is satisfactory. Prior to adjustments arising from the pension scheme, the surplus for the year was £130,454. However, favourable pension adjustments of £212,052 resulted in a final surplus for the year of £342,507. The Management Committee notes that the Association shows a satisfactory position with net assets of £2.491m.

The Management Committee has also complied with all Scottish Housing Regulator, OSCR and FCA requirements.

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (Continued)

For the year ended 31 March 2022

Structure, governance and management

The Association is controlled by a Management Committee. The members of the Management Committee and the Executive Officers are listed on Page 1.

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

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Risk management

The Association has an active risk management process, with policies, risk matrix map and a business continuity plan. All major risks are considered so mitigating action can be planned.

Key risks include: Internal risks - loss of key staff or committee personnel, fraud, health & safety failures; and these are mitigated by robust policies, procedures, and a range of audits. External risks include: - welfare reform impacts, Covid-19 pandemic, changes in regulatory requirements, data loss/cyber-security issues and these are mitigated by close attention to external information and advice, active membership of representative bodies and obtaining best practice advice on IT security and data protection matters.

Maintenance policies

The Association aims to maintain its properties to a high standard. To this end programmes of cyclical maintenance are carried out alongside programmes of major repairs to cover for such works. Key identified components are capitalised when replaced.

Treasury management

The Association, as a matter of policy, does not enter into transactions of a speculative nature. The surplus funds are managed carefully using long established banks or building societies. Committee members attend treasury management training on an annual basis.

Equalities

Applications for employment are given full and fair consideration for all vacancies in accordance with equalities legislation and information is collected and reported on the protected characteristics. It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

Training

The Committee members are aware of their responsibilities and have undertaken a range of training to ensure that they have the updated skills to make decisions in the best interests of the Association. Training has included insurance and risk, practical governance and regulation. Each Committee member undertakes an annual review to discuss and plan training requirements.

Reserves

The Association needs to have reserves to ensure the organisation can function into the future and meet its future liabilities, including the major repairs and investment needs of its properties. The revenue reserve of £2.49m reflects primarily the past investment in the housing stock and reserves for future major repairs. The Association has a cash level of £1.07m to support its future plans and operating requirements. The Association reviews its maintenance spending plans regularly and re-assesses them in relation to reserves and cash flows. The Management Committee projects that total reserves at 31 March 2023 are likely to be £2.563m.

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (Continued)

For the year ended 31 March 2022

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Act 2014 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 surplus or deficit of the Association for that period. In preparing those 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;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

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 them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements – 2019. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

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:

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

Donations

During the year the Association made charitable donations amounting to £700 (2021 - £1,050).

The Report of the Management Committee has been approved on behalf of the Management Committee by



Margaret smith (Aug 8, 2022 12:33 GMT+1)

M SMITH
Secretary

Date: Aug 8, 2022

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2022

Statement on Internal Financial Control

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

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

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

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee 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 Committee;
- the Management Committee 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 Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has 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 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.

BY ORDER OF THE MANAGEMENT COMMITTEE


Margaret smith (Aug 8, 2022 12:33 GMT+1)

M SMITH
Secretary

Date: Aug 8, 2022

**REPORT by the AUDITORS to the MEMBERS OF
GARDEEN HOUSING ASSOCIATION LIMITED on
CORPORATE GOVERNANCE MATTERS**



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

Basis of Opinion

We carried out our review having regard to the requirements 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 Association'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 6 has provided the disclosures required by the relevant Regulatory Standards within the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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


Jeremy Chittleburgh (Aug 12, 2022 12:07 GMT+1)

**Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL**

Date: Aug 12, 2022



Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2022 and of 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.

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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Management Committee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Management Committee.

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:

- 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 Management Committee's Responsibilities as set out on Page 3, the Management Committee are 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 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 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 intends to liquidate the Association 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Association and the industry in which it operates and considered the risk of acts by the Association which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Housing SORP 2018, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland) Act 2010.

We focused on laws and regulations that could give rise to a material misstatement in the Association's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the members;
- review of minutes of board meetings throughout the period;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GARDEEN HOUSING ASSOCIATION LIMITED (continued)**



Use of our report

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


[Jeremy Chittleburgh](#) (Aug 12, 2022 12:07 GMT+1)

CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Date: Aug 12, 2022

GARDEEN HOUSING ASSOCIATION LIMITED

STATEMENT of COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	£	2022 £	£	2021 £
Revenue	2		1,348,816		1,333,348
Operating Costs	2		(1,206,315)		(1,176,757)
Operating surplus			142,502		156,591
Interest receivable and other income		813		3,831	
Interest payable and similar charges	7	(7,861)		(8,579)	
Other finance charges		(5,000)		1,000	
			(12,048)		(3,748)
Surplus before other comprehensive income			130,454		152,843
Other Comprehensive Income					
Actuarial gain/(losses) in respect of pension scheme	21		212,052		(339,948)
Surplus/(deficit) for the year	8		342,507		(187,105)

All amounts relate to continuing operations.

The notes on pages 15 to 27 form part of these financial statements

GARDEEN HOUSING ASSOCIATION LIMITED

STATEMENT of FINANCIAL POSITION

As at 31 March 2022

	Notes	£	2022 £	£	2021 £
Non-current assets					
Housing properties – depreciated cost	10(a)		8,164,127		8,576,040
Other non-current assets	10(b)		115,605		125,556
			-----		-----
			8,279,732		8,701,596
Current assets					
Receivables	11	52,857		22,698	
Cash at bank and in hand		1,070,276		1,006,935	
			-----		-----
			1,123,133		1,029,633
Creditors: amounts falling due within one year	12	(242,330)		(238,996)	
			-----		-----
Net current assets			880,803		790,637
			-----		-----
Total assets less current liabilities			9,160,535		9,492,233
			-----		-----
Creditors: amounts falling due after more than one year	13		(711,003)		(1,106,647)
			-----		-----
Deferred income					
Social Housing grants	15		(5,958,688)		(6,237,246)
			-----		-----
Net assets			2,490,844		2,148,340
			=====		=====
Equity					
Share capital	16		71		74
Revenue reserves			2,490,773		2,148,266
			-----		-----
			2,490,844		2,148,340
			=====		=====

The financial statements were approved by the management Committee and authorised for issue and signed on their behalf on _____.

 M,leat (Aug 8, 2022 19:09 GMT+1) Chairperson – M Leat
 Sarah Lack (Aug 11, 2022 13:10 GMT+1) Treasurer – S Lack
 Margaret smith (Aug 8, 2022 12:33 GMT+1) Secretary – M Smith

The notes on pages 15 to 27 form part of these financial statements.

GARDEEN HOUSING ASSOCIATION LIMITED

STATEMENT of CASH FLOWS

For the year ended 31 March 2022

	Notes	2022	2021
		£	£
Net cash inflow from operating activities	14	214,458	260,404
Investing activities			
Acquisition and construction of properties		(18,457)	(12,082)
Purchase of other fixed assets		(3,312)	(2,244)
Net cash outflow from investing activities		(21,769)	(14,326)
Financing activities			
Interest received on cash and cash equivalents		813	3,831
Interest paid on loans		(7,861)	(8,579)
Loan principal repayments		(122,298)	(124,329)
Share capital issues		-	7
Share capital cancelled		(3)	(20)
Net cash outflow from financing activities		(129,349)	(129,090)
Increase in cash		63,341	116,988
Opening cash and cash equivalents		1,006,935	889,947
Closing cash and cash equivalents		1,070,276	1,006,935
Cash and cash equivalents as at 31 March		1,070,276	1,006,935

Analysis of Changes in Net Debt

	2021	Non-cash Changes			2022
		Cash Flows	Finance Leases	Other Changes	
	£	£	£	£	£
Long-term borrowings	(831,647)	125,644	-	-	(706,003)
Short-term borrowings	(115,600)	(3,346)	-	-	(118,946)
Total liabilities	(947,247)	122,298	-	-	(824,949)
Cash and cash equivalents	1,006,935	63,341	-	-	1,070,276
Total net debt	59,688	185,639	-	-	245,327

The notes on pages 15 to 27 form part of these financial statements.

GARDEEN HOUSING ASSOCIATION LIMITED

STATEMENT of CHANGES IN EQUITY

As at 31 March 2022

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2021	74	2,148,266	2,148,340
Issue of shares	-	-	-
Cancellation of shares	(3)	-	(3)
Surplus for the year	-	342,507	315,879
	-----	-----	-----
Balance as at 31 March 2022	71	2,490,773	2,490,844
	=====	=====	=====

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2020	87	2,335,371	2,335,458
Issue of shares	7	-	7
Cancellation of shares	(20)	-	(20)
Surplus for the year	-	(187,105)	(187,105)
	-----	-----	-----
Balance as at 31 March 2021	74	2,148,266	2,148,340
	=====	=====	=====

1. Principal accounting policies

Statement of Compliance

The financial statements of 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' (FRS102) (United Kingdom Generally Accepted Accounting Practice), the Housing SORP 2018 'Statement of Recommended Practice for Registered Housing Providers' and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention, modified to include certain financial instruments at fair value.

The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102. These financial statements represent the results of the Association only and are presented in Pounds Sterling (GBP).

Going concern

The Management Committee anticipate that a surplus will be generated in the year to 31 March 2022. The Association has healthy cash and net current asset position and thus the Management Committee are satisfied that there are sufficient resources in place to continue operating for the foreseeable future. The Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue

The Association recognises rent receivable net of losses from voids.

Government Grants are released to income over the expected useful life of the asset to which it relates.

Retirement Benefits

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

It has become possible to identify the share of underlying assets and liabilities belonging to individual participating employers as at 31 March 2021 and the scheme is now accounted for as a defined benefit plan, as opposed to defined contribution, for the benefit of its employees. No new benefits have been introduced and there is no change to the benefits themselves.

A liability for the Association's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

1. Principal accounting policies (continued)

Valuation of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association 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 10. 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
Roofs	50 years
Structure	50 years
Electrics	40 years
Doors	30 – 35 years
Windows	30 years
Radiators	26 years
Bathrooms	25 years
Kitchens	15 years
Boilers	13 years

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	over 30 years
Office Equipment	20% straight line

The carrying values 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 they relate.

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.

Sales of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Taxation

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

1. Principal accounting policies (continued)

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying the Association'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 Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

b) Life Cycle of Components

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

c) Useful life of properties, plant and equipment

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

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

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

b) Identification of cash generating units

The Association 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 Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Management Committee, 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

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

Financial Instruments - Basic

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

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

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

2. Particulars of turnover, operating costs and operating surplus or deficit from affordable letting and other activities

	Turnover £	Operating Costs £	2022 Operating surplus/ (deficit) £	Turnover £	Operating Costs £	2021 Operating surplus/ (deficit) £
Affordable letting activities (note 3)	1,347,882	1,202,488	145,394	1,332,427	1,144,334	188,093
Other activities (note 4)	934	3,827	(2,893)	921	32,423	(31,502)
	<u>1,348,816</u>	<u>1,206,315</u>	<u>142,501</u>	<u>1,333,348</u>	<u>1,176,757</u>	<u>156,591</u>

3. Particulars of income and expenditure from affordable letting activities

	2022 £	General Housing Needs 2021 £
Revenue from lettings		
Rent receivable	1,029,531	1,014,315
	<u>1,029,531</u>	<u>1,014,315</u>
Gross income from rent and service charges		
<u>Less:</u> Rent losses from voids	(712)	(602)
Net rents receivable	<u>1,028,819</u>	<u>1,013,713</u>
Grants released from deferred income	278,559	278,124
Other revenue grants	40,505	40,590
	<u>1,347,882</u>	<u>1,332,427</u>
Total turnover from affordable letting activities		
Expenditure on affordable letting activities		
Management and maintenance administration costs	462,121	412,943
Estate costs	64,968	57,166
Planned and cyclical maintenance including major repairs	118,499	128,825
Reactive maintenance costs	125,726	113,626
Bad debts – rents and service charges	803	405
Depreciation of affordable let properties	430,371	431,369
	<u>1,202,488</u>	<u>1,144,334</u>
Operating costs of affordable letting activities		
Operating surplus on affordable letting activities	<u>145,394</u>	<u>188,093</u>

4. Particulars of revenue, operating costs and operating surplus or deficit from other activities

	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating surplus/ (deficit) 2022 £	Operating surplus/ (deficit) 2021 £
Wider role activities	-	-	-	183	(183)	(8,640)
Support activities	-	-	-	-	-	(22,027)
Factoring	934	934	-	934	-	-
Rechargeable repairs	-	-	2,710	-	(2,710)	(835)
	-----	-----	-----	-----	-----	-----
	934	934	2,710	1,117	(2,893)	(31,502)
	=====	=====	=====	=====	=====	=====
2021	921	921	835	31,588	(31,502)	
	=====	=====	=====	=====	=====	

5. Officers' emoluments

The officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association. Key management personnel consist of the Management Committee and the Director. During the year, a period of cover for the Director was provided by the Senior Housing Officer. Emoluments for this period are included in total emoluments for key management personnel.

No officer of the Association received emoluments greater than £60,000

	2022 £	2021 £
Emoluments payable to Director (excluding pension contributions)	59,334	58,863
	=====	=====
Total emoluments paid to key management personnel	66,810	83,094
	=====	=====

6. Employee information

	2022 No.	2021 No.
Average monthly number of full time equivalent persons employed during the year	6	6
	=====	=====
Average total number of employees employed during the year	6	6
	=====	=====

Staff costs

	£	£
Wages and salaries	199,794	205,762
Social Security costs	13,401	13,694
Other pension costs	27,837	34,409
Pensions – remeasurement	-	(2,311)
	-----	-----
	241,033	251,553
	=====	=====

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

7. Interest payable and similar charges	2022	2021
	£	£
Bank loans and overdrafts	7,861	8,579
	=====	=====
8. Surplus for the year	2022	2021
	£	£
Surplus for the year is stated after charging:		
Depreciation – tangible owned fixed assets	443,633	443,969
Auditors' remuneration – audit services	8,800	8,000
	=====	=====

9. Tax on surplus on ordinary activities

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

	Housing Properties Held for letting £
10. Non-current assets	
(a) Housing properties	
Cost	
As at 1 April 2021	16,887,439
Additions	18,457
Disposals	(11,229)

As at 31 March 2022	16,894,668

Depreciation	
As at 1 April 2021	8,311,399
Charge for year	430,371
Disposals	(11,229)

As at 31 March 2022	8,730,541

Net book value	
As at 31 March 2022	8,164,127
	=====
As at 31 March 2021	8,576,040
	=====

Additions to housing properties include capitalised major repair costs to existing properties of £18,457 (2021: £12,082). All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £262,682 (2021: £254,532).

The amount capitalised is £18,457 (2021: £12,082) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £18,457 (2021: £12,082) and improvement of £Nil (2021: £Nil).

The Association's Lenders have standard securities over Housing Property with a carrying value of £5,557,062 (2021: £5,822,071).

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

10. Non current assets	Office premises	Furniture and equipment	Total
	£	£	£
(b) Other tangible assets			
Cost			
As at 1 April 2021	213,825	47,984	261,809
Additions	-	3,311	3,311
	-----	-----	-----
As at 31 March 2022	213,825	51,295	265,120
	-----	-----	-----
Aggregate depreciation			
As at 1 April 2021	101,134	35,119	136,253
Charge for year	7,127	6,135	13,262
	-----	-----	-----
As at 31 March 2022	108,261	41,254	149,515
	-----	-----	-----
Net book value			
As at 31 March 2022	105,564	10,041	115,605
	=====	=====	=====
As at 31 March 2021	112,690	12,865	125,556
	=====	=====	=====
11. Receivables: Amounts falling due within one year		2022	2021
		£	£
Arrears of rent and service charges		7,178	8,511
<u>Less:</u> Provision for doubtful debts		(2,850)	(2,850)
		-----	-----
Other receivables		4,328	5,661
		48,529	17,037
		-----	-----
		52,857	22,698
		=====	=====
12. Payables: amounts falling due within one year		2022	2021
		£	£
Housing loans		118,946	115,600
Trade payables		37,920	42,674
Rent received in advance		63,280	56,477
Other payables		22,184	24,245
		-----	-----
		242,330	238,996
		=====	=====

At the balance sheet date there were pension contributions due of £9,458 (2021: £8,548).

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

13. Payables: amounts falling due after more than one year	2022	2021
	£	£
Liability for past service contributions	5,000	275,000
Housing loans	706,003	831,647
	-----	-----
	711,003	1,106,647
	=====	=====
Housing loans		
Amounts due within one year	118,946	115,600
Amounts due in one year or more but less than two years	117,497	118,600
Amounts due in two years or more but less than five years	281,768	346,416
Amounts due in more than five years	306,738	366,631
	-----	-----
	824,949	947,247
<u>Less:</u> Amounts shown in current liabilities	118,946	115,600
	-----	-----
	706,003	831,647
	=====	=====

Housing loans are secured by specific charges on the Association's properties. Loans are repayable at current rates of interest ranging from SONIA +0.45% to Base Rate +0.9%.

14. Statement of cash flows	2022	2021
	£	£
Operating surplus	142,502	156,591
Depreciation	443,633	443,969
Amortisation of capital grants	(278,559)	(278,124)
Change in debtors	(30,159)	(213)
Change in creditors	(11)	2,128
Net pension liability movement (excluding actuarial)	(63,486)	(61,637)
Staff service cost adjustment	538	(2,310)
	-----	-----
Net cash inflow from operating activities	214,458	260,404
	=====	=====

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

	Housing Properties Held for letting £
15. Deferred income	
Social housing grants	
As at 1 April 2021	12,731,567
Additions in the year	-
Eliminated on disposal of components and property	(4,207)

As at 31 March 2022	12,727,360

Amortisation	
As at 1 April 2021	6,494,322
Amortisation in year	278,006
Disposals	(3,656)

As at 31 March 2022	6,768,672

Net book value	
As at 31 March 2022	5,958,688
	=====
As at 31 March 2021	6,237,246
	=====

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

	2021	2021
	£	£
Amounts due within one year	278,559	278,096
Amounts due in one year or more	5,680,129	5,959,150
	-----	-----
	5,958,688	6,237,246
	=====	=====

16. Share capital	2022	2021
	£	£
Shares of £1 each issued and fully paid		
As at 1 April 2021	74	87
Issued in year	0	7
Cancelled in year	(3)	(20)
	-----	-----
At 31 March 2022	71	74
	=====	=====

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.

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

17. Housing stock	2022	2021
	No.	No.
The number of units of accommodation in management at the year end was:		
General needs – new build	129	129
General needs – rehabilitation	124	124
	-----	-----
	253	253
	=====	=====

18. Related party transactions

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

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

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

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

	2022	2021
	£	£
Rent charged to tenants on the Management Committee and their close family Members	61,185	58,683
	=====	=====
Factoring charges to factored owners on the Management Committee	244	306
	=====	=====

At the year end total arrears owed by the tenant members on the Management Committee and their close family were £188 (2021: £60).

	2022	2021
	No.	No.
Members of the Management Committee who are tenants	9	9
	=====	=====
Members of the Management Committee who are owner occupiers	-	-
	=====	=====

19. Details of Association

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

The Association's principal place of business is 32 Garlieston Road, Barlanark, Glasgow.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Glasgow.

20. Management Committee Member emoluments

Management Committee members received £Nil (2021: £419) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

21. Retirement benefit obligations

General

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which runs to 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

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

	2022	2021
	£	£
Fair value of plan assets	2,611,000	2,562,000
Present value of defined benefit obligation	(2,616,000)	(2,837,000)
	-----	-----
Defined benefit liability	(5,000)	(275,000)
	=====	=====

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

21. Retirement benefit obligations (cont.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2022
	£
Defined benefit obligation at start of period	2,837,000
Current service cost	0
Expenses	2,000
Interest expense	62,000
Member contributions	0
Actuarial gains due to scheme experience	(12,000)
Actuarial losses due to changes in demographic assumptions	8,000
Actuarial losses due to changes in financial assumptions	(244,000)
Benefits paid & expenses	(37,000)

Defined benefit obligation at end of period	2,616,000
	=====

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

	2022
	£
Fair value of plan assets at start of period	2,562,000
Interest income	57,000
Experience on plan assets (excluding amounts included in interest income) - gain	(36,000)
Employer contributions	65,000
Member contributions	0
Benefits paid & expenses	(37,000)

Fair value of plan assets at end of period	2,611,000
	=====

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £21,000.

Defined benefit costs recognised in statement of comprehensive income

	2022
	£
Current service cost	0
Expenses	(2,000)
Net interest expense	(5,000)

Defined benefit costs recognised in statement of comprehensive income	(7,000)
	=====

GARDEEN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

21. Retirement benefit obligations (cont.)

Defined benefit costs recognised in other comprehensive income

	2022
	£
Experience on plan assets (excluding amounts included in net interest cost) - gain	36,000
Experience gains and losses arising on the plan liabilities - loss	(12,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – loss	8,000
Actuarial losses due to changes in financial assumptions	(244,000)
Rounding	(52)

Total amount recognised in other comprehensive income - loss	(212,052)
	=====

In May 2021 the Scheme Trustee (TPT Retirement Solutions) notified employers of a review of historic scheme benefit changes, and this review has raised legal questions regarding whether and when some historic benefit changes should take effect, the outcome of which could give rise to an increase in liabilities for some employers. The Scheme Trustee has determined that it is prudent to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before late 2024 at the earliest.

On 4 May 2022 the Scheme Trustee issued an update to employers which included an estimate of the potential total additional liabilities at total scheme level, on a Technical Provisions basis. However, until Court directions are received, it is not possible to calculate the impact of this issue on an individual employer basis with any accuracy. As a result of this no allowance will be made for this within the accounting disclosures included in this note.