

# **COMMUNITIES HOUSING TRUST**

**(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)**

**REPORT OF DIRECTORS AND FINANCIAL STATEMENTS**

**31 March 2023**

**Company number SC182862  
Charity number SC027544**

**Communities Housing Trust**  
**(Company Limited by Guarantee and not having a Share Capital)**  
**The Report of the Trustees for the year ended 31 March 2023**

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**Communities Housing Trust**  
**(Company Limited by Guarantee and not having a Share Capital)**  
**Board of Trustees and Advisors for the year ended 31 March 2023**

**Board of Trustees**

Julia Campbell	
Alasdair Christie	Resigned 11/05/2022
John Fotheringham	
Jennifer Hodgson	
Corrine Mackay	Resigned 20/04/2022
Ronald Macwilliam	Resigned 11/05/2022
Alex Matheson	
Peter Mcluckie	Resigned 23/09/2022
Audrey Sinclair	
Agnes Sliman	
Brendan O'Hanrahan	
Blair Allan	
Alistair Danter	
Lesley McInnes	Appointed 14/09/2022
John O'Donnell	Appointed 24/10/2022
William Steele	Appointed 25/10/2022
Louise Cook	Appointed 15/05/2023

**Secretary and Registered Office**

Ronald MacRae  
Suite 4, Second Floor  
Moray House, Bank Street  
Inverness  
Scotland  
IV1 1QY

**Bankers**

Triodos Bank  
Brunel House  
11 The Promenade  
Bristol  
BS8 3NN

**Solicitors**

Andrew A Murchison  
5 Ardross Terrace  
Inverness  
IV3 5NQ

**Auditors**

A9 Accountancy Limited  
Chartered Accountants and Statutory Auditors  
Elm House  
Cradlehall Business Park  
Inverness  
IV2 5GH

**Communities Housing Trust**  
**(Company Limited by Guarantee and not having a Share Capital)**  
**The Report of the Trustees for the year ended 31 March 2023**

The Trustees present their report and the audited financial statements for the year to 31 March 2023. The Company is recognised by the Inland Revenue as a Scottish Charity (charity reference number SC027544).

**Principal Activities**

- (1) To provide, or assist in the provision of housing for persons in necessitous circumstances, in the Highlands and Islands Electoral Region of the Scottish Parliament or such other area that may replace it ("the Primary Operating Area") and outside the said Highlands and Islands Electoral Region but always within Scotland ("the Secondary Operating Area")
- (2) To relieve the needs of persons suffering from mental or physical disability, illness or impairment or old age, through the provision, or assistance in the provision, of housing specially adapted to meet their requirements, primarily, but not exclusively, in the Primary Operating Area.
- (3) To promote education, particularly in the field of housing, primarily, but not exclusively, in the Primary Operating Area.
- (4) To promote, establish, operate and/or support schemes and projects of a charitable nature, which promote inclusion, sustainability and wellbeing, provided always that these are not dealt with on a commercial basis, for the benefit of communities in the Primary and Secondary Operating Areas.
- (5) To promote the advancement of citizenship or community development (including rural or urban regeneration and the promotion of civic responsibility, volunteering, the voluntary sector or the effectiveness or efficiency of charities) in the Primary and Secondary Operating Area.

To achieve this, the Trust works in partnership with the public sector, housing associations, the communities we seek to support and the private sector. The Outputs and Performance Report is enclosed within these papers on pages 6 to 10.

**Reserves Policy**

The Trust has undertaken a review of its reserves policy during the year. The Trust has set up as a restricted reserve, the grants it has received for "the purchase of land for development purposes". This reserve, being restricted, can only be spent in the furtherance of affordable housing provision.

The Trust has also identified as a designated reserve the surpluses made on the sale of land over the past few years. This reserve is able to be utilised by the Board of Trustees to meet CHT's core objectives.

**Risk Management**

The trustees have examined major strategic, business, and operational risks that the charity is susceptible to and confirm that procedures have been put in place to mitigate these risks and controls to provide reasonable assurance against fraud and error.

The trustees have identified that the principal risk they are exposed to is the uncertainty around future funding. The award of core funding for the next three years from The Scottish Government and Nationwide Foundation has mitigated this risk substantially.

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### **(Company Limited by Guarantee and not having a Share Capital) The Report of the Trustees for the year ended 31 March 2023**

Another risk identified is the unprecedented increase in inflation making development even more challenging this has been mitigated by the recent increase in Scottish Government development grants and recognition of the additional grant funding required for small rural and island developments.

Cost of living crisis and tenants not being able to pay their rent mitigated by close monitoring of tenant arrears and advice and support to tenants on accessing financial support if eligible.

The risk management strategy is:

1. Period review of the risks and uncertainties the charity is exposed to
2. Establish policies and procedures to address the risks identified
3. Implement and continue to review the policies

The trustees are confident that these provide reasonable, but not absolute protection against material misstatement and loss.

#### **Key management compensation**

No trustees have been paid any remuneration in the year. The key management personnel of the charity is made up of two members of the Leadership Team. Their initial salary was based on a benchmarking exercise before they were appointed and progression on their salary scale and inflationary uplifts to their salaries have been subject to performance reviews by the Board. Inflationary uplifts are based on EVH increases and are agreed by the Board.

#### **Nature of governing documents**

The main documents which set out the operational framework for the charity are the Memorandum and Articles.

The charity is governed by its Board of Trustees and day to day running of the charity is delegated to Ronnie MacRae, Chief Executive Officer. This is done within the context of the policies and procedures as agreed by the Board.

#### **State of Affairs**

The results for the year are set out in the attached accounts and explained in the following Output and Performance Report.

**Communities Housing Trust**  
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**The Report of the Trustees for the year ended 31 March 2023**

**Review of year-end financial position**

The trustees have had ongoing discussions with The Scottish Government regarding core funding. The Scottish Government and Nationwide Foundation have now committed to providing funding for the next three years which will greatly assist the charity and ensure it does not need to deplete its own unrestricted reserves going forward.

The charity had a surplus of £443,330 in the year compared to a deficit of £288,638. This was because of the receipt of capital grants for housing development.

The charity continues to expand its scope of work in its progress towards sustainability and reducing reliance on grant aid.

The results of the year are set out in the attached accounts and explained in the following Output and Performance Report.

**Unrestricted reserves policy:**

Unrestricted reserves comprise

- Designated Reserve - Landbanking Fund: comprises the surpluses made on the sale of land over the years. This reserve can be utilised by the Board of Trustees to meet CHT's core objectives to assist communities and their associated housing need.
- Revenue Reserve: comprises the surpluses made on rental properties and on activities other than Landbanking and other distinct projects

Provision within this reserve is made to cover the following:

- Minimum of three months' salary, associated pension costs and potential redundancy costs
- Office rent and equipment rent as required by contracts
- Rental properties maintenance and sinking funds
- Any other such cost that may arise in connection with CHT's activities

The trustees determine that the reserves to cover the above costs would be £344,234. At 31 March 2023, unrestricted reserves were £277,721 and therefore the reserves policy is not being met. In the absence of core funding being in place the charity had to subsidise early stage works itself and this depleted reserves. However, the grant funding secured for the next three years as discussed in the financial review will allow the charity to rebuild its reserves to a more secure position.

**Levels of funds held**

Reserves currently stand at £4,115,980 (2022 - £3,705,650), of this £3,838,259 are restricted (2022 - £3,256,037).

## **Communities Housing Trust**

### **(Company Limited by Guarantee and not having a Share Capital) The Report of the Trustees for the year ended 31 March 2023**

The unrestricted reserves, excluding Cashback reserve (as required by the Rent to Buy Scheme), and Sinking Fund for properties, provides 6 months cover for costs as required by the Reserves Policy.

We aim to develop land-banked sites to provide rental properties in some of the more remote communities and to explore the most efficient use of land that has proved difficult to develop in the past as well as secure new development opportunities to make the most effective use of current grant funding opportunities.

We aim to explore options which can support our drive towards sustainability.

#### **Plans for future period**

We will continue to work with fragile communities and people vulnerable to issues such as increasing house prices, homelessness, lack of tenancy security, fuel poverty, special needs and age-related challenges. We will work with key stakeholders to ensure the best outcomes for communities.

We will support community-led organisations to address the unique needs of their area, from the initial recognition of housing requirement and its link to economic and social viability, through to the completion of required housing with appropriate tenures for local incomes and making the best use of available grants.

It is CHT's objective to provide its services to a greater number of communities. The current opportunities arising from recent legislation on community empowerment and the availability of community specific grants has resulted in a growing demand for our expertise and we are confident in our ability to provide the support required.

#### **Recruitment and Appointment of Trustees**

Various organisations have the right to nominate Trustees to the Trust. These are the Highland Council, Albyn Housing Society Limited, Lochaber Housing Association Limited, Lochalsh and Skye Housing Association Limited, Pentland Housing Association Limited, the Scottish Crofting Foundation and Scottish Land and Estates. Community

Councils may nominate members of Community Councils and vote for six Trustees to be appointed annually at the AGM. Up to an additional four independent Trustees can be appointed by the members at AGM.

#### **Induction and Training of Trustees**

The Trust undertakes an induction process for all new Trustees and regularly reviews the skills and training requirements of the Trustees.

## Communities Housing Trust

### (Company Limited by Guarantee and not having a Share Capital) The Report of the Trustees for the year ended 31 March 2023

#### Board of Trustees

The Board of Trustees who served during the year are as follows:-

Julia Campbell	
Alasdair Christie	Resigned 11/05/2022
John Fotheringham	
Jennifer Hodgson	
Corrine Mackay	Resigned 20/04/2022
Ronald Macwilliam	Resigned 11/05/2022
Alex Matheson	
Peter Mcluckie	Resigned 23/09/2022
Audrey Sinclair	
Agnes Sliman	
Brendan O'Hanrahan	
Blair Allan	
Alistair Danter	
Lesley McInnes	Appointed 14/09/2022
John O'Donnell	Appointed 24/10/2022
William Steele	Appointed 25/10/2022
Louise Cook	Appointed 15/05/2023

None of the trustees have an interest in the Trust as the Company is limited by Guarantee.

#### Auditors

A9 Accountancy Limited have been appointed in accordance with Section 487(2) of the Companies Act 2006.

#### Small company provisions

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The annual report was approved by the trustees of the charity on 24/08/23 and signed on its behalf by:



.....  
Ronald MacRae  
Secretary



**Communities Housing Trust**  
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**Output and Performance Report for the year ended 31 March 2023**

This past year has been another challenging year as so many third sector organisations have experienced. In addition to the ongoing impact of Brexit, we have seen an unprecedented increase in inflation making development even more challenging. Like many organisations, CHT's team have adapted to hybrid working and Zoom and Teams meetings have continued as an efficient use of time and resources in our work in supporting communities and developing projects and, importantly, reducing our environmental impact. Board meetings are held via Zoom with an option for board members and attend in the office and to meet with the team. Recognition is due to the team and board for the accomplishments of this year.

The interest and confidence in community-led housing is growing as more community developments have completed. Our social media presence remains strong with increased followers and interaction year on year. This audience has grown to 10,907 (up 18% on last year) and our posts have been viewed 771,000 times this year (up 10% on last year). Engagement remains very high at 12% on Facebook (where 2% is considered good) and 4% on Twitter (where 1% is considered good). As well as social media platforms to inform and raise awareness, staff have attended or presented at various regional and national events and conferences, such as CIH Scotland's Regeneration Nation workshop, DTAS conference and the Scottish Empty Homes Conference. We have received significant regional and national news coverage (over 80 pieces), regularly featuring in the national press such as the BBC online and radio, The National, The Herald and others.

Our community partnered projects received 5 national and international awards this year:

- Winner of More Than A Roof category at the European Responsible Housing Awards, part of the International Social Housing Festival in Helsinki, Finland organised by Housing Europe
- Excellence in Regeneration & Sustainability, at the Chartered Institute for Housing Scotland's awards
- Housing & Regeneration winner at the SURF Awards (Scotland's Regeneration Forum)
- Community Contribution winner at the Scottish Home Awards
- Best Project Overall at the Highlands & Islands Architectural Association Awards

We also received a further 3 short-listings at the SURF Awards, Scottish Land & Estates Awards, and the Scottish Civic Trust awards, receiving a commendation.

In recognition of the European Responsible Housing Award for the regeneration of Achtercairn in Gairloch, Ariane Burgess MSP raised a Parliamentary motion in June 2022 which was supported by a further 15 MSPs.

In September 2022 we also launched a free online resource for communities, a Routemap to Community Led Housing funded by the Nationwide Foundation, comprising of written guidance plus case study films for each main stage of the process. The films were made in partnership with and by the communities concerned. The resources can be viewed and downloaded on our website and have received 300 views since the launch. We have seen interest in the community-led housing online information almost double since the launch of the Routemap, with interest not dropping off over time – in fact still rising slowly.

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**Report Output and Performance Report for the year ended 31 March 2023**

**Progress to self- sustainability**

As reported last year, we continue to work towards being as self-sustaining as possible. Our work providing general advice, initial engagement with communities and developing solutions to address the inherent challenges in remote and rural development is resource intensive. These activities are a vital function which allows us to guide and support communities assess their ambitions and to find ways to develop financially viable projects. This service makes a significant contribution to Scottish Government's and Local Authorities targets for affordable housing and ensures that smaller communities housing needs are met, especially where there is a high proportion of holiday lets and second homes. Since 2019-2020, we have been supported by the Nationwide Foundation but have not received core revenue funding from public agencies to provide this service. Discussions with Scottish Government have progressed with a three-year partnership funding package with Nationwide Foundation to provide grant funding for both CHT and SOSCH finalised in June 2023.

We would like to thank The Nationwide Foundation for their continuing financial support and for their flexible and proactive approach to supporting CHT.

**Supporting communities: grant funding success**

This year CHT successfully supported 28 community organisations to secure almost £1.8 million grant funding from the Scottish Land Fund (SLF), the Rural & Islands Housing Fund (RIHF) and other grant making bodies to take forward their housing and community developments. These grants will contribute to the provision of both affordable homes and other community assets and CHT is likely to provide development support through to completion.

One example is a joint development with the Glengarry Community Woodlands (GCW) in Invergarry where CHT and GCW purchased land from Forestry & Land Scotland to address the housing need and local demand demonstrated through housing and community needs surveys alongside community consultations. CHT will develop the first phase providing four homes for social rent and two woodland crofts with croft houses of different tenures, i.e., rent and discounted sale. The croft and croft house sold at a discount will be protected in perpetuity with a Rural Housing Burden ensuring it remains in community control. The second phase will see Glengarry Community Woodlands deliver further woodland crofts with croft houses or self-build plots also protected with a Rural Housing Burden.

**Supporting communities: scale**

The challenges in development through labour supply and inflation has continued to delay construction but 4 developments of 23 homes completed this year, in:

- Tomintoul – 12 homes for rent and discounted sale for Tomintoul & Glenlivet development Trust
- Bettyhill– 2 homes for discounted sale
- Dornoch– 5 self-build plots for discounted sale homes for Dornoch & District Community Association
- Westray– 4 homes for rent for Westray Development Trust

There are also 5 CHT and CHT supported community-led housing developments on site which will provide 55 properties and 39 projects comprising over 300 homes at various stages in the development process. CHT also has a further 76 early-stage community enquiries which will be taken forward as resources permit and provide a significant number of homes and other community assets.

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A further 62 homes were completed in 5 communities under CHT's development agency services for Lochaber Housing Association and Highland Council.

**Supporting communities: funding schemes updates**

The availability of the SLF and RIHF continues to be the main driver in communities taking forward their own developments, both funds have been extended and RIHF grant levels increased. These grants are key to giving communities the confidence to actively engage in community-led housing developments which will improve their future sustainability. The RIHF is also vital to CHT's ability to develop further homes for rent or discounted sale and serviced self-build plots especially in those communities where RSL's and Local Authorities are not building and communities do not have the capacity to take on housing development.

**Discounted property sales**

Rent to Buy properties are progressing, however we expect a potential slowdown due to the increases in interest rates over the past year. In this financial year, sales were concluded of 11 properties, 5 Rent to Buy Phase 2, 5 Rent to Buy Phase 3 and the final Greener Homes property in Fodderty.

**Rural Housing Burden**

To date, 134 discounted properties have been sold with a Rural Housing Burden (RHB). Spread over 40+ remote and rural communities from Bettyhill to Ballachulish, these are important community assets. CHT has exercised its right of pre-emption on 15 properties offered for sale, with two in this year. These properties were re-allocated to people with strong local connections to their community and shows the strength of the RHB as a means of retaining these properties' affordability and control for the benefit of the community.

The Scottish Government continues support CHT with a Buy Back loan facility of £500,000 to ensure the funds are available to exercise our right of pre-emption.

**Housing people**

2022-23 saw tenants move in to 10 new homes for affordable rent in Tomintoul and Bettyhill as well as two re-lets. Currently, we have 42 homes providing secure tenancies for households in over 26 communities.

Overall, in Highland we are seeing 3-4 times the demand for the properties we have available, based on number of relevant applications.

**Other updates**

As reported last year we continue to provide Development Agency services for Lochaber Housing Association and the Highland Council as well as community organisations mentioned previously.

The Scotland-wide, Self-Build Loan fund, which CHT administers on behalf of The Scottish Government, was wound down in 2022 with the remaining loans being due for repayment within the next 12 months.

The administration of a new fund of £6 million for 3 years with two, one year extensions was put out to tender in 2022. CHT's tender was successful, and we have been appointed as agent for the duration.

The transition has seen a fall in the number of loans to 5 with a value of £827,967. This takes the total number of loans issued to 44 loans with a combined value of £6,371,600 and the demand remains significant.

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**Output and Performance Report for the year ended 31 March 2023**

CHT remains a leading member in the Woodland Croft Partnership spearheading the promotion of the forest croft agenda from Forestry and Land Scotland. The partnership with Glengarry Community Woodlands to develop a pilot scheme to provide woodland crofts of different tenures including a Rural Housing Burden took some steps forward GCW and CHT completing the purchase of their respective sites.

Regeneration grant funding was awarded to CHT to carry out design and planning stages. We continue to operate the Woodland Trust’s bridging finance facility for woodland creation and/or management schemes to qualifying crofters and land managers. The loan fund will continue into 2025.

**Partners**

CHT would not be as effective as it is without the positive working relationships we have with the Scottish Government’s More Homes Division, Local Authorities, Highlands & Islands Enterprise, landowners, RSLs and all the community groups with whom we work. We have also been working closely with South of Scotland Community Housing to formulate a joined-up approach to promoting community led-housing throughout Scotland and lobbying Ministers on related issues.

With the encouragement and support of the Nationwide Foundation, we began a joint monthly blog with South of Scotland Community Housing in January 2022, to share pertinent points on community-led housing with policymakers, communities, and to generally raise the profile of community-led development.

**Summary**

In summary, despite the challenges, CHT has continued to provide an excellent service to communities and support for the increase in community-led housing projects. The Board recognises the stresses caused by the current social and economic challenges and our thanks to the staff should be noted. It is credit to the staff that they have managed to keep projects moving forward and build relationships with new communities looking for solutions to their housing and sustainability needs. We do, however, need to identify additional grant funding to support the early community engagement work and this will be a priority along with monitoring the challenges presented by the on-going Covid pandemic and Brexit.

Annual Outputs	
1. Community feasibility work and support	<ul style="list-style-type: none"> <li>• During this year, we have carried out ten Housing &amp; Community Needs surveys including Scourie, Aviemore, Pitlochry, Glen Orchy, Strathdon and Stratherrick and Foyers.</li> <li>• 76 early-stage enquiries on community-led developments</li> <li>• Carried out 20 feasibility studies and 16 site investigations</li> </ul>
2. Community Development Support	<ul style="list-style-type: none"> <li>• Supported 51 communities to take forward developments</li> <li>• 31 projects in the pre-development stage</li> <li>• 6 projects in the construction phase</li> </ul>

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**Output and Performance Report for the year ended 31 March 2023**

3. Financial Support for communities	<ul style="list-style-type: none"> <li>• Helped 28 communities secure grant funding totaling £1,789,094</li> <li>• 6 of which were through the Scottish Land Fund with a value of £371,532</li> <li>• 11 through the Rural Housing Fund with a value of £1,214,199</li> <li>• 11 through other grant funders with a value of £203,363</li> </ul>
4. Housing Stock and Management	<ul style="list-style-type: none"> <li>• Housing stock of 42 rental properties at year end in 26 different communities</li> <li>• 18 of the properties through the Rent to Buy Scheme</li> <li>• 24 of the properties with Private Rented Tenancy Agreements (plus 17 lets managed on behalf of other organisations)</li> <li>• 10 new homes provided in 2 different communities during the period</li> <li>• 3 relets throughout the year</li> <li>• 22 applications were received for the above 13 lets.</li> </ul>
5. Houses on site	<ul style="list-style-type: none"> <li>• CHT and community-led projects, 55 homes on site in 5 different communities</li> <li>• Development Agency work projects, 62 homes on site in 5 different communities</li> </ul>
6. House and plot sales	<ul style="list-style-type: none"> <li>• 6 Rent to Buy and Greener homes properties sold</li> <li>• 6 RHB Buybacks/Discounted Sales</li> </ul>
7. Self- Build	<ul style="list-style-type: none"> <li>• 3 discounted, serviced self-build plots available in Achabeag</li> <li>• Acting as Rural Housing Body on behalf of Sleat Community Trust, Arisaig Community Trust, Raasay Development Trust, Dornoch &amp; District Development Assoc. and the Knoydart Foundation to sell their discounted plots, 15 plots in total.</li> <li>• As agents for The Scottish Governments Self-Build Loan fund 5 new loans worth £827,967 bringing the totals to 44 loans totalling £6,371,600. These bridge the first phase of the SBLF and the second 5 year phase for which CHT successfully tendered in 2022.</li> </ul>
8. Development Agency Work	<ul style="list-style-type: none"> <li>• Development agent on all LHA projects through 3-year services agreement renewed to 2026</li> <li>• Development Agent for 2 Highland Council Projects</li> <li>• 10 Development Agency Agreements in place to provide services for community groups</li> </ul>
9. Partnership Working & Policy	<ul style="list-style-type: none"> <li>• Attend regular meetings held by The Highland Council and Scottish Government to discuss delivery of the Strategic Housing Investment Plan and enabling more rural and island housing</li> <li>• Liaising with Local Authorities, e.g., Perth &amp; Kinross, Argyll &amp; Bute, Aberdeenshire, Angus, Fife and Moray</li> <li>• Working with South of Scotland Community Housing on strategic approach for lobbying ministers on Community-Led Housing support and surrounding issues</li> <li>• Lobbying to retain both Scottish Land Fund and Rural and Islands Housing Fund</li> <li>• Provided feedback and attended meetings with the Scottish Land Commission on Land for Rural Housing report</li> <li>• Responding to Scottish Government consultations including NPF4</li> </ul>

**Communities Housing Trust**  
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**Statement of Trustees' Responsibilities for the year ended 31 March 2023**

The trustees (who are also the directors of Communities Housing Trust for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Disclosure of information to auditor**

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The annual report was approved by the trustees of the charity on 24/08/23 and signed on its behalf by:



.....  
Ronald MacRae  
Secretary

**Communities Housing Trust**  
**(Company Limited by Guarantee and not having a Share Capital)**  
**Independent Auditor's Report to the Members of Communities Housing Trust**

**Opinion**

We have audited the financial statements of Communities Housing Trust (the 'charity') for the year ended 31 March 2023, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2023 and of its incoming resources and application of resources, including 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 Companies Act 2006.

**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 responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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 the provisions available for small entities, in the circumstances set out in note to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees 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 charity's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

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

**Other information**

The trustees are 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

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**Independent Auditor's Report to the Members of Communities Housing Trust**

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.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 11), the trustees 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 trustees 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 trustees are responsible for assessing the charity'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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

**Auditor 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.



**Communities Housing Trust**  
**(Company Limited by Guarantee and not having a Share Capital)**  
**Independent Auditor's Report to the Members of Communities Housing Trust**

**Extent to which an audit is 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, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- United Kingdom Generally Accepted Accounting Practice
- Companies Act 2006
- Charities and Trustees Investment (Scotland) Act 2005
- VAT legislation
- Health and safety

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management. We corroborated these enquiries through our review of external inspections, relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management oversee the implementation and operation of controls. In areas of the financial statements where risks were considered to be higher, we performed procedures to address each identified risk:

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance;
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.
- Procedures to confirm the existence and completeness of revenue ensuring recognised in line with the company's accounting policies.

Enquiries with management regarding the compliance with laws and regulations, including health and safety requirements.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

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

**Communities Housing Trust**  
**(Company Limited by Guarantee and not having a Share Capital)**  
**Independent Auditor's Report to the Members of Communities Housing Trust**

**Use of our report**

This report is made solely to the charitable company's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's trustees 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 charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



.....  
Paul Capewell FCA (Senior Statutory Auditor)  
For and on behalf of A9 Accountancy Limited, Statutory Auditor

Elm House  
Cradlehall Business Park  
Inverness  
IV2 5GH

Date:..... 13 SEPTEMBER 2023



**Communities Housing Trust  
Balance Sheet  
As at 31 March 2023**

	Notes	2023		2022	
		£	£	£	£
<b>Tangible fixed assets</b>	<b>17</b>		2,228,515		1,591,376
<b>Current assets</b>					
Land banking and Development properties	18	4,495,545		5,897,253	
Debtors	19	92,144		91,430	
Cash in hand		487,164		354,223	
		<u>5,074,853</u>		<u>6,342,906</u>	
<b>Current liabilities</b>					
Creditors due within one year	20	<u>(1,924,285)</u>		<u>(1,016,906)</u>	
<b>Net current assets</b>			3,150,567		5,326,000
Total assets less current liabilities			<u>5,379,082</u>		<u>6,917,376</u>
<b>Creditors:</b>					
amounts falling due after more than one year	21		(1,235,102)		(3,216,725)
<b>Net assets excluding pension liability</b>			<u>4,143,980</u>		<u>3,700,650</u>
Defined Pension Asset/(Liability)			<u>(28,000)</u>		<u>5,000</u>
<b>Net Assets</b>			<u><u>4,115,980</u></u>		<u><u>3,705,650</u></u>
<b>Capital and reserves</b>					
<b>Restricted Reserves</b>	<b>25</b>				
- Properties and Development	25		3,734,091		3,123,869
- Faulds Memorial Reserve	25		132,168		132,168
- Pension Reserves	25		(28,000)		5,000
Designated reserves - land banking fund	25		80,023		80,023
Unrestricted revenue reserves	25		197,698		364,590
			<u>4,115,980</u>		<u>3,705,650</u>

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

These accounts were approved by the Board of Directors on 24/05 2023



Blair Allan - Chair

The notes on pages 20 to 39 form part of these accounts.

**Communities Housing Trust**  
**Statement of Cash Flows**  
**For the year ended 31 March 2023**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Net (expenditure)/Income	443,330	(355,638)
Depreciation of tangible fixed assets	34,566	36,509
(Profit)/Loss on sale of tangible fixed assets	-	(72,992)
Other interest receivable and similar income	(554)	(167)
Defined benefit charges		
Changes in:		
Trade and other debtors	(714)	84,696
Stock	1,401,708	1,074,955
Trade and other creditors	189,019	46,278
Cash generated from operations	<u>2,067,356</u>	<u>813,641</u>
Interest received	554	167
<b>Net cash generated from/(used in) operating activities</b>	<u><u>2,067,910</u></u>	<u><u>813,808</u></u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(12,441)	(33,219)
Transfer of tangible assets from stock	(659,264)	0
Proceeds from sale of tangible assets	0	274,500
	<u>(671,705)</u>	<u>241,281</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowing	(1,294,159)	(1,557,132)
Cash inflows from new borrowing	30,896	545,000
Defined Pension Asset/(Liability)	<u>(1,263,263)</u>	<u>(1,012,132)</u>
Net (decrease)/increase in cash and cash equivalents	132,941	42,957
Cash and cash equivalents at beginning of year	354,223	311,266
Cash and cash equivalents at end of year	<u><u>487,164</u></u>	<u><u>354,223</u></u>

The notes on pages 20 to 39 form part of these accounts.

**Communities Housing Trust**  
**(Company Limited by Guarantee and not having a Share Capital)**  
**Notes to the Financial Statements for the year ended 31 March 2023**

**1 General information**

The charity is a private company limited by guarantee, registered in Scotland and a registered charity in Scotland. The address of the registered office is Suite 4, Second Floor Moray House, Bank Street, Inverness, Scotland, IV1 1QY.

**2 Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102) effective January 2019) and the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006.

The charitable company is a Public Benefit Entity as defined by FRS 102.

**3 Principal Accounting Policies**

The Trust is a company limited by guarantee and does not have share capital. On winding up of the Trust every member has undertaken to contribute to the assets of the Trust for the payments of the debts and liabilities and of the cost of winding up the trust, such amount as may be required not exceeding one pound. If winding up occurs within one year of a member ceasing to be a member, then the above applies for debts and liabilities of the company contracted for before he/she ceased to be a member. The company has had charitable status since its inception on 10 February 1998.

The principal accounting policies adopted, judgement and key sources of estimation uncertainty in the preparation of the financial statements are as follows.

**a Basis of Preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in pounds sterling, which is the functional currency of the entity and rounded to the nearest £.

**b Going concern**

The trustees have considered the financial position of the charity and assessed the risks facing its business. In making this assessment they have considered the charity's ability to meet its future liabilities as they fall due and to comply with the financial covenants that the charity has entered into. The trustees have concluded that it is appropriate to use the going concern concept in preparing these financial statements.

**c Income Recognition Policies**

Items of income, including income from government grants, is recognised and included in the accounts when all of the following criteria are

- The charity has entitlement to the funds;
- any performance conditions attached to the item(s) of income have been met or are fully within the control of the charity;
- there is sufficient certainty that receipt of the income is considered probable; and
- the amount can be measured reliably.

Other income from charitable activities is recognised at the point of delivery of the goods and services, net of VAT where applicable.

**Communities Housing Trust**  
**(Company Limited by Guarantee and not having a Share Capital)**  
**Notes to the Financial Statements for the year ended 31 March 2023**

**3 Principal Accounting Policies (Continued)**

Investment income is recognised when receivable.

**d Resources Expended**

Resources expended are included on an accruals basis. It is recognised when there is a legal or constructive obligation to pay, when it is probable that a transfer of economic benefits will arise and when the amount can be measured reliably. Resources expended is inclusive of VAT which cannot be fully recovered. Certain expenditure is directly attributable to specific activities and has been included under these cost categories:

- Community engagement;
- Rental activity;
- Landbanking activities;
- SOP; and
- Pension fund.

Governance costs include costs associated with the charity's constitutional and statutory requirements.

**e Fund accounting**

Funds are classified as restricted or unrestricted as defined below:

- Restricted funds are funds for specific purposes, which may be declared by the donor or with their authority.
- Unrestricted funds are those which can be expended at the discretion of the board for the furtherance of their charitable objectives.

Within designated reserves the board has designated funds for the purpose of providing funds for investing in land banking opportunities.

**f Tangible Fixed Assets - Housing Properties**

Housing properties are stated at cost less depreciation. See note 3n

**g Tangible Fixed Assets - Depreciation**

Depreciation is charged so as to write off the cost, net of grants, of fixed assets over their estimated useful economic lives at the following rates

Land and buildings	straight line over 40 years
Equipment	20% straight line

**h Capital Grants**

**Housing Properties**

Capital Grants are receivable from Communities Scotland and the Highland Council for the provision of housing properties for rent. These grants are utilised to reduce the capital costs of housing properties and are recognised as income in the SOFA in accordance with note 3c and carried to Restricted Reserves.

**Landbanking Grants**

Grants are receivable from Communities Scotland and the Highland Council for the acquisition of land for future sale and development for affordable housing. These grants are included as Restricted Reserves.

**Communities Housing Trust**  
**(Company Limited by Guarantee and not having a Share Capital)**  
**Notes to the Financial Statements for the year ended 31 March 2023**

**3 Principal Accounting Policies (Continued)**

**i Stocks**

Land banking stocks are valued at the lower of cost (including capitalised borrowing costs) and net realisable value. The capitalised borrowing costs are the borrowing costs for the year in relation to the loans received for the specific development project until the development is complete. The capitalised borrowing costs for the year were £3,440 (2022 - £4,649).

Feasibility studies are included at cost unless they are not to be developed into projects. The cost of a study is written off to the Statement of Financial Activities as soon as it is recognised that a project will not be developed.

**j Financial Instruments**

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at the carrying value plus accrued interest less repayments. The financing charge to expenditure is at a constant rate calculated using the effective interest method.

Concessionary loans made or received as a social investment are initially recognised at the amount received or paid with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted if necessary for any impairment.

**k Taxation**

The Trust is a registered charity and therefore is not liable to tax on its charitable activities.

**l Employee benefits**

Employee benefits are recognised as an expense and a liability in the period in which the employee services are delivered.

**m Pension Schemes**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The Trust also participates in the SFHA pension scheme as stated in Note 29.

Until 31 March 2018, the regular cost of providing retirement pensions and related benefits was charged to the SOFA annually on the basis of a constant percentage of earnings. The present value of future contributions payable under the deficit recovery agreement agreed with the pension fund trustee was recognised in the financial statements as a liability. Expenses relating to the unwinding of the discount rate on these contributions was shown as a finance cost in the SOFA in the period in which it arose.

Following structural changes at the SFHA pension scheme it has become possible for the first time to identify sufficient information to fully account for the pension fund as a defined benefit scheme in accordance with the Charities SORP. In accordance with section 28 of FRS102 the change in accounting treatment has been applied from 1 April 2018. The difference between the deficit funding liability brought forward and the defined benefit scheme liability is recognised as an operating expense within charitable activities in the SOFA.

From 1 April 2018 the charity recognises a defined net benefit pension asset or liability in the statement of financial position as the net total of the present value of its obligations and the fair value of the plan assets out of which the obligations are to be settled. The defined benefit liability is measured on a discounted present value basis using a rate determined by reference to market yields at the reporting date on high quality corporate bonds. Defined benefit obligations and the related expenses are measured using the projected unit credit method. Changes in the net defined benefit asset or liability arising from employee service are recognised in the SOFA as a current service cost where it relates to services in the current



**Communities Housing Trust**  
**(Company Limited by Guarantee and not having a Share Capital)**  
**Notes to the Financial Statements for the year ended 31 March 2023**

period and as a past service cost where it relates to services in prior periods. Costs relating to plan introductions, benefit changes, curtailments and settlements are recognised in the SOFA in the period in which they occur. Net interest is determined by multiplying the net defined benefit liability by the discount rate, both as determined at the start of the reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Net interest is recognised in the SOFA.

**n True and fair override**

Heritable property is rented out and UK GAAP states that such property should be treated as investment property in accordance with the FRS 102. However, as the properties are not held for capital appreciation but to provide in rural areas accommodation which might not otherwise be available the directors have decided to treat these assets as a social investment in accordance with the Charities SORP and depreciate these properties annually. The directors consider that this treatment is more relevant to showing a true and fair view.

**4 Income from Charitable Activities**

Revenue Grants

	<b>2023</b>		
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
	£	£	£
Nationwide Foundation	57,886		57,886
Scottish Government Rural Housing Fund		535,435	535,435
Highlands & Islands Enterprise	6,933		6,933
Coram - Foundation Scotland		30,000	30,000
Architectural Heritage Fund		10,000	10,000
Historic Environment Scotland		5,000	5,000
Highland Council Capital Grants		77,020	77,020
	<u>64,819</u>	<u>657,455</u>	<u>722,274</u>

	<b>2022</b>		
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
	£	£	£
Nationwide Foundation	54,890		54,890
SG Rural Housing Fund		65,459	65,459
Foundation Scotland		20,000	20,000
Historic Environment Scotland		30,000	30,000
Furlough Grants	351		351
	<u>55,241</u>	<u>115,459</u>	<u>170,700</u>

**Communities Housing Trust**  
**(Company Limited by Guarantee and not having a Share Capital)**  
**Notes to the Financial Statements for the year ended 31 March 2023**

<b>5 Particulars of income and expenditure from lettings</b>	<b>2023</b>	<b>2022</b>
Income from lettings	<b>Unrestricted</b>	<b>Unrestricted</b>
	<b>£</b>	<b>£</b>
Rents received	282,863	325,578
Expenditure on lettings activities		
Maintenance Costs	45,774	30,717
Void Costs	2,056	1,380
Lease & Legal Fees	660	7,470
Depreciation	24,566	36,509
Insurance	15,408	6,479
	88,463	82,555
Loan Interest	76,923	105,913
Total expenditure on lettings	165,386	188,468
Operating surplus on lettings activities	117,476	137,110
 <b>6 Sale of Land and Properties</b>	 <b>2023</b>	 <b>2022</b>
	<b>Unrestricted</b>	<b>Unrestricted</b>
	<b>£</b>	<b>£</b>
Sale proceeds	1,928,000	983,500
Cost of sales	(1,887,469)	(1,175,401)
Surplus on disposal	40,531	(191,901)
 <b>7 Fee Income</b>	 <b>2023</b>	 <b>2022</b>
	<b>Unrestricted</b>	<b>Unrestricted</b>
	<b>£</b>	<b>£</b>
Other Fees	434,177	304,512
	434,177	304,512
 <b>8 Investment Income</b>	 <b>2023</b>	
	<b>Unrestricted</b>	<b>Restricted</b>
	<b>£</b>	<b>£</b>
Interest Receivable from banks	553	-
	553	553
	 <b>2022</b>	
	<b>Unrestricted</b>	<b>Restricted</b>
	<b>£</b>	<b>£</b>
Interest Receivable from banks	167	-
	167	167

**Communities Housing Trust**  
**(Company Limited by Guarantee and not having a Share Capital)**  
**Notes to the Financial Statements for the year ended 31 March 2023**

**9 Administration and Management**

2023	Community Engagement £	Rental Activity £	Landbanking Activities £	Pension Fund £	Total £
Staff Costs (see note 13)	378,613	58,248	145,620	-	582,482
Rent	17,106	2,138	2,138	-	21,382
Travel Costs	15,285	1,912	1,912	-	19,109
Recruitment Costs	-	-	-	-	-
Publicity	3,261	408	408	-	4,077
Post Stationary and Office Costs	9,163	1,145	1,145	-	11,454
Telephone and IT	12,966	1,621	1,621	-	16,207
Digital Upgrade	9,146	1,143	1,143	-	11,433
Consultancy - Innovative Projects	29,366	2,259	13,554	-	45,179
Insurance	1,370	171	171	-	1,712
Meetings, Training & Venues	3,787	473	473	-	4,734
Unrecoverable VAT	-	-	-	-	-
Board and Members expenses	1,469	184	184	-	1,837
Rechargeable Expenses	45,602	5,700	5,700	-	57,002
Audit Fees	18,499	2,312	2,312	-	23,124
Depreciation on CRM	8,000	1,000	1,000	-	10,000
Bad Debt Provision	6,871	6,871	-	-	6,871
	<u>553,633</u>	<u>85,585</u>	<u>177,381</u>	<u>-</u>	<u>816,599</u>

The above expenditure of charitable activities of £816,599 (2022: £744,426) was all unrestricted in the current and prior year.

**Communities Housing Trust**  
**(Company Limited by Guarantee and not having a Share Capital)**  
**Notes to the Financial Statements for the year ended 31 March 2023**

**9 Administration and Management (continued)**

<b>2022</b>	<b>Community Engagement £</b>	<b>Rental Activity £</b>	<b>Landbanking Activities £</b>	<b>Pension Fund £</b>	<b>Total £</b>
Staff Costs (see note 13)	467,949	92,902	58,493	-	619,344
Rent	21,833	5,038	6,718	-	33,589
Travel Costs	13,290	3,064	4,089	-	20,443
Recruitment Costs	10	-	-	-	10
Publicity	6,120	1,412	1,883	-	9,415
Post Stationary and Office Costs	7,941	1,768	2,357	-	12,066
Telephone and IT	9,403	2,170	2,893	-	14,466
Digital Upgrade	9,489	2,190	2,920	-	14,599
Consultancy - Innovative Projects	39,152	9,035	12,047	-	60,234
Insurance	1,442	333	444	-	2,219
Meetings, Training & Venues	1,610	372	496	-	2,478
Unrecoverable VAT	2,859	660	880	-	4,399
Board and Members expenses	75	17	23	-	115
Audit Fees	5,269	1,215	1620	-	8,104
Accountancy Fees	812	188	250	-	1,250
Bad Debt Provision	-	14,687	-	-	14,687
(Profit)/loss on Disposal of Fixed Assets	-	-	(72,992)	-	(72,992)
	<b>587,254</b>	<b>135,051</b>	<b>22,121</b>	<b>-</b>	<b>744,426</b>

**10 Summary analysis of expenditure related income for charitable activities**

This table shows the cost of the four main charitable activities and the sources of income directly to support those activities.

	<b>Community Engagement £</b>	<b>Rental Activity £</b>	<b>Landbanking Activities £</b>	<b>Pension Fund £</b>	<b>Faulds Fund £</b>	<b>Total £</b>
Costs	555,565	304,122	2,064,850	-	-	2,924,537
Direct Grant Support	(64,819)	-	(657,455)	-	-	(722,274)
Net cost funded from other sources	<b>490,746</b>	<b>304,122</b>	<b>1,407,395</b>	<b>-</b>	<b>-</b>	<b>2,202,263</b>

**Communities Housing Trust**  
**(Company Limited by Guarantee and not having a Share Capital)**  
**Notes to the Financial Statements for the year ended 31 March 2023**

<b>11 Analysis of Governance costs</b>	<b>2023</b>	<b>2022</b>
	<b>Unrestricted</b>	<b>Unrestricted</b>
	<b>£</b>	<b>£</b>
Board and Members Expenses	1,837	115
Audit Fees for Current Period	16,500	8,104
Audit Fees for Prior Period	6,624	-
	<u>24,961</u>	<u>8,219</u>

  

<b>12 Operating surplus</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Operating surplus is stated after charging		
Auditors' fees for current period	16,500	8,104
Auditors' fees for prior period	6,624	-
Depreciation	<u>34,566</u>	<u>36,509</u>

  

<b>13 Directors and employees</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Staff costs (see note 9)		
Wages	484,086	507,551
Social security	47,451	50,264
Other pension costs	<u>50,945</u>	<u>61,529</u>
	<u>582,482</u>	<u>619,344</u>

The number of employees, including the Chief Executive Officer, who received remuneration during the year (excluding superannuation contributions) in the following ranges:

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
£60,000 - £69,999	1	1
	No	No
Average number of persons employed	<u>14</u>	<u>16</u>

Expenses paid to Community Elected Directors on the Trust Board totalled £275 (2022 - £Nil).

Other than reimbursement of their legitimately incurred expenses, Board Directors are not entitled to receive any other payment for the services they give to the Trust.

Pension Scheme

The staff are able to become members of the SFHA Pension Scheme details of which are given in Note 29.

The Pension Charge represents contributions paid by the Trust during the year which amounted to £50,945 (2022 - £61,529)

**Communities Housing Trust**  
**(Company Limited by Guarantee and not having a Share Capital)**  
**Notes to the Financial Statements for the year ended 31 March 2023**

<b>14</b>	<b>Trustees' remuneration and costs of key management personnel</b>	<b>2023</b>	<b>2022</b>
		£	£
	Staff costs		
	Wages	101,787	100,029
	Social Security	12,146	11,363
	Other pension costs	8,532	8,363
		<u>122,465</u>	<u>119,755</u>

The key management personnel are the Chief Executive Officer and Principal Officer.

<b>15</b>	<b>Interest payable and other charges</b>	<b>2023</b>		
		<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
		£	£	£
	Bank Interest and charges	78,855		78,855
		<u>78,855</u>	-	<u>78,855</u>

	<b>Interest payable and other charges</b>	<b>2022</b>		
		<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
		£	£	£
	Bank Interest and charges	105,913	500	106,413
		<u>105,913</u>	<u>500</u>	<u>106,413</u>

**16 Corporation Tax**

The Trust was recognised by the Inland Revenue as a Scottish Charity on 10 February 1998. All income is applicable and applied to charitable purposes and relief is given to the Trust under Section 505 Income and Corporation Taxes Act 1988.

**Communities Housing Trust**  
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**Notes to the Financial Statements for the year ended 31 March 2023**

**17 Fixed Assets**

	<b>Heritable Property £</b>	<b>Equipment £</b>	<b>Total £</b>
<b>Cost</b>			
Cost 31 March 2022	1,726,335	50,000	1,776,335
Additions	12,441	-	12,441
Transfers	659,264	-	659,264
Disposals	-	-	-
Cost 31 March 2023	<u>2,398,040</u>	<u>50,000</u>	<u>2,448,040</u>
<b>Depreciation</b>			
Depreciation 31 March 2022	164,959	20,000	184,959
Charge for year	24,566	10,000	34,566
Disposals	-	-	-
Depreciation 31 March 2023	<u>189,525</u>	<u>30,000</u>	<u>219,525</u>
<b>Net Book Value</b>			
31 March 2023	<u>2,208,515</u>	<u>20,000</u>	<u>2,228,515</u>
31 March 2022	<u>1,561,376</u>	<u>30,000</u>	<u>1,591,376</u>

All assets are held for charitable purposes.

All of these properties have been valued as at 31 March 2015 by the District Valuer. The valuation was based on the open market value and was undertaken in accordance with the RICS Statement of Assets Practice and Guidance Notes.

Most of the properties are on secure Private Rented Tenancies.

	<b>Valuation</b>	<b>Cost</b>	<b>Decrease in Value</b>
As at 31 March 2015	<u>1,583,362</u>	<u>1,439,532</u>	<u>143,830</u>

The directors consider that there has been no material impairment in the market value of the heritable property in the year ended 31 March 2023 and the market value at 31 March 2023 remains in excess of historic costs.

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**18 Land Banking and Development Properties**

	<b>Land Banking</b>	<b>Feasibility Studies</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
31 March 2022	5,826,255	70,998	5,897,253
Additions	1,068,714	49,388	1,118,102
Transfers	(659,264)		(659,264)
Disposals	(1,860,546)		(1,860,546)
31 March 2023	<u>4,375,159</u>	<u>120,386</u>	<u>4,495,545</u>

**19 Debtors**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Other debtors	<u>92,144</u>	<u>91,430</u>

**20 Creditors due within one year**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Highland Council Loans	67,456	-
Scottish Government Loan - Rent to Buy	1,478,122	827,599
Triodos Loan	6,558	6,287
Nationwide Foundation Loan	2,840	2,730
Digital Loan	10,000	10,000
Trade Creditors	178,518	76,396
Other taxation and social security	28,478	27,854
Accruals	21,014	15,980
Deferred income	71,000	-
Other creditors	60,299	50,060
	<u>1,924,285</u>	<u>1,016,906</u>

Deferred income comprises a grant received in advance for the purpose of development work. This will be released to income once the performance related conditions have been met.

**21 Creditors:**

**Amounts falling due after more than one year**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Scottish Government Loan - Rent to Buy	924,310	2,846,535
Highland Council	-	40,000
Nationwide Foundation Loan	51,176	54,016
Triodos Loan	247,116	253,674
Digital Loan	12,500	22,500
	<u>1,235,102</u>	<u>3,216,725</u>



**Communities Housing Trust**  
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The Rent to Buy loans are secured by specific charges on land owned by CHT and are repayable in full on 31 March 2022 or the sixth anniversary of the completion date. Interest is chargeable on this loan from 1 April 2013 at 2.2% per annum.

The £40,000 of the Highland Council loan is secured over the land at former Lady Ross Hotel, Ardgay. The remainder of the Highland Council loan is unsecured.

The Nationwide Foundation loan is unsecured. The Highland Council loan is considered to be a concessionary loan, it is secured by specific charges on land owned by HSCHT and is interest free.

The Digital loan is unsecured and interest free.

The Triodos Bank UK Limited loan is secured over all the subjects at Durness, Lairg and over the Feuhold properties known as Kintyre Cottage, 3 Kirkton Road and 1 MacNaughton Crescent.

	<b>2023</b>	<b>2022</b>
	£	£
Analysis of loan repayments		
In the next year	1,564,976	846,616
In the second year	113,756	1,811,553
In the third to fifth year	904,784	1,137,383
In more than five years	216,562	267,789
	<u>1,235,102</u>	<u>3,216,725</u>
	<u>2,800,080</u>	<u>4,063,341</u>

## 22 Operating Lease Commitments

The total of future minimum lease payments under non-cancellable operating leases is as follows:

	<b>2023</b>	<b>2022</b>
	£	£
Due within one year	1,956	8,956
Due between 2-5 years	5,868	7,918
Due after 5 years	-	-
	<u>7,824</u>	<u>16,874</u>

**Communities Housing Trust**  
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**Notes to the Financial Statements for the year ended 31 March 2023**

**23 Agency Funds**

The charity acts as an agent for The Scottish Government Self-Build Loan Fund. The total number of loans administered in the year were 5 (2022 – 17) with a value of £827,967 (2022 - £2,554,600) taking the total number of loans administered to 44 (2022 – 39) with a total value of £6,674,567 (2022 - £5,845,600). At 31 March 2023 the total funds held on behalf of The Scottish Government for this scheme was £7,057,839 (2022 - £2,789,746).

**24 Analysis of Net Assets between funds**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total £</b>
Tangible Fixed Assets	2,228,515		2,228,515
Net Current Assets	(715,691)	3,866,259	3,150,568
Creditors falling due after more than one year	(1,235,102)		(1,235,102)
Net defined benefit/(liability)		(28,000)	(28,000)
	<u>277,721</u>	<u>3,838,259</u>	<u>4,115,980</u>

**Communities Housing Trust**  
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25 Funds	Properties & Development £	Restricted Faulds Memorial Reserve £	Pension Reserve £	Designated Reserve Land banking £	Unrestricted Revenue Reserve £	Total £
31 March 2022	3,123,869	132,168	5,000	80,023	364,590	3,705,650
Result for the Year	610,222	-	(33,000)	-	(166,891)	410,330
Additions	3,734,091	132,168	(28,000)	80,023	197,699	4,115,980
31 March 2023						
<b>Revenue Reserve</b>					<b>2023</b>	<b>2022</b>
General Activities					£	£
Sinking Fund Properties					4,699	179,590
Cashback Reserve					75,000	75,000
					118,000	110,000
					197,699	364,590

Properties & Development fund – The fund comprises grants specifically received to purchase and develop land and properties.

Faulds Memorial – A fund to help individuals/families access affordable self-build plots.

Pension reserves fund – The fund is held to meet the obligation of the defined benefit pension liability as per note 29.

Designated Reserve Land Banking fund - The fund comprises surpluses made on the sale of land over the years. The fund is designated to assist communities and their associated housing requirements.

**Transfers**

The Properties and Development restricted funds are transferred into unrestricted funds when the properties are sold as the grant restriction comes to an end.

**Communities Housing Trust**  
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**Notes to the Financial Statements for the year ended 31 March 2023**

**26 Capital Commitments**

At 31 March 2023 the charity had capital commitments as follows:

Contracted for but not provided in the financial statements:

Developments at:	2023 £	2022 £
Bettyhill	-	23,159
Staffin	-	9,600
Inverfarigaig	733,258	-
Kilbeg Phase 2	1,161,447	1,512,402
	1,894,705	1,545,161

**27 Related Party Transactions**

The Trust has various transactions with parties who have the right to nominate directors. These parties are the Highland Council, Albyn Housing Society Limited, Lochaber Housing Association Limited, Lochalsh & Skye Housing Association Limited and Pentland Housing Association Limited.

All transactions between the Trust and the organisations noted are at normal commercial rates.

**2023**

	<u>Transactions</u>		<u>Balances as at 31 March 2023</u>	
	Sold to £	Purchased from £	Due to the Trust £	Due from the Trust £
Highland Council	371,027	42,765	221	-
Lochaber Housing Association Ltd	54,634	-	-	-
Lochalsh & Skye Ltd	7,451	-	-	-

**2022**

	<u>Transactions</u>		<u>Balances as at 31 March 2021</u>	
	Sold to £	Purchased from £	Due to the Trust £	Due from the Trust £
Highland Council	44,582	19,109	1,860	104
Lochaber Housing Association Ltd	40,400	10,416	480	-
Lochalsh & Skye Ltd	5,466	1,000	676	-

All transactions between the Trust and the organisations noted are at normal commercial rates.

**Communities Housing Trust**  
**(Company Limited by Guarantee and not having a Share Capital)**  
**Notes to the Financial Statements for the year ended 31 March 2023**

**28 Legal status of the trust**

Communities Housing Trust is a charitable company limited by guarantee not having a share capital. The liability of members is limited and is not to exceed £1 per member. As a result, no single party has control of the Trust.

**29 Scottish Housing Associations' Pension Scheme**

**TPT Retirement Solutions - Scottish Housing Associations' Pension Scheme**

The company participates in the scheme, a multi-employer scheme which provides benefits to some 155 non-associated employers. The scheme is a defined benefit scheme in the UK.

Until 1 April 2018, it was not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounted for the scheme as a defined contribution scheme.

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

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company 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.

A full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

**Deficit contributions**

From 1 April 2017 to 28 February 2022:	£25,735,092 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2017 to 30 June 2025:	£727,217 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2017 to 31 October 2026:	£1,239,033 per annum (payable monthly and increasing by 3% each on 1st April)

Unless a concession has been agreed with the Trustee the term to 28 February 2022 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Up to 31 March 2018, where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognised a liability for this obligation. The amount recognised was the net present value of the deficit reduction contributions payable under the agreement that related to the deficit. The present value was calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate was recognised as a finance cost.

**Communities Housing Trust**  
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**Notes to the Financial Statements for the year ended 31 March 2023**

**29 Scottish Housing Associations' Pension Scheme (continued)**

Disclosures related to the defined benefit fund liability

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	Year Ending	Year Ending
	31 March 2023	31 March 2022
	(£'000)	(£'000)
Fair value of plan assets	401	697
Present value of defined benefit obligation	429	692
Surplus/(deficit) in plan	(28)	5
Unrecognised surplus	-	5
Defined benefit liability recognised	(28)	-

**Reconciliation of the impact of the asset ceiling**

	Year Ending
	31 March 2023
	(£'000)
Impact of the asset ceiling at the start of the year	5
Effect of the asset ceiling included in net interest cost	1
Actuarial losses/(gains) on asset ceiling	(6)
Impact of the asset ceiling at the end of the year	-

**Defined benefit costs recognised in Statement of Financial Activities**

	Year Ending	Year Ending
	31 March 2023	31 March 2022
	(£'000)	(£'000)
Net interest expense	1	1
Transition from deficit funding liability to defined benefit liability	-	-
Defined benefit cost recognised in SOFA	1	2

**Communities Housing Trust**  
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**Notes to the Financial Statements for the year ended 31 March 2023**

**29 Scottish Housing Associations' Pension Scheme (continued)**

**Reconciliation of opening and closing balances of the defined benefit obligation**

	Year Ending	Year Ending
	31 March 2023	31 March 2022
	(£'000)	(£'000)
Defined benefit obligation at start of period	692	735
Expenses	1	1
Interest expense	19	16
Actuarial losses/(gains) due to scheme experience	(86)	11
Actuarial losses/(gains) due to changes in demographic assumptions	(7)	2
Actuarial losses/(gains) due to changes in financial assumptions	(188)	(68)
Benefits paid and expenses	(2)	(5)
Defined benefit obligation at end of period	429	692

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

	Year Ending	Year Ending
	31 March 2023	31 March 2022
	(£'000)	(£'000)
Fair value of plan assets at start of period	697	673
Interest income	20	15
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)	(325)	(4)
Employer contributions	11	18
Member contributions	-	-
Benefits paid and expenses	(2)	(5)
Fair value of plan assets at end of period	401	697

**Communities Housing Trust**  
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**Notes to the Financial Statements for the year ended 31 March 2023**

**29 Scottish Housing Associations' Pension Scheme (continued)**

**Defined benefit cost recognised in other comprehensive income**

	Year Ending 31 March 2023	Year Ending 31 March 2022
	(£'000)	(£'000)
Experience on plan assets (excluding amounts included in net interest cost) - gain/(loss)	(325)	(4)
Experience gains and losses arising on the plan liabilities - gain/(loss)	86	(11)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation -gain/(loss)	7	(2)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/(loss)	188	68
Total actuarial gains and losses - gain/(loss)	(44)	51
Effects of changes in the amount of surplus that is not recoverable - gain (loss)	6	(5)
Total amount recognised in other comprehensive income - gain/(loss)	(38)	46

**Key Assumptions**

	31 March 2023	31 March 2022
	% per annum	% per annum
Discount rate	4.85	2.79
Inflation (RPI)	3.18	3.51
Inflation (CPI)	2.78	3.16
Salary Growth	3.78	4.16
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

**The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:**

	Life expectancy At age 65 (Years)
Male retiring in 2023	20.5
Female retiring in 2023	23.0
Male retiring in 2043	21.7
Female retiring in 204	24.4



**Communities Housing Trust**  
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**Notes to the Financial Statements for the year ended 31 March 2023**

**29 Scottish Housing Associations' Pension Scheme (continued)**

**Assets**

Year ending		31 March 2023	31 March 2022
		(£'000)	(£'000)
Global equity		11	138
Absolute return		5	32
Distressed Opportunities		12	25
Credit Relative Value		15	22
Alternative Risk Premia		2	29
Emerging Markets Debt		3	26
Risk Sharing		29	23
Insurance-Linked Securities		11	15
Property		17	18
Infrastructure		43	44
Private Debt		18	18
Opportunistic Illiquid Credit		18	23
High Yield		2	7
Opportunistic Credit		-	2
Cash		2	2
Corporate Bond Fund		1	44
Liquid Credit		-	4
Long Lease Property		13	20
Secured Income		27	37
Liability Driven Investment		170	169
Currency Hedging		1	(3)
Net Current Assets		1	2
Total assets		697	697

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

**30 Controlling interest**

The charity is controlled by the trustees.

