

COMMUNITIES HOUSING TRUST

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

REPORT OF DIRECTORS

AND FINANCIAL STATEMENTS

31 March 2021

Company Number SC182862

Charity Number SC027544

Communities Housing Trust
(Company Limited by Guarantee and not having a Share Capital)

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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 2021

Board of Trustees

Julia Campbell	
Alasdair Christie	
John Fotheringham	
David Goodall	
Jennifer Hodgson	
John Laing	Resigned 12/09/20
Corrine Mackay	
Ronald Macwilliam	
Alex Matheson	
Maureen McDonald Cooke	
Peter McLuckie	
Audrey Sinclair	
Agnes Slimon	
Neil Cameron	Resigned 09/09/20
Brendan O'Hanrahan	Appointed 11/09/20
Fraser Mackenzie	Appointed 17/02/20

Secretary and Registered Office

Ronald MacRae
7 Ardross Terrace
Inverness
IV3 5NQ

Bankers

Triodos Bank
Brunel House
11 The Promenade
Bristol
BS8 3NN

Solicitors

Andrew A Murchison
5 Ardross Terrace
Inverness
IV3 5NQ

Auditors

FKF Accounting Limited
Chartered Accountants and Statutory Auditors
Metropolitan House
Inverness
IV1 1HT

Communities Housing Trust
(Company Limited by Guarantee and not having a Share Capital)
The Report of the Trustees
for the year ended 31 March 2021

The Trustees present their report and the audited financial statements for the year to 31 March 2021 . 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 Trust’s Board of Trustees and Advisers are fully committed to managing, and taking effective steps to deal with, all known risks to the Trust and its business operations.

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for the year ended 31 March 2021

State of Affairs

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

Review of year-end financial position

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

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

Nature of governing documents

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

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.

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The Report of the Trustees for the year ended 31 March 2021

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.

Levels of funds held

Reserves currently stand at £4,106,288 (2020: £3,827,977), of this £3,414,130 are restricted (2020: £2,988,966).

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.

Board of Trustees

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

Julia Campbell
Alasdair Christie
John Fotheringham
David Goodall
Jennifer Hodgson
John Laing
Corrine Mackay
Ronald Macwilliam
Alex Matheson
Maureen McDonald Cooke
Peter McLuckie
Audrey Sinclair
Agnes Slimon
Neil Cameron
Brendan O'Hanrahan
Fraser Mackenzie

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

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.

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The Report of the Trustees
for the year ended 31 March 2021

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.

Auditors

FKF Accounting Limited have been reappointed 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.

On Behalf of the Board



Ronald MacRae
Secretary

23 September 2021

Communities Housing Trust
(Company Limited by Guarantee and not having a Share Capital)
Output and Performance Report
for the year ended 31 March 2021

This past year has been like no other with the impact of the covid 19 pandemic affecting everyone's lives as well as the impact of Brexit. Like many organisations, CHT underwent a major organisational shift with the team all working from home and restricted community and site visits. However, with the use of Zoom and Teams meetings we continued our work in supporting communities and developing projects. Board meetings also moved to being held via Zoom and recognition is due to the team and board for the accomplishments of this year.

Rebrand

In September, CHT changed its name from The Highlands Small Communities Housing Trust to Communities Housing Trust and underwent a rebranding. The change of name was made to better represent the extended geographical spread of our work which now includes communities in the central belt and northwards. As part of the rebrand, we have undertaken a refresh of our website, social media accounts and all marketing materials and literature.

Progress to self- sustainability

We continue working towards becoming self-sustaining but there are challenges to achieving this goal. Our work in providing general advice, initial engagement with communities and developing solutions to address challenges inherent in remote and rural development can be resource intensive. However, we no longer receive revenue funding from public agencies to provide this service. These activities are a vital function which allows us to guide and support communities to assess their ambitions and to find ways to develop financially viable projects. This 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. Securing revenue funding from the Scottish Government and Local Authorities to continue providing this service is vital.

We would like to thank The Nationwide Foundation for their continuing financial support and for their flexibility and proactive approach to supporting organisations. This year they have provided CHT with additional funding to cover costs associated with the impact of Covid on working practice.

Supporting communities: grant funding success

Despite the pandemic related challenges CHT successfully supported 18 community organisations to secure almost £7.5 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 will provide development support through to completion.

One example, in Staffin, on the Isle of Skye, this partnered development is providing the first affordable homes in over 20 years and comprises 2 homes for social rent, a health centre to be leased to NHS and 2 further business units for lease by the Staffin Community Trust, 2 homes for social rent by Lochalsh and Skye Housing Association, and 2 CHT homes for discounted sale with RHB. The positive impact of this development on the Staffin community cannot be over emphasised. The development is on site and due to complete in October 2021.

Supporting communities: scale

The lockdown and the impact of Brexit has delayed construction but, currently, there are 9 CHT and community led housing developments on site which will provide 48 properties as well as 35 projects comprising almost 400 homes at various stages in the development process. CHT also has a further 69 early-stage community enquiries which will be taken forward as resources permit.

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Supporting communities: funding schemes updates

The availability of the SLF and RIHF has been the main driver in communities taking forward their own developments and we were heartened to hear that both funds are being extended as they 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 our 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 homes.

Discounted property sales

The expected sale of Rent to Buy properties was disrupted by the impact of Covid on the incomes of some purchasers and we thank the Scottish Government for extending the repayment period on several loans where the sales were postponed. The rental period for the people affected has been extended accordingly. We did, however, conclude the sale of 11 properties including the last 2 properties built under the first phase of Rent to Buy. We also sold a plot in Strontian on which Lochaber Housing Association has built 3 cottage flats.

Rural Housing Burden

To date, 113 discounted properties have been sold with a Rural Housing Burden (RHB) and right of pre-emption. Spread over 37 remote and rural communities from Achmore to West Larroch these are important community assets. One property was purchased this year through our right of pre-emption, bringing the total buy backs to 12. These properties were re-allocated to people with strong local connections to their community and emphasises the strength of the RHB as a means of retaining these properties' affordability and control over resale.

Housing people

2020-21 saw tenants move in to the 12 new homes built in Durness, Gairloch and Aultbea where handover had been delayed due to covid restrictions. We were able to provide tenancies for three households who were at risk of homelessness within the restricted period. Currently, we have 57 homes providing secure tenancies for households in 30 communities.

Digital Upgrade

The last 12 months have seen the whole team involved in the agile development process of our new CRM system, with the view of creating a flexible system that will meet the evolving needs of the organisation and allow us to work, record and retrieve information more efficiently. Whilst the development of the system has been delayed due to Covid and involved a lot more staff time and input than we originally anticipated, we envisage that it will be fully completed and rolled out in the coming financial year.

Governance

Our board have continued to guide the organisation through this exceptional period and offer up their time and expertise on a voluntary basis. Aside from general governance and strategic oversight, the last 12 months also saw the approval of our new Business Plan, for the period 2020-2023 and agreement of proposed minor changes to our Articles of Association. The changes to the Articles will be presented for voting at an EGM in the new financial year.

Staffing Structure

As part of the continuous review of staffing and organisational efficiency, the need for a Marketing Officer was identified as was additional assistance for the Development Team. A part-time Marketing Officer was appointed in December and this post is part funded by the Nationwide Foundation.

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for the year ended 31 March 2021

The pipeline of development work, and delays following lockdown, flagged up the need for additional help within the development team. We therefore engaged an external consultant to provide development and support services on a short-term basis and recruitment is underway for a one-year fixed term Development Graduate.

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.

Our social media presence remains strong with increased followers and interaction year on year. Our social media posts have reached well over 350,000 people this year. As well as social media platforms to inform and raise awareness, staff have attended various on-line events and presented at some of these events and conferences. We have received increased regional and national news coverage, regularly featuring in the national press, the BBC, STV and others.

The Scotland-wide Self Build Loan fund, which CHT administers on behalf of The Scottish Government, was extended for a further year until August 2022 due to the level of enquiries and evidence that the mainstream self-build market is not supporting certain types of borrowers. This year, 13 loans have been agreed worth £ 2,079,500 bring the totals to 22 loans totalling £3,292,000. As the level of demand is going to outstrip the £4million fund CHT are in discussions with Scottish Government to increase the funds available.

CHT remains a leading member in the Woodland Croft Partnership leading the promotion of the forest croft agenda from Forestry and Land Scotland. We are also working in partnership with Glengarry Woodland Trust to develop a pilot scheme to provide woodland crofts of different tenures including the use of the Rural Housing Burden. 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 has been increased and extended into 2023.

We were proud to be shortlisted for the SURF Awards 2020 in the Housing and Regeneration Category for the Gairloch multi-partner Achtercairn project.

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. Partnership working remains to be a key factor in driving development, for instance, capital grant support from the Highland Council coupled with the Rural Housing Fund has allowed us to progress developments on difficult sites which otherwise would not have been possible.

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 home working and our special 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.

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Output and Performance Report
for the year ended 31 March 2021

Annual Outputs	
1. Community feasibility work and support	<ul style="list-style-type: none"> • During this year, we have carried out Housing & Community Needs surveys in Knoydart, Finnerene, Edinbane and Lochinver • 69 early-stage enquiries on community-led developments • Carried out 20 feasibility studies and 16 site investigations
2. Community Development Support	<ul style="list-style-type: none"> • Supported 36 communities to take forward developments • 27 projects in the pre-development stage • 3 projects in the construction phase
3. Financial Support for communities	<ul style="list-style-type: none"> • Helped 22 communities secure grant funding totaling £7,447,541 • 7 of which were through the Scottish Land Fund with a value of £1,697,913 • 9 through the Rural Housing Fund with a value of £3,529,003 • 6 through other grant funders with a value of £2,220,625
4. Housing Stock and Management	<ul style="list-style-type: none"> • Housing stock of 57 rental properties at year end in 30 different communities • 29 of the properties through the Rent to Buy Scheme • 28 of the properties with Private Rented Tenancy Agreements • 12 new homes provided in 3 different communities during the period • 6 relets throughout the year • 66 applications were received for the above 16 lets.
5. Houses on site	<ul style="list-style-type: none"> • CHT and community-led projects, 51 homes on site in 9 different communities • Development Agency work projects, 42 homes on site in 4 different communities
6. House and plot sales	<ul style="list-style-type: none"> • 5 Properties bought back with RHB pre-emption right sold • 6 Rent to Buy properties sold • 1 plot sale to Lochaber Housing Association to build 3 properties.
7. Self- Build	<ul style="list-style-type: none"> • 3 discounted, serviced self-build plots available in Achabeag • Acting as Rural Housing Body on behalf of Sleat Community Trust to sell 2 discounted plots and the Knoydart Foundation • Registering plot interest for future plots in Tomatin, Kilbeg, Raasay and Arisaig • As agents for The Scottish Governments Self-Build Loan fund administered 13 new loans worth £ 2,079,500 bring the totals to 22 loans totalling £3,292,000 • 204 enquiries received on SBLF and 574 brochure downloads

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<p>8. Development Agency Work</p>	<ul style="list-style-type: none"> • Worked with LHA on 6 development projects • Development Agent for 1 Highland Council Project • 10 Development Agency Agreements signed to provide services for community groups
<p>9. Partnership Working & Policy</p>	<ul style="list-style-type: none"> • Attend regular meetings held by The Highland Council and Scottish Government to discuss delivery of the Strategic Housing Investment Plan and enabling more housing • Liaising with local authorities, e.g. Perth & Kinloss, Argyll & Bute, Aberdeen Shire and Moray • Working with South of Scotland Community Housing on strategic approach for lobbying ministers on Community-Led Housing and surrounding issues • Lobbying to retain both Scottish Land Fund and Rural and Islands Housing Fund • Provided feedback and attended meetings with the Scottish Land Commission on Land for Rural Housing report

Communities Housing Trust
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Statement of Board of Directors' Responsibilities
for the year ended 31 March 2021

The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 charity and of the surplus or deficit of the charity for that year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed , subject to any material departures disclosed and explained in the financial statements; and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On order of the Directors

Ronald MacRae
Secretary



Date: 23 September 2021

Communities Housing Trust
(A company limited by guarantee)
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 2021 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 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's 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 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.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charity or to cease their operations, and as they have concluded that the charity's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charity's business model and analysed how those risks might affect the charity's financial resources or ability to continue operations over the going concern period.

Communities Housing Trust
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Independent auditor's report to the members of Communities Housing Trust

Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charity will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks"), we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of trustees and management as to the charity's policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that grants and other charitable income are recorded in the incorrect accounting period, the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.
- Inspecting grant agreements to determine if income has been recognised in line with accounting policy
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the trustees and other management (as required by auditing standards). We discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Communities Housing Trust
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Independent auditor's report to the members of Communities Housing Trust

Context of the ability to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

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

Opinions 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 trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which 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.

Communities Housing Trust
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Independent auditor's report to the members of Communities Housing Trust

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors for the purposes of company law) 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'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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

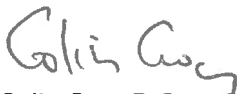
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communities Housing Trust
(A company limited by guarantee)
Independent auditor's report to the members of Communities Housing Trust

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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 charity, its members as a body, and its trustees as a body for our audit work, for this report, or for the opinions we have formed.



Colin Gray B.Com CA (Senior Statutory Auditor)

For and on behalf of
FKF Accounting Limited
Chartered accountant & statutory auditor
Metropolitan House
31-33 High Street
Inverness
IV1 1HT

23 September 2021

Communities Housing Trust
Balance Sheet
As at 31 March 2021

	Note	2021		2020	
		£	£	£	£
Tangible fixed assets	17		1,379,405		1,653,366
Current assets					
Land banking and Development properties	18	7,084,208		7,316,106	
Debtors	19	176,126		205,339	
Cash in hand		311,266		668,225	
		<u>7,571,600</u>		<u>8,189,670</u>	
Current liabilities					
Creditors due within one year	20	<u>(1,196,942)</u>		<u>(1,919,034)</u>	
Net current assets			6,374,658		6,270,636
Total assets less current liabilities			<u>7,754,063</u>		<u>7,924,002</u>
Creditors:	21				
amounts falling due after more than one year			(3,585,775)		(4,096,025)
Net assets excluding pension liability			<u>4,168,288</u>		<u>3,827,977</u>
Defined Pension Liability			<u>(62,000)</u>		<u>-</u>
Net Assets			<u><u>4,106,288</u></u>		<u><u>3,827,977</u></u>
Capital and reserves					
Restricted Reserves	23				
- Properties and Development			3,334,432		2,855,617
- CHS			(52,470)		1,181
- Faulds Memorial Reserve			132,168		132,168
Designated reserves - land banking fund	23		80,023		92,909
Revenue reserves	23		674,135		746,102
Pension Reserves	23		<u>(62,000)</u>		<u>-</u>
			<u><u>4,106,288</u></u>		<u><u>3,827,977</u></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 23 September 2021

Sheena Slimon

Sheena Slimon - Chair

(The notes on pages 20 to 38 form part of these financial statements)

Communities Housing Trust
(A company limited by guarantee)

Statement of cash flows
For the year ended 31 March 2021

	2021	2020
	£	£
Cash flows from operating activities		
Net (expenditure)/income	340,311	443,308
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	26,257	16,208
(Profit)/Loss on sale of tangible fixed assets	-	-
Other interest receivable and similar income	(383)	(704)
Defined benefit pension charges	-	-
<i>Changes in:</i>		
Trade and other debtors	29,213	(71,494)
Stock	231,899	1,229,523
Trade and other creditors	(9,527)	(139,521)
Cash generated from operations	<u>617,770</u>	<u>1,477,320</u>
Interest received	383	704
Net cash generated from/(used in) operating activities	<u><u>618,153</u></u>	<u><u>1,478,024</u></u>
Cash flows from investing activities		
Purchase of tangible assets	(213,824)	(458,915)
Proceeds from sale of tangible assets	461,528	111,546
	<u>247,704</u>	<u>(347,369)</u>
Cash flows from financing activities		
Repayment of borrowing	(1,265,316)	(1,559,800)
Cash inflows from new borrowing	42,500	2,995
	<u>(1,222,816)</u>	<u>(1,556,805)</u>
Net (decrease)/increase in cash and cash equivalents	(356,959)	(426,150)
Cash and cash equivalents at beginning of year	<u>668,225</u>	<u>1,094,375</u>
Cash and cash equivalents at end of year	<u><u>311,266</u></u>	<u><u>668,225</u></u>

(The notes on pages 20 to 38 form part of these financial statements)

Communities Housing Trust (A company limited by guarantee)

Notes to the accounts Year ended 31 March 2021

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 7 Ardross Terrace, Inverness, IV3 5NQ.

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)) and the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006.

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 sterling, which is the functional currency of the entity.

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 met:

- 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.

Investment income is recognised when receivable.

Communities Housing Trust
(A company limited by guarantee)

Notes to the accounts
Year ended 31 March 2021

3 Principal Accounting Policies (Continued)

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;
- SDP; 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 50 years
Furnishings and fittings	-	15% straight line
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
(A company limited by guarantee)

Notes to the accounts
Year ended 31 March 2021

3 Principal Accounting Policies (Continued)

i Stocks

Land banking stocks are valued at the lower of cost and net realisable value.

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 27.

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 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.

Communities Housing Trust
(A company limited by guarantee)

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

	2021		Total
	Unrestricted	Restricted	
	£	£	£
Nationwide Foundation	-	82,000	82,000
SG Forests for People	23,393	-	23,393
HIE Digital Development Grant	24,394	-	24,394
SG Rural Housing Fund	-	323,815	323,815
HC Development Grants	-	155,000	155,000
Furlough Grants	3,523	-	3,523
	<u>51,310</u>	<u>560,815</u>	<u>612,125</u>

	2020		Total
	Unrestricted	Restricted	
	£	£	£
Scottish Executive - Voluntary Organisation Grant	65,000	-	65,000
SG Woodland Croft Grant	33,000	-	33,000
Nationwide Foundation	12,029	120,000	132,029
HIE Digital Development Grant	6,527	-	6,527
SG Rural Housing Fund	-	573,692	507,563
SSE	-	25,000	25,000
HIE - Employment Grants	3,585	-	3,585
	<u>120,141</u>	<u>718,692</u>	<u>838,833</u>

Communities Housing Trust
(A company limited by guarantee)

5 Particulars of income and expenditure from lettings

Income from lettings	2021 Unrestricted £	2020 Unrestricted £
Rents received	309,756	365,283
Expenditure on lettings activities	2021 Unrestricted £	2020 Unrestricted £
Maintenance Costs	31,240	44,547
Void Costs	1,705	217
Lease & Legal Fees	7,711	7,799
Depreciation	16,257	16,208
Insurance	11,992	17,232
Loan interest	91,297	122,410
Total expenditure on lettings	160,202	208,413
Operating surplus on lettings activities	149,554	156,870

6 Sale of Land

	2021 Unrestricted £	2020 Unrestricted £
Sale proceeds	1,587,300	2,968,110
Cost of sales	(1,512,111)	(3,024,110)
Surplus/(Deficit) on disposal	75,189	(56,000)

7 Fee Income

	2021 £	2020 £
Other Fees	300,066	342,188

The above fee income includes £33,407 of restricted income (2020: £nil).

8 Investment Income

	2021		
	Unrestricted	Restricted	Total
	£	£	£
Interest receivable from banks	383	-	383

All the trust's investment income arises from money held in interest bearing deposit accounts.

	2020		
	Unrestricted	Restricted	Total
	£	£	£
Interest receivable from banks	704	-	704

Communities Housing Trust
(A company limited by guarantee)

9 Administration and Management

	2021					
	Community Engagement	Rental Activity	Landbanking Activities	CHS SDP	Pension Fund	Total
	£	£	£	£	£	£
Staff Costs (see note 13)	330,882	67,990	54,392	139,276	-	592,540
Rent	15,369	3,547	4,729	10,008	-	33,653
Travel Costs	6,658	1,536	2,048	1,291	-	11,533
Recruitment Costs	849	-	-	-	-	849
Publicity	7,591	1,752	2,336	2,211	-	13,890
Post Stationery and Office Costs	5,383	1,242	1,656	1,859	-	10,140
Telephone and IT	10,763	2,484	3,312	3,089	-	19,648
Digital Upgrade	16,914	3,903	5,204	6,460	-	32,481
Consultancy - Innovative Projects	35,167	8,115	10,820	583	-	54,685
Insurance	1,615	373	497	380	-	2,865
Meetings, Training & Venues	2,651	612	816	2,087	-	6,166
Irrecoverable VAT	4,763	1,099	1,466	814	-	8,142
Board and Members Expenses	-	-	-	-	-	-
Audit Fees	2,600	600	800	1,000	-	5,000
	441,205	93,253	88,076	169,058	-	791,592

The above expenditure on charitable activities was £791,592 (2020: £756,884) of which £622,534 was unrestricted (2020: £598,065) and £169,058 was restricted (2020: £158,819).

	2020					
	Community Engagement	Rental Activity	Landbanking Activities	CHS SDP	Pension Fund	Total
	£	£	£	£	£	£
Staff Costs (see note 13)	318,555	65,457	52,365	119,462	-	555,839
Rent	16,058	3,706	4,941	12,596	-	37,301
Travel Costs	16,670	3,847	5,129	10,633	-	36,279
Recruitment Costs	40	-	-	-	-	40
Publicity	6,424	1,482	1,977	2,276	-	12,159
Post Stationery and Office Costs	11,226	2,591	3,454	3,095	-	20,366
Telephone and IT	10,475	2,417	3,223	3,569	-	19,684
Consultancy – Innovative Projects	34,989	8,074	10,766	4,913	-	58,742
Insurance	2,641	610	813	452	-	4,516
Meetings, Training & Venues	323	75	100	238	-	736
Irrecoverable VAT	1,498	346	461	256	-	2,561
Board and Members Expenses	2,361	545	726	404	-	4,036
Audit Fees	2,405	555	740	925	-	4,625
	423,665	89,705	84,695	158,819	-	756,884

Communities Housing Trust
(A company limited by guarantee)

10 Summary analysis of expenditure related to 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.

	2021						Total £
	Community Engagement £	Rental Activity £	Land Banking Activities £	CHS SDP £	Pension Fund £	Faulds Reserve	
Costs	441,620	258,455	1,600,186	169,058	-	-	2,469,319
Direct grant support	(51,310)	-	(478,815)	(82,000)	-	-	(612,125)
Net cost funded from other income	390,310	258,455	1,121,371	87,058	-	-	1,857,194

11 Analysis of governance costs

	2021	2020
	Unrestricted £	Unrestricted £
Board and Members Expenses	-	4,036
Audit Fees	5,000	4,435
	5,000	8,661

Communities Housing Trust
(A company limited by guarantee)

12 Operating surplus		2021	2020
		£	£
Operating surplus is stated after charging			
Auditors' fees		5,000	4,625
Depreciation		26,257	16,208
		26,257	16,208

13 Directors and employees		2021	2020
		£	£
Staff costs (see note 9)			
Wages		488,997	465,905
Social security		48,042	42,796
Other pension costs		55,501	47,138
		592,540	555,839

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

	2021 Number	2020 Number
£60,000 - £69,999	1	1
In 2019 1 employees received remuneration in excess of £60,000.		
Average number of persons employed	15	15

Expenses paid to Community Elected Directors on the Trust Board totalled £nil (2020 - £1,246).

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 27.

The Pension Charge represents contributions paid by the Trust during the year which amounted to £55,501 (2020 - £47,138).

Communities Housing Trust
(A company limited by guarantee)

14 Trustees' remuneration and costs of key management personnel	2021	2020
	£	£
Staff costs		
Wages	102,655	97,947
Social security	11,742	11,529
Other pension costs	8,491	8,333
	122,888	117,809

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

	2021		
15 Interest payable and other charges	Unrestricted	Restricted	Total
	£	£	£
Bank interest and charges	91,297	415	91,711
Defined benefit pension fund charge (note 27)	-	-	-
	91,297	415	91,711

	2020		
	Unrestricted	Restricted	Total
	£	£	£
Bank Interest and charges	122,410	904	123,314
Defined benefit pension fund charge (note 27)	-	-	-
	122,410	904	123,314

16 Corporation Tax

The Trust is recognised by HM Revenue & Customs as a Scottish Charity. All income is applicable and applied to charitable purposes and relief is given to the Trust under Section 478 of the Corporation Tax Act 2010.

Communities Housing Trust
(A company limited by guarantee)

17 Fixed Assets

	Heritable Property £	Equipment £	Furniture & Fittings £	Total £
Cost				
At 31 March 2020	1,781,084	6,849	4,157	1,792,090
Additions	163,824	50,000	-	213,824
Disposals	(461,528)	-	-	(461,528)
At 31 March 2021	<u>1,483,380</u>	<u>56,849</u>	<u>4,157</u>	<u>1,544,386</u>
Depreciation				
At 31 March 2020	127,718	6,849	4,157	138,724
Charge for year	16,257	10,000	-	26,257
	-	-	-	-
At 31 March 2021	<u>143,975</u>	<u>16,849</u>	<u>4,157</u>	<u>164,981</u>
Net Book Value				
As at 31 March 2021	<u>1,339,405</u>	<u>40,000</u>	<u>-</u>	<u>1,379,405</u>
As at 31 March 2020	<u>1,653,366</u>	<u>-</u>	<u>-</u>	<u>1,653,366</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 long term lease to Housing Associations based in the Highlands

The valuation has not been incorporated in the financial statements.

	Valuation £	Cost £	Increase in Value £
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 heritable property in the year ended 31 March 2021 and the market value at 31 March 2021 remains in excess of historic costs.

Communities Housing Trust

(A company limited by guarantee)

18 Land Banking and Development Properties

	Land Banking £	Feasibility Studies £	Total £
Cost			
As at 31 March 2020	7,261,215	54,891	7,316,106
Additions	793,292	2,645	795,937
Transfer	2,988	(2,988)	-
Disposals/Written Off	(1,027,835)	-	(1,027,835)
As at 31 March 2021	<u>7,029,660</u>	<u>54,548</u>	<u>7,084,208</u>

19 Debtors

	2021 £	2020 £
Other debtors	<u>176,126</u>	<u>205,339</u>

20 Creditors due within one year

	2021 £	2020 £
Highland Council Loans	274,000	674,000
Scottish Gov Loan– Rent to Buy	783,929	1,067,696
Trade Creditors	88,165	106,840
Other taxation and social security	26,838	22,688
Other creditors	15,000	43,800
Accruals	9,010	4,010
	<u>1,196,942</u>	<u>1,919,034</u>

21 Creditors:

Amounts falling due after more than one year

	2021 £	2020 £
Scottish Government loan - Rent to Buy	3,461,380	3,994,130
Highland Council	40,000	40,000
Nationwide Foundation Loan	51,895	61,895
Digital Loan	32,500	-
	<u>3,585,775</u>	<u>4,096,025</u>

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 Highland Council loan is secured over the land at former Lady Ross Hotel, Ardgay.

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

The digital loan is unsecured and interest free.

Communities Housing Trust
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	2021 £	2020 £
Analysis of loan repayments		
In the next year	1,072,929	1,785,496
In the second year	1,447,663	1,359,405
In the third to fifth year	2,138,111	2,674,725
In more than five years	-	61,895
	<u>3,585,774</u>	<u>4,096,025</u>
	<u>4,658,703</u>	<u>5,881,521</u>

22 Analysis of Net Assets between funds

	Unrestricted Funds £	Restricted Funds £	Total £
Tangible Fixed Assets	1,379,405	-	1,379,405
Net Current Assets	2,960,528	3,414,130	6,374,658
Creditors falling due after more than one year	(3,585,775)	-	(3,585,775)
Defined benefit pension liability	(62,000)	-	(62,000)
	<u>692,158</u>	<u>3,414,130</u>	<u>4,106,288</u>

Communities Housing Trust
(A company limited by guarantee)

23 Funds	Restricted Funds		Unrestricted Funds			Total	
	Properties & Development	CHS	Faults Memorial	Landbanking Reserve	Revenue Reserve		Pension Reserve
	£	£	£	£	£	£	
Balance at 31 March 2020	2,855,617	1,181	132,168	92,909	746,102	-	3,827,977
Result for the Year	478,815	(53,651)	-	(12,886)	(71,967)	(62,000)	278,311
Balance at 31 March 2021	3,334,432	(52,470)	132,168	80,023	674,135	(62,000)	4,106,288

Revenue Reserve

	2021	2020
	£	£
General Activities	458,492	543,444
Sinking Fund Properties	100,643	100,643
Cashback reserve	115,000	102,015
	<u>674,135</u>	<u>746,102</u>

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

CHS – Communities Housing Scotland is an expansion of our services outwith Highlands funded through grant support from the Nationwide Foundation.

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

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24 Capital Commitments

At 31 March 2021 the charity had capital commitments as follows:

Contracted for but not provided in the financial statements:

	2021	2020
	£	£
Developments at:		
Durness	-	22,380
Gairloch	-	15,872
Aultbea	-	13,726
Edderton	96,533	196,694
Inverfarigaig	-	796,735
Bettyhill	280,418	-
Staffin	127,112	-
Mallaig	90,000	-
Kilbeg Phase 2	1,182,515	-
Lochcarron	1,619,301	-
	3,395,879	1,045,407

25 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.

	2021			
	<u>Transactions</u>		<u>Balances as at 31 March 2021</u>	
	Sold to	Purchased	Due to	Due from
	£	from £	the Trust £	the Trust £
Highland Council	28,820	12,094	-	-
Lochaber Housing Association Ltd	109,139	-	410	-
Lochalsh & Skye Ltd	9,872	-	221	-
Pentland Housing Association Ltd	3,345	-	-	-
	2020			
	<u>Transactions</u>		<u>Balances as at 31 March 2020</u>	
	Sold to	Purchased	Due to	Due from
	£	from £	the Trust £	the Trust £
Highland Council	57,152	2,970	53,585	-
Lochaber Housing Association Ltd	80,097	2,836	53,325	-
Lochalsh & Skye Ltd	2,843	-	-	-
Pentland Housing Association Ltd	4,888	-	-	-

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

26 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.

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27 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.

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27 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 2021	31 March 2020
	(£'000)	(£'000)
Fair value of plan assets	673	599
Present value of defined benefit obligation	735	589
Surplus/(deficit) in plan	(62)	10
Unrecognised surplus	-	10
Defined benefit liability recognised	(62)	-

Reconciliation of the impact of the asset ceiling

	Year Ending
	31 March 2021
	(£'000)
Impact of the asset ceiling at the start of the year	10
Effect of the asset ceiling included in net interest cost	-
Actuarial losses/(gains) on asset ceiling	(10)
Impact of the asset ceiling at the end of the year	-

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27 Scottish Housing Associations' Pension Scheme (continued)

Defined benefit costs recognised in Statement of Financial Activities

	Year Ending	Year Ending
	31 March 2021	31 March 2020
	(£'000)	(£'000)
Net interest expense	1	2
Transition from deficit funding liability to defined benefit liability	-	-
Defined benefit cost recognised in SOFA	1	2

Reconciliation of opening and closing balances of the defined benefit obligation

	Year Ending	Year Ending
	31 March 2021	31 March 2020
	(£'000)	(£'000)
Defined benefit obligation at start of period	589	615
Expenses	1	-
Interest expense	14	14
Actuarial losses/(gains) due to scheme experience	5	36
Actuarial losses/(gains) due to changes in demographic assumptions	-	(3)
Actuarial losses/(gains) due to changes in financial assumptions	127	(72)
Benefits paid and expenses	(1)	(1)
Defined benefit obligation at end of period	735	589

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

	Year Ending	Year Ending
	31 March 2021	31 March 2020
	(£'000)	(£'000)
Fair value of plan assets at start of period	599	485
Interest income	14	12
Experience on plan assets (excluding amounts included in interest income) – gain/(loss)	44	91
Employer contributions	17	12
Member contributions	-	-
Benefits paid and expenses	(1)	(1)
Fair value of plan assets at end of period	673	599

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27 Scottish Housing Associations' Pension Scheme (continued)

Defined benefit cost recognised in other comprehensive income

	Year Ending	Year Ending
	31 March 2021	31 March 2020
	(£'000)	(£'000)
Experience on plan assets (excluding amounts included in net interest cost) – gain/(loss)	44	91
Experience gains and losses arising on the plan liabilities – gain/(loss)	(5)	(36)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation -gain/(loss)	-	3
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/(loss)	(127)	73
Total actuarial gains and losses – gain/(loss)	(88)	130
Effects of changes in the amount of surplus that is not recoverable - gain (loss)	10	(10)
Total amount recognised in other comprehensive income – gain/(loss)	(78)	120

Key Assumptions

	31 March 2021	31 March 2020
	% per annum	% per annum
Discount rate	2.20	2.35
Inflation (RPI)	3.25	2.55
Inflation (CPI)	2.87	1.55
Salary Growth	3.87	2.55
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy
	At age 65
	(Years)
Male retiring in 2021	21.5
Female retiring in 2021	23.4
Male retiring in 2041	22.8
Female retiring in 2041	25.0

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27 Scottish Housing Associations' Pension Scheme (continued)

Assets

Year ending		31 March 2021	31 March 2020
		(£'000)	(£'000)
Global equity		104	82
Absolute return		33	37
Distressed Opportunities		23	11
Credit Relative Value		19	14
Alternative Risk Premia		27	48
Fund of Hedge Funds		-	-
Emerging Markets Debt		27	21
Risk Sharing		24	19
Insurance-Linked Securities		14	16
Property		12	11
Infrastructure		38	35
Private Debt		16	12
Opportunistic Illiquid Credit		17	15
High Yield		18	-
Opportunistic Credit		18	-
Corporate Bond Fund		51	44
Liquid Credit		12	16
Long Lease Property		16	15
Secured Income		37	33
Over 15 Year Gilts		-	8
Liability Driven Investment		162	157
Net Current Assets		5	5
Total assets		673	599

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.

28 Controlling interest

The charity is controlled by the trustees.