

PARKHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Registered Housing Association No. HCB167

Financial Conduct Authority No. 1911RS

Registered Charity No SC030908

**RSM UK AUDIT LLP
Chartered Accountants**

Glasgow

PARKHEAD HOUSING ASSOCIATION LIMITED

THE BOARD, EXECUTIVES AND ADVISERS

YEAR ENDED 31 MARCH 2023

THE BOARD

| | | | |
|----------------------|---------------|-----------------|------------|
| Elizabeth Kennedy | | Linda Pike | |
| John Buchanan | Chairperson | Susan McKeown | Vice Chair |
| Kayla Roden | Casual Member | Robert Donnelly | |
| Izabela Trzcielinska | | James Reilly | |
| Adele Edwards | | Fatih Vursavas | |
| Matthew Reid | Secretary | William Pearson | |
| Sher McKenzie | | Jon Cowlan | |

EXECUTIVE OFFICERS

| | |
|----------------|--|
| Aileen McGuire | Chief Executive |
| Graeme Aitken | Director of Operations |
| Laurie Boles | Director of Finance and ICT |
| Andy Duffus | Director of Development and Corporate Services |

REGISTERED OFFICE

John Ferguson House
40 Helenvale Street
Glasgow
G31 4TF

EXTERNAL AUDITORS

RSM UK Audit LLP
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

INTERNAL AUDITORS

TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

BANKERS

Royal Bank of Scotland
100 West George Street
Glasgow
G2 1PP

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

Registration Particulars:

Financial Conduct Authority

Co-operative and Community Benefit Societies Act 2014
Registered Number 1911 R (S)

Scottish Housing Regulator

Housing (Scotland) Act 2010
Registered Number HCB 167

Scottish Charities

Charities and Trustee Investment (Scotland) Act 2005
Scottish Charity Number SC 030908

PARKHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD AS AT 31 MARCH 2023

The Board present their report and audited financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of Parkhead Housing Association Limited is the development, management and maintenance of housing for people in housing need. The Association fully owns two subsidiaries, Parkhead Development Company Ltd and Parkhead Lettings Company Ltd. Parkhead Development Company provides cleaning and land maintenance services to the Association. Parkhead Lettings Company provides renting and operating of Housing Association real estate under Mid-Market Rent.

Parkhead Housing Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and The Scottish Housing Regulator as a Registered Social Landlord (RSL).

The table below shows the properties that we own and manage:

| | 2023 | 2022 |
|---|--------------|--------------|
| Managed Property Numbers (7 Special needs) | | |
| Tenanted Property (Inc 2 wardens) | 1,750 | 1,745 |
| Shared Ownership Properties | 28 | 29 |
| Factored properties | 335 | 340 |
| Total | <u>2,113</u> | <u>2,114</u> |

Our strategic aims

Parkhead Housing Association's mission statement outlines its commitment to the local community and undertakes its strategic aims. This statement is as follows:

"We aim to be an excellent landlord and factor providing good quality affordable homes within the Parkhead area and its wider community. We promote the involvement of our stakeholders in our decision making so that we can be sure that our services meet their needs. We work with the community and other partners to improve Parkhead as a place in which to live and we seek to play a significant role in the regeneration of the physical, economic and social life of Parkhead".

PHA's core values are:

- 1 Community Centred - we will ensure that the focus of our work meets the needs and aspirations of the Parkhead Community.
- 2 Partnership - we will work with others to improve services and improve the daily lives our residents and other stakeholders.
- 3 Service Excellence - we will provide the best possible level of services to all customers at all times.
- 4 Integrity - we will be open and accountable, respect others and behave in a professional and ethical manner at all times.

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD AS AT 31 MARCH 2023 (Continued)

Review of the Business and future developments

This last year, the Association has had the opportunity to achieve several key milestones, which enables us to strengthen our ability to deliver services for the Parkhead community.

Firstly, the Scottish Housing Regulator (SHR) has recognised the improvements made in respect of demonstrating good governance and fulfilling our obligation as a responsible landlord, by reinstating the status of Compliant with the regulatory framework. The last 2 years have involved significant effort from the Board and staff to implement necessary changes to its organisational structure and strategic direction. Secondly, an innovative approach to involve everyone in deciding our Business Plan for the next 5 years, is complete and now the individual phases are being rolled out to shape the way we work. These initiatives will allow us to invest in the correct areas of the business by taking advantage of modern technology to give tenants greater choice and access to benefit from our services. Finally, the Association has a clear path ahead to improve housing need and provide opportunity to increase tenant engagement for all age groups within the community.

The Association has improved our online services by upgrading the website to include additional features to enable us to enhance, and for tenants to control more of, the customer journey. In addition, to promote our identity within the community, a rebranding exercise was undertaken to incorporate the iconic Parkhead Cross junction into our company logos and associated artwork

Operationally, our performance has remained strong throughout demonstrated by our continued compliance on annual gas inspections and monitoring energy performance of the housing stock. Several events were held at the Parkhead Schoolhouse to promote social inclusion and our Christmas festivities for senior citizens were a success. Rental arrears have gradually reduced, against the backdrop of continual hardship experienced from our tenants. The Association would like to thank both tenants for their effort in prioritising rental payments over the last year and to our contractors for providing high quality services at competitive prices during a period of high inflation.

Following on from last year, the Association has fully embedded hybrid working for all staff resulting in greater flexibility in the way we provide our services. Greater use of technology from audio conferencing and web based applications are creating opportunity to lower overhead costs and utilise time saved from less travelling to and from site meetings.

Once again, the Board are proud of the way our staff has continued to react positively and show resilience when facing the challenges of these uncertain times.

Both, the Parkhead Schoolhouse and the Drill Hall are now firmly embedded in the Parkhead community providing essential services with usage of the community space increasing and the growth in membership for the Pantry improving over time, it is encouraging that these are becoming sustainable for the years ahead. We have been collaborating with other local housing associations to widen the awareness of the pantry services ensuring that tenants have the necessary access to this valuable facility. The Pantry hosts a community food shop and a teaching kitchen. In addition, we have offered food deliveries to tenants that have mobility issues as they find it difficult to pop-in to the Pantry itself.

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

AS AT 31 MARCH 2023

(Continued)

Review of the Business and future developments (Cont'd)

Looking ahead to 2023, we will commence the rollout of our Strategic Plan concentrating on delivering progress in tenant engagement, sustainability, innovation and culture. Firstly, our tenant participation strategy will include an annual programme of community events whereby tenants have an opportunity to participate or gain access to the necessary resources to help us make a difference. For example, our Chief Executive will continue to hold monthly surgeries in the Community Café, located in the Parkhead Schoolhouse, whereby tenants can meet and ask questions.

Secondly, our financial planning strategy will outline our ambition to provide significant investment to build new homes and upgrade existing housing stock, as well as the annual rental uplifts required to remain sustainable into the future. Lastly, our digital strategy will examine new and innovative ways to modernise our business services and integrated working - starting with a fully integrated web based housing and finance system that provides online access for customers and contractors to interact directly with the Association. The desired outcome will achieve the optimum balance for tenants to access information on-line or continue to receive updates via newsletters and annual reports.

The board recognised the severe financial impact that the pandemic and economic outlook was having on many of our tenants, after reviewing our short and longer term financial forecasts, made the decision to apply a rental increase of 2.5% for 2023/24. By applying the below inflation rise and the benefit of the two previous years (2021/22 2.7% and 2020/21 rent freeze), we have continued to deliver affordable rents and hope our tenants will cope through this challenging period.

Despite the uncertainty over the last year the Association has managed to generate a small operating surplus and maintain a strong balance sheet. Our balance sheet growth is due a reduction in long term liabilities for creditors and pension provision, whilst maintaining cumulative cash balances at £10m. In addition, albeit challenging at times we managed to invest £1,890k on component replacement to our existing properties.

Our financial base continues to be strong with an increased turnover of £9.9m from £9.7m last year. The details in these accounts are testimony to how hard the whole organisation has worked to ensure sound financial controls as well as sound operational and strategic direction especially during a very changing operational environment.

As an organisation we are all committed to ensuring we continue to deliver our long-term business strategy. The demand for affordable housing has never been more profound. It is vital that PHA continues to build much-needed affordable new homes, as well as ensuring year on year investment to our existing homes.

Going forward the Association, with strong foundations and robust financial position, coupled with great people, has the ability to achieve growth and fulfil its true business potential. Having these healthy reserves ensures as an organisation we are equipped to take advantage of any business opportunities that may arise.

That we are able to deliver our asset management plan and environment strategy. We can continue to attract private finance borrowings for any future developments.

With our five-year strategy we aim to grow by building more energy efficient homes, creating a truly customer focused culture that puts our tenants at the heart of everything we do. Working in partnership to deliver our social purpose strategy that creates a sustainable and vibrant community for the future.

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD AS AT 31 MARCH 2023 (Continued)

Review of the Business and future developments (Cont'd)

We will continue to invest in our people giving them the opportunity to grow and develop, to influence and be part of the future success of our organisation, nurturing a positive inclusive culture, promoting our Association as a great place to work.

The Board have reviewed the results for this year and has reviewed the financial projections for the next five years along with forecasts set out in the Association's 30-year Financial Plan. The projections have been stress tested for variations in interest, inflation and rent income and include proposed development and improvements to current housing stock and the funding requirements for this work. The Board are satisfied that there will no lasting impact on our future operations. However, new and prolonged challenges from high inflation and rising interest rates for borrowing place considerable financial pressure over the short to medium term.

For 2023/24 financial year, our annual budget is set to outturn an operating deficit of £545k, and thereafter only modest operating surpluses are forecasted until 2025/26 financial year, compared to previous years. As a result, our operating cost base will be closely monitored to ensure core services are effectively delivered and opportunities are maximised from our digital transformation strategy.

The Board has concluded that the present arrangements are adequate for the Association to meet its liabilities as they fall due for the foreseeable future. The publication of our Annual Assurance statement demonstrates that the Board are satisfied that all key business areas are subject to significant financial control and management overview. The evidence bank presented for review provides assurance that corporate governance, risk management, housing services and health and safety are of a high standard. Accordingly, it continues to adopt the Going Concern basis in preparing the financial statements. The level of cumulative cash reserves, land held for development, proactive treasury management and a comprehensive approach to secure funding (grant and private) are all evidenced in these financial statements.

Whilst uncertainty is likely to continue for some time, our board are confident that the Association will emerge from this period stronger with greater focus for the future. Working in collaboration with our tenants and local residents delivering services that they want to see within their community. Working together to improve and develop a sustainable and viable environment for the future.

The Board

The members of the Board during the year to the 31 March 2023 and up to the date of approval of the financial statements were:

| | | | |
|----------------------|--|-----------------|--|
| Elizabeth Kennedy | (Resigned 22 nd Sept 2022) | Hayley Swanson | |
| John Ferguson MBE | Honorary President (Resigned 22 nd Sept 2022) | Debbie Brogan | (Resigned 29 th Sept 2022) |
| John Buchanan | Chairperson | Susan McKeown | Vice Chair |
| Magarita Fernandez | (Resigned 22 nd Sept 2022) | Robert Donnelly | |
| Kayla Roden | Casual Member (appointed 14 th Dec 2022) | James Reilly | |
| Izabela Trzcielinska | | Tim McGraw | (Resigned 22 nd Sept 2022) |
| Adele Edwards | | Fatih Vursavas | |
| Matthew Reid | Secretary | William Pearson | (Appointed 22 nd Sept 2022) |
| Sher McKenzie | (Appointed 22 nd Sept 2022) | Jon Cowlan | |

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

AS AT 31 MARCH 2023

(Continued)

Executive Officers

Aileen McGuire, Chief Executive

Graeme Aitken, Director of Operations

Laurie Boles, Director of Finance and ICT

Andy Duffus, Director of Development and Corporate Services

Operational Review

1. Corporate Governance

The Board has maintained its record on ensuring it operates at the highest levels of Governance and has taken steps to ensure that the Board is as representative of its shareholder base as it can be. The Board has maintained its training and skills assessment processes.

Following the governance review, the key milestones in our action plan is now complete whereby the Association has introduced a new framework that demonstrates compliance across all areas of the business and provides the required level of assurance for the Board. Recruitment of new and retention of existing Board members has been positive with 2 individuals co-opted during the past 12 months thus increasing the overall skillset. The annual appraisal process of Board and Senior Management Team was successful resulting in joint training seminars being held on emerging issues within the social housing sector. The new organisational structure has been introduced with all key management roles appointed and now in post. Considerable progress has been achieved over the last year resulting in our engagement level and assurance status with the Scottish Housing Regulator being reported as “Low” and “Compliant”

2. Services to tenants

Services to tenants is our core business. Sadly the covid pandemic continued to disrupt our lettings and tenant engagement activity. Indeed for the majority of the year only a skeleton staff operated out of our office with most staff working from home. For a community based housing association which has always sought to have staff active on the estate this impacted adversely on our service delivery. For the early part of the year our focus was following the Scottish Government guidelines on safe working practices in delivering a restricted lettings and repairs service. As time progressed, we were able to quickly adapt the level of service in response to the degree of restrictions in place.

3. Social Responsibility

The Association has always been more than bricks and mortar. The wider role operation has developed into its Social responsibility agenda and includes actions to help mitigate poverty in all its forms, creating sustainable employment, improving where it can, the health and wellbeing of its tenants both physical and mental to help tackle education inequalities that still to this day blight many of the East End’s young people. The physical environment, so important a part of creating a safe and secure community are all key objectives as the Association moves forward.

The Board will continue to investigate social enterprise options to enable the creation of sustainable employment opportunities within our community

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD AS AT 31 MARCH 2023 (Continued)

Review of the Business and future developments (Cont'd)

4. Other Areas

The Audit and Risk Committee continue to operate well within the structure of the organisation with good effect. The Risk Register is regularly reviewed and updated as and when any particular risks have been identified. The policies on internal controls remain have the focus of the sub-committee.

Risk Management Policy:

- The Board has identified the main areas of risk for the Association under the headings of Corporate Objectives (Governance), Economic (including the impact of the pandemic), Political, Reputational, Operational, Technological and Health. The Board have identified specific controls around these controls in order to mitigate the risk to an acceptable level, assurance is gained on the effectiveness of these controls through a combination of internal and external validations, and these are reviewed by the Board.
- The Association holds a full strategic Risk Register. The key risks identified during the year and their mitigation is as follows:
 - Changes to Welfare Benefit – Operational/Economic/Political
 - The risk is associated with potentially higher rent arrears. The Association has reduced Housing Officer patch sizes to refocus on arrears and tenancy sustainability. Also, the expansion of our Welfare Rights team to include 2 officers through the Big Lottery funding to provide advice and to work closely and support tenants.
 - Loss of Key Staff – loss of decision makers, cost of recruitment
 - Through support from professional consultants the Association will provide mentoring and coaching to the CEO and Directors. Develop a succession planning policy and review the organisational structure.
 - Failure to comply with EESSH – Sanctions for failure to comply
 - The Association has set targets for housing contribution to energy consumption and greenhouse gas emissions, measured by EPC's.
 - Appropriate systems in place for the collection of equalities data
 - The Association is introducing a replacement housing and finance system with secure tenant portal and capability to securely store personal information.
 - Delivering on our duties to tenant and resident safety
 - The Association continues to achieve full compliance in all areas of safety across our properties, and introduced a damp and mould policy to cover the risk from emerging issues.

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD AS AT 31 MARCH 2023 (Continued)

Related Party Transactions

Seven (2022: Eight) members of the Board were tenants in the year. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

All transactions between Parkhead Housing Association and its subsidiaries, Parkhead Development Company and Parkhead Letting Company, are carried out on an arms-length basis.

Maintenance policies

The Association seeks to maintain its properties to the highest standard. To this end, programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Income and Expenditure account.

Major Repairs Programme

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. In line with the SORP 2018, replacements to building components (as identified in note 1) are capitalised in the accounts as they occur. All other repairs are charged to the Income and Expenditure account.

Treasury and Financial Management

The Association has taken steps to improve its internal auditing facility and the Association has introduced a new audit regime to better reflect the risks which could affect the Association in the future.

The Board on a regular basis consider the financial progress of the Association and take the necessary action to deal with adverse variances should they arise.

People policies and Health & Safety

The Association fully recognises that its people are its most important asset. It is they who manage the business. PHA is fully committed to staff development, training and to the maintenance of a good working environment. The continuing Gold Award for Health at Work underlines this commitment. So too was the attainment of a number of staff with additional qualifications to enable them to enhance their role in the business.

The Association currently complies and will always comply with all relevant employment legislation.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue. It is the

policy of the Association that training, career development and promotion opportunities should be available to all employees.

Budgetary and Planning Process

Each year the Board approves the annual budget and rolling five-year and thirty-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Board of variances from the budget, updated forecasts for the year together with information progress against the business plan.

Rental income

The Association's Rent Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. The point's value is reviewed annually to ensure that the rents cover the required costs. This policy follows the generally accepted practice/principles of the Housing Movement.

Disclosure of information to the auditors

As far as the Board members are aware there is no relevant audit information of which the auditors are unaware and the Board members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

Auditors

RSM UK Audit LLP has indicated its willingness to continue in office.

On behalf of the Board



Matthew Reid
Secretary

Date: 4th SEPT 2023.

PARKHEAD HOUSING ASSOCIATION LIMITED

STATEMENT OF THE BOARD RESPONSIBILITIES UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014 FOR A REGISTERED SOCIAL LANDLORD

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period. In preparing these financial statements, the Board to is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for instituting adequate systems of internal control and for:

- safeguarding assets
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it 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 – February 2019.

The Board is responsible for the maintenance and integrity of the financial information included on the Parkhead Housing Association Limited website.

By order of the Board



Matthew Reid
Secretary

Date: 6th Sept 2023

PARKHEAD HOUSING ASSOCIATION LIMITED

THE BOARD'S STATEMENT ON INTERNAL

FINANCIAL CONTROL

31 MARCH 2023

The Board acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to: -

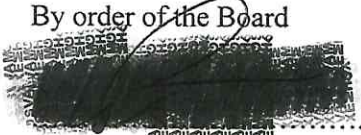
- The reliability of financial information used within the Association or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets (against unauthorised use or disposition).

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

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- Experienced and suitably qualified staff take responsibility for important business functions.
- Forecasts and budgets are prepared regularly which allow the Board and staff to monitor the key business risks and financial objectives and progress towards the financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variance from budgets are investigated as appropriate.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.
- The Board review reports from management and from both internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed.
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.
- An internal auditor has been appointed in accordance with the requirements of Guidance Note 97/06. An audit plan was set and completed for the year. The results of the work confirm that the Association has satisfactory procedures for managing its finances.'

The Board have reviewed the system of internal financial control in the Association during the year ended 31 March 2023. No weaknesses were found in internal financial controls which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Board



Matthew Reid
Secretary

Date: 4th Sept 2023

PARKHEAD HOUSING ASSOCIATION LIMITED
REPORT BY THE AUDITORS TO THE MEMBERS OF
PARKHEAD HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 12 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 12 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.



RSM UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date 06/09/23

PARKHEAD HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PARKHEAD HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Parkhead Housing Association Limited (the 'Association') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters under the Co-operative and Community Benefit Societies Act 2014

In our opinion, the following continued to apply throughout the year of account:

- the reason given by the Board in respect of a previous year of account for all subsidiaries to not be dealt with in the financial statements (having been approved by the FCA under section 99, subsection (3)); and
- the grounds given by the Board for that reason.

PARKHEAD HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PARKHEAD HOUSING ASSOCIATION LIMITED

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of Board Responsibilities set out on page 11, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board 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 is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Association operates in and how the Association is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

PARKHEAD HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PARKHEAD HOUSING ASSOCIATION LIMITED

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Co-operative and Community Benefit Societies Act 2014, the Scottish Housing Acts and the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019.

The most significant laws and regulations that have an indirect impact on the financial statements are the Housing (Scotland) Acts 2006, 2010, 2014, the Energy Efficiency Standard for Social Housing (EESHS) and the Scottish Charity Regulator (OSCR). We performed audit procedures to inquire of management and those charged with governance whether the Association is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and the existence, completeness and valuation of income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, in relation to management override of internal controls. Audit procedures in relation to assertion risks for income included but were not limited to substantive analytical review to test the grant and rental income that was recognised, selecting a sample of rental income to assess whether it was recognised in accordance with rent review letters or signed tenancy agreements which agree to the housing management system and corroborating a sample of other income to supporting documentation.

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

Use of our report

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



RSM UK Audit LLP

Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date: 06/09/23

PARKHEAD HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

| | Notes | 2023 £ | 2022 £ |
|--|-------|-------------------------|-------------------------|
| Turnover | 2 | 9,855,959 | 9,685,720 |
| Operating costs | 2 | <u>(9,612,510)</u> | <u>(8,996,727)</u> |
| Operating surplus | 2 | 243,449 | 688,993 |
| Gain on disposal of Housing Accommodation | | - | 34,362 |
| Interest receivable | | 47,781 | 1,417 |
| Interest and financing costs | 4 | (591,016) | (271,050) |
| Other finance costs | 22 | <u>(45,000)</u> | <u>(60,000)</u> |
| (Deficit) / surplus on ordinary activities before tax | | (344,785) | 393,722 |
| Taxation on deficit on ordinary activities | 5 | <u>-</u> | <u>-</u> |
| Operating (deficit) / surplus for year | 6 | <u>(344,785)</u> | <u>393,722</u> |
| Actuarial gain in respect of pension scheme | | <u>4,985,000</u> | <u>1,824,000</u> |
| Total Comprehensive Income for the year | | <u><u>4,640,215</u></u> | <u><u>2,217,722</u></u> |

The accompanying notes form part of these financial statements

PARKHEAD HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

| | Notes | £ | 2023 £ | 2022 £ |
|---|-------|---------|------------|-------------|
| Tangible Fixed Assets | | | | |
| Housing properties | 9a | | 76,825,730 | 77,693,797 |
| Other Fixed Assets | 9b | | 2,145,783 | 2,280,553 |
| Investments | 10 | | 101 | 101 |
| | | | 78,971,614 | 79,974,451 |
| Current Assets | | | | |
| Trade and other debtors | 11 | 445,122 | | 738,492 |
| Cash and cash equivalents | | | 9,960,668 | 9,950,042 |
| | | | 10,405,790 | 10,688,534 |
| Current Liabilities | | | | |
| Creditors - Amounts falling due within one year | 12 | | 3,966,843 | 3,903,788 |
| Net current assets | | | 6,438,947 | 6,784,746 |
| Total Assets Less Current Liabilities | | | 85,410,561 | 86,759,197 |
| Creditors – Amounts falling due after more than one year | | | | |
| Provisions for liabilities: | | | | |
| Pension asset / liability | 22 | | 2,824,000 | (1,472,000) |
| Other provisions | 16 | | (44,408) | (58,558) |
| | | | 29,463,789 | 24,823,574 |
| Net assets | | | 29,463,789 | 24,823,574 |
| Capital and reserves | | | | |
| Share capital | 17 | | 87 | 87 |
| Revenue reserves | 17 | | 29,463,702 | 24,823,487 |
| | | | 29,463,789 | 24,823,574 |

These financial statements on pages 17 to 43 were approved and authorised for issue by the Board on 23rd Mar. 2023. and signed on their behalf by:

Board Member:



Board Member:



Secretary:



PARKHEAD HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

YEAR TO 31 MARCH 2023

| | Notes | £ | 2023 £ | 2022 £ |
|--|-------|-------------|-------------|-------------|
| Net cash provided by operating activities | 19 | | 3,109,186 | 3,466,237 |
| Cash flow from investing activities | | | | |
| Purchase of tangible fixed assets | | (2,360,547) | | (2,000,851) |
| Proceeds of disposal of tangible fixed assets | | - | | 34,362 |
| Interest received | | 47,781 | | 1,417 |
| Grants received | | 253,886 | | - |
| HAG received | | 419,462 | | 86,069 |
| | | | (1,639,418) | (1,879,003) |
| Net cash used in investing activities | | | | |
| Cash flow from financing activities | | | | |
| Interest paid | | (583,929) | | (263,964) |
| Repayments of borrowings | | (875,228) | | (903,921) |
| Issue of share capital | | 15 | | 4 |
| | | | (1,459,142) | (1,167,881) |
| Net cash (used in)/provided by financing activities | | | | |
| Net change in cash and cash equivalents | | | 10,626 | 419,353 |
| Cash and cash equivalents at the beginning of the year | | 9,950,042 | | 9,530,689 |
| Cash and cash equivalents at the end of the year | | | 9,960,668 | 9,950,042 |
| Analysis of cash and cash equivalents | | | | |
| Cash in hand | | | 9,960,668 | 9,950,042 |
| Total cash and cash equivalents | | | 9,960,668 | 9,950,042 |

Further details are given in note 20.

PARKHEAD HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR TO 31 MARCH 2023

| | Share Capital £ | Revenue Reserve £ | Total £ |
|------------------------------------|----------------------------|----------------------------------|--------------------|
| Balance as at 1 April 2021 | 89 | 22,605,765 | 22,605,854 |
| Issue of shares | 4 | - | 4 |
| Cancelation of Shares | (6) | - | (6) |
| Surplus for year | - | 2,217,722 | 2,217,722 |
| Transfer between reserves | - | - | - |
| Balance as at 31 March 2022 | 87 | 24,823,487 | 24,823,574 |
| Balance as at 1 April 2022 | 87 | 24,823,487 | 24,823,574 |
| Issue of shares | 15 | - | 15 |
| Cancelation of Shares | (15) | - | (15) |
| Surplus for year | - | 4,640,215 | 4,640,215 |
| Transfer between reserves | - | - | - |
| Balance as at 31 March 2023 | 87 | 29,463,7702 | 29,463,789 |

PARKHEAD HOUSING ASSOCIATION LIMITED

PRINCIPAL ACCOUNTING POLICIES

AS AT 31 MARCH 2022

1.0 Legal Status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

The address of the Company's registered office and principal place of business is 40 Helenvale Street, Glasgow, G31 4TF.

The Association's principal activities are detailed in the Board Report. The nature of the Association's operations is detailed in the Board Report.

The Association is a Public Benefit Entity.

1.1 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 2018 "Statement of Recommended Practice for Registered Housing Providers" and the comply with the Determination of Accounting Requirements February 2019, and under the historical cost convention.

The financial statements are prepared in Sterling (£).

1.2 Consolidation

The Association and its subsidiary undertakings comprise a group. The Financial Conduct Authority has granted exemption from preparing group financial statements. The accounts therefore represent the results of the Association and not the group.

1.3 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:

Rent Arrears - Bad Debt Provision

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

Life Cycle of Components

Useful lives of housing property - management reviews its estimate of the useful lives of depreciable assets at each reporting date based on predictions from Director of Operations.

PARKHEAD HOUSING ASSOCIATION LIMITED

PRINCIPAL ACCOUNTING POLICIES

AS AT 31 MARCH 2023

(Continued)

1.3 Critical Accounting Estimates and Areas of Judgement (continued)

Pension Liabilities

This has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate. Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation. Since the year end there has been volatility in market assumptions resulting in the actuarial valuation reporting the overall pension fund as an asset. However, stock market performance is cyclical and is envisaged that future pension liabilities will increase – resulting in an eventual return to a pension liability over the longer term.

1.4 Going Concern

The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. This is based on the Groups Business plan for 2023/24, which was approved by the Board. This continues to show a strong financial performance with significant investment in new supply of housing stock, management and maintenance of housing stock and full repayment of all borrowings in the lifetime of the plan. Cash flows remain positive throughout the plan and all financial covenants, which are forecasts also, are met. These are closely monitored throughout.

Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Specific consideration of rent arrears as a key uncertainty has been considered in detail through sensitivity testing and monitored closely.

1.5 Turnover and revenue recognition

Turnover relates to the income from the letting of properties at affordable rents and service charge income together with revenue grants receivable in the period. 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 first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the transaction.

1.6 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. Reasonable assurance is normally obtained when (e.g. the grant has been awarded in writing).

PARKHEAD HOUSING ASSOCIATION LIMITED

PRINCIPAL ACCOUNTING POLICIES

AS AT 31 MARCH 2023

(Continued)

1.6 Government Grants (continued)

Government grants received for housing properties are recognised in other income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model.

On disposal of an asset for which government grant was received, if 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.

1.7 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.

1.8 Other Income

Interest income

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

1.9 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.

Completed housing 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.

Works to existing properties which fail to meet the above criteria are charged to the Income and Expenditure account.

Shared ownership properties are included in housing properties at cost, less any provisions needed for depreciation or impairment.

PARKHEAD HOUSING ASSOCIATION LIMITED

PRINCIPAL ACCOUNTING POLICIES

AS AT 31 MARCH 2023

(Continued)

1.9 Fixed assets - Housing properties (continued)

Depreciation is charged on a straight-line basis over the expected economic useful lives of each major component that makes up the housing property as follows:

| | |
|---------------------------------------|-----------------|
| Land | Not depreciated |
| Housing Properties under Construction | Not depreciated |
| Structure | Over 50 years |
| Roof | Over 40 years |
| Kitchen | Over 18 years |
| Bathroom | Over 50 years |
| Heating system - Boiler | Over 13 years |
| Heating system – ex boiler | Over 26 years |
| Windows and external doors | Over 30 years |
| Internal doors | Over 50 years |
| Lift | Over 50 years |

Surpluses and deficits on the sale of housing properties are accounted for in the Income and Expenditure account in the year of disposal. The surplus or deficit is shown on the face of the Income and Expenditure Account.

First tranche Shared Ownership disposals are credited to turnover on completion, the cost of construction of these sales is included as work in progress until the point of sale when the costs are taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the Income and Expenditure account.

1.10 Impairment 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, the Association 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.

PARKHEAD HOUSING ASSOCIATION LIMITED

PRINCIPAL ACCOUNTING POLICIES

AS AT 31 MARCH 2023

(Continued)

1.11 Other Fixed Assets

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

| | |
|----------------------------------|----------------|
| Office Premises (excluding land) | - 1.5% - 3.33% |
| Furniture and Fittings | - 33.33% |
| Computer Equipment | - 20% |
| Office Equipment | - 33.33% |

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 statement of comprehensive income.

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.

1.12 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.

1.13 Tax

The Association has charitable status and is registered with the Office of Scottish Charities Regulator and is therefore exempt from paying Corporation Tax on charitable activities.

1.14 Value Added Tax

The Association is VAT registered, however a large proportion of income, namely rents, is exempt for VAT purposes therefore giving rise to a Partial Exemption calculation. Expenditure is shown inclusive of VAT.

1.15 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.

PARKHEAD HOUSING ASSOCIATION LIMITED

PRINCIPAL ACCOUNTING POLICIES

AS AT 31 MARCH 2023

(Continued)

1.16 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 RSL is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 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 asset and settle the liability simultaneously.

Financial assets

Debtors

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 or other debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the 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 income and expenditure 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

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.

PARKHEAD HOUSING ASSOCIATION LIMITED

PRINCIPAL ACCOUNTING POLICIES

AS AT 31 MARCH 2023

(Continued)

1.17 Financial Instruments (continued)

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.

1.18 Contingent Liabilities

A contingent liability is either a possible, but uncertain, obligation or a present obligation that is not recognised because it fails to meet the recognition criteria of a provision. As required by FRS 102, disclosures of a contingent liability will be made unless the possibility of an outflow of resources is remote. The Association does not recognise a contingent liability but discloses its existence in the financial statements.

1.19 Pension Costs

The Association participates in the Strathclyde Pension Fund and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole.

The expected cost to the Association of pensions is charged to income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole.

The Association has fully adopted section 28 of FRS102 'Employee Benefits.'

The difference between the fair value of the assets held in the Association's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method as recognised in the Association's balance sheet as a pension scheme liability as appropriate.

1.20 Provisions

Provisions are recognized 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.

1.21 Investments

Investments in subs are accounted for at cost less impairment in individual financial statements

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

2. Particulars of turnover, operating costs and operating surplus/(deficit)

| | | Turnover | Operating Costs £ | Operating Surplus/ (deficit) £ | Operating Surplus/ (deficit) 2022 £ |
|--|----|------------------|-------------------------|---|---|
| Affordable letting activities | 3a | 9,155,449 | 8,691,154 | 464,295 | 777,164 |
| Other Activities | 3b | 700,510 | 921,356 | (220,846) | (88,171) |
| Total | | <u>9,855,959</u> | <u>9,612,510</u> | <u>243,449</u> | <u>688,993</u> |
| Total for previous reporting period | | <u>9,685,720</u> | <u>8,996,727</u> | <u>688,993</u> | |

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

(Continued)

3a. Particulars of Income and Expenditure from affordable letting activities

| | General Needs Housing | Supported Social Housing | Shared Ownership Housing | 2023 | 2022 Total |
|---|--------------------------|--------------------------------|--------------------------------|------------------|------------------|
| | £ | £ | £ | £ | £ |
| Income from lettings | | | | | |
| Rent receivable net of identifiable service charges | 7,398,588 | 308,130 | 91,549 | 7,798,267 | 7,616,250 |
| Service charges receivable | 318,320 | - | - | 318,320 | 299,417 |
| Gross Rents Receivable | 7,716,908 | 308,130 | 91,549 | 8,116,587 | 7,915,667 |
| Less: Rent Losses from Voids | (71,601) | - | - | (71,601) | (128,137) |
| Net Rents Receivable | <u>7,645,307</u> | <u>308,130</u> | <u>91,549</u> | <u>8,044,986</u> | <u>7,787,530</u> |
| Grants released from deferred income | 1,084,243 | - | 26,220 | 1,110,463 | 1,211,297 |
| Total income from Affordable Letting Activities | <u>8,729,550</u> | <u>308,130</u> | <u>117,769</u> | <u>9,155,449</u> | <u>8,998,827</u> |
| Expenditure on Affordable Letting Activities | | | | | |
| Service costs | 427,327 | - | - | 427,327 | 260,188 |
| Management and maintenance administration costs | 1,530,487 | 19,631 | 103,202 | 1,653,320 | 1,685,086 |
| Planned and cyclical maintenance including major repair costs | 970,002 | - | - | 970,002 | 1,032,467 |
| Reactive maintenance costs | 2,439,976 | 21,899 | - | 2,461,876 | 2,157,790 |
| Bad debts – rents and service charges | 84,415 | - | - | 84,415 | 103,092 |
| Depreciation of social housing | 3,040,661 | - | 53,553 | 3,094,214 | 2,983,040 |
| Operating costs for Affordable Letting Activities | <u>8,492,868</u> | <u>41,530</u> | <u>156,755</u> | <u>8,691,154</u> | <u>8,221,663</u> |
| Operating Surplus on Affordable Letting Activities | <u>236,682</u> | <u>266,620</u> | <u>(38,987)</u> | <u>464,295</u> | <u>777,164</u> |
| 2022 | <u>526,336</u> | <u>273,070</u> | <u>(22,242)</u> | <u>777,164</u> | |

The rent loss from voids of £71,601 (2022: £128,137) includes £nil (2022: £nil) in respect of development voids.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

(Continued)

3b – Particulars of turnover, operating costs and operating surplus or deficit from other activities

| | Grants from Scottish Ministers | Other revenue grants | Supporting people income | Other income | Total Turnover | Operating costs – bad debts | Other operating costs | Operating surplus or deficit | Operating surplus or deficit for previous period of account |
|--|---|----------------------------|--------------------------------|-----------------|-------------------|-----------------------------------|-----------------------------|------------------------------------|--|
| | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing | - | - | - | 29,685 | 29,685 | - | - | 29,685 | 25,311 |
| Care and repair | - | - | - | - | - | - | - | - | - |
| Investment property activities | - | - | - | - | - | - | - | - | - |
| Factoring | - | - | - | 51,876 | 51,876 | - | 62,524 | (10,648) | (12,672) |
| Support activities | - | - | - | - | - | - | - | - | - |
| Care activities | - | - | - | - | - | - | - | - | - |
| Contracted out activities undertaken for registered social landlords | - | - | - | - | - | - | - | - | - |
| Contracted out services undertaken for other organisations | - | - | - | - | - | - | - | - | - |
| Developments for sale to registered social landlords | - | - | - | - | - | - | - | - | - |
| Developments and improvements for sale to other organisations | - | - | - | - | - | - | - | - | - |
| Other activities | - | 109,341 | - | 469,855 | 579,196 | - | 819,079 | (239,883) | (100,810) |
| Restricted Big Lottery | - | - | - | 39,753 | 39,753 | - | 39,753 | - | - |
| Total from other activities | - | 109,341 | - | 591,170 | 700,510 | - | 921,356 | (220,846) | (88,171) |
| 2022 | - | 88,658 | - | 598,235 | 686,893 | - | 775,064 | (88,171) | - |

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

(Continued)

4. Interest payable and financing costs

| | 2023 | 2022 |
|-------------------|---------|---------|
| | £ | £ |
| Interest on loans | 591,015 | 271,050 |
| | 591,015 | 271,050 |

5. Taxation

The Association obtained charitable status in December 2000. As such, it has no liability for Corporation Tax in respect of its exempt activities.

6. Operating surplus or deficit

| | 2023 | 2022 |
|---|-----------|-----------|
| | £ | £ |
| Operating surplus is stated after charging/(crediting): | | |
| Depreciation of housing properties | 3,094,214 | 2,983,040 |
| Depreciation of other tangible fixed assets: | | |
| - owned | 221,014 | 244,071 |
| Surplus on disposal of tangible fixed assets | - | 34,362 |

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

| | | |
|----------------------------------|--------|--------|
| Audit services – statutory audit | 17,868 | 15,540 |
| Non-audit services | 4,840 | 3,138 |
| | 22,708 | 18,678 |

7. Directors' Emoluments

The directors are the members of the Board, the Chief Executive and any other person reporting directly to the Chief Executive or the Board. No emoluments were paid to any member of the Board during the year.

Numbers of Directors whose emoluments (excluding pension contributions) exceed £60,000 during the year were as follows:

| | 2023 | 2022 |
|---------------------|------|------|
| | No. | No. |
| £60,000 - £70,000 | 1 | 1 |
| £70,000 - £80,000 | - | - |
| £80,000 - £90,000 | 3 | 2 |
| £100,000 - £110,000 | 1 | 1 |

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

(Continued)

7. Key Management Personnel (cont'd)

| | 2023 | 2022 |
|---|-------------|-------------|
| | £ | £ |
| Emoluments payable to Chief Executive (excluding pension contributions) | 94,391 | 89,951 |
| Employers NIC | 12,160 | 11,153 |
| Pension contributions to a defined contribution scheme | 18,017 | 17,307 |
| | 124,568 | 118,411 |

| | 2023 | 2022 |
|---|-------------|-------------|
| | £ | £ |
| Emoluments (excluding pension contributions) to those earning more than £60,000 | 436,693 | 518,454 |
| Total pension contributions to directors whose emoluments exceeded £60,000 were | 73,934 | 51,776 |
| Total expenses reimbursed in so far as not chargeable to UK Income Tax | - | - |

| | 2023 | 2022 |
|---|-------------|-------------|
| | £ | £ |
| The Association considers key management personnel to be the Board and senior management team | | |
| Total emoluments (including employers NI) paid to the key management personnel of the Association amounted to | 711,383 | 607,615 |
| Pension contributions on behalf of the key management personnel amounted to | 102,925 | 89,161 |

8. Employee Information

| | 2023 | 2022 |
|---|-------------|-------------|
| | No. | No. |
| The average full-time equivalent number of persons (including key management personnel) employed during the year was: | 34 | 33 |
| Staff Costs were: | £ | £ |
| Wages and Salaries | 1,544,169 | 1,343,252 |
| Social Security Costs | 173,390 | 145,474 |
| Pension Costs | 916,162 | 634,593 |
| | 2,633,721 | 2,123,319 |

Included in the pension costs total is a net service cost expense of £644,000 (2022: £397,000).

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

(Continued)

9a. Tangible Fixed Assets

| Housing Properties | Housing Properties Held for Letting £ | Housing Properties Under Construction £ | Completed Shared Ownership Properties £ | Total £ |
|------------------------------------|--|--|--|--------------------|
| Cost | | | | |
| At 1 April 2022 | 118,401,247 | 491,647 | 1,409,159 | 120,302,053 |
| Opening balance adjustment | 4,356 | - | (4,230) | 126 |
| Properties acquired | 347,500 | - | - | 347,500 |
| Works to existing properties | 1,889,707 | 36,915 | - | 1,926,622 |
| Schemes completed | - | - | - | - |
| Disposals in year | (905,010) | (50,982) | - | (955,992) |
| Transferred | 47,660 | - | (47,660) | - |
| At 31 March 2023 | <u>119,785,460</u> | <u>477,580</u> | <u>1,357,269</u> | <u>121,620,309</u> |
| Depreciation and impairment | | | | |
| At 1 April 2022 | 41,631,019 | - | 977,237 | 42,608,256 |
| Opening balance adjustment | (2,913) | - | 32 | (2,881) |
| Provided during year | 2,810,482 | - | 53,553 | 2,864,035 |
| Disposals | (674,831) | - | - | (674,831) |
| Transferred | 36,195 | - | (36,195) | - |
| At 31 March 2023 | <u>43,799,952</u> | <u>-</u> | <u>994,627</u> | <u>44,794,579</u> |
| Net Book Value | | | | |
| As at 31 March 2023 | <u>75,985,508</u> | <u>477,580</u> | <u>362,642</u> | <u>76,825,730</u> |
| As at 31 March 2022 | <u>76,770,228</u> | <u>491,647</u> | <u>431,922</u> | <u>77,693,797</u> |

During the year there was £3,526,291 (2022: £2,213,341) of spend on cyclical/planned repair works, £1,889,707 (2022: £1,180,874) of which was capitalised. Out of this capitalised spend £1,858,409 (2022: £1,180,874) related to component replacements and £nil (2022: £nil) related to improvements.

Other works to existing properties includes capitalised repairs to buyback properties of £31,298 (2022: £nil) and adaptation spend of £79,020 (2022: £80,060).

All Housing Properties are freehold.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

(Continued)

9 b. Tangible Fixed Assets

Other fixed assets

| | Land Bank £ | Commercial And Office Premises £ | Computer Office Furniture & Equipment £ | Total £ |
|----------------------------|----------------------------|---|--|--------------------|
| Cost | | | | |
| At 1 April 2022 | 22,885 | 2,727,102 | 1,053,463 | 3,803,450 |
| Additions | - | 6,423 | 79,822 | 86,425 |
| Disposal | - | - | (213,233) | (213,233) |
| At 31 March 2023 | <u>22,885</u> | <u>2,733,525</u> | <u>920,052</u> | <u>3,676,462</u> |
| Depreciation | | | | |
| At 1 April 2022 | - | 873,620 | 649,277 | 1,522,897 |
| Charge for year | - | 71,645 | 149,370 | 221,015 |
| On disposals | - | - | (213,233) | (212,233) |
| At 31 March 2023 | <u>-</u> | <u>945,265</u> | <u>585,414</u> | <u>1,530,679</u> |
| Net Book Value | | | | |
| As at 31 March 2023 | <u>22,885</u> | <u>1,788,260</u> | <u>334,638</u> | <u>2,145,783</u> |
| As at 31 March 2022 | <u>22,885</u> | <u>1,853,482</u> | <u>404,186</u> | <u>2,280,553</u> |

10. Investments

| | 2023 £ | 2022 £ |
|-------------------------|-------------------|-------------------|
| Cost | | |
| At 1 April and 31 March | <u>101</u> | <u>101</u> |

Investments consist of 100 Ordinary A Shares of £1 each in Parkhead Development Limited and 1 Ordinary A share of £1 in Parkhead Lettings Company.

The Association controls 100% of the voting share in each subsidiary. Both subsidiaries are registered in Scotland.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

(Continued)

11. Debtors

| | 2023 | 2022 |
|--|-----------------|-----------------|
| | £ | £ |
| Arrears of Rent and Service Charges | 426,401 | 550,876 |
| Less: Provision for Doubtful Debts | (283,937) | (283,937) |
| Less: Discounting of payment plans > 12 months | <u>(31,583)</u> | <u>(31,583)</u> |
| | 110,882 | 235,356 |
| | | |
| Trade Debtors | 0 | 7,819 |
| Other Debtor | 57,944 | 216,694 |
| Group Debtor | 96,625 | 98,317 |
| Prepayments | <u>179,671</u> | <u>180,306</u> |
| | <u>445,122</u> | <u>738,492</u> |

Included in the figure for rent and service charge arrears is £63,440 (2022: £81,083) due in respect of housing benefits payments.

12. Creditors – Amounts falling due within one year

| | 2023 | 2022 |
|-----------------------------------|------------------|------------------|
| | £ | £ |
| Housing Loans (Note 15) | 903,485 | 903,485 |
| Trade Creditors | 321,202 | 253,181 |
| Other Creditors | 953,361 | 744,442 |
| Accrued Charges | 248,155 | 450,107 |
| Deferred capital grants (note 14) | 1,203,873 | 1,197,514 |
| Rent in Advance | 330,474 | 335,289 |
| Group Creditor | <u>6,293</u> | <u>19,770</u> |
| | <u>3,966,843</u> | <u>3,903,788</u> |

Other creditors includes £88,354 of Funding for capital expenditure which is being released in line with depreciation of the related assets.

| | £ |
|---|------------------|
| Opening deferred revenue grant | 723,087 |
| Received/receivable during the year | 253,886 |
| Funding released in line with authorised expenses | <u>(260,493)</u> |
| Deferred income: | <u>716,480</u> |

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

(Continued)

13. Creditors – Amounts falling due after more than one year

| | 2023 | 2022 |
|----------------------------------|------------|------------|
| | £ | £ |
| Housing Loans (Note 15) | 16,471,542 | 17,339,684 |
| Deferred Capital Grant (Note 14) | 42,254,821 | 43,065,381 |
| | 58,726,363 | 60,405,065 |

14. Deferred capital grant

| | 2023 | 2022 |
|--|-------------|-------------|
| | £ | £ |
| As at 1 April | 44,262,894 | 45,388,122 |
| Grant receivable | - | - |
| Grant received in year | 419,462 | 86,069 |
| Repayments | (17,788) | - |
| Capital grant released | (1,205,874) | (1,211,297) |
| | 43,458,694 | 44,262,894 |
| At 31 March | | |
| Amounts to be released within one year | 1,203,873 | 1,197,513 |
| Amounts to be released in more than one year | 42,254,821 | 43,065,381 |
| | 43,458,694 | 44,262,894 |

15. Debt analysis - Borrowings

| | 2023 | 2022 |
|--|------------|------------|
| | £ | £ |
| Creditors: amounts falling due within one year | | |
| Bank loans | 903,485 | 903,485 |
| Creditors: amounts falling due within one year | | |
| Bank loans | 16,471,543 | 17,339,684 |

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are either fixed rates or variable rates linked to SONIA that are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

Bank loans are secured by specific charges on the Association's properties. All loans relate to housing properties. Loans are repayable at rates of interest of 2.30% to 4.06% (2022 – 0.34% to 2.86%). The Association makes quarterly repayments to capital repayment facilities and monthly repayments on one interest only facility.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

(Continued)

15. Debt analysis – Borrowings (continued)

Based on the lender's earliest repayment dates, borrowings are repayable as follows:

| | 2023 | 2022 |
|--|-------------------|-------------------|
| | £ | £ |
| Due within one year | 903,485 | 903,485 |
| Due in one year or more but less than two years | 903,485 | 903,485 |
| Due between two and five years | 2,710,455 | 2,710,455 |
| Due more than five years | 13,008,906 | 13,884,134 |
| | <u>17,526,331</u> | <u>18,401,559</u> |
| Less deferred expenditure relating to loan funding | (151,304) | (158,390) |
| | <u>17,375,027</u> | <u>18,243,169</u> |

16. Provisions

| | Holiday Pay £ |
|-----------------------|---------------------|
| At 1 April 2022 | 58,558 |
| Utilised in the year | (14,150) |
| Provision in the year | - |
| As at 31 March 2023 | <u>44,408</u> |

Holiday Pay

This represents holiday accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the statutory cost payable for the period of absence.

17. Share Capital & Reserves

| | 2023 | 2022 |
|--|-------------|------------|
| | £ | £ |
| <i>Share Capital</i> | | |
| Shares of £1 fully paid and issued at 1 April 2022 | 87 | 89 |
| Shares issued during year | 15 | 4 |
| Shares cancelled during the year | <u>(15)</u> | <u>(6)</u> |
| Shares issued at 31 March 2023 | <u>87</u> | <u>87</u> |

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

(Continued)

17. Share Capital & Reserves (continued)

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.

| | Revenue Reserves 2023 £ | Revenue Reserves 2022 £ |
|------------------|--|--|
| <i>Reserves</i> | | |
| At 1 April 2022 | 24,823,487 | 22,605,765 |
| Surplus for year | 4,549,842 | 2,217,722 |
| At 31 March 2023 | 29,373,329 | 24,823,487 |

18. Housing Stock

| | 2023 No. | 2022 No. |
|---------------------------|---------------------|---------------------|
| at the year end was: | | |
| General needs - New build | 865 | 860 |
| - Rehabilitation | 867 | 867 |
| Shared Ownership | 28 | 29 |
| Supported Housing | 9 | 9 |
| | 1,769 | 1,765 |

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

(Continued)

| | | |
|--|------------------|------------------|
| 19. Cash flow from operating activities | 2023 | 2022 |
| Surplus for year | 4,640,215 | 2,217,722 |
| Adjustments for non-cash items: | | |
| Depreciation | 3,085,050 | 3,207,112 |
| Amortisation | (1,205,874) | (1,211,297) |
| Holiday pay accrual | (14,150) | (23,905) |
| Rent arrears NPV costs | - | - |
| Movement in debtors | 293,370 | 264,128 |
| Movement in creditors | 63,355 | 144,212 |
| Movement in provisions | (4,296,000) | (1,367,000) |
| Share capital cancelled | (15) | (6) |
| Gain on disposal of tangible fixed assets | - | (34,362) |
| Adjustments for investing or financing activities: | | |
| Interest received | (47,781) | (1,417) |
| Interest paid | 591,016 | 271,050 |
| | <u>3,109,186</u> | <u>3,466,237</u> |

20. Analysis of changes in Net Debt

| | April 2022 | Cashflows | Other Changes | March 2023 |
|------------------------------------|--------------------|----------------|------------------|--------------------|
| | £ | £ | £ | |
| Cash and Cash Equivalents | | | | |
| Cash at Bank | 9,950,042 | 10,626 | - | 9,960,668 |
| Loans due within one year | (903,485) | 875,228 | (875,228) | (903,485) |
| Loans due after more than one year | (17,498,074) | | 875,228 | (16,622,846) |
| Net Debt | <u>(8,451,517)</u> | <u>985,854</u> | <u>-</u> | <u>(7,434,337)</u> |

21. Capital Commitments

| | 2023 | 2022 |
|---|---------|------|
| | £ | £ |
| Capital expenditure that has been authorised by the Board but has not been contracted for | - | - |
| Capital expenditure that has been contracted for but not provided in the financial statements | 320,000 | - |
| Capital commitments are expected to be funded as follows: | | |
| Housing Association Grant | - | - |
| Private finance funding | 320,000 | - |
| Other grants | - | - |

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

(Continued)

22. Pensions Obligations

Pension Fund

Employees of Parkhead Housing Association Limited participate in the Strathclyde Pension Fund (SPF), a defined benefit scheme administered by Glasgow City Council. The scheme is a multi-employer scheme. Annual contributions to the scheme are based on the recommendation of the scheme actuary. Current and past service costs and are charged to the Statement of Comprehensive Income so as to spread the expected cost of providing pensions over the employees' period of service with PHA. Employees contribute between 5.5% and 9.3% of their salary. Employers' contributions were 19.3% for 2022-23 (2021-22: 19.3%).

Unfunded early retirement pension enhancements for which PHA is liable are provided for in full when employees retire and are charged against the provision when paid.

Employer contributions for the year to 31 March 2023 will be approximately £273,000.

A formal valuation of the SPF was carried out as at 31 March 2020 by a qualified independent actuary, Hymans Robertson LLP. In order to assess the actuarial value of the SPF's liabilities as at 31 March 2023, the Scheme's actuaries have rolled forward the actuarial value of the liabilities allowing for changes in financial assumptions as prescribed under FRS 102, the Financial Reporting Standard applicable in the UK and Ireland.

The pension liability included in these financial statements includes the effect of the McCloud judgement and GMP equalisation.

The principal assumptions used as at 31 March 2022 were as follows:

| Actuarial assumptions | 2023 | 2022 |
|------------------------------|---|---|
| Rate of increase in salaries | 3.84% | 3.90% |
| Expected return on assets | 2.95% | 3.20% |
| Discount rate | 4.75% | 2.70% |
| Post retirement mortality | Weighted average life expectancy for mortality tables used to determine benefit obligations | Weighted average life expectancy for mortality tables used to determine benefit obligations |

The amounts recognised in the balance sheet are as follows:

| | 2023 | 2022 |
|-------------------------------------|--------------|--------------|
| | £ | £ |
| Present value of funded obligations | (10,212,000) | (14,609,000) |
| Fair value of plan assets | 13,036,000 | 13,137,000 |
| Net asset / (liability) | 2,824,000 | (1,472,000) |

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

(Continued)

22. Pensions Obligations (cont'd)

Changes in the present value of the defined benefit obligation are as follows:

| Defined Benefit Plans | 2023 | 2022 |
|------------------------------------|-------------|-------------|
| | £ | £ |
| Opening defined benefit obligation | 14,609,000 | 15,015,000 |
| Service cost | 644,000 | 634,000 |
| Member Contributions | 101,000 | 88,000 |
| Interest cost | 401,000 | 304,000 |
| Actuarial (gain)/loss | (5,275,000) | (1,125,000) |
| Loss on curtailment | - | - |
| Past service costs | - | - |
| Benefits paid | (268,000) | (307,000) |
| Closing defined benefit obligation | 10,212,000 | 14,609,000 |

Changes in the fair value of plan assets are as follows:

| Defined Benefit Plans | 2023 | 2022 |
|---------------------------|------------|------------|
| | £ | £ |
| Opening plan assets | 13,137,000 | 12,176,000 |
| Expected return on assets | 356,000 | 244,000 |
| Actuarial (losses)/gains | (563,000) | 699,000 |
| Contributions by employer | 273,000 | 237,000 |
| Contributions by members | 101,000 | 88,000 |
| Benefits paid | (268,000) | (307,000) |
| Closing plan assets | 13,036,000 | 13,137,000 |

The amounts recognised in income and expenditure account are as follows:

| | 2023 | 2022 |
|--------------------------------|-----------|-----------|
| | £ | £ |
| Current service cost | 644,000 | 634,000 |
| Interest on obligation | 401,000 | 304,000 |
| Expected return on plan assets | (356,000) | (244,000) |
| Loss on curtailments | - | - |
| Total | 689,000 | 694,000 |

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

(Continued)

22. Pensions Obligations (cont'd)

Changes in the amounts recognised in the statement of total recognised gains and (losses) are as follows:

| | 2023 | 2022 |
|--------------------------|-------------|-------------|
| | £ | £ |
| Opening cumulative STRGL | 1,824,000 | 1,286,000 |
| Actuarial gain/(losses) | 4,712,000 | 1,824,000 |
| | 6,536,000 | 3,110,000 |

The major categories of plan assets as a percentage of total plan assets are as follows:

| | 2023 | 2022 |
|------------|-------------|-------------|
| Equities | 60% | 64% |
| Properties | 10% | 10% |
| Bonds | 28% | 24% |
| Other | 2% | 2% |

The history of experience gains and losses is as follows:

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|-------------|-------------|-------------|-------------|-------------|
| Difference between expected and actual return on scheme assets | | | | | |
| Amount £ | (563,000) | 699,000 | 2,272,000 | (667,000) | 306,000 |
| Experience (loss)/gain arising on scheme liability | | | | | |
| Amount £ | (741,000) | 27,000 | (233,000) | 69,000 | - |
| Total amount of actuarial (loss)/gain | | | | | |
| Amount £ | 4,712,000 | 1,824,000 | (376,000) | 1,234,000 | (692,000) |

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2023
(Cont'd)

23. Related Parties

During the year seven (2022: Eight) members of the board were also tenants of the Association. Their tenancies are on normal commercial terms. During the year £25,052 (2022: £25,238) of rent was receivable from these tenant members. At the year-end, overall, there was £3,071 rent prepaid from (2022: £563 of rent arrears due from) these tenant members.

Amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year (2022: £nil) in respect of bad debts from related parties.

During the year Parkhead Housing Association provided monthly payroll services free of charge to Parkhead Youth Project, a local charity which is also a tenant at Parkhead Schoolhouse.

During the year Parkhead Housing Association provided monthly payroll services free of charge for North East Foodbank, a local charity which has a number of our employee's on its board. Additionally, food storage space at Parkhead Schoolhouse was gifted during the year to assist this charity.

Transactions between Parkhead Housing Association and its subsidiaries are as follows:

Parkhead Development Company provided £690,325 of services to Parkhead Housing Association (2022: £625,154). The group creditor includes £6,293 (2022: £12,545) representing services invoiced but not yet paid for.

Grant funding was received by Parkhead Housing Association in the year for Parkhead Development Company staff. Income from other activities includes £nil (2022: £nil) of grant funding and other operating costs includes a grant of £nil (2022: £nil) to Parkhead Development Company to fund their employment. The group creditor includes £nil (2022: £nil) outstanding funding payable to Parkhead Development Company.

Income from other activities includes rent of £997 (2022: £2,400) and professional services fees of £600 (2022: £600).

All transactions were carried out under normal commercial terms.

Parkhead Housing Association let eight properties to Parkhead Lettings Company during the year for £45,024 (2022: £45,024). Group creditors includes £nil (2022: £nil) representing service invoices but not yet paid for.

All transactions were carried out under normal commercial terms.