

Registered Housing Association No. HCB275
FCA Reference No. 2443R(S)
Scottish Charity No. SC033116

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2022



ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2022

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ABRONHILL HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES and ADVISERS

Year ended 31 March 2022

Management Committee

Paul Broadwith
Raymond Russell
Iain Smith
Craig Burns
William Noon
Deborah Brown
Audrey Smith
Robert Brownlee
Julie Kelly

Chair
Vice Chairperson
Secretary

From 16 September 2021
From 16 September 2021

Resigned 30 September 2021
Co-opted 30 September 2021

Executive Officers

Stephen Macintyre

Providing Senior Management Services
(Hillhead Housing Association)

Registered Office

Unit 10
Abronhill Shopping Centre
Cumbernauld
G67 3AZ

External Auditors

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

Internal Auditors

Quinn Internal Audit
& Business Support Services
55 Lady Place
West Lothian
EH54 6TB

Bankers

Royal Bank of Scotland
14 Tay Walk
Cumbernauld
G67 1DE

Finance Agents

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

Solicitors

TC Young
7 West George Street
Glasgow
G2 1BA

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE

For the year ended 31 March 2022

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

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 2443R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC033116.

Principal Activities

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

Review of Business and Future Developments

During much of the year we continued to operate within a restricted environment related to the pandemic. Although restrictions on our key service activities were lifted earlier in 2021, we only opened our office to the public in February 2022 and have continued to work on a hybrid basis in order to reduce the number of staff working in our office at any one time.

Despite lifting of restrictions, we continued to experience occasional difficulties in carrying out our statutory duties in relation to gas servicing and we reported that 1 gas service was not completed within the 12-month statutory period. On a positive note, we were able to complete the statutory upgrade of fire detection systems in tenanted homes by the statutory deadline of February 2022.

During the year the level of investment in cyclical and planned maintenance was relatively low compared to pre pandemic years. The easing of restrictions meant that we were able to complete our 5 yearly stock condition survey as internal inspections were deferred pending the lifting of restrictions. This has now been concluded and revised Life Cycle Costing plan has been prepared and will form part of our review of our longer-term financial projections due to take place in the summer of 2022.

Cybercrime remains a key business risk for the Association and to this end we successfully obtained our Cyber Essentials re-accreditation in May 2022.

In September 2021 we held our second consecutive Annual General Meeting on a virtual basis. We are planning to hold the 2022 AGM in person as we think it is important that we maximise the possible attendance of Members, most of whom are local residents and tenants.

During the year all of our Management Committee Meetings have been held virtually. We plan to trial "hybrid" committee meetings from August onwards.

The Association made a net operating surplus of £22,348 in the year to 31 March 2022. Its financial operations remain stable and following the planned refinancing we are supported with a new loan facility provided by the Bank of Scotland.

The Association's main source of income is from rents. Rent charges in the year amounted to £992,438. The Association's Rent Setting Policy is based on the size, type and facilities of the accommodation and the historic costs of the properties. The rent structure is easy to administer and covers the wide variations within the Association's properties. We consult with tenants each year about our proposals for the following year's rent, taking account of investment priorities, affordability and scope for efficiencies within our own management costs. A percentage value is applied annually to ensure that the rents cover the required costs. Rents were increased by 1.7% for 21/22.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2022

Review of Business and Future Developments (continued)

During the second half of 21/22 inflation has taken hold and for the second year in a row the Management Committee agreed to consult on rent increase in line with CPI as at September 2021 which was 4.2%. However, by the time the increase became effective at the end of March 2022 CPI was running at 7% and it is predicted to exceed 10% later in the year.

With just over £169,000 spent on new components, our biggest investment remains in the day-to-day maintenance of the housing stock that totals £195,000. An additional sum of £71,000 was invested in planned maintenance works.

The net cost of housing assets at 31 March 2022 is £3.71m.

The net cost of other fixed assets is £8,312

Cash balances at 31 March 2022 amount to just over £3.03m which includes the loan finance of £2.1m available to purchase the 36 new units from Clyde Valley Housing Association. Under agreed terms with the Bank of Scotland the loan had to be drawn by 31 March 2022.

During the year the Association took the opportunity to refinance in anticipation of the new development. We took out a new loan of £3.1m from Bank of Scotland to cover the outstanding loan of £977,000 with the Coop Bank that we have now repaid in full. The balance of £2.1m will be used to purchase the new units from Clyde Valley Housing Association which we expect to take place in August 2022.

Corporate Governance

The Association has a Management Committee who are elected by the members of the Association. (See above for details). It is the responsibility of the Committee to undertake the strategy, setting of policy and overall direction of the Association. The Committee also monitors the operational activities of the Association. The members of the Management Committee are not paid by the Association for this work.

Hillhead Housing Association was re-appointed in May 2021 to provide Director Services, for a further period of two years. The Director, Stephen Macintyre, is responsible for achieving the strategy set, and undertaking the operational activities in line with the policies set by the Management Committee.

Our governing body is our Management Committee, which is responsible to the wider membership. Committee members serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve high standard of professionalism in our work. We take governance very seriously, and in the last year we continued to build on work from previous years that strengthened our governance arrangements. During the year we co-opted one new member onto our Management Committee.

In October 2021 we submitted our annual assurance statement to the Scottish Housing Regulator (SHR) and continue to enjoy a low level of engagement with SHR. We continue to submit the other statutory and regulatory returns as due.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2022

Training and Recruiting Committee Members.

Any vacancies on the Management Committee are filled from members of the wider community who are interested in the Association's aims and objectives for the area and come from a range of backgrounds. Induction training is provided for all new committee members. In 2021 we started succession planning for when our Chair retires at this year's AGM. A chair designate has been appointed with a view to him being appointed Chair in September we ran a successful recruitment campaign with three new members joining each bringing their own set of skills and experience to enhance and widen the skill set of our Committee.

We carry out an independent Committee appraisal each year and Committee members are required to attend training events and conferences to build on their experience and develop new skills.

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

Corporate Issues

Tenant involvement and participation is a major part of the Association's aims and objectives, and we continue to review how the Association involves tenants in its activities. The pandemic has made this more difficult. And challenging. However, as we emerge from restrictions we have restarted our face to face focus groups and we will continue to explore new and innovative ways of engaging with our tenants.

Performance Management and Service Delivery

Performance management and service delivery are high priorities for the Association.

The staff team have worked hard to achieve the outcomes in the Scottish Social Housing Charter and whilst some areas of performance have dipped due to the corona virus restrictions, we have seen performance pick back up from 2021 levels and we continue to perform relatively well.

Policies and procedures are regularly reviewed and agreed by the Management Committee. Performance in arrears management is also closely monitored given the current economic impact of the pandemic. Whilst the increase in rent arrears reported last year has been reversed, the emergent cost of living crisis and ongoing increase in energy costs is impacting on household budgets. Gross rent arrears decreased from 5.69% at the end of March 2021 to 5.18% at the end of March 2022. In addition, our level of rent collection increased slightly from 96.39% to 99.7%.

Our repair response times have recovered from the impact of the COVID-19 restrictions that were in place for all of 20/21. We responded to emergency calls within an average time of 2 hours and to non-emergency calls within an average time of 3.3 days.

We successfully completed our planned investment of £30,826 in upgrading the fire detection systems in our homes in order to ensure we comply with Fire Safety Regulations by the end of February 2022.

We continue to submit the statutory and regulatory returns as due and our low level of engagement with the Regulator continues.

Best use of resources

We regularly conduct risk assessments and take any action necessary to reduce or limit risk. A planned update to our last stock condition that was completed in July 2017 was put on hold as a consequence of the pandemic and has now been completed. The results will be incorporated into the Association's planned maintenance programme to ensure that the required standards are met wherever economically possible within the set timescales.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2022

Development Issues

Abronhill HA is not traditionally a developing association but is committed to widening housing opportunities for people in Abronhill. We have a development arrangement with Clyde Valley Housing Association where it will develop and build 36 new homes for the Association. Although the development was due to be completed in October 2021 a combination of issues including material and labour shortages has resulted in delays with an anticipated handover due in August 2022.

Housing Issues

A major issue for all housing associations is the economic consequences of the Pandemic, Brexit and cost of energy which is manifesting itself with material and labour shortages, high levels of inflation and household energy costs all of which are placing direct pressures on our tenants as well as our own business. Abronhill continues to engage with tenants to signpost them in the direction of financial advice and support via our Advice for Tenants and Residents (AFTAR) project. This shared resource with Motherwell Citizens Advice Bureau and 4 other Lanarkshire based housing associations offers advice and support with welfare rights, benefits and energy related issues. This service has never been so important, and we continue support it financially along with our partners.

For the second successive year we were successful in accessing another £11,000 in grants from the Scottish Fuel Support Fund that we were able to distribute to vulnerable households and individuals.

Investment Appraisal

Capital expenditure is regulated by budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Committee. Reviews are carried out during the development period, to monitor expenditure and performance.

Treasury management

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Management Committee. In this way the Association manages its borrowing arrangements to ensure that it is always able to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

Internal Financial Control

The Management Committee is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management

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

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

Employee Involvement and Health & Safety

The Association encourages employee involvement in all Health and Safety initiatives. The Association monitors its Health and Safety work closely. Our last Health & Safety Audit took place in June 2021. Health & Safety has been given increased prominence given the fact that our staff are continuing to work remotely and staff well-being rightly is being given a high level of support.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2022

Management Committee and Executive Officers

The members of the Management Committee and the Executive officers are listed on page 1.

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

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

Statement of Management Committee's Responsibilities

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

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. It is 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.

Going concern

Based on its budgetary and forecasting processes the Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2022

Statement on Internal Financial Control

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

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

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

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

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2022. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

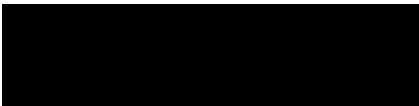
For the year ended 31 March 2022

Disclosure of Information to the Auditor

The members of the Management Committee at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

BY ORDER OF THE MANAGEMENT COMMITTEE

**Iain Smith
Secretary**



15 September 2022

REPORT by the AUDITORS to the MEMBERS OF

ABRONHILL HOUSING ASSOCIATION LIMITED

On CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 8 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the 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 reasons given for non-compliance.

Opinion

In our opinion the Statement of Internal Financial Control on page 8 has provided the disclosures required by the relevant Regulatory Standards within the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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


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

16 September 2022

INDEPENDENT AUDITORS REPORT to the MEMBERS OF

ABRONHILL HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, 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 Financial Reporting Council'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 audit opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Management Committee use of 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 authorized for issue.

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

Other information

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

INDEPENDENT AUDITORS REPORT to the MEMBERS OF

ABRONHILL HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Other Information (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:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation; or
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation; or
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities as set out on Page 7, the Management Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITORS REPORT to the MEMBERS OF

ABRONHILL HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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

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:

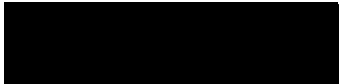
- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the members;
- review of minutes of board meetings throughout the period;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance 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, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.



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

16 September 2022

ABRONHILL HOUSING ASSOCIATION LIMITED**STATEMENT of COMPREHENSIVE INCOME****For the year ended 31 March 2022**

	Notes	2022	2021
		£	£
Revenue	2	1,097,982	1,010,536
Operating costs	2	(1,075,634)	(823,731)
Operating surplus		<u>22,348</u>	<u>186,805</u>
Interest receivable and other income		227	506
Interest payable and similar charges	7	(18,320)	(8,972)
Other finance income/(charges)	10	(2,000)	-
		<u>(20,093)</u>	<u>(8,466)</u>
Surplus for the year	8	<u>2,255</u>	<u>178,339</u>
Other comprehensive income			
Actuarial gains/(losses) on defined benefit pension plan	19	96,000	(167,000)
Total comprehensive income		<u>98,255</u>	<u>11,339</u>

The results relate wholly to continuing activities.

The notes on pages 20 and 39 form an integral part of these financial statement.

ABRONHILL HOUSING ASSOCIATION LIMITED

STATEMENT of FINANCIAL POSITION

As at 31 March 2022

	Notes	£	2022 £	£	2021 £
Non-current assets					
Housing properties – depreciated cost	11		3,712,780		3,869,150
Other tangible assets	11		8,312		7,636
			-----		-----
			3,721,092		3,876,786
Current assets					
Receivables	12	28,750		85,316	
Cash and cash equivalents		3,030,945		777,840	
			-----		-----
		3,059,695		863,156	
Creditors: amounts falling due within one year	13	(283,717)		(213,399)	
			-----		-----
Net current assets			2,775,978		649,757
			-----		-----
Total assets less current liabilities			6,497,070		4,526,543
Creditors: amounts falling due after more than one year	14		(2,880,764)		(822,642)
Pensions and other provisions for liabilities and charges					
Scottish housing association pension scheme	19		-		(131,000)
Deferred income					
Social Housing Grants	15		(1,060,458)		(1,115,303)
			-----		-----
Net assets			2,555,848		2,457,598
			=====		=====
Equity					
Share capital	16		47		52
Revenue reserves			2,555,801		2,588,546
Pension reserves			-		(131,000)
			-----		-----
			2,555,848		2,457,598
			=====		=====

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on 15 September 2022.



Committee member –

Committee Member –

Secretary –

The notes on pages 18 to 31 form an integral part of these financial statements.

ABRONHILL HOUSING ASSOCIATION LIMITED

STATEMENT of CASH FLOWS

For the year ended 31 March 2022

	Notes	£	2022 £	£	2021 £
Surplus for the Year			2,255		178,339
Adjustments for non-cash items:					
Depreciation of tangible fixed assets	11	332,474		191,464	
Amortisation of capital grants	15	(54,844)		(43,669)	
Non-cash adjustments to pension provisions		(35,000)		(36,000)	
Share capital written off	16	(8)		(5)	
		-----	242,622	-----	111,790
Interest receivable			(227)		(506)
Interest payable			18,320		8,972
			-----	-----	
Operating cash flows before movements in working capital			262,970		298,595
Change in debtors		56,565		(18,885)	
Change in creditors		25,452		7,429	
		-----	82,017	-----	(11,456)
			-----	-----	
Net cash inflow/(outflow) from operating activities			344,987		(287,139)
Investing Activities					
Acquisition and construction of properties		(169,148)		(67,558)	
Purchase of other fixed assets		(7,632)		(2,268)	
		-----		-----	
Net cash outflow from investing activities			(176,780)		(69,826)
Finance activities					
Interest received on cash and cash equivalents		227		506	
Interest paid on loans		(18,320)		(8,972)	
Loan principal repayments		(997,012)		(134,289)	
Loans drawn down		3,100,000		0	
Share capital issued	16	3		1	
		-----		-----	
Net cash inflow/(outflow) from financing activities			2,084,898		(142,754)
			-----	-----	
Increase in cash			2,253,105		74,559
Operating cash and cash equivalents			777,840		703,281
			-----	-----	
Closing cash and cash equivalents			3,030,945		777,840
			=====	=====	
Cash and cash equivalents at 31 March 2022					
Cash			3,030,945		777,840
			-----	-----	
			3,030,945		777,840
			=====	=====	

The notes on pages 18 to 31 form an integral part of these financial statements.

ABRONHILL HOUSING ASSOCIATION LIMITED

STATEMENT of CHANGES in EQUITY

As at 31 March 2022

	Scottish Housing Association			
	Share Capital	Pension Reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 1 April 2020	56	-	2,446,207	2,446,263
Issue of shares	1	-	-	1
Cancellation of shares	(5)	-	-	(5)
Other comprehensive income	-	(167,000)	-	(167,000)
Other movements	-	36,000	(36,000)	-
Surplus for the year	-	-	178,339	178,339
	-----	-----	-----	-----
Balance as at 31 March 2021	52	(131,000)	2,588,546	2,457,598
	=====	=====	=====	=====
Balance as at 1 April 2021	52	(131,000)	2,588,546	2,457,598
Issue of shares	3	-	-	3
Cancellation of shares	(8)	-	-	(8)
Other comprehensive income	-	-	96,000	96,000
Other movements	-	131,000	(131,000)	-
Surplus for the year	-	-	2,255	2,255
	-----	-----	-----	-----
Balance as at 31 March 2022	47	-	2,555,801	2,555,848
	=====	=====	=====	=====

The notes on pages 18 to 31 form an integral part of these financial statements.

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. Principal accounting policies

Statement of compliance and basis of accounting

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 2019. They company with the Determination of Accounting Requirements 2019. A summary of the principal policies is set out below.

Revenue

Revenue comprises rental and service charge income receivable in the period, sales of properties built for sale, other services provided, revenue grants receivable and government grants released to income in the period.

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 they relate, Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

Retirement benefits

The Association previously participated in the Scottish Housing Association Pension Scheme (SHAPS) a multi-employer defined benefit 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 in accordance with FRS 102. The Association moved to the SHAPS defined contribution scheme on leaving the defined benefit scheme. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

Going Concern

On the basis that the Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

1. Principal accounting policies (continued)

Housing properties

Housing properties are held for the provision of social housing. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Association depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

Component	Useful economic life
Structure	Over 50 years
Roof	Over 50 years
Bathrooms	Over 20 years
Kitchens	Over 20 years
Windows	Over 30 years
Doors	Over 30/40 years
Heating Systems	Over 30/40 years
Boiler	Over 15/25 years
Rewiring	Over 35 years
Heat Detectors	Over 10 years

Depreciation and impairment of other non-current assets

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

Asset Category	Depreciation Rate
Office premises	15%
Furniture and fittings	25%
Computer and office equipment	25%

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

Social Housing Grant and other capital grants

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

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

Social Housing Grant attributed to individual components is written off to the statement of comprehensive income when these components are replaced.

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.

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

1. Principal accounting policies (continued)

Taxation

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

Leases

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 or the term of the lease whichever is shorter.

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, a material reduction in future maintenance costs, or a significant extension of the life of the property.

Capitalisation of Development Overheads

Directly attributable development administration costs relating to ongoing development activities are capitalised.

Borrowing Costs

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme. All other borrowing costs are expensed to the statement of comprehensive income using the effective interest rate method.

Estimation uncertainty

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

- (a) Rent Arrears – Bad Debt Provision
The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.
- (b) Life Cycle of Components
The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.
- (c) Useful life of properties, plant and equipment
The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

1. Principal accounting policies (continued)

Financial Instruments – Basic

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

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

Cash and Liquid Resources

Cash comprises cash at bank and in hand, deposits repayable on demand less overdrafts. Liquid resources are current asset investments that can't be disposed of without penalty and are readily convertible into amounts of cash at their carrying value.

Impairment

The Association assesses at the end of each accounting period whether there are indications that a non-current asset may be impaired or that an impairment loss previously recognised has fully or partially reversed.

Where the carrying value of non-current assets is less than their recoverable amounts the shortfall is recognised as an impairment loss in the Statement of Comprehensive Income. The recoverable amount is the higher of the fair value less costs to sell and value-in-use of the asset based on its service potential.

Impairment losses previously recognised are reversed if the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income.

Key judgements made in the application of Accounting Policies

- (a) The Categorisation of Housing Properties
In the judgement of the Management Committee, the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.
- (b) Identification of Cash Generating Units
The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.
- (c) Financial instrument break clauses
The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Management Committee, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.
- (d) Pension liability
This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

2. Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Affordable Letting and Other Activities

	2022			2021		
	Turnover	Operating Costs	Operating Surplus/ (Deficit)	Turnover	Operating Costs	Operating Surplus (Deficit)
	£	£	£	£	£	£
Affordable letting activities (note 3)	1,076,982	1,050,675	26,307	996,086	803,606	192,840
Other activities (note 4)	21,000	24,959	(3,959)	14,450	20,125	(5,675)
Total	1,097,982	1,075,634	22,348	1,010,536	823,731	186,805

3. Particulars of Income and Expenditure from Affordable Letting Activities

	General Needs Housing	2022	2021
	£	£	£
Revenue from lettings			
Rent receivable	992,438	992,438	975,105
Service charges receivable	2,000	2,000	1,919
Gross income from rent and service charges	994,438	994,438	977,024
<u>Less:</u> Rent losses from voids	10,784	10,784	26,191
Net rentals receivable	983,654	983,654	950,833
Grants released from deferred income	54,844	54,844	43,669
Revenue grants from Scottish Ministers	38,484	38,484	1,584
Total turnover from affordable letting activities	1,076,982	1,076,982	996,086
Expenditure on affordable letting activities			
Management and maintenance administration costs	454,853	454,853	376,171
Service costs	2,000	2,000	1,919
Planned and cyclical maintenance, including major repairs	70,718	70,718	30,489
Reactive maintenance costs	194,585	194,585	199,128
Bad debts – rents	3,001	3,001	10,873
Depreciation of affordable let properties	325,518	325,518	185,026
Operating costs of affordable letting activities	1,050,675	1,050,675	803,606
Operating surplus on affordable letting activities	26,307	26,307	192,480
2021	192,480		

The figure of £70,718 (2021: £30,489) for planned and cyclical maintenance includes major repairs of £57,237 (2021: £13,419).

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

4. Particulars of Revenue, Operating Costs and Operating Surplus or Deficit from Other Activities

	Grants From Scottish Ministers £	Other Revenue Grants £	Other Income £	Total Turnover £	Operating Costs Other £	Operating Surplus/ (Deficit) 2022 £	Operating Surplus/ (Deficit) 2021 £
Wider role activities	-	21,000	-	21,000	24,959	(3,959)	(5,675)
Total from other activities	-	21,000	-	21,000	24,959	(3,959)	(5,675)
2021	-	14,450	-	14,450	20,125	(5,675)	

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

5. Officers Emoluments

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

	2022	2021
	£	£
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	-	-
	=====	=====
Emoluments payable to Chief Executive (excluding pension contributions)	-	-
	=====	=====
Total emoluments paid to key management personnel	28,723	32,042
	=====	=====

The number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:

	2022	2021
	No.	No.
£70,000 to £80,000	-	-
£60,001 to £70,000	-	-
	=====	=====

6. Employee information

	2022	2021
	No.	No.
The average monthly number of full-time equivalent persons employed during the year was:	4	5
	=====	=====
The average total number of employees employed during the year was:	5	5
	=====	=====
	£	£
Staff costs were:		
Wages and salaries	140,696	152,264
Social Security costs	9,256	7,508
Other pension costs	12,817	13,610
	-----	-----
	162,769	173,382
	=====	=====

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

7. Interest payable and similar charges	2022	2021
	£	£
On bank loans and overdrafts	18,320	8,972
	-----	-----
	18,320	8,972
	=====	=====

8. Surplus/(deficit) for the year	2022	2021
	£	£
Surplus for the year is stated after charging/(crediting):		
Depreciation – tangible owned fixed assets	332,474	191,464
Auditors' remuneration – audit services	9,000	8,760
Operating lease rentals – other	1,526	1,526
	=====	=====

9. Tax on surplus/(deficit) on ordinary activities

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

10. Non-current assets	Housing Properties Held for letting	Housing Properties in course of construction	Total
	£	£	£
(a) Housing properties			
Cost			
At 1 April 2021	6,333,700	-	6,333,700
Additions	169,149	-	169,149
Transfers	-	-	-
Disposals	(15,045)	-	(15,045)
	-----	-----	-----
As at 31 March 2022	6,487,804	-	6,487,804
	-----	-----	-----
Depreciation			
As at 1 April 2021	2,464,551	-	2,464,551
Additions	325,518	-	325,518
Disposals	(15,045)	-	(15,045)
	-----	-----	-----
As at 31 March 2022	2,775,024	-	2,775,024
	-----	-----	-----
Net book value			
As at 31 March 2022	3,712,780	-	3,712,780
	=====	=====	=====
As at 31 March 2021	3,869,149	-	3,869,149
	=====	=====	=====

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

10. Non-current assets (continued)

(a) Housing properties (continued)

Additions to housing properties include capitalised development administration costs of £Nil (2021: £Nil) and capitalised major repair costs to existing properties for £169,149 (2021: £67,558).

Disposals in the year amounted to £15,045 (2021 - £10,538). No gains or losses were made on these disposals.

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £434,452 (2021: £297,175). The amount capitalised is £169,149 (2021: £67,558) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £169,149 (2021: £67,558) and improvement of £Nil (2021: £Nil).

The Association's lenders have standard securities over Housing Property with a carrying value of £926,863 (2021: £1,361,437).

	Office Premises £	Furniture and Equipment £	Total £
(b) Other tangible assets			
Cost			
At 1 April 2021	96,004	64,754	160,758
Additions	-	7,632	7,632
As at 31 March 2022	96,004	72,386	168,390
Aggregate depreciation			
As at 1 April 2021	93,156	59,966	153,122
Additions	2,848	4,108	6,956
As at 31 March 2022	96,004	64,074	160,078
Net book value			
As at 31 March 2022	-	8,312	8,312
As at 31 March 2021	2,848	4,788	7,636

11. Commitments under operating leases

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:

	2022 £	2021 £
Other		
Not later than one year	1,526	1,526
Later than one year and not later than five years	2,683	4,210

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

12. Receivables: amounts falling due within one-year	2022	2021
	£	£
Arrears of rent and service charges	64,036	71,062
<u>Less:</u> Provision for doubtful debts	(45,724)	(49,502)
	-----	-----
	18,312	21,560
Other receivables	10,438	63,756
	-----	-----
	28,750	85,316
	=====	=====
 13. Payables: amounts falling due within one-year	 2022	 2021
	£	£
Bank loans	151,865	107,000
Trade payables	83,779	53,131
Rent received in advance	27,856	32,445
Other taxation and social security	3,065	3,706
Other payables	17,152	17,117
	-----	-----
	283,717	213,399
	=====	=====
 14. Payables: amounts falling due after more than one-year	 2022	 2021
	£	£
Bank loans	2,880,764	822,642
	-----	-----
Bank loans		
Amounts due within one year	151,865	107,000
Amounts due in one year or more but less than two years	155,826	111,000
Amounts due in two years or more but less than five years	489,974	271,367
Amounts due in more than five years	2,234,964	440,275
	-----	-----
	3,032,629	929,642
<u>Less:</u> Amount shown in current liabilities	151,865	107,000
	-----	-----
	2,880,764	822,642
	=====	=====

Housing loans are secured by specific charges on 121 of the Association's properties. Loans are repayable at fixed rates ranging from 2.29% to 3.59% and variable rates of base plus a margin of 1.8%. Loans are payable over ten and twenty five years.

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

15. Deferred income	Housing properties held for letting £	Housing properties in course of construction £	Total £
Social Housing Grants			
As at 1 April 2021	1,790,874	-	1,790,874
Additions in year	-	-	-
Repayments	-	-	-
Eliminated on disposal of components and property Transfer	(1,886) -	- -	(1,886) -
As at 31 March 2022	----- 1,788,988 -----	----- - -----	----- 1,788,988 -----
Amortisation			
As at 1 April 2021	675,572	-	675,572
Amortisation in year	54,844	-	54,844
Eliminated on disposal	(1,886)	-	(1,886)
As at 31 March 2022	----- 728,530 -----	----- - -----	----- 728,530 -----
Net book value			
As at 31 March 2022	----- 1,060,458 =====	----- - =====	----- 1,060,458 =====
As at 31 March 2021	----- 1,115,302 =====	----- - =====	----- 1,115,303 =====

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

	2022 £	2021 £
Amounts due within one year	54,844	43,669
Amounts due in one year or more	1,005,614	1,071,633
	----- 1,060,458 =====	----- 1,115,302 =====

ABRONHILL HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2022**

16. Share capital	2022	2021
	£	£
Shares of £1 each issued and fully paid		
As at 1 April 2021	52	56
Issued in year	3	1
Cancelled in year	(8)	(5)
	-----	-----
At 31 March 2022	47	52
	=====	=====

Each member of the Association hold one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

17. Housing Stock	2022	2021
	No.	No.
The number of units of accommodation in management at the year end was:		
General Needs – built by Association	11	11
General needs – purchased by Association	211	211
	-----	-----
	222	222
	=====	=====

18. Related party transactions

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

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

Management committee cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

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

	2022	2021
	£	£
Rent received from tenants on the Management Committee and their close Family	13,632	21,165
	=====	=====

At the year end, total rent arrears owed by the family of tenant members on the Management Committee were £nil (2021: £nil).

	2022	2021
	No.	No.
Members of the Management Committee who are tenants	3	3
	=====	=====
Members of the Management Committee who are local councillors	-	-
	=====	=====

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

19. Retirement benefit obligations

General

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. The market value of the scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). A Recovery Plan has been put in place to eliminate the deficit which runs to 28 February 2022 for the majority of employers, although certain employers have different arrangements.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the Scheme. The pension obligation relates to the Association's past membership of the defined benefit scheme and following the Association leaving this scheme, the Association has been making contributions to the defined contribution scheme along with the employees.

For financial years ending on or before 28 February 2019, it has not been possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Association has accounted for the Scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

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

	2022	2021
	£	£
Fair value of plan assets	1,311,000	1,291,000
Present value of defined benefit obligation	1,299,000	(1,422,000)
	-----	-----
Defined benefit (liability)/asset to be recognised	12,000	(131,000)
Unrecognised Surplus	(12,000)	-
	-----	-----
Defined benefit asset/liability recognised	-	(131,000)
	=====	=====

Reconciliation of opening and closing balances of the defined benefit obligation

	2022
	£
Defined benefit obligation at start of period	1,422,000
Current service cost	-
Expenses	1,000
Interest expense	31,000
Actuarial gains due to scheme experience	(5,000)
Actuarial losses due to changes in demographic assumptions	4,000
Actuarial losses due to changes in financial assumptions	(117,000)
Benefits paid and expenses	(37,000)

Defined benefit obligation at end of period	1,299,000
	=====

ABRONHILL HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2022****20. Retirement benefit obligations (continued)****Reconciliation of opening and closing balances of the fair value of plan assets**

	2022
	£
Fair value of plan assets at start of period	1,291,000
Interest income	29,000
Experience on plan assets (excluding amounts included in interest income) - gain	(10,000)
Contributions by the employer	38,000
Benefits paid and expenses	(37,000)

Fair value of plan assets at end of period	1,311,000
	=====

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £19,000.

Defined benefit costs recognised in statement of comprehensive income

	2022
	£
Current service cost	-
Expenses	1,000
Net interest expense	2,000

Defined benefit costs recognised in statement of comprehensive income	3,000
	=====

Defined benefit costs recognised in other comprehensive income

	2021
	£
Current service cost	-
Expenses	1,000
Net interest expense	-

Defined benefit costs recognised in statement of comprehensive income	1,000
	=====

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

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

21. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £2,135,195 (2021: £Nil).