

ANGUS HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31st March 2023



CT:

REPORT AND FINANCIAL STATEMENTS

For the year ended 31st March 2023

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Board Members and Advisors

For the year ended 31st March 2023

MEMBERS OF BOARD OF MANAGEMENT

Ms H Farquhar	(Chairman)
Mr J Black	(Vice Chair)
Mrs S Welsh	
Mr D Hart	
Mr I McDonald	
Mr S Storrie	
Mrs I McGarrol	
Mr C Grant	
Mrs J Gaul	
Mr I Laird	Resigned 17 th August 2022
Mr A Jack	
Mr C Irvine	Elected 17 th August 2022

KEY MANAGEMENT PERSONNEL

Gail Robertson	Chief Executive Officer
Linlay Anderson	Director of Housing Services
Arlene Grant	Director of Finance and Corporate Services
Kevin Lynch	Director of Asset Management

SECRETARY AND REGISTERED OFFICE

Mrs G Robertson, 93 High Street, Arbroath, DD11 1DP

SOLICITOR

Thorntons Law LLP, Whitehall House, 33 Yeaman Shore, Dundee, DD1 4BJ

BANKERS

The Royal Bank of Scotland plc, Brothock Bridge, Arbroath, DD11 1NP

Virgin Money PLC, 114 High Street, Montrose, DD10 8JE.

Flagstone Investment Management, 1st Floor, Clareville House, 26-27 Oxendon Street, London, SW1Y 4EL.

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

Quinn Internal Audit and Business Advisors, 55 Lady Place, Livingston EH54 6TB

CHAIRMAN'S STATEMENT

For the year ended 31st March 2023

The year 2022-23 has been a successful year for the Association and I am pleased to report that services have largely recovered from the impact of the COVID pandemic. The Association has continued to perform well and deliver on its key aims of stability and steady growth.

After COVID related delays, we were delighted to take possession of 74 new build properties at our Longhaugh development in Dundee. This development is the largest single new build programme the Association has delivered and working with the developer Campion Homes, we have provided much needed homes and redevelopment for the area.

The letting of Longhaugh was a true test of the Associations new Choice Based Lettings Policy system which went live in May 2022. The new system has demonstrated the unmet demand for affordable homes with our waiting list increasing from around 1,500 to over 4,500 with instances of over 300 bids for each unit. Along with the 74 new build allocations, the Association completed 123 relets and 13 mutual exchanges.

The Association has an ambitious development programme in place for Angus and Dundee however there is no denying the impact that interest rates, supply chain issues and increases in cost of material and labour are having on our ability to cost effectively deliver new affordable housing.

The year saw us considering the results of our 3 yearly Tenants Satisfaction Survey. The results overall remained good, however in key areas, have dropped slightly since the 2020 survey with overall satisfaction dropping from 87.3% to 86.8%. This slight decrease has been seen consistently across the sector. One area where improvement was made was in our repairs and maintenance service, where the overall satisfaction rose from 84.6% to 86.3% along with right first-time indicators. As this service was the most impacted by COVID restrictions, we are pleased to see that we have not only maintained but improved our service to tenants.

Alongside our day-to-day repairs, we spent £3.1m in improvements and planned maintenance for 2022-23. This figure includes £2.28m of capitalised component works such as replacement kitchens, bathrooms, boilers etc. The value of our assets rose by £3.3m.

The Association had to deal with the impact of emergency legislation relating to evictions and the rent freeze within the year. This resulted in a difficult and confusing rent consultation. The social housing sector, through the Scottish Federation of Housing Association's lobbied the Scottish Government to remove the freeze at the end of the initial 6 months period. The argument that the rent freeze for social landlords would significantly impact the Scottish Governments efforts to build more social housing and efforts towards reaching Net Zero aims was successful and following the rent consultation, the tenants voted for a 5.0% increase, allowing us to increase our commitment towards significant improvement programmes in future years and to deliver our new build programme.

We are pleased to report that despite the cost of living crisis, the Association's arrears remained below 3%, with the efforts of the Housing and Financial Inclusion Teams key to ensuring that tenant debt does not result in evictions – the Association did not evict anyone for breach of tenancy during 22-23.

CHAIRMAN'S STATEMENT (continued)

For the year ended 31st March 2023

One significant piece of work completed during 22/23 was to secure additional funding to deliver our new build development programme. With the assistance of Allia, we completed a robust tender to the finance markets and secured £16m of funding from RBS who we have a long relationship with, and Nationwide who are new lender to the Association and we look forward to working with them.

Despite significant challenges including hikes in energy costs and the cost of living we have continued to perform well in areas such as allocations, arrears management and customer services.

I would like to thank the finance staff for their work on the Annual Accounts and to CT who have conducted their first audit for the Association. In particular thank you to Stuart and his team who have been excellent to work with.

With the long awaited move from online Board meetings to face to face, the Board took the decision to implement dedicated Board Management software to ensure ongoing good governance with the significant level of compliance required by our regulators and funders. This has proved to be beneficial for both staff and Board.

I will be stepping down as Chair of the Association following this AGM as my 5-year term comes to an end and in this, my last Chairs statement, I would like to take the opportunity to thank all the Board for their commitment, patience and valuable contributions.

Finally, I would make mention of our staff who work in a constantly changing environment, influenced by external factors such as changes in strategy, legislation and funding and internal change influenced by staffing and structure. They continue to be professional and flexible, and, on behalf of the Board, I thank them.

Hazel Farquhar
Chairman

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31st March 2023

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

OBJECTIVES AND STRUCTURE

The Association's broad objective is to contribute to providing high quality, affordable housing for all those individuals, families and communities in Angus and Dundee who are in need of the fundamental human right of a decent, secure home to call their own.

The Association aims to achieve this objective by providing good quality homes for rent and shared ownership at an affordable cost to our tenants, ensuring the criteria we use to control access to our houses is based solely on the housing needs of applicants and providing an efficient, responsive and personal housing management and maintenance service of the highest possible quality.

Board comprises eleven registered members and has four sub-committees, which deal with service delivery, development, remuneration and finance, audit and risk. The Boards are made up of specialist consultants from relevant differing professions with a variety of skills. The Board of Management meets six times per annum, whilst the sub-committees meet at least four times per annum, with the exception of the remuneration sub-committee, which meets at least twice per annum. Members of the Board of Management receive no remuneration for their services except for reasonable out of pocket expenses.

The Board of Management receives reports from the sub-committees, receives information on current developments in progress and also on possible future sites, considers budgets and management accounts, all policy matters and other relevant business. The day to day management of the Association is delegated to the Chief Executive Officer and Senior Management Team.

REVIEW OF THE YEAR

The Board of Management is pleased to report a surplus for the year of £1,739,327 (2022: £1,644,818). 74 properties were added during 2022/23 from the Longhaugh development.

The Statement of Financial Position shows a net asset position of £20,711,022 (2022: £19,547,692).

During the year, the Association was impacted by the cost-of-living crisis and the restrictions imposed by the Scottish Government on tenancy enforcement relating to rent arrears. Housing Management staff ensured that tenant arrears were kept under control with the ARC figure for 22/23 being reported at 2.93%. This is a reduction from 3.45% in 21/22 during the pandemic and is moving back towards pre covid levels. We attribute this to the sustained efforts from our housing team and from the support and assistance provided by our Financial Inclusion Team.

STRUCTURE, GOVERNANCE

The members of the Board of Management and the Senior Management Team are listed on page 2. Each member of the Board of Management holds one fully paid share of £1 in the Association. The Senior 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 Board of Management.

It is the responsibility of the Board of Management to undertake the strategy, setting of policy and overall direction of the Association. They also monitor the operational activities of the Association. The members of the Board of Management are unpaid volunteers.

Our governing body is our Board of Management, which is responsible to the wider membership. The Board of Management members serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve a high standard of professionalism in our work. We take governance very seriously, and in the last year we have continued to build on work from previous years which strengthened our governance arrangements. During the year we introduced a Board Portal which has made the servicing of our various meetings easier, allows better access and shared communications and has made our governance more robust.

REPORT OF THE BOARD OF MANAGEMENT (continued)

For the year ended 31st March 2023

As part of our commitment to good governance and compliance, we submitted all statutory returns on time and our level of engagement with the Scottish Housing Regulator remains low.

A change was made to the governance architecture in 22/23 with the introduction of a Remuneration Sub Board. The need for this subBoard resulted from the job evaluation and the move away from the EVH pay structure. The remit of the Board is detailed in the reviewed Terms of Reference and Standing Orders.

Due to increasing requirement to back decision making with accurate data and our obligation to comply and report on an ever-increasing number of key indicators, during the year the Association created a Business Support Analyst post. This post plays a key part in ensuring that the Board of Management get the right information, in the right format at the right time, allowing data driven strategic decisions to be made and for operational oversight to be informed and timely.

BOARD RECRUITMENT AND TRAINING

As volunteers, the Board of Management give freely of their time, knowledge and experience and the Association recognises the significant commitment and contribution they make to the running of AHA. Recruitment and retention of Board members is an ongoing issue.

The Association has continued to show strength in its governance throughout 22/23. Initially we were successful in recruiting additional board members however they did not continue with us due to work demands. The Board conducted a 360 appraisal with EVH (Employers In Voluntary Housing) this year that showed that since the collective appraisal was done in 2020. It noted significant strengths in ability to reflect community aspirations, internal governance, leadership, organisational developments, performance management/KPI's, and risk management. It noted development areas of financial management and audit, HR, Comms, IT and Social Media, volunteer management and social entrepreneurship.

The Association provides training through a range of mediums. Training on the financial scheme appraisals and feedback on the 360 appraisal process conducted by EVH was conducted in house. We subscribe to the Board Development Agency and Board members have access to a range of resources and webinars that cover governance, regulation and topics from all aspects of our work and these can be accessed at any time. We offer more formal training opportunities and during 22/23 the Chair of the Service Delivery Sub Committee completed the Governance of Scottish Housing Association (GOSHA) SQA Customised Award.

ELECTION OF BOARD OF MANAGEMENT

In terms of the Rules of the Association, one third of the Board must resign. Three members of the Board of Management; Mrs I McGarrol, Mr I McDonald and Mr S Storrie retire from office at this time and offer themselves for re-election. Additionally, Mrs L McDonald has been nominated to the Board of Management.

AFFORDABILITY

22/23 saw an unprecedented hike in interest rates and a significant consequence to the cost of living. It also saw the Scottish Government implement a rent freeze. Following the below inflation rent increase of 22/23, this measure raised a significant risk for the Association. Whilst internal analysis showed that the Association would be able to meet loan covenant requirements and would not have to reduce staffing or make changes to the development programme, the future of the improvement programme and several other projects was in jeopardy. For the first time since the introduction of the legal requirement to consult with tenants on the annual rent increase first introduced in the Housing (Scotland) Act 2001, the Association went out to consultation with tenants without knowing if the figures being consulted on could legally be implemented or if the Scottish Government would cap increases. Following appropriate lobbying from the social rented sector, the rent freeze was lifted, and the Association approved a 5% increase for 23/24. This was below the sector average of 6.1%. The Association ensured that as part of the consultation, the services of the in-house Financial Inclusion Team were promoted. The 22/23 BP made an assumption of a 2% rent increase.

REPORT OF THE BOARD OF MANAGEMENT (continued)

For the year ended 31st March 2023

Work commenced late in 22/23 provide the data to our external contractors to complete the tri annual rent affordability assessment which showed that:

- On average, AHA rents compared well with local RSL's with rents for bedsites and 1 bed properties being most competitive
- On average AHA rents are 19% higher than Local Authority Rents (sector average 18%)
- Average AHA rents sit below the average Local Housing Allowance rates for all properties
- Using market rents, AHA rents are on average 43% lower
- Tenants of AHA on the lowest income levels are able to afford rent by setting aside 30% of their income

The cost-of-living increase has impacted the Association including increased fuel costs for offices, higher construction and repairs costs and higher than expected salary increases. Affordability and value for money remain a concern of the Board and future business planning will always take account of the balance required for both the needs of the tenants to ensure affordability and the needs of AHA to continue to run a sustainable business.

STABILITY

The stability of the Association is paramount to the Board and all the Association's stakeholders. The Annual Assurance Statement was submitted by the Association and the SHR's Regulatory Status for 22/23 again delivered a COMPLIANT assurance level. During the past 12 months and in partnership with Allia, the Association went to the market for funding to complete the new build programme. The Allia analysis indicated that the Association remains in a good position financially with the generation of good surpluses and strong interest cover and retained earnings resulting in AHA (Angus Housing Association) being an attractive credit option for lenders. This was borne out by the competitive tenders received and the funding package approved by the Board. The fixed/variable loan rates is slightly below at the target of 40% variable/60% fixed level a (39/61 – Q3) and the Association is significantly overly secured, allowing the release of security for future borrowing. The additional development funding noted above did not require the Association to release further security on the RBS (Royal Bank of Scotland) portion of the loan. The Board realised a goal to share risk by increasing its lender base. The Association has secured 90 new properties against the Nationwide element of the loan.

As part of our commitment to good governance and compliance, we submitted all statutory returns on time and our level of engagement with the Scottish Housing Regulator remains low.

STAFFING

One of the obligations for the Board is to set the future direction of the Association and to ensure that the structures within AHA can support the delivery of the Strategic Plan. To this end, in 22/23, the Association completed a comprehensive root to branch salary benchmarking and job evaluation exercise. The Association is assured that the pay and rewards package offered to staff is competitive and should continue to attract high quality staff moving forward.

The Associations staff are working with the option on hybrid working and along with providing more flexible working arrangements, the Association introduced new Workforce Development and Mental Health and Wellbeing policies. Demonstrating this, we provided 2 Modern Apprenticeship opportunities, one in Housing and the other in Tenancy Engagement. In addition, the Association started its first Graduate Apprenticeship BSC Hons through Dundee University and enrolled a further member of staff to RGU to complete a BSC Hons in Construction and the Built Environment.

REPORT OF THE BOARD OF MANAGEMENT (continued)

For the year ended 31st March 2023

DIGITAL

The Association completed the work on the new website in 22/23. The new platform meets the Associations vision to provide information for tenants and to meet the requirements of the Scheme of Publications from the SHR. Promotion of the work the Association does and opportunities for stakeholder involvement are advertised, and staff have ensured that the website is up to date and relevant since going live. The CBL system went live in 22/23 and the traffic this has generated has caused some resource issues due to the increased number of applications. The Association's took the first steps to move away from servers to the cloud. An SFHA digital self-assessment completed in 22/23 gave an average score of 57% against the sector average of 60%. This showed improvements in content, marketing and data but reflecting internal departmental projects to improve cyber resilience and to promote the benefits of digital. The results of the recent Tenant Satisfaction Survey (TSS) showed high level of tenant internet and the Association has accessed funding to provide free Wi-Fi for tenants in rural areas. The numbers of tenants getting key information or communicating with the Association digitally however remains low.

A new website was unveiled in 2022/23, ensuring that easily accessible information on our services is available to our customers but also to ensure that from a governance perspective, the Association complies with the Scheme of Publication responsibilities.

RISK MANAGEMENT

One project completed during 22/23 was the implementation of the Decision Time Risk Management Module. This has allowed us to detail our risks, link them to our strategic aims, evidence controls and mitigations and to put this into a package that provides the Board of Management and staff with up-to-date risk management information. In preparation for this, a review of the Board of Management's risk appetite was completed, and this information was included in the Association's review of its Risk Management Policy. The risk register reflects the significant external pressures that the Association faces. To focus on a few significant risks, the register acknowledges the economic and social impact of the cost of living and energy crisis's and that due to the economic situation, it is becoming more difficult for new developments appraisals to demonstrate a positive net present value. More pipeline developments are being referred to the Scottish Government to request additional funding.

The Association takes its health and safety responsibilities very seriously. Recent tragedies have resulted in a focus on tenant safety and the Association has taken account of this in its governance and allocation of resources towards health and safety issues which is reflected in the register.

PERFORMANCE MANAGEMENT AND SERVICE DELIVERY

The Association strives to ensure that tenants receive value for money and good service. To these aims, we work towards meeting the outcomes of the Scottish Housing Regulators Regulatory Framework and the Scottish Social Housing Charter. The Association continues to perform well in key indicators. The Association's tri annual Tenants Satisfaction Survey was concluded early in 2023 following face to face interviews and a 42% return rate. Overall satisfaction ratings remain high at 86.8%.

BEST USE OF RESOURCES

Future financial planning is key to the Association's ability to provide ongoing services to our tenants and to maintain and future proof our stock. Working with Allia C&C during 22/23, we adopted a new business planning model. Allowing instant sensitivity analysis to take account of the ever-moving external environment, this progression in our business planning is another step ensuring our ongoing financial commitment to our tenants and the communities in which we work.

Our ability to provide informed and accurate business planning projections are the foundation to decision making for the Association. The Business Plan informs choice, identifies risk and allows data driven decision making. The BP assumptions continue to be scrutinised and accurate budgeting for the delivery of ongoing services and new projects have been factored in and informs the data for the submission of the Five-Year Financial Projections to the SHR.

The Association is committed to providing value for money both in terms of external funding and grants and the use of rental income. To that end, we produced a comprehensive Procurement Report for 22/23 which was submitted to the Scottish Government. The report shows significant progress, and the introduction of a Procurement Strategy details the Association's future aims.

REPORT OF THE BOARD OF MANAGEMENT (continued)

For the year ended 31st March 2023

WIDER ROLE

The Association is proud of its commitment to tenant participation and community engagement. The Financial Inclusion Team sourced over £200,000 of unclaimed benefits and grants for tenants. An additional £47,000 was sourced from the Scottish Housing Fuel Support Fund (via the SFHA) and this money has been used to assist tenant to pay fuel bills, purchase and distribute energy saving cooking appliances and provide carpeting to assist with insulating homes. The Housing Services department embarked on a partnership with HACT to use the Social Value Toolkit to evaluate the social and financial impact of the resources given to wider role activities. The extensive programme of tenant and community involvement included a partnership with Cycle Scotland to provide bike stores at several of our schemes, events in both Dundee and Angus to tackle social exclusion for older tenants and partnerships with local voluntary agencies to provide a safe and warm place where residents can access hot food provision, get benefits and health advice, training opportunities for young people not in education and visiting secondary schools in Dundee to talk about social housing, employment and support.

INVESTMENT

The Association delivered 74 new homes in 22/23 with another 166 on site or in the planning stages. A further £16 million of funding was secured. The loan from RBS cements the Association's long-standing relationship by providing both a new funding package and a refinancing of an existing loan. In order to balance financial risk, the Association has entered into a loan agreement with Nationwide who are a new lender.

SUSTAINABILITY

To start the Association's journey towards sustainability, the CEO completed a Diploma in ESG during 22/23 and AHA signed up to the Sustainable Reporting Standard for Social Housing (SRS). A sustainability strategy will follow in 23/24 with the results of the EESSH2 review being a key factor in the development of this and for our Asset Management Strategy.

STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

Co-operative and Community Benefit Society and Registered Housing Association Law requires the Board Members to prepare Accounts for each financial period 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 Accounts, the Board Members are 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 Board Members are 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.

REPORT OF THE BOARD OF MANAGEMENT (continued)

For the year ended 31st March 2023

INTERNAL FINANCIAL CONTROL

The Board 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 Board of Management's responsibility to establish and maintain the 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 on-going documentation of key system and rules in relation to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the 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 Board of Management to monitor the key business risks, financial objectives and 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 Board of Management
- the Finance, Audit and Risk sub-committees received reports from management and from 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.

ELECTION OF AUDITORS

A resolution to appoint CT as auditors will be submitted at the Annual General Meeting.

By Order of the Board

 **Secretary to the Board of Management**

2023

Independent Auditor's Report to the Members of Angus Housing Association Limited

For the year ended 31st March 2023

CT:

Opinion

We have audited the financial statements of Angus Housing Association Limited (the 'association') for the year ended 31 March 2023 which comprise of Statement of Comprehensive Income, Statement of Financial Position, the Statement of Cash Flows, Statement of Changes in Reserves and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is 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 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, the Housing (Scotland) Act 2010 and the Scottish Housing Regulator's 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 financial statements, we have concluded that the Board'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 Board with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Members of Angus Housing Association Limited (continued)

CT:

For the year ended 31st March 2023

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 Board are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Board

As explained more fully in the Board's responsibilities statement (set out on page 9), the Board is 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 Board 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 Board 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 Board either intends to liquidate the association or to cease operations, or have no realistic alternative but to do so.

**Independent Auditor's Report to the Members of
Angus Housing Association Limited (continued)**

CT:

For the year ended 31st March 2023

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

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

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

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

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

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

**Independent Auditor's Report to the Members of
Angus Housing Association Limited (continued)**

CT:

For the year ended 31st March 2023

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.

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

31 August 2023

**Report of the Auditors
To Angus Housing Association Limited
on Corporate Governance Matters**

CT:

In addition to our audit of the financial statements, we have reviewed your statement on page 10 concerning the Association's compliance with the information required by the Regulatory Standards for in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator.

Basis of opinion

We carried out our review having regard to the requirements 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 reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 10 has provided the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are 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 Board of Management and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Board of Management's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards for systemically important RSLs in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

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

31 August 2023

STATEMENT OF COMPREHENSIVE INCOME
For the reporting year to 31st March 2023

	Notes	2023 £	2022 £
Turnover	2	11,388,303	10,770,249
Operating costs	2	<u>(8,010,949)</u>	<u>(7,777,448)</u>
OPERATING SURPLUS		3,377,354	2,992,801
Interest receivable and other income		62,424	7,550
Interest payable and similar charges	6	(1,700,451)	(1,324,533)
Pension interest	19	<u>-</u>	<u>(31,000)</u>
SURPLUS FOR YEAR		<u>1,739,327</u>	<u>1,644,818</u>
Actuarial (loss) / gain in respect of pension schemes		<u>(576,000)</u>	<u>810,000</u>
Total comprehensive income for the year		<u>1,163,327</u>	<u>2,454,818</u>

The financial statements were approved by the Board of Management on 23.05.23 and were signed on its behalf by:

Chairman of Board of Management

Secretary to Board of Management

Member of Board of Management

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

STATEMENT OF FINANCIAL POSITION
As at 31st March 2023

	Notes	2023 £	2022 £
PLANT, PROPERTY & EQUIPMENT			
Housing properties	9a	129,744,888	126,423,734
Fixed Asset Investment	9b	216,868	216,868
Other Fixed Assets	9c	706,329	724,702
		<u>130,668,085</u>	<u>127,365,304</u>
CURRENT ASSETS			
Debtors	10	1,177,225	1,117,970
Cash & Deposits		7,713,235	11,046,614
Stock of Maintenance Supplies	11	4,749	7,454
		<u>8,895,209</u>	<u>12,172,038</u>
CREDITORS: amounts falling due within one year	12	<u>(4,667,746)</u>	<u>(5,386,126)</u>
NET CURRENT ASSETS		<u>4,227,463</u>	<u>6,785,913</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>134,895,548</u>	<u>134,151,217</u>
CREDITORS: amounts falling due after more than one year	13	(113,803,047)	(114,603,525)
Pension Provision	19	(381,479)	Nil
TOTAL ASSETS LESS LIABILITIES		<u>20,711,022</u>	<u>19,547,692</u>
CAPITAL AND RESERVES			
Share Capital	14	48	45
Revenue reserve	15	<u>20,710,974</u>	<u>19,547,647</u>
		<u>20,711,022</u>	<u>19,547,692</u>

The financial statements were approved by the Board of Management on 22.08.23 and were signed on its behalf by:

Chairman of Board of Management

Secretary to Board of Management

Member of Board of Management

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

STATEMENT OF CHANGES IN RESERVES

	Share Capital £	Revenue Reserve £	Total £
As at 31 March 2022	45	19,547,647	19,547,692
Surplus for the year	-	1,739,327	1,739,327
Write off of Repairs Provisions	-	-	-
Re-measurement gain / (loss) on defined benefit	-	(576,000)	(576,000)
Total Comprehensive Income	-	20,710,974	20,711,019
Share Capital Addition	3	-	3
As at 31 March 2023	48	20,710,974	20,711,022

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

STATEMENT OF CASH FLOWS
For the reporting date 31st March 2023

	Notes	2023 £	2022 £
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	16	<u>4,410,304</u>	<u>(5,179,950)</u>
CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(6,027,949)	(11,299,038)
Purchase of investments			
Grants received		1,432,443	4,766,670
Interest receivable		<u>62,424</u>	<u>7,550</u>
NET CASH FLOW FROM INVESTING ACTIVITIES		<u>(4,533,082)</u>	<u>(6,524,818)</u>
CASHFLOW FROM FINANCING ACTIVITIES			
Issue of share capital		3	-
Interest payable		(1,700,451)	(1,355,533)
Repayment of borrowings		<u>(1,510,153)</u>	<u>(1,457,573)</u>
NET CASH FLOW FROM FINANCING ACTIVITIES		<u>(3,210,601)</u>	<u>(2,813,105)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(3,333,379)</u>	<u>(4,139,974)</u>
CASH AND CASH EQUIVALENTS AS AT 1ST April 2022		<u>11,046,614</u>	<u>15,186,588</u>
CASH AND CASH EQUIVALENTS AS AT 31ST March 2023		<u>7,713,235</u>	<u>11,046,614</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the reporting date 31st March 2023

1. ACCOUNTING POLICIES

Accounting basis

These financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standards 102 (FRS102) and the Statement of Recommended Practice for Social Housing Providers 2018 (SORP 2018) and the Scottish Housing Regulator Determination of Accounting Requirements 2014.

The financial statements have been prepared on a going concern basis.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years unless otherwise stated.

The financial statements are presented in sterling which is the functional currency of the Association.

Turnover

Turnover represents the rental and service charge income receivable in the year net of losses from voids, revenue and other grants.

The disposal from the first tranche of shared ownership properties are included in turnover at the point of legal completion. The second and subsequent tranches are accounted for in other income in the period which the disposal occurs.

Sale of housing properties

The surplus or deficit is accounted for in the period the disposal occurs and represents the difference between the net sale proceeds and the net carrying value. The surplus/deficit amount arising from the sale of housing properties is disclosed separately in the Statement of Comprehensive Income.

Shared Ownership sales

In accordance with the SORP 2018, shared ownership properties are reflected within Fixed Assets. Proceeds from first tranche disposals are allocated to Turnover. Costs relating to expected first tranche sales are reflected in current assets and released to the Statement of Comprehensive Income on sale.

The surplus or deficit on the disposal of second subsequent tranches of shared ownership properties are accounted for in the Statement of Comprehensive income within the Gain/ Loss on sale of Tangible Fixed Assets.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting date 31st March 2023

ACCOUNTING POLICIES (continued)

Interest Income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

Fixed assets – housing land and buildings

Housing properties are stated at cost. The development costs of housing properties include the following:

- i. Cost of acquiring land and buildings;
- ii. Development expenditure;
- iii. Capital acquisition and development administration costs
- iv. Capital clerk of works costs

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

The proceeds arising from first tranche “sales” of Housing Association Grant funded shared ownership properties are recorded through the Income & Expenditure Account, with any subsequent sales treated as a disposal of fixed assets.

In accordance with the SORP, where a housing property comprises two or more major components with substantially different useful economic lives, each component has been accounted for separately and depreciated over its useful life. The following components have been identified:

<u>Component</u>	<u>Useful Economic Life</u>
Land	Not Applicable
Main Structure	90 Years
Roof	50 Years
Windows & Doors	50 Years
Guttering / Woodwork	25 Years
External Fencing	25 Years
Heating System - Gas	15 Years
Heating System - Electric	15 Years
Heating System - Radiators	25 Years
Kitchen	15 Years
Bathroom	15 Years
Electrical Installation	10 Years
Controlled Entry Systems	12 Years
Air Source Heat Pumps	20 years

The Association will capitalise the replacement of these components in line with its Lifecycle Replacement Programme. One off main component replacements will not be capitalised unless the replacement is within a timeframe which means that the component will not be replaced again at the next scheduled cycle.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting date 31st March 2023

ACCOUNTING POLICIES (continued)

Fixed assets – impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. The level at which an impairment is assessed is at the scheme of properties (e.g. the cash generating unit (CGU)).

The following key judgement has been made in defining the CGU's for housing properties (including shared ownership properties): where schemes have been developed together and are managed together, they are deemed to be a single CGU.

The key indicators considered in reviewing impairment are: changes in demand, changes in use, economic performance worse than expected, significant decline in market value, reduction in market value were intend to sell, plans to regenerate, demolish or replace existing components, on completion of new developments were costs are higher than anticipated, and other changes in technology, market, economy and legislation.

If such indication exists, the recoverable amount is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in expenditure through the Statement of Comprehensive Income.

Fixed assets – other fixed assets

Depreciation is provided for at rates calculated to write off the cost of each asset evenly over its expected useful life as shown above except for the following:

Housing Properties (shared ownership)	over 50 years
Office Building	over 50 years
Computer and Office Equipment	over 4 years
Office and Furnished Flat Furnishings	over 4 years

Development Interest

Interest on borrowings specifically financing a development is capitalised to the extent that it accrues in respect of the period during which development activities are in progress. All other interest is written off to the Statement of Comprehensive Income in the period in which it accrues.

Capitalisation of overheads

Costs which directly relate to bringing assets into working conditions are included within the cost of the asset and any subsequent component replacements. These primarily relate to salary costs.

Homestake

Grants are received from ministers of the Scottish Government for the purchase of properties under the Homestake scheme. The element of the property not owned by the Homestake owner will be accounted for as a Fixed Asset Investment. The cost is offset by a grant of the same amount which is held as Deferred Income within Other Creditors.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting date 31st March 2023

ACCOUNTING POLICIES (continued)

Subsidiary

The subsidiary Musselcrag Limited is a dormant company as at 31st March 2023 and accordingly the Association has not prepared consolidated financial statements.

Debtors and Creditors

Debtors and creditors within a year and stated with no interest receivable or payable and are recorded at transaction price.

Stock

Stock is valued at the lower of cost and estimated selling price less cost to complete and sell using a weighted average method.

Grants

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where a grant is received from government and other bodies as a contribution towards a capital cost, it is recognised as income using the performance model in accordance with the SORP 2018. Prior to satisfying the performance conditions such grants are held as deferred income on the Statement of Financial Position.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting date 31st March 2023

ACCOUNTING POLICIES (continued)

Lead Tenancy Provision

Lead Tenancy agreements require that a proportion of the rental income is retained by the Association to provide for future major repairs. Any sums remaining at the expiry of the Lead Tenancy Arrangement will be repaid to the owner of the property.

Significant Estimates

The preparation of financial statements requires the use of certain accounting judgements and estimates. It also requires the Board of Management exercise judgement in applying the Association's accounting policies. The areas requiring the use of significant estimates are disclosed below.

(i) Rent Arrears – Bad Debt Provision

The Association assumes the recoverability of rent arrears through a detailed process that considers tenant payment history and recovery arrangements in place.

(ii) Useful Life of Properties, Plant and Equipment

The Association estimates the useful life of properties, plant and equipment, as well as components thereof, and estimates an annual charge to be depreciated.

(iii) Defined Benefit Pension Liability

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

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty of not more than 24 hours.

Short Term Investments

Funds held in short term deposit accounts for a term over 3 months are presented at their current value with any interest received being charged to the statement of comprehensive income.

Operating Leases

Rental applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Income and Expenditure Account on a straight line basis over the term of the lease.

Pensions

The Association participates in the Scottish Housing Association's Pension Scheme (SHAPS) providing benefits based on Career Average Revalued Earnings. The Association's share of the Scheme Assets and Liabilities is shown in the Statement of Financial Position in accordance with their requirements of FRS17.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting date 31st March 2023

2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	Operating Costs	2023 Operating Surplus/(Deficit)	2022 Operating Surplus/(Deficit)
	£	£	£	£
Income & Expenditure from Lettings	11,043,811	7,666,882	3,376,929	2,941,823
Other Activities	344,493	344,067	426	50,978
TOTAL	11,388,303	8,010,949	3,377,354	2,992,801
Total for 2022	10,770,249	7,777,448		

3 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM SOCIAL LETTING ACTIVITIES

	General Needs Housing	Shared Ownership	2023 Total	2022 Total
	£	£	£	£
Rent Receivable net of Service Charges	9,878,615	10,305	9,888,920	9,419,024
Service Charges Receivable	93,673	-	93,673	89,500
Gross Rent Receivable	9,972,288	10,305	9,982,593	9,508,524
LESS: Rent Losses from Voids	(36,873)	-	(36,873)	(55,542)
Net Income from Rents & Service Charges	9,935,415	10,305	9,945,720	9,452,982
Amortised Government Grants	939,656	-	939,656	891,188
Revenue Grants	158,434	-	158,434	-
Total Turnover from Social Letting	11,033,506	10,305	11,043,811	10,344,170
Management	2,636,632	-	2,636,632	2,408,032
Services	107,784	-	107,784	82,267
Planned and Cyclical Maintenance	820,248	-	820,248	1,000,240
Reactive Maintenance	1,346,892	170	1,347,062	1,202,206
Rent Losses from Bad Debts	77,904	-	77,904	76,637
Depreciation of Social Housing	2,677,252	-	2,677,252	2,632,835
Total Operating Costs	7,666,712	170	7,666,882	7,402,347
Operating Surplus	3,366,793	10,135	3,376,929	2,941,823
Operating Surplus for 2022	2,931,361	10,462		

Note: All Major Repair costs not capitalised are included in Planned and Cyclical Maintenance.
There was no impairment of social housing.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting date 31st March 2023

3 PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS (continued)

The number of units of housing under development and in management at 31st March 2023 was:

	Units under Development		Units in Management	
Housing accommodation for letting	2023	2022	2023	2022
New build – Shared Ownership	-	-	-	5
New build – Rented	21	74	1,625	1,546
Rehabilitation – Rented	-	-	503	503
Rehabilitation – Sheltered	-	-	-	-
	<u>21</u>	<u>74</u>	<u>2,128</u>	<u>2,054</u>

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

	Grants from Scottish Ministers	Other Income	Total Turnover	Operating Costs - Bad Debts	Other Operating Costs	2023 Operating Surplus/ (Deficit)	2022 Operating Surplus/ (Deficit)
	£	£	£	£	£	£	£
Grant Funded Disabled Adaptations	160,201	-	160,201	-	172,066	(11,865)	6,065
Factoring	-	57,295	57,295	2,802	67,277	(12,783)	23,893
Other Activities	-	126,997	126,997	-	101,923	25,074	21,020
TOTAL	160,201	184,292	344,493	2,802	341,266	426	50,978
Total 2022	230,661	195,418	426,079	-	232,860	54,146	54,146

NOTES TO THE FINANCIAL STATEMENTS
For the reporting date 31st March 2023

5 GAIN / (LOSS) ON SALE OF FIXED ASSET

	Shared Ownership Properties	Other Properties	2023 Total	2022
	£	£	£	£
Proceeds	-	-	-	-
Cost of Disposal	-	-	-	-
Gain / (Loss)	-	-	-	-

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2023	2022
	£	£
Bank loans and overdrafts	1,700,451	1,324,533
Interest on defined benefit pension liability	-	31,000
	<u>1,700,451</u>	<u>1,355,533</u>

7 SURPLUS FOR THE YEAR

This is stated after charging:	2023	2022
	£	£
Auditors' remuneration (including VAT) - external audit	14,140	11,000
- other services	-	-
- internal audit	5,688	3,792
Donations to Local Charities	-	3,389
Operating Leases	26,644	26,013
(Gain) / loss on disposal of fixed asset	29,819	-
Depreciation of housing properties	2,647,446	2,576,278

8 STAFF COSTS

At the year-end there were 48 full time equivalent employees (2022: 45). Staff costs during the year amounted to:

	2023	2022
	£	£
Wages and Salaries	1,745,554	1,426,891
National insurance	186,347	149,304
Pensions	305,176	286,268
	<u>2,237,077</u>	<u>1,862,463</u>

The average number of persons directly employed by the Association during the year was

No.	No.
<u>48</u>	<u>46</u>

NOTES TO THE FINANCIAL STATEMENTS

For the reporting date 31st March 2023

8 STAFF COSTS (continued)

KEY MANAGEMENT PERSONNEL

As per the Scottish Housing Regulator's Determination of Accounting Requirements 2014, disclosure of key management personnel's emoluments exceeding £60,000 per annum is required.

	2023 £	2022 £
The total emoluments payable to key management personnel and former key management personnel amount to:-		
Emoluments excluding employers pension	231,568	276,284
Employers pension contributions	21,574	26,924
	<u>253,141</u>	<u>303,208</u>

The emoluments (including pension contributions but excluding redundancy payments) of the Officers were in the following ranges:

	No.	No.
£60,000 - £70,000	-	-
£70,001 - £80,000	2	3
£80,001 - £90,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	-	-
	<u>3</u>	<u>4</u>

No emoluments were paid to any member of the Board.

NOTES TO THE FINANCIAL STATEMENTS
For the reporting date 31st March 2023

9 TANGIBLE FIXED ASSETS

a) Housing Properties	Wholly Owned Completed	Wholly Owned in Course of Construction	Shared Ownership Completed	Total
Cost:	£	£	£	£
At 1 st April 2022	148,188,037	12,609,040	134,231	160,931,308
Additions during year	3,086,632	2,911,774	-	5,998,406
Transfer	12,062,191	(12,062,191)	-	-
Disposals in year	(248,623)	(1,200)	-	(249,823)
At 31 March 2023	163,088,237	3,457,423	134,231	166,679,891
Depreciation:				
At 1 st April 2022	34,507,574	-	-	34,507,574
Disposals in year	(220,017)	-	-	(220,017)
Charge for year	2,647,446	-	-	2,647,446
At 31 st March 2023	36,935,003	-	-	36,935,003
Net book value:				
At 31 st March 2023	126,153,234	3,457,423	134,231	129,744,888
At 31 st March 2022	113,680,463	12,609,040	134,231	126,423,734

Total works carried out on housing properties for the year ended 31st March 2023 was £3,906,880 (2022 - £2,259,073). Of this total £3,086,632 (2022 - £1,258,833) was capitalised above and £820,248 (2022 - £1,000,240) was expensed in the income and expenditure statement in line with recommended practice.

During the year the Association had capitalised salary costs of £439,783 (2022 - £309,203).

b) Fixed Asset Investments	Homestake	Subsidiary	Total
Cost:	£	£	£
As 1 st April 2022	216,867	1	216,868
Additions during the year	-	-	-
As at 31 st March 2023	216,867	-	216,868
Net book value At 31 st March 2022	216,867	-	216,868

The wholly owned subsidiary Musselcrag Limited was dormant throughout the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting date 31st March 2023

9 TANGIBLE FIXED ASSETS (continued)

c) Other	Office & Lounges	Computer Equipment	Office Equipment	Total
Cost:	£	£	£	£
At 1st April 2022	1,092,918	101,081	4,254	1,198,253
Additions during year	-	27,561	1,982	29,543
At 31st March 2023	1,092,918	128,641	6,237	1,227,796
Depreciation:				
At 1st April 2022	440,833	31,306	1,412	473,551
Provided during year	21,858	25,270	788	47,916
At 31st March 2023	462,691	56,576	2,200	521,467
Net book value:				
At 31st March 2023	630,227	72,065	4,037	706,329
At 31st March 2022	652,085	69,775	2,842	724,702

10 DEBTORS

	2023	2022
Amounts falling due within one year:	£	£
HAG Receivable	306,535	Nil
Rental Debtors	325,954	283,121
Recharge Account Debtors	47,839	49,366
Other Debtors	290,062	613,753
Prepayment and accrued income	206,835	171,730
	1,177,225	1,117,970

The Rental and Recharge Debtors figures shown above are net of the current Provision for Bad Debts of £106,297 (2022: £87,583). The provision ensures that 50% of the outstanding Ex-Tenant Rent and 100% of the Ex-Tenant Recharge Balances were provided for. Rental Debtors accounts for £49,260 (2022 : £39,645) of the provision with the remaining £57,037 (2022 : £47,938) deducted from the Recharge Account Debtors.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting date 31st March 2023

11 STOCK OF MAINTENANCE SUPPLIES

	2023 £	2022 £
Stock of Various Items of Ironmongery	4,749	7,454

Stock is valued at the lower of cost and estimated selling price less cost to complete and sell using a weighted average method.

12 CREDITORS : amounts falling due within one year

	2023 £	2022 £
Loans (note 14)	1,783,840	1,748,036
Trade creditors	1,677,530	2,472,860
HAG	955,572	939,656
Lead Tenancies Major Repairs Provisions	9,499	12,349
Rent in advance	241,305	213,225
	4,667,746	5,386,126

13 CREDITORS : amounts falling due after more than one year

	2023 £	2022 £
Loans	41,368,022	42,913,978
Deferred Income	1,428,575	1,169,726
Housing association grants	71,006,450	70,519,821
	113,803,047	114,603,525

Housing property loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments due as follows:

	2023 £	2022 £
Within one year	1,783,840	1,748,036
Between one and two years	1,824,589	1,790,401
Between two year and five years	4,874,067	5,157,939
After five years	34,669,366	35,965,638
	43,151,861	44,662,014
Included in creditors: amounts falling due within one year	(1,783,840)	(1,748,036)
	41,368,022	42,913,978

NOTES TO THE FINANCIAL STATEMENTS

For the reporting date 31st March 2023

13 CREDITORS : amounts falling due after more than one year (cont'd)

Analysis of changes in loan financing during the year:

	2023	2022
	£	£
At 1 st April 2022	44,790,571	46,248,144
New loans taken out	-	-
Amounts repaid	(1,510,153)	(1,457,573)
At 31 st March 2023	43,280,418	44,790,571

Derivatives

The Association is not permitted to enter into speculative transactions with financial instruments. The Association follows the guidance set out by the Scottish Housing Regulator. Any financial instrument entered into by the Association is covered by underlying loans. As part of its Treasury Management Policy the Association uses financial derivatives to achieve interest rate certainty. At 31st March 2023 the Association has one interest rate SWAP as follows:-

Institution	Notional Amount	Rate	Start	End
Royal Bank of Scotland plc	£7.6 million	5.70%	04/11/02	04/11/32

14 SHARE CAPITAL

	2023	2022
	£	£
Shares of £1 each		
At 1 st April 2022	45	47
Issued	3	6
Cancelled	-	(8)
At 31 st March 2023	48	45

15 REVENUE RESERVE

The income and expenditure reserve represents cumulative surplus and deficits net of other adjustments

NOTES TO THE FINANCIAL STATEMENTS
For the reporting date 31st March 2023

16 CASH FLOW FROM OPERATING ACTIVITIES

	2023	2022
	£	£
Surplus for year	3,377,354	2,992,801
Depreciation and impairment of tangible fixed assets	2,695,362	2,618,409
Amortisation of housing association grant	(939,656)	(891,188)
Disposals of tangible fixed assets	-	56,557
Decrease in stock	2,705	238
Decrease in trade and other debtors	247,809	194,727
(Decrease / increase) in trade and other creditors	(778,749)	529,406
(Loss) / gain in respect of pension scheme	(576,000)	810,000
Increase / (Decrease) in provisions	381,479	(1,113,000)
Net cash flow from operating activities	4,410,304	5,197,950

17 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2022	Cashflows	At 31 March 2023
	£	£	£
Cash at Bank and in Hand	8,859,265	(2,508,239)	6,351,026
Short Term Deposits	2,187,349	(825,140)	1,362,209
	11,046,614	(3,333,379)	7,713,235
Debt Due within one year	(1,748,036)	-	(1,783,840)
Debt Due after one year	(42,913,978)	1,545,956	(41,368,022)
Total	(33,615,400)	(1,823,227)	(35,438,627)

18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2023	2022
	£	£
Increase/ (Decrease) in cash in the year	(2,508,239)	(5,856,886)
Increase/ (Decrease) in short term deposits in the year	(825,140)	1,716,912
	(3,333,379)	(4,139,974)
Cash Inflow from increase in net debt	1,545,956	1,457,574)
	(1,823,227)	(2,682,400)
Net Debt at 1 st April 2022	(33,615,400)	(33,615,400)
Net Debt at 31 st March 2023	(35,438,627)	-

NOTES TO THE FINANCIAL STATEMENTS

For the reporting date 31st March 2023

19 RETIREMENT BENEFITS

The Association 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 30th 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. A Recovery Plan has been put in place to eliminate the deficit, which runs to 28th 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.

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

For accounting purposes two actuarial valuations for the Scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used to calculate the Association's net deficit or surplus at the accounting period start and end dates.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting date 31st March 2023

19 RETIREMENT BENEFITS (continued)

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

	2023 £(000's)	2022 £(000's)
Fair value of plan assets	7,402	12,110
Present value of defined benefit obligation	7,783	12,056
Surplus / (Deficit) in plan	(381)	54
Unrecognised surplus	-	54
Defined benefit asset / (liability) to be recognised	(381)	-

Reconciliation of the impact of the Asset Ceiling

	2023 £(000's)
Impact of asset ceiling at start of period	54
Effect of the asset ceiling included in net interest cost	4
Actuarial losses (Gains) on asset ceiling	(58)
Impact of asset ceiling at end of period	-

Reconciliation of opening and closing balances of the defined benefit obligation

	2023 £(000's)
Defined benefit obligation at start of period	12,056
Current service cost	-
Expenses	10
Interest Expense	334
Contributions by plan participants	-
Actuarial losses (gains) due to experience	(698)
Actuarial losses (gains) due to changes in demographic assumptions	(165)
Actuarial losses (gains) due to changes in financial assumptions	(3,586)
Benefits paid and expenses	(168)
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	7,783

NOTES TO THE FINANCIAL STATEMENTS

For the reporting date 31st March 2023

19 RETIREMENT BENEFITS (continued)

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

	2023 £(000's)
Fair value of plan assets at start of period	12,110
Interest income	338
Experience on plan assets(excluding amounts included in interest income- gain / (loss)	(5,083)
Contributions by Employer	205
Contributions by plan participants	-
Benefits paid and expenses	(168)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rates change	-
	<hr/>
Fair value of plan assets at end of period	7,402

The actual return on the plan assets (including any changes in share of assets) over the period from 31 31 March 2022 to 31 March 2023 was (£4,745,000)

Defined benefit costs recognised in statement of comprehensive income (SoCI)

	2023 £(000's)
Current service cost	-
Expenses	10
Net interest expense	-
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
	<hr/>
Defined benefit costs recognised in statement of comprehensive income (SoCI)	10

NOTES TO THE FINANCIAL STATEMENTS

For the reporting date 31st March 2023

19 RETIREMENT BENEFITS (continued)

Defined Benefit Costs recognised in other comprehensive income

	2023 £(000's)
Experience on plan assets (excluding amounts included in net interest cost – gain (loss))	(5,083)
Experience gains and losses arising on the plan liabilities – gain (loss)	698
Effects of changes in the demographic assumptions underlying the present value Of the defined benefit obligation – gain (loss)	165
Effects of changes in the financial assumptions underlying the present value Of the defined benefit obligation – gain (loss)	3,586
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable gains (loss))	(634)
Effect of changes in the amount of surplus that is not recoverable (excluding amounts Included in net interest cost) – gain (loss)	58
Total amount recognised in other comprehensive income – gain (loss)	(576)

20 RELATED PARTY TRANSACTIONS

Two members of the Board are also tenants of the Association (2022 – Two). The tenancies are on the same terms as for other tenants and no advantage can be gained from the position.

During the financial year, Board members were charged rent totalling £10,250 (2022 - £9,906). As at 31 March 2023 Nil (2022 - £155.31) was due to the Association.

Where members of the Board are also councillors or employees of related local authorities, there are no transactions to disclose that were not made at arm's length or not made under the normal commercial terms.

No Board members received remuneration however members of the management board were reimbursed for out of pocket expenses amounting to £475 (2022 - £Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the reporting date 31st March 2023

21 CAPITAL COMMITMENTS

	2023 £	2022 £
Contracted less certified	2,262,200	3,422,079
Authorised but not contracted	-	-

The Board of Management expects the majority of the expenditure they have authorised to be fully financed by Housing Association Grant from The Scottish Government or by mortgages from private sector lenders.

22 OTHER COMMITMENTS

The Association's total commitments under non-cancellable operating leases are as follows:

	2023 £	2022 £
Other operating leases		
Within one year	5,702	39,403
Between one and five years	19,771	44,662
	25,473	84,065

23 SUBSIDIARIES INFORMATION

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows:

Name of Company	Country of Registration or Incorporation	Date of Incorporation	Proportion of Voting Rights	Nature of Business
Subsidiary Undertakings Musselcrag Limited	Scotland	19/08/2010	Wholly Controlled	Dormant since incorporation

24 CONTINGENT LIABILITY

The Association participates in a multi-employer pension scheme. Should the Association leave the scheme, the amount of employer debt has been estimated at £3,226,103 as at September 2022. At this time, there is no plan for leaving the scheme. The Association has taken the decision to close the Defined Benefit structure to all staff, replacing it with the Defined Contribution option, which remains within the SHAPS scheme.