

Pineview Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2023



Registered Housing Association No. HAC231

FCA Reference No. 2375R(S)

Scottish Charity No. SC038237

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Members of the Committee of Management, Executives and Advisers for the Year Ended 31 March 2023

Committee of Management

Daniel Martyn	Chairperson
David Syme	Vice-Chairperson
Linda Devlin	
Myra Frater	
Josephine McGinty	
Richard Bolton	Co-optee
Anna Welsh	Co-optee
Jamie Graham	Co-optee
John Brechany	Co-optee
Teresa Brannan	Appointed 7 July 2022
Kenny McGinty	Appointed 7 July 2022
Laura Nahar	Appointed 25 August 2022
Rosie Stephen	Resigned 1 August 2022
Victoria Phelps	Resigned 24 November 2022

Executive Officers

Joyce Orr	Director and Secretary
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Registered Office

5 Rozelle Avenue
Drumchapel
Glasgow
G15 7QR

External Auditors

CT
Chartered Accountants &
Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Internal Auditors

Wylie and Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Finance Agents

FMD Financial Services Ltd

Bankers

Bank of Scotland
19 Roman Road
Bearsden
Glasgow
G61 2SP

Solicitors

TC Young
7 West George Street
Glasgow
G2 1BA

Report of the Committee of Management for the Year Ended 31 March 2023

The Committee of Management presents its report and the Financial Statements for the year ended 31 March 2023.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2357R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC038237.

Principal Activities

The objects of the Association are:

1. to provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care; and
2. any other purpose or object permitted under Section 24 of the Housing (Scotland) Act 2010 which is charitable both for the purposes of Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and also in relation to the application of the Taxes Acts.

The permitted activities and powers of the Association will include anything which is necessary or expedient to help the Association achieve these objects.

Review of Business and Future Developments

Context

Pineview Housing Association Ltd is a community-based housing association in the Drumchapel area of Glasgow. As at 31 March 2023 the Association owns 853 properties (including 1 HMO), part owns 22 shared ownership properties and provides factoring services for 30 properties. At 31 March 2023, the Association has a Committee of Management made up of 12 elected members. Of the 12 members there are 4 tenants, 1 service user and 7 others with an interest in the Association.

Details of our Committee and our staff team are kept updated on our public website:

<https://www.pineview.org.uk/management-committee/>

<https://www.pineview.org.uk/staff-structure/>

Like all businesses, the Association has been adapting our ways of working following our experience of the COVID-19 pandemic and its impact. We have reviewed our working circumstances to ensure service delivery for customers whilst allowing flexibility for staff team members. Our reviewed arrangements are now our “normal”. Our office is open to the public Mon – Friday (excluding public holidays and any additional specific days related to operations). Our staff team, other than our estate caretakers due to the nature of their work, work flexibly from both the office and home.

Our arrangements are kept under review and updated as circumstances change.

Report of the Committee of Management for the Year Ended 31 March 2023 (Continued)**Treasury Management**

The Committee of Management follows a prudent approach to the financial affairs of the Association and retains close control of these. Investments are regularly reviewed to ensure that the Association achieves the best return in a climate of increasing interest rates, whilst spreading the risk of investments across institutions. The Committee of Management also keeps the Association's loan portfolio under review and monitors the impact of financial decisions on the loan covenant conditions that the Association is required to meet. The Association has not taken on any new debt during the year and has no plans for further borrowing at this time.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. Surplus funds are managed carefully using long-established banks or building societies. The Treasury Management position of the Association is reviewed by the Committee of Management every quarter and the Treasury Management Policy is reviewed by the Committee of Management every year.

Risk Management

The Association has an active risk management process, including policy, matrix register and business continuity planning (disaster recovery). All major risks are considered in order that mitigating action can be planned. Risks are reviewed by staff on an ongoing basis and formally reviewed by the Committee of Management every quarter or sooner if required.

Risks are mitigated with robust policies, procedures, and a range of internal and external audits. The Committee of Management further ensure mitigation by reviewing external information and advice, maintaining active membership of representative and good practice bodies, and through seeking specialist external advice where it is required such as advice on IT security and data protection/freedom of information.

Our risk register is updated quarterly and is publicly available on our website – [Business Plan Section 9 Risk Management](#).

Our top 6 risk areas, post mitigation measures, are as detailed in the table below:

Risk No.	Risk Area Identified	Mitigation Measures
28	Interest rate and inflation rate uncertainties and fluctuations	Treasury management strategy and financial forecasting.
45	Economic and trade difficulties	Quarterly review of financial position. Budget scenario planning. Utilising partnerships.
70	Energy efficiency, EESSH2 and net carbon requirements	Keeping under review. Green office strategy. Awaiting Scottish Government review before determining and committing to longer term strategy.
73	Russian invasion of Ukraine – impact on supplies and costs.	Utilising partnerships. Green office strategy. Money and energy advice for customers.
74	Energy costs	Green office strategy. Reviewing business energy costs. Money and energy advice for customers. Managing associated consequences for stock condition.

50	Failure to collect rent and / or other income owed to the Association	Debt management strategy. Staff learning. Internal audit review. Provision of welfare benefit advice for customers.
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Financial Review

The Association needs to have reserves to ensure that the organisation can function into the future and meet its future liabilities, including the repair, maintenance, and replacement investment needs of its properties. In the year to 31 March 2023, the Association made a surplus of £906,716 against a budgeted position of £702,432. There has been a great impact due to the COVID-19 pandemic. Worldwide shortages of materials and labour have resulted in increased demand and costs for both. As such, a lesser volume of work is possible within original timeframes and is now costing more. We have revisited our long-term financial projections to take account of increased costs. To date no planned works have been postponed beyond a few months due to labour shortages. Matters are kept under review and works will continue, subject to the availability and affordability of the labour and materials to complete. Any surpluses that the Association makes are set aside within reserves for future business and works.

The Association reports an operating margin of 23.4% (2022: 19%). The main drivers of the difference from the previous year are the rent and service charge increases and receipt of wider role income combined with reduced estate and overhead costs.

As at 31 March 2023, the Association has cash to the value of £4,672,420 and has loan debt at a value of £2,364,977 having paid £346,978 off its loan debt during the year. The bank base rate has increased substantially over the year, however the Association has a mix of variable and fixed rate loans which has assisted with mitigating the financial impact of this.

As at 31 March 2023, the Association has a net asset value position of £15,634,655 (this is the assumed net worth of the Association and is not a cash item).

Value for Money

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

Ensuring the collection of rental income, and supporting tenants to make rent payments, remains a priority for the Association. While working to keep rents affordable we need to ensure that we maximise our collection of rental charges due. Only by ensuring the ongoing receipt of rent payments can we ensure the future of the Association and the availability of funds to continue to provide services. This has been a challenge over recent years with the UK Government Welfare Reforms and with the more recent increases in the cost of living with high inflationary increases in everyday living, especially food and household essentials and the increases in the cost of energy bills. All of this can make rent payment even more difficult for some which is why it is important that the Association continue to support customers in this priority area.

In terms of rental arrears, the transfer from Kendoon Housing Association in February 2021 has affected our ongoing performance with Kendoon having historically high rent arrears that we have inherited as part of the transfer.

Report of the Committee of Management for the Year Ended 31 March 2023 (Continued)

Tenant involvement is crucial to the success of the Association and we are very grateful to our active Resident and Customer Forum for all the work they do with us. The forum meetings have returned to in person meetings but retain the option for hybrid meetings so members have a choice to attend in person or online. Online meeting can be more suitable for some members and we plan to keep this facility on a permanent basis to maximise opportunities for our members to get involved.

It is core to our business that our customers are satisfied with the services we provide and the Association is committed to continually aiming to improve on these. Our triennial tenant satisfaction survey took place during 2022-23 with very positive results – published on our public website <https://www.pineview.org.uk/tenant-satisfaction-surveys/>. Alongside this we have feedback software to allow us to develop a system for real time ongoing feedback. Both of these help us continue to review our service in light of our customers priorities.

Donations and Wider Action

During the year the Association made charitable donations of £2,000, contributed wider action funding of £27,583 and spent £11,188 on tenant participation including newsletters, competitions and pensioner vouchers.

The Association also accessed external funds to assist tenants with cost of living matters. We secured £16,462 from the Scottish Government's Social Housing Fuel Poverty Fund and £7,000 from their Winter Hardship Fund, which resulted in 271 tenants receiving financial help ranging from £30 to £280.

We also had a budget for wider action and worked with partners such as Growchapel, G15 Youth Group, Enable Fortune Works and Glasgow City Council to spend this budget. This included spending £2,016 on youth outreach and football coaching, £5,387 on facilities including sheds, a gazebo and pizza oven for open days for the Growchapel Project and £400 on flower planters in the local area.

Governance

The Committee of Management continued their annual committee member reviews to ensure that as a committee, and as individual committee members, they meet regulatory and good practice requirements. The committee remains open to new members joining and bringing fresh ideas, skills, and approaches.

The Committee of Management developed and submitted their Annual Assurance Statement (AAS) to the Scottish Housing Regulator by the due deadline. This Committee of Management submitted a positive AAS advising of their assurance of the Associations compliance with regulatory requirements.

During 2022-23, the Association also continued its ongoing programme of internal audit and this covered various areas of our work, including ARC reporting to the Scottish Housing Regulator; debt management; equalities and human rights; complaints handling; tenant participation and engagement; and follow up from 2021-22. Internal audit is a vital tool to let the Association know where it is performing well and where improvements could be made.

Committee of Management and Executive Officers

The Association is controlled by a Committee of Management. The members of the Committee of Management and the Executive Officers are listed on page 2.

Report of the Committee of Management for the Year Ended 31 March 2023 (Continued)

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

The members of the Committee of Management are also Trustees of the Charity. Members of the Committee of Management are appointed by the members at the Association's Annual General Meeting or apply to fill casual vacancies in the year or take up co-optee places. The Committee of Management can be no fewer than 7 members and no more than 15, with no more than one third being co-optees.

Details of our Committee are kept updated on our public website

<https://www.pineview.org.uk/management-committee/>

Statement of Committee of Management's Responsibilities

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

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

The Committee of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the SHR Determination of Accounting Requirements – Statutory Guidance Feb 2019. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Committee of Management must, in determining how amounts are presented within items in the Statement of Comprehensive Income (income and expenditure account) and Statement of Financial Position (balance sheet), have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

Disclosure of Information to the Auditor

In so far as the Committee of Management are aware, at the time this report is approved:

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

Report of the Committee of Management for the Year Ended 31 March 2023 (Continued)

Statement on Internal Financial Control

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

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

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

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Committee of Management to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable, and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised, and submitted promptly to the relevant regulatory bodies.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Committee of Management;
- the Committee of Management receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Committee of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2023. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Report of the Committee of Management for the Year Ended 31 March 2023 (Continued)

Auditors

CT LLP were appointed in 2019 with the intention of undertaking audits for years ending 31 March 2020, 2021, 2022, 2023, 2024. As such, subject to satisfactory audit work, a resolution to re-appoint the auditors CT LLP will be proposed at the Annual General Meeting.

By order of the Committee of Management

Joyce Orr

Secretary

Date: 29 June 2023

Report by the Auditors to the Members of Pineview Housing Association Limited on Corporate Governance Matters for the Year Ended 31 March 2023

In addition to our audit of the Financial Statements, we have reviewed your statement on page 9 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Controls on page 9 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

CT LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL
Date:

Independent Auditor's Report to the Members of Pineview Housing Association Limited for the Year Ended 31 March 2023

Opinion

We have audited the financial statements of Pineview Housing Association Limited for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Equity, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Committee of Management 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.

Independent Auditor's Report to the Members of Pineview Housing Association Limited for the Year Ended 31 March 2023 (Continued)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Committee of Management

As explained more fully in the Committee of Management' responsibilities statement, the Committee of Management 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 Committee of Management 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 Committee of Management are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the association 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Independent Auditor's Report to the Members of Pineview Housing Association Limited for the Year Ended 31 March 2023 (Continued)

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

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

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

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

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

Use of our report

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

CT LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL
Date:

Statement of Comprehensive Income for the Year Ended 31 March 2023

	Notes	2023		2022	
		£	£	£	£
REVENUE	2		4,783,072		4,644,703
Operating Costs	2		(3,665,786)		(3,762,020)
OPERATING SURPLUS			1,117,286		882,683
Coronavirus Job Retention Scheme Government Grant		-		1,751	
Interest Receivable and Other Income		36,780		10,095	
Interest Payable and Similar Charges	7	(35,264)		(51,760)	
Other Finance Income / (Charges)	10	14,914		(13,000)	
			16,430		(52,914)
SURPLUS FOR THE YEAR	8		1,133,716		829,769
Other comprehensive income					
Actuarial (Losses)/gains on defined benefit Pension Plan	25		(227,000)		351,000
TOTAL COMPREHENSIVE INCOME			906,716		1,180,769

The Financial Statements were approved by the Committee of Management, authorised for issue and signed on its behalf on 29 June 2023 by:

Name:	Daniel Martyn	Josephine McGinty	Joyce Orr
Signature:	<i>redacted</i>	<i>redacted</i>	<i>redacted</i>
	Committee Member	Committee Member	Secretary

The notes on pages 19 to 36 form part of these Financial Statements.

Statement of Financial Position as at 31 March 2023

	Notes	2023		2022	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	11 (a)		38,622,602		39,408,625
Other Non-current Assets	11 (b)		<u>43,278</u>		<u>51,579</u>
			38,665,881		39,460,203
CURRENT ASSETS					
Receivables	14	184,827		75,821	
Cash at bank and in hand		<u>4,672,420</u>		<u>4,270,538</u>	
		4,857,248		4,346,358	
CREDITORS: Amounts falling due within one year	15	<u>(851,518)</u>		<u>(889,539)</u>	
NET CURRENT ASSETS			<u>4,005,730</u>		<u>3,456,819</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			42,671,611		42,917,023
CREDITORS: Amounts falling due after more than one year	16		(2,065,191)		(2,378,894)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish Housing Association Pension Scheme	25	<u>(168,000)</u>		<u>(25,000)</u>	
			(168,000)		(25,000)
DEFERRED INCOME					
Social Housing Grants	18	<u>(24,803,764)</u>		<u>(25,785,183)</u>	
			(24,803,764)		(25,785,183)
NET ASSETS			<u>15,634,655</u>		<u>14,727,945</u>
EQUITY					
Share Capital	19		232		238
Revenue Reserves			15,634,423		14,752,707
Pension Reserves			<u>-</u>		<u>(25,000)</u>
			<u>15,634,655</u>		<u>14,727,945</u>

The Financial Statements were approved by the Committee of Management, authorised for issue and signed on its behalf on 29 June 2023 by:

Name:

Signature:

Committee Member

Committee Member

Secretary

The notes on pages 19 to 36 form part of these Financial Statements.

Statement of Cashflows for the Year Ended 31 March 2023

	Notes	2023		2022	
		£	£	£	£
Net cash inflow from operating activities	17		1,550,900		1,614,287
Investing Activities					
Improvements to Housing Properties		(816,773)		(638,301)	
Purchase of Other Fixed Assets		(1,704)		(10,306)	
Interest Received on Cash and Cash Equivalents		<u>36,780</u>		<u>10,095</u>	
Net cash outflow from investing activities			(781,697)		(638,512)
Financing Activities					
Coronavirus Job Retention Scheme Government Grant		-		1,751	
Share Capital Issued		7		13	
Loan Principal Repayments		(346,978)		(327,253)	
Interest Payable and Similar Charges		<u>(20,350)</u>		<u>(51,760)</u>	
Net cash outflow from financing activities			(367,321)		(367,154)
Increase in cash			401,883		598,527
Opening Cash & Cash Equivalents			<u>4,270,538</u>		<u>3,672,011</u>
Closing Cash & Cash Equivalents			<u>4,672,420</u>		<u>4,270,538</u>
Cash and Cash equivalents as at 31 March					
Cash			<u>4,672,420</u>		<u>4,270,538</u>
			<u>4,672,420</u>		<u>4,270,538</u>

The notes on pages 19 to 36 form part of these Financial Statements.

Statement of Changes in Equity for the Year Ended 31 March 2023

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 1 April 2021	266	(490,000)	14,036,936	13,547,202
Issue of Shares	13	-	-	13
Cancellation of Shares	(41)	-	-	(41)
Other comprehensive income	-	465,000	(114,000)	351,000
Surplus for the year	-	-	829,769	829,769
Balance as at 31 March 2022	238	(25,000)	14,752,707	14,727,945
Balance as at 1 April 2022	238	(25,000)	14,752,707	14,727,945
Issue of Shares	7	-	-	7
Cancellation of Shares	(13)	-	-	(13)
Other comprehensive income	-	-	-	-
Transfer of Pension Reserve to Revenue Reserve	-	25,000	(25,000)	-
Surplus for the year	-	-	906,716	906,716
Balance as at 31 March 2023	232	-	15,634,423	15,634,655

The notes on pages 19 to 36 form part of these Financial Statements.

Notes to the Financial Statements for the Year Ended 31 March 2023

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2018. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

Going Concern

The Committee of Management are continually developing and implementing mitigating actions and processes to ensure that the Association continues to function and manage future operations and those of its workforce and stakeholders. The Committee of Management is satisfied of the Association's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

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

Retirement Benefits

The Association participates in the Scottish Housing Associations Defined Benefit Pension Scheme where retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. The Association also participates in the Scottish Housing Associations Defined Contribution scheme as the defined benefit scheme is closed to new members. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11(a). Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Kitchens	15 Years
Bathrooms	30 Years
Boilers	15 Years
Radiators	30 Years
Windows	30 Years
External Doors	30 Years
Internal Doors	40 Years
Rewiring	40 Years
Structures	50 Years

Notes to the Financial Statements for the Year Ended 31 March 2023 (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Depreciation and Impairment of Other Non-Current Assets

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

Asset Category	Depreciation Rate
Office Premises	2%
Furniture and Equipment	33%
Motor Vehicles	33%

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

Social Housing Grant and Other Grants in Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

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

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

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

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

Works to Existing Properties

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

Notes to the Financial Statements for the Year Ended 31 March 2023 (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

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

b) Pension Liability

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has adopted this valuation method in line with FRS102.

Financial Instruments - Basic

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

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Committee of Management to exercise judgement in applying the Association's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below.

a) Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

b) Life Cycle of Components

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

c) Useful life of properties, plant, and equipment

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

d) Defined pension liability

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

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

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

Notes to the Financial Statements for the Year Ended 31 March 2023 (Continued)

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

	Notes	2023			2022		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	4,750,033	3,581,495	1,168,538	4,636,486	3,738,442	898,044
Other Activities	4	33,039	84,291	(51,252)	8,217	23,578	(15,360)
Total		4,783,072	3,665,786	1,117,286	4,644,704	3,762,020	882,684

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Sheltered Housing £	Shared Ownership £	2023 Total £	2022 Total £
Revenue from Lettings					
Rent receivable net of service charges	3,621,439	22,961	41,980	3,686,380	3,591,551
Service charges receivable	900	12,003	14,124	27,027	26,901
Gross income from rent and service charges	3,622,339	34,964	56,104	3,713,407	3,618,452
Less: Rent losses from voids	9,729	-	-	9,729	9,581
Net Rents Receivable	3,519,984	34,964	53,923	3,608,870	3,608,870
Grants released from deferred income	960,232	-	21,187	981,419	966,421
Other revenue grants	64,937	-	-	64,937	61,194
Total turnover from affordable letting activities	4,637,778	34,964	77,291	4,750,033	4,636,486
Expenditure on affordable letting activities					
Management and maintenance administration costs	967,081	-	536	967,618	1,010,188
Service Costs	71,515	2,071	-	73,586	49,854
Planned and cyclical maintenance, including major repairs	403,240	-	-	403,240	346,441
Reactive maintenance costs	570,163	420	34	570,617	542,407
Bad Debts - rents and service charges	(36,361)	-	-	(36,361)	30,882
Depreciation of affordable let properties	1,578,387	-	24,408	1,602,795	1,758,670
Operating costs of affordable letting activities	3,554,025	2,491	24,978	3,581,495	3,738,442
Operating surplus on affordable letting activities	1,083,753	32,473	52,313	1,168,538	898,044

2022

835,627

21,279

41,138

Notes to the Financial Statements for the Year Ended 31 March 2023 (Continued)

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

	Other Revenue Grants	Other Income £	Total Turnover £	Operating Costs Other £	Operating Surplus / (Deficit) 2023 £	Operating Surplus / (Deficit) 2022 £
Factoring	-	8,577	8,577	16,478	(7,901)	(6,084)
Wider role activities	24,462	-	24,462	67,814	(43,352)	(9,277)
Total From Other Activities	24,462	8,577	33,039	84,291	(51,252)	(15,360)
2022	-	8,217	8,217	23,578	(15,360)	

Notes to the Financial Statements for the Year Ended 31 March 2023 (Continued)

5. OFFICERS' EMOLUMENTS

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

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

Pension contributions made on behalf of Officers with emoluments greater than £60,000 (excluding Pension Contributions)

Emoluments payable to Director (excluding pension contributions)

Total Emoluments paid to key management personnel

The full time equivalent number of staff who received remuneration (including employer pension contributions) greater than £60,000 (including the executive team):

£60,001 to £70,000

£70,001 to £80,000

£80,000 to £90,000

	2023	2022
	£	£
	<u>139,855</u>	<u>74,195</u>
	<u>20,505</u>	<u>11,001</u>
	<u>78,202</u>	<u>74,195</u>
	<u>160,361</u>	<u>152,292</u>

	Number	Number
	-	1
	1	-
	1	1

6. EMPLOYEE INFORMATION

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

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

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

Temporary, Agency and Seconded Staff

	2023	2022
	No.	No.
	<u>20</u>	<u>19</u>
	<u>21</u>	<u>20</u>
	£	£
	662,948	627,159
	64,206	57,797
	72,426	73,596
	<u>59,489</u>	<u>69,895</u>
	<u>859,069</u>	<u>828,447</u>

Notes to the Financial Statements for the Year Ended 31 March 2023 (Continued)

7. INTEREST PAYABLE & SIMILAR CHARGES

	2023	2022
	£	£
On Bank Loans & Overdrafts	(35,264)	(51,760)
	<u>(35,264)</u>	<u>(51,760)</u>

8. SURPLUS FOR THE YEAR

	2023	2022
	£	£
Surplus For The Year of £829,769 is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	1,612,799	1,783,913
Auditors' Remuneration - Audit Services	14,295	15,792
Operating Lease Rentals - Other	2,743	2,967

9. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

10. OTHER FINANCE INCOME / CHARGES

	2023	2022
	£	£
Defined Benefit Pension (costs)/income Recognised in SOCI	14,914	(13,000)

Notes to the Financial Statements for the Year Ended 31 March 2023 (Continued)

11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Shared Ownership Completed £	Total £
COST			
As at 1 April 2022	66,459,608	1,295,796	67,755,404
Additions	816,773	-	816,773
Disposals	<u>(407,010)</u>	<u>-</u>	<u>(407,010)</u>
As at 31 March 2023	66,869,371	1,295,796	68,165,167
DEPRECIATION			
As at 1 April 2022	27,821,626	525,153	28,346,779
Charge for Year	1,531,238	24,408	1,555,646
Disposals	<u>(359,860)</u>	<u>-</u>	<u>(359,860)</u>
As at 31 March 2023	27,821,626	525,153	28,346,779
NET BOOK VALUE			
As at 31 March 2023	<u>37,876,368</u>	<u>746,235</u>	<u>38,622,602</u>
As at 31 March 2022	<u>38,637,982</u>	<u>770,642</u>	<u>39,408,625</u>

Additions to housing properties include capitalised major repair costs to existing properties of £816,773 (2022: £638,301).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £1,715,499 (2022: £1,408,268). This includes the amount capitalised for component additions of £816,773 (2022: £638,301).

The Association's Lenders have standard securities over Housing Property with a carrying value of £17,030,438 (2022: £17,647,126).

Notes to the Financial Statements for the Year Ended 31 March 2023 (Continued)

11. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture and Equipment £	Motor Vehicles £	Total £
COST				
As at 1 April 2022	171,590	257,916	30,546	460,052
Additions	-	1,704	-	1,704
Disposals	-	-	-	-
As at 31 March 2023	171,590	259,620	30,546	461,756
AGGREGATE DEPRECIATION				
As at 1 April 2022	129,841	248,086	30,546	408,473
Charge for year	3,432	6,572	-	10,004
Disposals	-	-	-	-
As at 31 March 2023	133,273	254,659	30,546	418,478
NET BOOK VALUE				
As at 31 March 2023	<u>38,317</u>	<u>4,961</u>	-	<u>43,278</u>
As at 31 March 2022	<u>41,749</u>	<u>9,830</u>	-	<u>51,579</u>

12. CAPITAL COMMITMENTS

	2023 £	2022 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>633,338</u>	<u>266,065</u>

The above commitments will be financed by the Association's own resources.

13. COMMITMENTS UNDER OPERATING LEASES

	2023 £	2022 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:		
Other		
Not later than one year	1,141	2,512
Later than one year and not later than five	-	455

14. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Arrears of Rent & Service Charges	322,779	290,193
Less: Provision for Doubtful Debts	<u>(190,840)</u>	<u>(248,318)</u>
	131,939	41,875
Other Receivables	<u>52,888</u>	<u>33,945</u>
	<u>184,827</u>	<u>75,821</u>

Notes to the Financial Statements for the Year Ended 31 March 2023 (Continued)

15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Housing Loans	299,786	333,061
Trade Payables	176,012	236,311
Rent Received in Advance	226,338	234,822
Other Payables	52,404	36,288
Accruals and Deferred Income	<u>96,978</u>	<u>49,057</u>
	<u>851,518</u>	<u>889,539</u>

At 31st March 2023, there were pension contributions outstanding of £11,211 (2022: £21,708).

16. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£	£
Housing Loans	2,364,977	2,711,955
Housing Loans		
Amounts due within one year	299,786	333,061
Amounts due in one year or more but less than two years	294,348	306,417
Amounts due in two years or more but less than five years	758,582	865,229
Amounts due in more than five years	<u>1,012,261</u>	<u>1,207,248</u>
	<u>2,364,977</u>	<u>2,711,955</u>
Less: Amount shown in Current Liabilities	<u>299,786</u>	<u>333,061</u>
	<u>2,065,191</u>	<u>2,378,894</u>

The Association has a number of long-term housing loans, the terms and conditions of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Clydesdale Bank	Standard security over Standard security over 34 properties	Base + 1.17%	2022	Variable
Clydesdale Bank	Standard security over Standard security over 31 properties	Base + 1.2%	2023	Variable
Clydesdale Bank	Standard security over Standard security over 22 properties	3.08%	2025	Fixed
Clydesdale Bank	Standard security over Standard security over 56 properties	Base + 1.13%	2029	Variable
Clydesdale Bank	Standard security over Standard security over 38 properties	Base + 1.13%	2031	Variable
Nationwide	Standard security over Standard security over 36 properties	1.38%	2033	Fixed
Nationwide	Standard security over Standard security over 87 properties	1.38%	2033	Fixed
Nationwide	Standard security over Standard security over 51 properties	1.31%	2031	Fixed
Scottish Government	No security held	0%	2025	Interest-free

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans, except for the Scottish Government loan where an annual repayment is made.

Notes to the Financial Statements for the Year Ended 31 March 2023 (Continued)

17. STATEMENT OF CASHFLOWS**Reconciliation of surplus for the year to net cash inflow from operating activities**

	2023 £	2022 £
Operating Surplus for the year	1,117,286	882,683
Depreciation	1,612,799	1,783,913
Amortisation of Capital Grants	(981,419)	(966,422)
Change in debtors	(96,665)	35,422
Change in creditors	(32,001)	(56,269)
SHAPS Past Service Deficit Contribution Paid	(69,086)	(65,000)
Share Capital Written Off	(13)	(41)
Net cash inflow from operating activities	<u>1,550,900</u>	<u>1,614,287</u>

Analysis of Changes in Net Debt

	2022 £	Cashflows £	Non-cash changes Finance leases	Other changes	2023 £
Long-term borrowings	(2,378,894)	346,978	-	(33,275)	(2,065,191)
Short-term borrowings	(333,061)	-	-	33,275	(299,786)
Total liabilities	<u>(2,711,955)</u>	<u>346,978</u>	<u>-</u>	<u>-</u>	<u>(2,364,977)</u>
Cash and cash equivalents	4,270,538	401,883	-	-	4,672,420
Total net debt	<u>1,558,583</u>	<u>748,861</u>	<u>-</u>	<u>-</u>	<u>2,307,443</u>

Notes to the Financial Statements for the Year Ended 31 March 2023 (Continued)

18. DEFERRED INCOME	Housing Properties Held for Letting £	Shared Ownership Completed £	Total £
Social Housing Grants			
As at 1 April 2022	46,419,587	1,059,374	47,478,961
Eliminated on disposal of components and property	<u>(232,599)</u>	-	<u>(232,599)</u>
As at 31 March 2023	46,186,988	1,059,374	47,246,362
Amortisation			
As at 1 April 2022	21,232,836	460,943	21,693,778
Amortisation in year	959,749	21,187	980,937
Eliminated on disposal	<u>(232,118)</u>	-	<u>(232,118)</u>
As at 31 March 2023	21,960,467	482,130	22,442,597
Net book value			
As at 31 March 2023	<u>24,226,521</u>	<u>577,244</u>	<u>24,803,764</u>
As at 31 March 2022	<u>25,186,752</u>	<u>598,431</u>	<u>25,785,178</u>

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

	2023 £	2022 £
Amounts due within one year	980,937	987,571
Amounts due in one year or more	<u>23,822,827</u>	<u>24,797,607</u>
	<u>24,803,764</u>	<u>25,785,178</u>

19. SHARE CAPITAL	2023 £	2022 £
Shares of £1 each Issued and Fully Paid		
As at 1 April 2022	238	266
Issued in year	7	13
Cancelled in year	<u>(13)</u>	<u>(41)</u>
As at 31 March 2023	<u>232</u>	<u>238</u>

Notes to the Financial Statements for the Year Ended 31 March 2023 (Continued)

20. HOUSING STOCK

The number of units of accommodation in management at the year-end was:	2023	2022
	No.	No.
General Needs	852	852
Shared Ownership	22	22
Supported Housing	<u>1</u>	<u>1</u>
	<u>875</u>	<u>875</u>

21. RELATED PARTY TRANSACTIONS

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

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

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

	2023	2022
	£	£
Rent received from tenants on the Committee of Management and their close family members	20,158	16,137
At the year-end total rent arrears owed by the tenant members on the Committee of Management (and their close family) were £295 (2022: £nil).		
Members of the Committee of Management who are tenants	4	3

22. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 5 Rozelle Avenue, Drumchapel, Glasgow.

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

23. COMMITTEE OF MANAGEMENT MEMBER EMOLUMENTS

Committee of Management members received £nil (2022: £nil) in the year by way of reimbursement of expenses. No remuneration is paid to Committee of Management members in respect of their duties to the Association.

Notes to the Financial Statements for the Year Ended 31 March 2023 (Continued)

24. SHAPS PENSION PROVISION

	2023	2022
	£	£
As at 1 April 2022	(25,000)	(490,000)
Decrease/(increase) in Provision	<u>(143,000)</u>	<u>465,000</u>
Balance as at 31 March 2023	<u>(168,000)</u>	<u>(25,000)</u>

The pension provision is equal to the deficit in the plan, arrived at by deducting the present value of defined benefit obligation from the fair value of plan assets – as detailed at note 25.

In the year to 31 March 2023, the deficit in the plan has increased due to the impact of actuarial losses on the defined benefit obligation.

25. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Associations' Pension Scheme

Pineview Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'), the assets of which are held in a separate trustee administered fund. The Association has employees in the defined contribution scheme and employees in the defined benefit scheme.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal then the liability of the withdrawing employer is re-appointed amongst the remaining employers. Therefore, in certain circumstances the Association may become liable for the obligations of a third party.

The last valuation of the Scheme was performed as at 30th September 2021 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £1,173m. The valuation revealed a shortfall of assets compared with the value of liabilities of £27m (equivalent to a past service funding level of 98%). All Scheme members have agreed to make contributions towards the past service deficit.

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

Fair value of plan assets, present value of defined benefit obligation, and defined benefit asset (liability)

	2023	2022
	£000	£000
Fair value of plan assets	3,210	4,766
Present value of defined benefit obligation	3,378	4,791
Surplus (deficit) in plan	(168)	(25)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(168)	(25)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	<u>(168)</u>	<u>(25)</u>

Notes to the Financial Statements for the Year Ended 31 March 2023 (Continued)**25. RETIREMENT BENEFIT OBLIGATIONS (Continued)****Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation**

	2023	2022
	£000	£000
Defined benefit obligation at start of period	4,791	5,059
Current service cost	26	40
Expenses	4	4
Interest expense	133	109
Member contributions	29	28
Actuarial losses (gains) due to scheme experience	(39)	85
Actuarial losses (gains) due to changes in demographic assumptions	(79)	16
Actuarial losses (gains) due to changes in financial assumptions	(1,384)	(388)
Benefits paid and expenses	(103)	(162)
Liabilities acquired in a business combination	-	-
Liabilities extinguished on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Exchange rate changes	-	-
Defined benefit obligation at end of period	<u>3,378</u>	<u>4,791</u>

Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	2023	2022
	£000	£000
Fair value of plan assets at start of period	4,766	4,569
Interest income	133	100
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(1,729)	64
Employer contributions	114	167
Member contributions	29	28
Benefits paid and expenses	(103)	(162)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	<u>-</u>	<u>-</u>
Fair value of plan assets at start of period	<u>3,210</u>	<u>4,766</u>

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was (£1,596,000).

Notes to the Financial Statements for the Year Ended 31 March 2023 (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS (Continued)**Defined Benefit Costs Recognised in Statement of Comprehensive Income (SOI)**

	2023	2022
	£	£
Current Service Cost	26	40
Expenses	4	4
Net Interest Expense	-	9
Losses (Gains) on Business Combinations	-	-
Losses (Gains) on Settlements	-	-
Losses (Gains) on Curtailments	-	-
Losses (Gains) due to Benefit Changes	-	-
Defined Benefit Costs Recognised in Statement of Comprehensive Income (SOI)	<u>30</u>	<u>53</u>

Defined benefit costs recognised in Other Comprehensive Income (OCI)

	2023	2022
	£	£
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(1,729)	64
Experience gains and losses arising on the plan liabilities - gain (loss)	39	(85)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	79	(16)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	1,384	388
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(227)	351
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-	-
Total amount recognised in Other Comprehensive Income - gain (loss)	<u>(227)</u>	<u>351</u>

Actuarial gain/(loss) is a non-cash item that occurs due to changes in actuarial assumptions used by The Pensions Trust (TPT) for the Scottish Housing Associations' Pension Scheme (SHAPS). This figure can be subject to significant change year on year.

Notes to the Financial Statements for the Year Ended 31 March 2023 (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Fair Value of Scheme Assets

	2023	2022
	£000	£000
Global Equity	85	942
Absolute Return	44	219
Distressed Opportunities	99	171
Credit Relative Value	122	153
Alternative Risk Premia	19	197
Emerging Markets Debt	25	177
Risk Sharing	234	155
Insurance-Linked Securities	89	100
Property	134	123
Infrastructure	346	298
Private Debt	143	120
Opportunistic Illiquid Credit	142	158
High Yield	16	46
Opportunistic Credit	-	17
Cash	13	13
Corporate Bond Fund	4	301
Liquid Credit	-	31
Long Lease Property	108	137
Secured Income	215	255
Over 15 Year Gilts	-	2
Liability Driven Investment	1,359	1,153
Currency Hedging	6	(17)
Net Current Assets	<u>7</u>	<u>15</u>
Total Assets	<u>3,210</u>	<u>4,766</u>

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.

Key Assumptions

	2023	2022
	% p.a.	% p.a.
Discount Rate	4.87%	2.79%
Inflation (RPI)	3.19%	3.57%
Inflation (CPI)	2.75%	3.19%
Salary Growth	3.75%	4.19%
Allowance for commutation of pension for cash at retirement (% of maximum allowance)	75%	75%

Notes to the Financial Statements for the Year Ended 31 March 2023 (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies at age 65:

	2023	2022
	Years	Years
Male retiring in-year	20.5	21.6
Female retiring in-year	23.0	23.9
Male retiring in 30 years	21.7	22.9
Female retiring in 30 years	24.4	25.4

Review of Historic Scheme Benefit Changes

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

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