



Alexander Sloan
Accountants and Business Advisers

Grampian Housing Association Limited

Report of the Board of Management and Consolidated Financial Statements

For the year ended 31 March 2023

Registered Social Landlord No. HAL 120 AL

FCA Reference No. 1769R(S)

Scottish Charity No. SC042023

GRAMPIAN HOUSING ASSOCIATION LIMITED

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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GRAMPIAN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2023

BOARD OF MANAGEMENT

Dr Abhishek Agarwal	(Chair) Re-elected 20 September 2022
Christopher Bennett-Taylor	Appointed 21 February 2023, Resigned 12 July 2023
Ma'aruf Razzak	Resigned 21 October 2022
Margaret Bochel	Resigned 20 September 2022
James Cargill	(Vice Chair) Re-elected 20 September 2022
Shenthiel Selvam	
Stewart Davidson	
Ritchie Johnson	
Kristi Kelly	
Stuart Rothnie	
Donna Darling	Appointed 20 September 2022
Tigan Daspan	
Alex Drummond	
Bob Stewart	Retired 10 April 2023
Jennifer Court	Resigned 2 May 2023
David Thomson	Appointed 21 February 2023
Charlotte Torrance	Appointed 28 July 2023
Freya Lees	Appointed 28 July 2023
Nikola Will	Appointed 28 July 2023

EXECUTIVE OFFICERS

Craig Stirrat	Chief Executive
Malcolm McNeil	Depute Chief Executive
Diane Hendry	Chief Operating Office (Resigned 2 February 2023)
Linda Clarke	Director of Finance (Appointed 1 April 2023)
Carol Reid	Director of Customer Services (Appointed 1 April 2023)
Alexander Carle	Director of Asset management (Appointed 1 April 2023)

REGISTERED OFFICE

Huntly House
74 Huntly Street
Aberdeen
AB10 1TD

EXTERNAL AUDITORS

Alexander Sloan
Accountants and Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

INTERNAL AUDITORS

Henderson Loggie
The Vision building
20 Greenmarket
Dundee
DD1 4QB

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BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

BANKERS

The Royal Bank of Scotland plc
78 Union Street
Aberdeen
AB10 1HH

BANKERS

Nationwide Building Society
Caledonia House
Carnegie Avenue
Dunfermline
KY11 8PJ

BANKERS

Bank of Scotland
38 Albyn Place
Aberdeen
AB10 1YN

SOLICITORS

Harper MacLeod LLP
The Ca'doro
45 Gordon Street
Glasgow
G1 3PE

GRAMPIAN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2023

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

Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No. 1769R(S)), the Scottish Housing Regulator as a registered social landlord (No. HAL 120 AL) under the Housing (Scotland) Act 2010 and as a registered Scottish Charity with the charity number SC042023.

Principal Activities

The principal activity of Grampian Housing Association (the Group) is to provide and manage quality affordable accommodation for people in housing need. The Association owns and manages a wide range of housing for rent. It also has a significant portfolio of shared ownership properties. The Association works closely with local authorities to provide accommodation for homeless households and in partnership with others it provides special needs accommodation throughout the Grampian area. The Association also has relationships with other agencies including NHS Grampian.

There are two active subsidiaries Kirkgate Developments Limited and TLC Housing Maintenance Limited. The former develops and manages properties for sale, mid-market and market rent properties as well as developing opportunities for social enterprise and commercial and community facilities.

TLC Housing Maintenance Limited, provides maintenance services to the Association and its main objectives are to provide better quality services to tenants and provide value for money to the Association through VAT savings on services provided.

Review of Business and Future Developments

Objectives

The future objectives of the Group are centred on the provision of affordable high quality and energy efficient housing with a pragmatic mix of social rent, shared ownership mid-market rent and market rent, backed up by the provision of housing support. As a registered charity, all aims and objectives must be compatible with the Association's charitable status or carried out by Group companies where necessary. Objectives are measured against appropriate Key Performance Indicators and performance is regularly reviewed by the Association's Board and Sub Committees and reported annually to the Scottish Housing Regulator and tenants.

Strategy for Achieving Objectives

The Group's objectives are managed via a rolling programme of updates to its Business Plan. The current Business Plan cycle runs from 2023 to 2028 which has been prepared following rigorous and comprehensive review and external input and validation. The plan is the subject of annual review as well as an assessment of performance against the agreed objectives. The Business Plan sets out the vision and reflects the Association's aim to achieve sector leading levels of customer satisfaction by delivering the "Grampian Deal" to focus on providing excellent customer service and to increase our customer satisfaction levels.

The Executive Team are responsible for day to day implementation of the Business Plan and is in turn the subject of a performance management framework which breaks objectives down into a series of actions for departmental teams and individuals. At a strategic level key indicators are regularly reported to the Board, and at a micro level individual actions are reviewed via ongoing staff appraisal.

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023

Review of Business and Future Developments (Contd.)

Business Model

The Group's business model is defined via the business planning process described above. The provision of affordable housing remains at its core, with a strong foundation in terms of commitment to current tenants. This is augmented by new build investment supported by government grant to address continued strong demand for social housing and provision for key workers in the Grampian area. The Group is also conscious of the need for increased efficiency in an environment where public finance is the subject of constraint and has embarked on a major programme of transformation which aims to improve the value for money which it delivers. This is summarised as 'Cheaper, better, quicker'.

Development and Performance

During 2022-23, the Group increased capital investment in its properties: this included 128 new bathrooms, 107 new boilers, 21 full heating systems, 16 insulation replacements, 269 new kitchens, 375 new door entry systems, 123 full window installations and 28 roof replacements. A number of new properties were also built during the year, with 113 units added to the Group's portfolio including an additional 7 off the shelf properties purchased during the year.

The Grampian Group monitors performance through budgets, forecasts and financial planning. The Association continues to build on earlier work and has recently carried out a review of the governance structure which has been designed to further strengthen good governance and support scrutiny and ensure that a focus on good outcomes for tenants remains at the heart of the Association. This demonstrates our commitment to continuous improvement.

The Association continues to upgrade and invest in its systems and processes during the year in the context of a strategy to migrate existing services to digital and mobile platforms for those customers who can access these. Grampian also remains focused on value for money and to this end; continues to participate in a UK wide benchmarking service (Housemark).

The Association's turnover was £23,250,000, which represented an increase of £1,991,000 (2022: £21,259,000). This increase relates to rent received from new build properties moving into management and a rent increase applied from April 2022. Operating costs of £18,143,000 which represents an 18.2% increase when compared to (2022: £15,348,000), Grampian has experienced increased costs with the the knock on effect from the post-covid pandemic and the current economic climate with high inflation. Interest payable and similar charges has increased to £4,283,000 when compared to £3,024,000 in 2022 due to a refinancing exercise which was completed during the financial year and included additional new loan funding to support the ongoing development programme. Surplus before taxation was £1,772,000 for 2023 compared with £3,868,000 for 2022, a decrease of £2,096,000. Overall the Grampian Group has maintained a strong financial position during the current economic challenges.

This year the Association had net current assets of £1,516,000 when compared to the previous years net current liabilities (2022: (£28,030,000)), Creditors amounts falling due within one year has decreased significantly by £28,960,000. This related to a revolving credit facility (RCF) which expired on 30th June 2022 and has been refinanced this financial year to include additional loan funding to support the ongoing development program.

Kirkgate Developments Limited's operational results showed increased turnover of 28% at £1,738,000 compared to £1,356,000 in 2022, as a result of new additional units being managed on behalf of Grampian Housing Association Limited. This was offset by an increase in operating expenditure of 8% at £1,285,000 compared to £1,188,000 in 2022 mainly due to an increase in cyclical and other works and also an increase in contractors pricing due to current economic challenges. This year there was a gift aid payment made to the parent company of £34,000 and a reduction in the annual revaluation loss on investment properties of £79,000 overall resulting in a surplus before taxation of £234,000 (2022: £182,000).

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023

Review of Business and Future Developments (Contd.)

TLC Housing Maintenance has incurred a small profit this year which has resulted in a surplus before taxation of £9,000 for 2023 (2022: surplus of £2,000). TLC has now completed five years of trading. The outcome for the period reflects the challenges faced as a result of the current economic climate and the continued effect of Covid 19 disruption. TLC is reviewing ways to mitigate these risks and continues to provide an excellent service to tenants.

Future Prospects

The Group's long term financial plans show that it can withstand and adapt to change in the face of increased financial pressures. The post Covid landscape and with the knock on effect of the wider economic environment with high inflation and interest rate rises has had an impact on the Grampian Group in terms of significant increases in costs including energy costs. The Group's ongoing transformation journey has ensured that it is well placed to work through the difficult economic conditions that are likely to prevail for some time to come. A balancing act will be required to maintain affordable rents and in maintaining service quality and improvement to meet the legitimate expectations of existing customers, and at the same time addressing unmet housing need.

In 2022/23 the Association achieved a positive outcome and has managed the economic pressures well. The Association secured new funding and has sufficient cash resources to maintain momentum on its committed development programme as well as continue to work to ensure compliance with its Treasury Management Strategy which is informed by a comprehensive and strategic review of future capital needs.

Principle Risks and Uncertainties

The Group faces a mix of national and local environmental risks, and assessment of risk forms an integral part of the Business Plan. Regular review and scenario testing is an essential part of our risk mitigation strategy. The socio-economic impact of Covid 19 combined with the wider economic crisis is likely to be long lasting and structural in nature. The Association continues to watch emergent cost pressures.

Although Scottish Government grant support for new build reflects current commitment the position beyond that is unclear. Added to this is the impact of the Brexit post transition period as well as any further call for constitutional change within the UK., the long term political context for the sector is not wholly clear.

In terms of social rents, despite the provision of state benefits, the impact of higher arrears and lag time in their recovery will remain a risk that the Group must continue to focus on mitigating. This risk is compounded as a result of pressure on households due to the cost of living crisis.

The Association is conscious of its obligations in respect of new standards in regard to energy efficiency and playing its part in respect of zero carbon.

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023

Review of Business and Future Developments (Contd.)

Key Performance Indicators

The Association's relevant Key Performance Indicators (KPIs), which are based on data returned and published in the Annual Return on the Charter to the Scottish Housing Regulator, are as in the following table.

<i>Performance Area</i>	<i>Scottish RSL ARC average 2021/22</i>	<i>GHA ARC average 2021/22</i>	<i>GHA ARC average 2022/23</i>	<i>GHA Change between 21/22 & 22/23</i>	<i>GHA 2022/23 Target</i>
<i>% Stock EESSH 1 compliant</i>	93.40%	93.60%	93.70%	0.10%	95.00%
<i>Average days to complete an adaptation</i>	55.30	77.20	42.80	34.40	65.00
<i>Average calendar days to re-let voids</i>	43.90	41.90	39.40	2.50	37.00
<i>% Rent loss due to voids</i>	1.20%	1.06%	1.02%	0.04%	1.00%
<i>% Gross rent arrears due</i>	4.20%	4.86%	4.77%	0.09%	4.70%
<i>% New tenancies sustained more than a year (applicants on waiting list)</i>	90.50%	90.14%	91.50%	1.36%	94.00%
<i>% Tenants satisfied with quality of home</i>	86.30%	73.78%	84.00%	10.22%	80.00%

Despite difficult conditions and pressures, overall the Grampian Group has continued to perform well.

We have worked hard to understand the reasons for tenant dissatisfaction and as a result overall our tenant satisfaction levels have increased to 80% since pre Covid. The launch of the Grampian Deal strengthens the Grampian Group's commitment to delivering customer centric services, ensuring our business objectives, service income and expenditure risk will be more closely scrutinised in support of good outcomes for customers and staff.

On account of the quality of stock and environment, maintaining above Scottish average housing standards.

Arrears performance has improved despite the impact of the pandemic and our new Neighbourhood Officers are working hard to maintain the position.

Governance

The Governance structure has recently been reviewed to ensure it is robust, the structure aims are to strengthen focus on good outcomes for tenants, performance, assurance and risk management.

The Board are responsible for the maintenance and integrity of the corporate and financial information on the website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023

Review of Business and Future Developments (Contd.)

Going Concern

Based on its budgetary and forecasting processes the Board of Management has a reasonable expectation that the Group 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.

Related Party Transactions

Certain senior officers held non-executive positions with related social enterprises in the Grampian area. Any transactions with respect to these and other relevant linkages are listed in notes to the Financial Statements.

Board of Management and Executive Officers

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

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

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

Statement of Board of Management's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Board of Management 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 Board of Management is required to:

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

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

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REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023

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

Statement on Internal Financial Control

The Board of Management acknowledges its ultimate responsibility for ensuring that the parent 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 parent Association, or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Board of Management's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Group's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Group 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 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 Board of Management;
- the Board of Management receives 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 Group is undertaken; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

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

Donations

During the year the Association made charitable donations of £399 (2022 - £7,730).

Disclosure of Information to the Auditor

The members of the Board of Management 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.

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REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023

Auditor

A resolution to reappoint the Auditors, Alexander Sloan, Accountants and Business Advisers, will be proposed at the Annual General Meeting. The Auditor is appointed for an initial term of three years with a two year option.

By order of the Board of Management



MALCOLM MCNEIL

Secretary
29 August 2023

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF GRAMPIAN 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 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 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 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 in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
29 August 2023



GRAMPIAN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRAMPIAN HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023

Opinion

We have audited the financial statements of Grampian Housing Association Limited (the 'Parent') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the Group and Parent Statement of Comprehensive Income, the Group and Parent Statement of Financial Position, the Group and Parent Statement of Cash Flows, 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 Group's affairs as at 31 March 2023 and of the surplus 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 of 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 United Kingdom, 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 Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent 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 of Management with respect to going concern are described in the relevant sections of this report.

Other Information

The Board of Management is responsible for the other information. The other information comprises the information contained 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.

GRAMPIAN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRAMPIAN HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Other Information (Contd.)

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 require us to report to you if, in our opinion:

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

Responsibilities of the Board of Management

As explained more fully in the statement of Board of Management's responsibilities as set out on page 6, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Board of Management 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 Board of Management is responsible for assessing the Group'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 of Management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

GRAMPIAN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRAMPIAN HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (continued)

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:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Group through discussions with management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Association's Assurance Statement and associated supporting information; and
- reviewing correspondence with the Scottish Housing Regulator and HMRC.

GRAMPIAN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRAMPIAN HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)


There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our Report

This report is made solely to the Association's members as a body, in accordance with Part 7 of 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.


ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
29 August 2023


Alexander Sloan
Accountants and Business Advisers

GRAMPIAN HOUSING ASSOCIATION LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £000	2022 £000
Revenue	2	24,075	21,972
Operating costs	2	18,489	15,880
OPERATING SURPLUS		5,586	6,092
Gain on sale of housing stock	7	651	745
Gain on sale of other assets		1	-
Interest receivable and other income		106	1
Interest payable and similar charges	8	(4,284)	(3,024)
Movement in fair value of financial instruments		(79)	146
		(3,605)	(2,132)
Surplus on ordinary activities before taxation	9	1,981	3,960
Tax on surplus on ordinary activities	10	(80)	(121)
SURPLUS FOR THE YEAR		1,901	3,839
TOTAL COMPREHENSIVE INCOME		1,901	3,839

The results relate wholly to continuing activities.

The notes on pages 23 to 49 form an integral part of these financial statements.

GRAMPIAN HOUSING ASSOCIATION LIMITED

PARENT STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £000	2022 £000
Revenue	2	23,250	21,259
Operating costs	2	18,143	15,348
OPERATING SURPLUS		5,107	5,911
Gift aid received		34	92
Gain on sale of housing stock	7	651	745
Interest receivable and other income		263	144
Interest payable and similar charges	8	(4,283)	(3,024)
		<u>(3,335)</u>	<u>(2,043)</u>
Surplus on ordinary activities before taxation	9	1,772	3,868
Tax on surplus on ordinary activities	10	-	-
SURPLUS FOR THE YEAR		<u>1,772</u>	<u>3,868</u>
TOTAL COMPREHENSIVE INCOME		<u><u>1,772</u></u>	<u><u>3,868</u></u>

The results relate wholly to continuing activities.

The notes on pages 23 to 49 form an integral part of these financial statements.

GRAMPIAN HOUSING ASSOCIATION LIMITED

GROUP STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2023	2022
		£000	£000
NON-CURRENT ASSETS			
Intangible assets	11	167	136
Housing properties - depreciated cost	12	269,886	262,287
Other tangible assets	12	1,912	1,980
Investments	13	5,649	5,728
		<u>277,614</u>	<u>270,131</u>
CURRENT ASSETS			
Stock and work in progress	14	666	352
Receivables	16	1,118	2,491
Cash and cash equivalents	17	5,824	4,034
		<u>7,608</u>	<u>6,877</u>
CREDITORS: Amounts falling due within one year	18	<u>(5,655)</u>	<u>(34,669)</u>
NET CURRENT ASSETS / (LIABILITIES)		<u>1,953</u>	<u>(27,792)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		279,567	242,339
CREDITORS: Amounts falling due after more than one year	19	(89,638)	(59,673)
PROVISIONS FOR LIABILITIES AND CHARGES			
Other Provision	28	<u>(632)</u>	<u>(565)</u>
		(632)	(565)
DEFERRED INCOME			
Social housing grants	21	(154,690)	(149,282)
Other grants	21	<u>(9,233)</u>	<u>(9,346)</u>
		(163,923)	(158,628)
NET ASSETS		<u>25,374</u>	<u>23,473</u>
EQUITY			
Share capital	22	1	1
Revenue reserves		23,290	21,331
Revaluation reserve		2,060	2,139
Furniture reserves		23	2
		<u>25,374</u>	<u>23,473</u>

The financial statements were approved by the Board of Management and authorised for issue and signed on their behalf on 29 August 2023.


Board Member


Board Member


Secretary

The notes on pages 23 to 49 form an integral part of these financial statements.

GRAMPIAN HOUSING ASSOCIATION LIMITED

PARENT STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2023	2022
		£000	£000
NON-CURRENT ASSETS			
Intangible assets	11	167	136
Housing properties - depreciated cost	12	269,886	262,287
Other tangible assets	12	1,907	1,978
		<u>271,960</u>	<u>264,401</u>
RECEIVABLES: Amounts falling due after more than one year			
	15	3,125	3,194
CURRENT ASSETS			
Stock and work in progress	14	640	314
Receivables	16	1,238	2,579
Cash and cash equivalents	17	5,168	3,567
		<u>7,046</u>	<u>6,460</u>
CREDITORS: Amounts falling due within one year			
	18	<u>(5,530)</u>	<u>(34,490)</u>
NET CURRENT ASSETS / (LIABILITIES)			
		<u>1,516</u>	<u>(28,030)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		276,601	239,565
CREDITORS: Amounts falling due after more than one year			
	19	(89,616)	(59,641)
PROVISIONS FOR LIABILITIES AND CHARGES			
Other Provision	29	<u>(115)</u>	<u>(121)</u>
		(115)	(121)
DEFERRED INCOME			
Social housing grants	21	(154,690)	(149,282)
Other grants	21	<u>(9,233)</u>	<u>(9,346)</u>
		<u>(163,923)</u>	<u>(158,628)</u>
NET ASSETS			
		<u><u>22,947</u></u>	<u><u>21,175</u></u>
EQUITY			
Share capital	22	1	1
Revenue reserves		<u>22,946</u>	<u>21,174</u>
		<u><u>22,947</u></u>	<u><u>21,175</u></u>

The financial statements were approved by the Board of Management and authorised for issue and signed on their behalf on 29 August 2023.


Board Member


Board Member


Secretary

The notes on pages 23 to 49 form an integral part of these financial statements.

GRAMPIAN HOUSING ASSOCIATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022
		£000	£000
Surplus for the Year		1,901	3,839
<i>Adjustments for non-cash items:</i>			
Depreciation of tangible fixed assets	12	5,405	4,949
Amortisation of intangible assets	11	37	28
Amortisation of capital grants	21	(1,711)	(1,613)
(Decrease)/increase in provisions		(6)	(29)
Gain on disposal of tangible fixed assets		(652)	(745)
Taxation	10	80	121
Change in market value of investments		79	(146)
		<u>3,232</u>	<u>2,565</u>
Interest receivable		(106)	(1)
Interest payable	8	<u>4,284</u>	<u>3,024</u>
		<u>4,178</u>	<u>3,023</u>
Operating cash flows before movements in working capital		9,311	9,427
Change in stock		(314)	(226)
Change in debtors		119	(24)
Change in creditors		<u>(1,173)</u>	<u>(1,098)</u>
		<u>(1,368)</u>	<u>(1,348)</u>
Net cash inflow from operating activities		<u>7,943</u>	<u>8,079</u>
Investing Activities			
Acquisition and construction of properties		(14,481)	(18,021)
Purchase of Intangible Fixed Assets		(68)	(30)
Purchase of other fixed assets		(16)	(79)
Social housing grant received		8,832	4,740
Social housing grant repaid		(477)	(272)
Other grants received		-	1
Other grants repaid		(7)	(7)
Proceeds on disposal of housing properties		<u>2,216</u>	<u>2,847</u>
Net cash outflow from investing activities		<u>(4,001)</u>	<u>(10,821)</u>
Financing Activities			
Loan Advances Received		4,750	7,435
Interest received on cash and cash equivalents		106	1
Interest paid on loans		(4,284)	(3,024)
Loan principal repayments		<u>(2,724)</u>	<u>(1,813)</u>
Net cash (outflow) / inflow from financing activities		<u>(2,152)</u>	<u>2,599</u>
Increase/(decrease) in cash	23	<u>1,790</u>	<u>(143)</u>
Opening cash & cash equivalents		<u>4,034</u>	<u>4,177</u>
Closing cash & cash equivalents		<u>5,824</u>	<u>4,034</u>
Cash and cash equivalents as at 31 March			
Cash	23	<u>5,824</u>	<u>4,034</u>
		<u>5,824</u>	<u>4,034</u>

The notes on pages 23 to 49 form an integral part of these financial statements.

GRAMPIAN HOUSING ASSOCIATION LIMITED

PARENT STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022
		£000	£000
Surplus for the Year		1,772	3,868
<i>Adjustments for non-cash items:</i>			
Depreciation of tangible fixed assets	12	5,404	4,949
Amortisation of intangible assets	11	37	28
Amortisation of capital grants	21	(1,711)	(1,613)
(Decrease)/increase in provisions		(6)	(29)
Gain on disposal of tangible fixed assets		(651)	(745)
		<u>3,073</u>	<u>2,590</u>
Interest receivable		(263)	(144)
Interest payable	8	4,283	3,024
		<u>4,020</u>	<u>2,880</u>
Operating cash flows before movements in working capital		8,865	9,338
Change in stock		(326)	(208)
Change in debtors		68	(29)
Change in creditors		(1,091)	(1,183)
		<u>(1,349)</u>	<u>(1,420)</u>
Net cash inflow from operating activities		7,516	7,918
Investing Activities			
Acquisition and construction of properties		(14,481)	(18,021)
Purchase of Intangible Fixed Assets		(68)	(30)
Purchase of other fixed assets		(12)	(79)
Social housing grant received		8,832	4,740
Social housing grant repaid		(477)	(272)
Other grants received		-	1
Other grants repaid		(7)	(7)
Proceeds on disposal of housing properties		2,212	2,847
		<u>(4,001)</u>	<u>(10,821)</u>
Net cash outflow from investing activities		(4,001)	(10,821)
Financing Activities			
Loan Advances Received		4,750	7,500
Interest received on cash and cash equivalents		263	144
Interest paid on loans		(4,283)	(3,024)
Loan principal repayments		(2,644)	(1,802)
		<u>(1,914)</u>	<u>2,818</u>
Net cash (outflow) / inflow from financing activities		(1,914)	2,818
Increase/(decrease) in cash	23	1,601	(85)
Opening cash & cash equivalents		3,567	3,652
Closing cash & cash equivalents		<u>5,168</u>	<u>3,567</u>
Cash and cash equivalents as at 31 March			
Cash	23	5,168	3,567
		<u>5,168</u>	<u>3,567</u>

The notes on pages 23 to 49 form an integral part of these financial statements.

GRAMPIAN HOUSING ASSOCIATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2023

	Share Capital	Revaluation Reserve	Furniture Reserve	Revenue Reserve	Total
	£000	£000	£	£000	£000
Balance as at 1 April 2021	1	1,993	-	17,654	19,648
Other movements	-	146	2	(162)	(14)
Surplus for the year	-	-	-	3,839	3,839
Balance as at 31 March 2022	1	2,139	2	21,331	23,473
Balance as at 1 April 2022	1	2,139	2	21,331	23,473
Other movements	-	(79)	-	79	-
Surplus for the year	-	-	21	1,880	1,901
Balance as at 31 March 2023	1	2,060	23	23,290	25,374

The notes on pages 23 to 49 form an integral part of these financial statements.

GRAMPIAN HOUSING ASSOCIATION LIMITED

PARENT STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2023

	Share Capital £000	Revenue Reserve £000	Total £000
Balance as at 1 April 2021	1	17,306	17,307
Surplus for the year	-	3,868	3,868
Balance as at 31 March 2022	<u>1</u>	<u>21,174</u>	<u>21,175</u>
Balance as at 1 April 2022	1	21,174	21,175
Surplus for the year	-	1,772	1,772
Balance as at 31 March 2023	<u>1</u>	<u>22,946</u>	<u>22,947</u>

The notes on pages 23 to 49 form an integral part of these financial statements.

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Legal status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014, is registered by the Financial Conduct Authority, is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010 and is a public benefit entity. The company is registered on The Scottish Charity Register, Charity Number SC042023. The company is registered in Scotland and the address of the Company's registered office and principal place of business is Huntly House, 74 Huntly Street, Aberdeen, AB10 1TD.

The Association's principal activities and the nature of the operations are as described in the Report of the Board of Management.

Basis of accounting

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102'), the Housing SORP 2014 'Statement of Recommended Practice for Registered Housing Providers' and comply with the Determination of Accounting Requirements 2019, and under the historical cost convention, modified to include investment properties at fair value.

The financial statements are prepared in Sterling (£) and are rounded to the nearest whole £'000 unless where otherwise stated.

Basis of consolidation

The Group financial statements consolidate the results of Grampian Housing Association Limited, and its subsidiary companies Kirkgate Developments Limited and TLC Housing Management Limited using acquisition accounting. The dormant subsidiaries are not included in the consolidation.

In accordance with FRS102, the association has taken advantage of the exemptions available under Section 33 of disclosing related party transactions with subsidiary undertakings.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires management to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included below.

Critical accounting estimates:

Valuation of property and investment property

- Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on historical data and sector standards.
- Management commissions an independent valuation of the investment properties on an annual basis.

Components of housing properties

- Management reviews its asset components at each reporting date based on historical data and sector standards.
- Management reviews its estimate of the useful lives of depreciable components at each reporting date based on historical data and sector standards.

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Properties held for sale

- Management reviews the properties held as stock for sale to ensure the recoverability of the cost of the asset.

Allocation of costs for Shared Ownership developments

- Management reviews the shared historical costs and allocates on a pro-rata basis, reviewing this area annually

Impairment

- Measurement of recoverable amount for impairment reviews
- Cash generating units

Recoverable amount of rent arrears and other debtors

- Management reviews the arrears annually and on this basis, will set a level of outstanding debt against which a provision will be made

Going concern

The Group has a significant asset base matched by growing reserves. Recent cash flow forecasts covering a period of 1 year from the signing of these financial statements indicate that there are sufficient loan facilities in place to meet the Group's borrowing requirements. From quarterly reports, the Association receives sufficient information to react should adverse circumstances pose a threat to the Association and for this reason, a 1 year forecast is seen as appropriate. These forecasts include a level of investment in grant assisted social rental developments. On that basis, the Board of Management has a reasonable expectation that the Group has adequate resources to continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue

Revenue comprises rental and service charge income receivable in the period from tenants and owner occupiers, fees and revenue based grants receivable from local authorities and the Scottish Government and fees from the provision of management services. It also includes lease income from commercial property and from the sale of properties within the shared ownership sector and tenants right to buy properties. It also includes grant income to subsidise wider agenda activities and fees from operating the government's Help to Buy schemes and sundry other income.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Income from sales of shared ownership properties and tenant right to buy properties is recognised at the point of legal completion of the transaction.

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

Government Grants

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset under the accruals model, with no amortisation in the year of addition.

On disposal of an asset for which government grant was received, where there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant, a liability is included in the Statement of Financial Position to recognise this obligation.

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Other Grants

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

Interest Income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Investment Income

Investment income is recognised on an accruals basis.

Development costs and allowances

Development allowances are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Notional development allowances become available in instalments according to the progress of work on the scheme and are included in HAG or are treated as deferred allowances in accruals and deferred income while development costs are added to housing properties. Deferred development allowances are used to fund future development costs.

Deferred Income

Income received in advance for commercial properties (in the form of a grassum) and for housing properties from the Foyer is treated as deferred income and released to the income and expenditure account over the period to which the rent relates.

Intangible Assets and Goodwill

All intangible assets shall be considered to have a finite useful life. The use of an intangible asset that arises from contractual or other legal rights shall not exceed the period of the contractual or other legal rights, but may be shorter depending on the period over which the entity expects to use the asset. The intangible assets are amortised to write down the cost of each asset to its estimated residual value, based on the straight line basis over the estimated years of the asset's life.

Tangible fixed assets - housing properties

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent and shared ownership.

Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings and expenditure incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income
- A material reduction in future maintenance costs; or
- A significant extension to the life of the property.

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche portion is classed as a current asset and related sales proceeds are included in turnover. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Where the first tranche has been sold prior to the acquisition of the properties, these are included in fixed assets only.

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Investment properties

Investment properties, (including properties held under an operating lease) consist of commercial properties and properties not held for social benefit. These properties are initially measured at cost and subsequently measured at fair value. Changes in fair value are recognised in income and expenditure.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The Board of Management consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the surplus/deficit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of the many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

Depreciation of housing properties

The Association separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, based on a straight line basis over the estimated years of the component's life.

<i>Component Name</i>	<i>Useful Economic Life</i>
Land	Not Depreciated
Assets under construction	Not Depreciated
Structure	100 years
Roofs	60 years
Kitchens	15 years
Bathrooms	25 years
Windows and Doors	25 years
Lifts	20 years
Heating Systems	25 years
Door Entry Systems	15 years
Electrics	20 years
Boilers	12 years
Insulation	25 years

No depreciation is charged on these assets in the year of purchase, but a full year's charge is made on the year of disposal.

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, Grampian estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential are recognised as impairment losses in the income and expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Other tangible fixed assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life as follows:

<i>Asset Category</i>	<i>Depreciation Rate</i>
Freehold land and buildings	100 years
Freehold land and buildings improvements	15 years
Commercial properties	100 years
Commercial properties improvements	15 years
Heritable property	50 years
Plant, machinery, fixtures and motor vehicles	3 to 5 years
Computer hardware and software	4 years

Residual value is calculated on prices prevailing at the report date, after estimating costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

No depreciation is charged on these assets in the year of purchase, but a full year's charge is made in the year of disposal.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale. All other borrowing costs are expensed as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Taxation and deferred tax

Grampian Housing Association Limited has charitable status and is registered with the Office of Scottish Charities Regulator and is therefore exempt from paying Corporation Tax on charitable activities. Kirkgate Developments Limited and TLC Housing Maintenance Limited are still liable to tax.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised in the Statement of Comprehensive Income on revaluations where at the balance sheet date there is a binding agreement to sell the asset and the gain or loss expected to arise on sale has been recognised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

VAT

The Association is VAT registered, however a large portion of income, namely rents, is exempt for VAT purposes therefore giving rise to a Partial Exemption calculation. Expenditure is shown inclusive of VAT. Kirkgate Developments Limited and TLC Housing Maintenance Limited are part of the same VAT group.

Deposits and liquid resources

Cash comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

Leases

All leases are operating leases and the annual rentals are charged to income and expenditure on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised on a straight-line basis over the lease term.

Employee benefits

The costs of short term employee benefits are recognised as a liability and an expense.

Employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Association is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Defined contribution plans

At 31 March 2023 the Association only operates defined contribution schemes and the amounts charged to income and expenditure are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Loan arrangement fees

Loan arrangement fees are amortised over the term of the loan to which they relate and prior year figures are adjusted to reallocate issue costs.

Financial instruments

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments. Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Financial assets

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses. Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

Financial liabilities

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled. Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks or rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires. Any financial impact of discharging a liability is expensed in the year.

Provisions

Provisions are recognised when the Association has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value for money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Reserves

The Association establishes restricted funds for specific purposes where their use is subject to restrictions imposed by third parties.

Business Combination

Assets and liabilities acquired through a business combination are recognised at fair value. Combinations which are for £nil consideration are treated as a combination that is in substance a gift with any excess of fair value of the assets received over the fair value of the liabilities acquired being recognised as income within the Statement of Comprehensive Income.

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT - GROUP

			2023		2022		
	Notes	Turnover	Operating costs	Operating surplus / (deficit)	Turnover	Operating costs	Operating surplus / (deficit)
		£000	£000	£000	£000	£000	£000
Affordable letting activities	3	21,109	16,121	4,988	19,654	13,521	6,133
Other Activities	4	2,966	2,368	598	2,318	2,359	(41)
Total		24,075	18,489	5,586	21,972	15,880	6,092

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES - GROUP

	General Needs Housing	Shared Ownership	2023 Total	2022 Total
	£000	£000	£000	£000
Revenue from Lettings				
Rent receivable net of service charges	17,603	1,118	18,721	17,415
Service charges receivable	855	110	965	860
Gross income from rent and service charges	18,458	1,228	19,686	18,275
Less: Rent losses from voids	268	20	288	234
Income from rents and service charges	18,190	1,208	19,398	18,041
Grants released from deferred income	1,605	106	1,711	1,613
Total turnover from affordable letting activities	19,795	1,314	21,109	19,654
Expenditure on affordable letting activities				
Management and maintenance administration costs	4,939	123	5,062	4,346
Service costs	1,107	-	1,107	1,000
Planned and cyclical maintenance, including major repairs	1,274	-	1,274	968
Reactive maintenance costs	2,924	-	2,924	2,246
Bad Debts - rents and service charges	421	12	433	80
Depreciation of affordable let properties	5,162	159	5,321	4,881
Operating costs of affordable letting activities	15,827	294	16,121	13,521
Operating surplus on affordable letting activities	3,968	1,020	4,988	6,133
2022	5,053	1,080		

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT - PARENT

			2023		2022	
	Notes	Turnover	Operating	Operating	Operating	Operating
		£000	costs	surplus /	costs	surplus /
			£000	(deficit)	£000	(deficit)
				£000	£000	£000
Affordable letting activities	3	21,109	16,121	4,988	19,654	6,133
Other Activities	4	2,141	2,022	119	1,605	(222)
Total		23,250	18,143	5,107	21,259	5,911

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES - PARENT

	General Needs Housing £000	Shared Ownership £000	2023 Total £000	2022 Total £000
Revenue from Lettings				
Rent receivable net of service charges	17,603	1,118	18,721	17,415
Service charges receivable	855	110	965	860
Gross income from rent and service charges	18,458	1,228	19,686	18,275
Less: Rent losses from voids	268	20	288	234
Income from rents and service charges	18,190	1,208	19,398	18,041
Grants released from deferred income	1,605	106	1,711	1,613
Total turnover from affordable letting activities	19,795	1,314	21,109	19,654
Expenditure on affordable letting activities				
Management and maintenance administration costs	4,939	123	5,062	4,346
Service costs	1,107	-	1,107	1,000
Planned and cyclical maintenance, including major repairs	1,274	-	1,274	968
Reactive maintenance costs	2,924	-	2,924	2,246
Bad Debts - rents and service charges	421	12	433	80
Depreciation of affordable let properties	5,162	159	5,321	4,881
Operating costs of affordable letting activities	15,827	294	16,121	13,521
Operating surplus on affordable letting activities	3,968	1,020	4,988	6,133
2022	5,053	1,080		

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
 NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Grants from Scottish Ministers	Other revenue grants	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating surplus / (deficit) 2023	Operating surplus / (deficit) 2022
	£000	£000	£000	£000	£000	£000	£000	£000
Wider role activities	-	220	-	220	-	649	(429)	(386)
Investment property activities	-	-	815	815	-	361	454	168
Factoring	-	-	491	491	33	772	(314)	(247)
Contracted out services undertaken for registered social landlords	-	-	61	61	-	(15)	76	101
Contracted out services undertaken for other organisations	-	-	260	260	-	299	(39)	(169)
NSSE/Help to Buy	1	2	-	3	-	-	3	5
Other activities	131	-	985	1,116	-	269	847	487
Total From Other Activities	132	222	2,612	2,966	33	2,335	598	(41)
2022	79	64	2,175	2,318	37	2,322	(41)	

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
 NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Grants from Scottish Ministers	Other revenue grants	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating surplus / (deficit) 2023	Operating surplus / (deficit) 2022
	£000	£000	£000	£000	£000	£000	£000	£000
Wider role activities	-	220	-	220	-	649	(429)	(386)
Factoring	-	-	491	491	33	772	(314)	(247)
Contracted out services undertaken for registered social landlords	-	-	53	53	-	-	53	88
Contracted out services undertaken for other organisations	-	-	258	258	-	299	(41)	(169)
NSSE/Help to Buy	1	2	-	3	-	-	3	5
Other activities	131	-	985	1,116	-	269	847	487
Total From Other Activities	132	222	1,787	2,141	33	1,989	119	(222)
2022	79	64	1,462	1,605	37	1,790	(222)	

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS - GROUP

	2023 £000	2022 £000
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of Management, managers and employees of the Group.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	<u>250</u>	<u>427</u>
Pension contributions made on behalf of Officers with emoluments greater than £60,000	<u>25</u>	<u>32</u>
Compensation payable to Officers for loss of office	<u>-</u>	<u>75</u>
Emoluments payable to Chief Executive (excluding pension contributions)	100	133
Pension contributions paid on behalf of the Chief Executive	<u>9</u>	<u>3</u>
Total emoluments payable to the Chief Executive	<u>109</u>	<u>136</u>
Total emoluments paid to key management personnel	<u>400</u>	<u>459</u>

The number of Officers, including the highest paid Officer, who received emoluments, including pension contributions, over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	3	2
£80,001 to £90,000	-	-
£90,001 to £100,000	1	2
£100,001 to £110,000	1	-
£110,001 to £140,000	<u>-</u>	<u>1</u>

5. OFFICERS' EMOLUMENTS - PARENT

	2023 £000	2022 £000
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of Management, managers and employees of the Association.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	<u>250</u>	<u>427</u>
Pension contributions made on behalf of Officers with emoluments greater than £60,000	<u>25</u>	<u>32</u>
Compensation payable to Officers for loss of office	<u>-</u>	<u>75</u>
Emoluments payable to Chief Executive (excluding pension contributions)	100	133
Pension contributions paid on behalf of the Chief Executive	<u>9</u>	<u>3</u>
Total emoluments payable to the Chief Executive	<u>109</u>	<u>136</u>
Total emoluments paid to key management personnel	<u>400</u>	<u>459</u>

The number of Officers, including the highest paid Officer, who received emoluments, including pension contributions, over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	3	2
£80,001 to £90,000	-	-
£90,001 to £100,000	1	2
£100,001 to £110,000	1	-
£110,001 to £140,000	<u>-</u>	<u>1</u>

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

6. EMPLOYEE INFORMATION - GROUP

	2023	2022
	No.	No.
Average monthly number of full time equivalent persons employed during the year	<u>124</u>	<u>114</u>
Average total number of employees employed during the year	<u>129</u>	<u>121</u>
Staff costs were:	£000	£000
Wages and salaries	4,455	4,089
National insurance costs	414	373
Pension costs	370	332
	<u>5,239</u>	<u>4,794</u>

6. EMPLOYEE INFORMATION - PARENT

	2023	2022
	No.	No.
Average monthly number of full time equivalent persons employed during the year	<u>103</u>	<u>95</u>
Average total number of employees employed during the year	<u>108</u>	<u>102</u>
Staff costs were:	£000	£000
Wages and salaries	3,806	3,479
National insurance costs	362	322
Pension costs	312	289
	<u>4,480</u>	<u>4,090</u>

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

7. GAIN ON SALE OF HOUSING STOCK

	Group		Parent	
	2023	2022	2023	2022
	£000	£000	£000	£000
Sales proceeds	2,500	3,211	2,500	3,211
Cost of sales	1,849	2,466	1,849	2,466
Gain on sale of housing stock	<u>651</u>	<u>745</u>	<u>651</u>	<u>745</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Parent	
	2023	2022	2023	2022
	£000	£000	£000	£000
On bank loans and overdrafts	4,310	3,194	4,309	3,194
Other loan Interest	172	1	172	1
	4,482	3,195	4,481	3,195
Less: Interest Capitalised on developments	(198)	(171)	(198)	(171)
	<u>4,284</u>	<u>3,024</u>	<u>4,283</u>	<u>3,024</u>

The capitalisation rate of capitalised development period interest was 3% (2022 - 2%).

9. SURPLUS FOR THE YEAR

	Group		Parent	
	2023	2022	2023	2022
	£000	£000	£000	£000
Surplus For The Year is stated after charging/(crediting):				
Depreciation - non-current assets	5,405	4,950	5,404	4,949
Amortisation of intangible assets	37	28	37	28
Auditors' remuneration - audit services	23	20	23	20
Auditors' remuneration - other services	1	5	1	5
Operating lease rentals - land & buildings	14	15	14	15
	<u>14</u>	<u>15</u>	<u>14</u>	<u>15</u>

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

10. CORPORATION TAX

	Group	
	2023	2022
	£000	£000
Analysis of Charge in Year		
<i>Current Tax:</i>		
Current tax on income for the year	-	-
Adjustments in respect of previous years	8	(8)
Total current tax	<u>8</u>	<u>(8)</u>
Deferred tax movement	72	129
Tax on surplus on ordinary activities	<u>80</u>	<u>121</u>

Factors affecting the charge charge for the current year

The current tax charge for the year differs from the charge calculated at the UK corporation tax rate of 19% (2022 - 19%). The difference is explained below:

	2023	2022
	£000	£000
Surplus on ordinary activities before tax	1,981	3,960
Less current year charity profit	(1,772)	(3,868)
	<u>209</u>	<u>92</u>
Effects of:		
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 19% (2022 - 19%)	46	17
Expenses not deductible for tax purposes	15	-
Adjustments for overprovision in previous years	8	-
Amounts relating to other comprehensive income or otherwise transferred	(6)	-
Adjustments in respect of previous periods	-	-
Adjustments closing deferred tax to average rate	17	104
Total current tax charge above	<u>80</u>	<u>121</u>

Deferred taxation

The movement in the deferred taxation account consists of the tax effect of timing differences in respect of:

	2023	2022
	£000	£000
Balance brought forward	444	316
Income and expenditure account movement arising during the year	80	121
Difference in movement between Statement of Financial position and Statement of comprehensive income	(8)	7
Balance carried forward	<u>516</u>	<u>444</u>

The balance of the deferred taxation account consists of the tax effect of timing in respect of:

	2023	2022
	£000	£000
Effect of taxation allowances over depreciation of fixed assets	60	58
Capital gains	377	377
Difference in movement between Statement of Financial position and Statement of comprehensive income	79	9
Deferred tax liability/(assets)	<u>516</u>	<u>444</u>

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Intangible assets	Computer software under construction	Computer software	Total
- Group and parent	£000	£000	£000
COST			
At 1 April 2022	22	585	607
Additions	68	22	90
Eliminated on disposals	(22)	(5)	(27)
	<u>68</u>	<u>602</u>	<u>670</u>
At 31 March 2023	68	602	670
AMORTISATION			
At 1 April 2022	-	(471)	(471)
Charge for year	-	(37)	(37)
Eliminated on disposal	-	5	5
	<u>-</u>	<u>(503)</u>	<u>(503)</u>
At 31 March 2023	-	(503)	(503)
NET BOOK VALUE			
At 31 March 2023	<u>68</u>	<u>99</u>	<u>167</u>
At 31 March 2022	<u>22</u>	<u>114</u>	<u>136</u>

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS (continued)

12. NON-CURRENT ASSETS

(a) Housing Properties Group	Housing Properties Held for Letting £000	Housing Properties In course of Construction £000	Shared Ownership Completed £000	Total £000
COST				
At 1 April 2022	292,294	18,197	20,694	331,185
Additions	4,549	9,932	-	14,481
Disposals	(1,802)	-	(1,585)	(3,387)
Transfers	17,106	(17,106)	-	-
At 31 March 2023	<u>312,147</u>	<u>11,023</u>	<u>19,109</u>	<u>342,279</u>
DEPRECIATION				
At 1 April 2022	65,636	-	3,262	68,898
Charge for Year	5,162	-	159	5,321
Transfers	-	-	-	-
Disposals	(1,580)	-	(246)	(1,826)
At 31 March 2023	<u>69,218</u>	<u>-</u>	<u>3,175</u>	<u>72,393</u>
NET BOOK VALUE				
At 31 March 2023	<u>242,929</u>	<u>11,023</u>	<u>15,934</u>	<u>269,886</u>
At 31 March 2022	<u>226,658</u>	<u>18,197</u>	<u>17,432</u>	<u>262,287</u>
	2023		2022	
Expenditure on Existing Properties	<i>Component replacement</i>	<i>Improvement / Repairs</i>	<i>Component replacement</i>	<i>Improvement / Repairs</i>
	£000	£000	£000	£000
Amounts capitalised	3,790	-	2,749	-
Amounts charged to the statement of comprehensive income	-	1,181	-	919

Included in the net book value of housing properties are long leasehold properties of £27,114,000 (2022 - £26,431,000). All other housing properties are heritable.

The aggregate amount of finance costs included in the cost of housing properties amounted to £1,143,000 (2022 - £1,028,000).

Development administration costs capitalised amounted to £126,000 (2022 - £76,000) and development allowances amounted to £48,000 (2022 - £86,000).

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS (continued)

12. NON-CURRENT ASSETS (continued)

(a) Housing Properties Parent	Housing Properties Held for Letting £000	Housing Properties In course of Construction £000	Shared Ownership Completed £000	Total £000
COST				
At 1 April 2022	292,294	18,197	20,694	331,185
Additions	4,549	9,932	-	14,481
Disposals	(1,802)	-	(1,585)	(3,387)
Transfers	17,106	(17,106)	-	-
At 31 March 2023	<u>312,147</u>	<u>11,023</u>	<u>19,109</u>	<u>342,279</u>
DEPRECIATION				
At 1 April 2022	65,636	-	3,262	68,898
Charge for Year	5,162	-	159	5,321
Transfers	-	-	-	-
Disposals	(1,580)	-	(246)	(1,826)
At 31 March 2023	<u>69,218</u>	<u>-</u>	<u>3,175</u>	<u>72,393</u>
NET BOOK VALUE				
At 31 March 2023	<u>242,929</u>	<u>11,023</u>	<u>15,934</u>	<u>269,886</u>
At 31 March 2022	<u>226,658</u>	<u>18,197</u>	<u>17,432</u>	<u>262,287</u>

Expenditure on Existing Properties	2023		2022	
	<i>Component replacement</i> £000	<i>Improvement / Repairs</i> £000	<i>Component replacement</i> £000	<i>Improvement / Repairs</i> £000
Amounts capitalised	3,790	-	2,749	-
Amounts charged to the statement of comprehensive income	-	1,181	-	919

Included in the net book value of housing properties are long leasehold properties of £27,114,000 (2022 - £26,431,000). All other housing properties are heritable.

Additions to housing properties include capitalised development administration costs of £126,000 (2022 - £76,000).

The Association's lenders have standard securities over housing property with a carry value of £29,942,000 (2022 - £29,512,000).

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

12. NON CURRENT ASSETS (continued)

(b) Other tangible assets - Group	Office Premises £000	Furniture & Equipment £000	Machinery & Equipment £000	Computer Equipment £000	Total £000
COST					
At 1 April 2022	3,337	400	107	219	4,063
Additions	-	4	-	12	16
Eliminated on disposals	-	-	(18)	-	(18)
At 31 March 2023	<u>3,337</u>	<u>404</u>	<u>89</u>	<u>231</u>	<u>4,061</u>
DEPRECIATION					
At 1 April 2022	1,451	398	102	132	2,083
Charge for year	55	1	5	23	84
Eliminated on disposals	-	-	(18)	-	(18)
At 31 March 2023	<u>1,506</u>	<u>399</u>	<u>89</u>	<u>155</u>	<u>2,149</u>
NET BOOK VALUE					
At 31 March 2023	<u>1,831</u>	<u>5</u>	<u>-</u>	<u>76</u>	<u>1,912</u>
At 31 March 2022	<u>1,886</u>	<u>2</u>	<u>5</u>	<u>87</u>	<u>1,980</u>

Included in heritable land and buildings is land costing £250,000. Net interest capitalised in tangible fixed assets at 31 March 2023 amounted to £515,000 (2022 - £515,000). Interest of £nil was capitalised in the year (2022 - £nil).

(b) Other tangible assets - Parent	Office Premises £000	Furniture & Equipment £000	Machinery & Equipment £000	Computer Equipment £000	Total £000
COST					
At 1 April 2022	3,337	381	40	219	3,977
Additions	-	-	-	12	12
Eliminated on disposals	-	-	-	-	-
At 31 March 2023	<u>3,337</u>	<u>381</u>	<u>40</u>	<u>231</u>	<u>3,989</u>
DEPRECIATION					
At 1 April 2022	1,451	381	35	132	1,999
Charge for year	55	-	5	23	83
Eliminated on disposals	-	-	-	-	-
At 31 March 2023	<u>1,506</u>	<u>381</u>	<u>40</u>	<u>155</u>	<u>2,082</u>
NET BOOK VALUE					
At 31 March 2023	<u>1,831</u>	<u>-</u>	<u>-</u>	<u>76</u>	<u>1,907</u>
At 31 March 2022	<u>1,886</u>	<u>-</u>	<u>5</u>	<u>87</u>	<u>1,978</u>

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

13. FIXED ASSET INVESTMENTS - GROUP AND PARENT

	2023	2022
	£000	£000
Investment properties	5,649	5,728
	<u>5,649</u>	<u>5,728</u>

Subsidiary Undertakings

Grampian Housing Association has the following wholly owned subsidiary undertakings. Kirkgate Developments Limited develops and manages properties for sale, mid-market and market rent properties, as well as developing opportunities for social enterprise and commercial and community facilities. TLC Housing Maintenance Limited provides maintenance services to its parent. Kirkgate Homes Limited and Grampian Community Energy Limited are dormant. The registered offices of the subsidiaries is Huntly House, 74 Huntly Street, Aberdeen, AB10 1TD.

	2023		2022	
	<i>Reserves</i>	<i>Profit / (Loss)</i>	<i>Reserves</i>	<i>Profit / (Loss)</i>
	£000	£000	£000	£000
Kirkgate Developments Limited	2,768	233	2,689	90
TLC Housing Maintenance Limited	(261)	9	(270)	2
Kirkgate Homes Limited	2	-	2	-
Grampian Community Energy Limited	1	-	1	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Investment Properties

	2023	2022
	£000	£000
At 1 April 2022	5,728	5,582
Revaluations taken to the statement of comprehensive income	(79)	146
At 31 March 2023	<u>5,649</u>	<u>5,728</u>

Investment properties, which are all freehold, were valued on a desktop basis at 31 March 2023 by J & E Shepherd, Chartered Surveyors, previously valued by F G Burnett Property Consultants, in accordance with the Royal Institution of Chartered Surveyors ('RICS') Appraisal and Valuation Manual.

On a historical cost basis these fixed assets would have been included at a cost of £3,867,000 (2022 - £3,867,000) and aggregate depreciation of £844,000 (2022 - £818,000).

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

14. STOCK AND WORK IN PROGRESS

	GROUP		PARENT	
	2023 £000	2022 £000	2023 £000	2022 £000
Properties for sale	153	75	153	75
Stock of maintenance materials	513	277	487	239
	<u>666</u>	<u>352</u>	<u>640</u>	<u>314</u>

15. RECEIVABLE AMOUNTS DUE AFTER MORE THAN ONE YEAR

	GROUP		PARENT	
	2023 £000	2022 £000	2023 £000	2022 £000
Loans due from subsidiary	-	-	3,125	3,194

Loans to subsidiary companies are at a commercial rate with defined payback terms.

16. RECEIVABLES

	GROUP		PARENT	
	2023 £000	2022 £000	2023 £000	2022 £000
Gross arrears of rent and service charges	1,064	987	1,064	987
Less: Provision for doubtful debts	(603)	(544)	(603)	(544)
<i>Net arrears of rent and service charges</i>	461	443	461	443
Social housing grant receivable	30	1,372	30	1,372
Other receivables	627	676	596	616
Amounts due from group undertakings	-	-	151	148
	<u>1,118</u>	<u>2,491</u>	<u>1,238</u>	<u>2,579</u>

17. CASH AND CASH EQUIVALENTS

	GROUP		PARENT	
	2023 £000	2022 £000	2023 £000	2022 £000
Cash at bank and in hand	5,824	4,034	5,168	3,567
	<u>5,824</u>	<u>4,034</u>	<u>5,168</u>	<u>3,567</u>

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Parent	
	2023	2022	2023	2022
	£000	£000	£000	£000
Bank loans	2,003	29,872	1,993	29,862
Trade payables	1,174	1,494	1,140	1,445
Rent received in advance	625	488	625	488
Other taxation and social security	16	14	16	14
Amounts due to group undertakings	-	-	56	35
Other payables	78	855	78	855
Accruals and deferred income	1,759	1,946	1,622	1,791
	<u>5,655</u>	<u>34,669</u>	<u>5,530</u>	<u>34,490</u>

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

	Group		Parent	
	2023	2022	2023	2022
	£000	£000	£000	£000
Bank loans	89,638	59,673	89,616	59,641
	<u>89,638</u>	<u>59,673</u>	<u>89,616</u>	<u>59,641</u>

20. DEBT ANALYSIS - BORROWINGS

	Group		Parent	
	2023	2022	2023	2022
	£000	£000	£000	£000
Bank Loans				
Amounts due within one year	2,003	29,872	1,993	29,862
Amounts due in one year or more but less than two years	2,129	1,989	2,119	1,979
Amounts due in two years or more but less than five years	7,157	5,242	7,145	5,220
Amounts due in more than five years	80,352	52,442	80,352	52,442
	<u>91,641</u>	<u>89,545</u>	<u>91,609</u>	<u>89,503</u>

The Association has a number of bank loans the principal terms of which are as follows:

Lender	Number of Properties	Effective Interest Rate	Maturity (Year)	Variable or Fixed
Nationwide	45	SONIA + 0.35%	2026	Variable
Bank of Scotland - Syndicate	1,028	6.0%	2032	Fixed
Bank of Scotland - Syndicate	-	5.9%	2032	Fixed
Bank of Scotland - Syndicate	-	5.5%	2025	Fixed
Bank of Scotland - Syndicate	-	SONIA + 1%	2025	Variable
Royal Bank of Scotland - Syndicate	-	5.5%	2032	Fixed
Royal Bank of Scotland	1,327	4.9%	2037	Fixed
Royal Bank of Scotland	-	4.8%	2036	Fixed
Royal Bank of Scotland	-	SONIA + 1.6%	2047	Variable
Royal Bank of Scotland	-	SONIA + 1.4%	2047	Variable
THFC	113	3.5%	2043	Fixed
HEEPS	-	0.0%	2028	N/A

During 2022, a cash charge was created between THFC (Social Housing Finance) Limited and Grampian Housing Association Limited, whereby the Association maintains a minimum balance of £251,474 (2022 - £nil) on a specific deposit account.

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS (continued)

21. DEFERRED INCOME - GROUP AND PARENT

	Social Housing Grants £000	Other Housing Grants £000	Total £000
Capital grants received			
At 1 April 2022	171,609	11,040	182,649
Additions in the year	7,490	-	7,490
Eliminated on disposal	(640)	(10)	(650)
At 31 March 2023	<u>178,459</u>	<u>11,030</u>	<u>189,489</u>
Amortisation			
At 1 April 2022	22,327	1,694	24,021
Amortisation in year	1,605	106	1,711
Eliminated on disposal	(163)	(3)	(166)
At 31 March 2023	<u>23,769</u>	<u>1,797</u>	<u>25,566</u>
Net book value			
At 31 March 2023	<u>154,690</u>	<u>9,233</u>	<u>163,923</u>
At 31 March 2022	<u>149,282</u>	<u>9,346</u>	<u>158,628</u>

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

	2023 £000	2022 £000
Amounts due within one year	1,711	1,613
Amounts due in more than one year	162,212	157,015
	<u>163,923</u>	<u>158,628</u>

22. SHARE CAPITAL

	PARENT	
Shares of £1 each, issued and fully paid	2023 £	2022 £
At 1 April	58	71
Issued in year	3	1
Cancelled in year	(6)	(14)
At 31 March	<u>55</u>	<u>58</u>

Each member of the Association holds 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.

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

23. STATEMENT OF CASH FLOWS - GROUP

Reconciliation of net cash flow to movement in net debt

	£000	2023 £000	£000	2022 £000
Increase / (decrease) in cash	1,790		(143)	
Cashflow from change in net debt	(2,096)		(5,690)	
Movement in net debt during the year		(306)		(5,833)
Net debt at 1 April		(85,511)		(79,678)
Net debt at 31 March		(85,817)		(85,511)

	At 01 April 2022 £000	Cashflows £000	Other Changes £000	At 31 March 2023 £000
Cash and cash equivalents	4,034	1,790	-	5,824
	4,034	1,790	-	5,824
Debt: Due within one year	(29,872)	(2,096)	29,965	(2,003)
Due after more than one year	(59,673)	-	(29,965)	(89,638)
Net debt	(85,511)	(306)	-	(85,817)

23. STATEMENT OF CASH FLOWS - PARENT

Reconciliation of net cash flow to movement in net funds

	£000	2023 £000	£000	2022 £000
Increase / (decrease) in cash	1,601		(85)	
Cashflow from change in net debt	(2,106)		(5,698)	
Movement in net debt during the year		(505)		(5,783)
Net debt at 1st April 2022		(85,936)		(80,153)
Net debt at 31 March 2023		(86,441)		(85,936)

	At 01 April 2022 £000	Cashflows £000	Other Changes £000	At 31 March 2023 £000
Cash at bank and in hand	3,567	1,601	-	5,168
	3,567	1,601	-	5,168
Debt: Due within one year	(29,862)	(2,106)	29,975	(1,993)
Due after more than one year	(59,641)	-	(29,975)	(89,616)
Net Debt	(85,936)	(505)	-	(86,441)

24. CAPITAL COMMITMENTS - GROUP AND PARENT

	2023 £000	2022 £000
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	49,986	45,752

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

25. COMMITMENTS UNDER OPERATING LEASES - GROUP AND PARENT

	2023 £000	2022 £000
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
Land and Buildings		
Expiring in the next year	<u>-</u>	<u>9</u>

26. DETAILS OF ASSOCIATION

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

The Association's principal place of business is Huntly House, 74 Huntly Street, Aberdeen, AB10 1TD.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Aberdeen, Aberdeenshire & Moray.

27. BOARD OF MANAGEMENT MEMBER EMOLUMENTS - GROUP AND PARENT

Board of Management members received £132 (2022 - £nil) in the year by way of reimbursement of expenses. No remuneration is paid to Board of Management members in respect of their duties to the Association.

28. PROVISIONS FOR LIABILITIES AND CHARGES - GROUP

	2023 £	2022 £
Deferred Tax and Holiday Pay		
At 1 April	565	462
Increase / (decrease) in provision	67	103
At 31 March	<u>632</u>	<u>565</u>

At the year end the balance of provisions was split £516,000 (2022 - £444,000) for deferred tax and £116,000 (2022 - £121,000) for holiday pay.

29. PROVISIONS FOR LIABILITIES AND CHARGES - PARENT

	2023 £	2022 £
Holiday Pay		
At 1 April	121	150
Increase / (decrease) in provision	(6)	(29)
At 31 March	<u>115</u>	<u>121</u>

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

30 HOUSING STOCK - GROUP

The number of units of accommodation in management at the year end was:-	2023 No.	2022 No.
General needs	3,823	3,712
Non-social	32	32
Shared ownership	375	405
Units under development	434	365
	<u>4,664</u>	<u>4,514</u>

Housing units managed by the Association and leased to its subsidiary:

Name of Organisation	Number of Units	
	2023 No.	2022 No.
Kirkgate Developments Limited	203	196

31 RELATED PARTY TRANSACTIONS

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

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

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

	2023 £	2022 £
Rent received from tenants on the Board of Management and their close family members	6,198	5,849
Factoring charges received from factored owners on the Board of Management and their close family members	<u>1,022</u>	<u>826</u>

The Chief Executive is a member of the Housemark Scotland Advisory Board. During the year transactions were effected in relation to Housemark for annual subscription and other costs amounting to £nil (2022: £8,396).

A member of the board is a Board member of the Policy council at Aberdeen and Grampian Chamber of Commerce and there was an amount of nil (2022: £1,296) paid in relation to a membership fee.

The company has taken the exemption available under Section 33 of FRS102 in relation to disclosing related party transactions with Kirkgate Developments Limited and TLC Housing Management Limited.

GRAMPIAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS (continued)

32. RETIREMENT BENEFITS

Grampian Housing Association participates in a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Association in an independently administered fund. The contributions payable by the Association charged to the statement of comprehensive income amounted to £312,000 (2022 - £289,000). This increase is due to the Association operating a salary sacrifice scheme.

No other post-retirement benefits are provided. The schemes are fully funded schemes.