

SHETTLESTON HOUSING ASSOCIATION LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

SHETTLESTON HOUSING ASSOCIATION LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

Members, Executive Officers, and Advisers

Board

Hugh McIntosh (Chair)
Elizabeth Battersby (Vice Chair)
Gillian Johnston
Grace Barbour
Eddie Robertson
Brian Barclay
Maureen Mulgrew (Secretary)
Janice Saunders
Marian Hassan
Lesley Scoffield
Christine Thomson
Rae Connolly (Co-optee)

Appointed September 2023
Appointed September 2023
Co-opted December 2023
Resigned June 2023
Resigned June 2023

Linda Sichi (Co-optee)
Sean Connor (Co-optee)
Neil Devlin (Co-optee)

Co-opted January 2024
Resigned September 2023
Co-opted September 2023 /
Resigned January 2024

Registered Office
Helen McGregor House
65 Pettigrew Street
Glasgow
G32 7XR

Auditor
Azets Audit Services
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Bank
Royal Bank of Scotland
1304 Duke Street
Glasgow
G31 5PZ

Executive Officers

| | |
|------------------|--|
| Tony Teasdale | Chief Executive Officer |
| Kirsty Brown | Director of Finance & Corporate Services |
| Collette McKenna | Director of Property Services |
| Craig Russell | Director of Customer & Community Services (appointed March 2024) |

Solicitors
T C Young LLP
7 West George Street
Glasgow
G2 1BA

Internal Auditor
Wylie & Bissett LLP
168 Bath Street
Glasgow
G2 4TP

SHETTLESTON HOUSING ASSOCIATION LIMITED

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FOR THE YEAR ENDED 31 MARCH 2024**

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Registration information

| | |
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| Financial Conduct Authority | Co-operative and Community Benefit Societies Act 2014 Registered number SP1884RS |
| The Scottish Housing Regulator | Housing (Scotland) Act 2010 Registered number 183 |
| Scottish Charity Number | SC036687 |

SHETTLESTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

The Board presents its Report (incorporating the Strategic Report) and audited financial statements for the year ended 31 March 2024.

Principal Activity

The principal activity of the Group is the provision of social rented accommodation, the provision of estate caretaking services, the provision of a repairs and maintenance service and the acquisition and letting of properties at market and mid-market rents.

Objectives

During 2023/24 the Group adopted the following strategic objectives:

1. To achieve excellent standards of governance, organisational resilience and environmental sustainability;
2. To continue to improve the quality and value for money of our services;
3. To effectively manage our resources to protect our assets and deliver the best possible outcomes for quality, affordable and sustainable homes in the area;
4. To support our tenants and the local community through the “cost of living crisis” and promote health and wellbeing; and
5. To develop our staff team and refresh our working culture to ensure that SHA is a great place to work.

The Strategic Objectives outlined above are translated into practical tasks with timescales and targets with named individuals taking ownership of delivery and is incorporated into the Summary Delivery Plan along with our Key Performance Indicators (KPIs).

Progress against the Summary Delivery Plan and KPIs was reported to the Board.

Review of the Business and Future Developments

Overall

The year saw continuing economic uncertainty with a Cost of Living crisis affecting many of our tenants and challenges for the Association from inflation being at a higher level than for many years and a significant increase in interest rates.

Notwithstanding this we were able to make significant progress with the delivery of our Business Plan.

The following is a summary of the key achievements and progress during the year:

Governance

The Board saw some significant change during the year. There was a successful transition to a new Chair early in the year and the recruitment of several new Members. Despite there being a number of vacancies the Board continued to strengthen through the recruitment of new Members from the community and of co-optees with specific targeted skills. Also during the year:

- A review of our organisational values was undertaken in conjunction with staff;
- North Star governance consultants were appointed for a three year term to support the annual Board review process;

SHETTLESTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

- The Board agreed to appoint North Star to also undertake a review of our Committee structure, meeting cycle and reporting arrangements with a view to streamlining governance arrangements and this was underway by the end of the year;
- The Board kept the Association's compliance with Regulatory Standards under review and agreed a revised approach to self-assurance. In our Annual Assurance Statement we were able to report that no items of material non-compliance were identified and the Association had its regulatory status as "compliant" re-affirmed by SHR; and
- Independent internal audit reviews were carried out in accordance with our Audit Plan in relation to Business Continuity and Disaster Recovery, HR-Staffing Review, and Reactive Maintenance. Audit findings were generally positive with all reviews receiving a 'Substantial' assurance rating. This means that our controls are largely satisfactory although some weaknesses were identified with recommendations for improvements to be made. A new three year audit plan has been agreed.

Operations and Services

We were able to progress with our plans to develop our staff team and working arrangements:

- We commissioned an independent Staff Satisfaction survey to follow up on the one carried out in 2022. Overall the findings were extremely positive with uplifts in satisfaction levels reported in most areas. Areas for further improvement were captured within our People Plan.
- We re-located staff within our office building so that all are now on either the ground or first floor. This improved the working environment for some staff and generally improved team integration and interaction.
- An energy efficiency assessment of the office was undertaken with a range of action points for improvement identified that will be taken forward when resources permit.
- We reviewed our staffing needs in the Customer and Community Services Team and successfully recruited a new Director of Customer and Community Services. Other changes to the structure were put on hold pending that recruitment and will be re-visited in the coming months.
- The level of staff turnover was less than in the last couple of years. We successfully recruited to a total of four posts across the organisation, bringing new skills and experience into the team. In addition two existing staff members were promoted into enhanced roles.
- Our staff absence rate reduced significantly from over 7% to under 3%.
- We introduced our new IHASCO on-line training package, with 378 training certificates issued through this during the year.

Service Delivery

The staff team responded well to the various challenges and high standards of performance were again achieved. Our key service delivery targets/KPIs were met and our performance continued to compare generally well against sector averages.

Despite the challenging economic environment rent arrears were kept under control and we continued to work hard to support tenants in their tenancies.

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REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

Our three yearly tenant and owner satisfaction survey was carried out by independent agency the Knowledge Partnership. 87% of tenants reported as being satisfied overall with the Association as landlord. The report did highlight a number of areas for improvement however and as seen across the social housing sector since Covid, satisfaction levels were generally down compared with our last survey in 2019. A Service Improvement Action Plan was developed through consultation with our Tenant Forum.

Our “wider role” in the community

Our main objective during the year was to continue to support our tenants and the local community through the “cost of living crisis”. We continued to provide targeted information and advice and tenancy sustainment support.

We successfully sourced additional external funding to boost local incomes and assist with fuel bills.

We continued operation of the Tollcross Shettleston Money Advice Project (TSMAP) with our Tollcross partners, in addition to our own income maximisation service.

During the year we successfully bid for grant funding to employ an energy adviser, in conjunction with Tollcross HA.

We continued to provide support to important local community organisations including Shettleston Community Growing Project (SCGP), the Men’s Shed, the Food Pantry, Shettleston Does Digital and the Shettleston Keenagers.

Our shop premises at 981 Shettleston Rd (the Shettleston “HUB”) continued to function as the basis for existing and new services.

A very successful Shettleston Gala was held in conjunction with SCGP in August, with over 600 people in attendance.

Weekly English as a Second Language (ESOL) classes were successfully established to help meet needs in our increasingly diverse community.

We continued to explore the feasibility of taking Shettleston Community Centre into community ownership.

Through our subsidiary, Upkeep, we continued to deliver apprenticeship and other training opportunities to benefit local young people.

Investment

In 2023/24 we invested over £4.5 million in the Association’s existing housing stock. Along with a comprehensive range of cyclical works and our reactive and void repairs programme we undertook a capital works projects totalling £1.96 million. This included:

- Replacement of windows in 43 homes
- Replacement of 74 flat entrance doors
- Installation of 188 boilers
- Installation of 81 new kitchens
- Replacement of 8 bathrooms
- Replacement of common windows at 4 blocks

In addition to the above we also completed medical adaptation works in 41 homes at a cost of £149,355. This work was fully funded by grant from Glasgow City Council.

In December 2023 we completed a stock condition survey on 25% of our existing homes. The results of this survey have been used to update and refine our assumptions for capital investment in the coming years.

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REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

We continue to develop our procurement arrangements across all aspects of the business to ensure we can secure greater value for money in an increasingly costly environment.

At the end of 2023 we completed a detailed energy efficiency study examining the most effective way to bring a pre-1919 sandstone tenement block up to 'net zero' standard. The study concluded that comprehensive retrofit will not be financially viable for the Association without significant funding assistance. However, the knowledge gained from it will enable us to develop smarter, more energy efficient methods of improving our homes as we undertake annual investment projects. We are now developing enhanced specifications for window and door replacements and aim to adopt an energy retrofit approach to our life cycle programmes.

We secured Building Warrant approval for the conversion of shared accommodation into two self-contained flats in February 2024. Works commenced immediately and are due for completion in May 2024. This work will significantly enhance the energy efficiency of the two flats and will improve the suitability of accommodation we can offer our partners in tackling homelessness.

We bought back three homes from sharing owners during the year and converted these to social rented stock. In addition, we acquired three homes under the Council's Private Acquisitions Strategy, with grant funding assistance of £0.3 million. These homes have been upgraded by the Association to meet our lettable standard and allocated via Section 5 referrals to help alleviate homelessness in the area.

Financial Update

During the year the Association made a surplus of £1.5m and its net assets position was £12.6m at 31 March 2024. The Group made a surplus of £1.6m and its net assets position was £13.3m at 31 March 2024.

Although the 2023/24 year was less turbulent in terms of economic uncertainty and operating environment than the year prior, it was not without its challenges. Inflation remained high for the majority of the year and although it has now dropped to 3.2% at March 2024, it is falling at a slower rate than expected and still above the Bank of England target of 2%. The impact of this inflation battle is that interest rates have remained higher for far longer than expected; the Bank of England Base Rate has remained at 5.25% since August 2023 and although it is expected to have peaked, it is unlikely to fall to below 4% before the end of 2024. Supply chain shortages and gaps in the labour market appear to have eased and we are seeing more positive results when running tenders in terms of pricing in some areas such as repairs and maintenance. In contrast, insurance costs are soaring across the sector and following the significant increase for the 2023/24 year, the recent tender has seen a further 35% uplift for the 2024/25 year. Energy bills and food costs have remained high, although are now starting to fall, resulting in ongoing financial pressures for many people, including our staff and customers.

Despite these challenges, the Association has achieved a favourable outturn on arrears management, an increase in income and good cost control over the last 12 months. Financial results for the 2023/24 year are favourable overall when compared to budget expectation and we have increased our cash reserves whilst removing the need for the expected £1.0 million of loan drawdowns over the course of the year. The latter is due to the reduction in spend on our capital major repairs programme compared to budget. This was due to some reprogramming along with better pricing being achieved on some new contracts. We have carried forward capital major repairs spend of £0.22 million to the 2024/25 year. As we have achieved a better cash reserves position, we have recently started taking advantage of the higher interest rates that are on offer by using 35/95 day notice accounts. These provide a higher rate of interest than our existing bank account offering.

Like many social landlords who have grown through stock transfer the Association does not have a single rent structure but is operating with a legacy of several. Our objective has been to move towards a harmonised structure and we are aiming to complete this over the next few years. The rent increase for the 2023/24 year was 7% across all tenancies. The 2024/25 rent increase will average 5.4%; the majority of tenants being charged 5.5% with some being charged a slightly lower or higher amount depending on where the current rent level sits in comparison to the average rent for the property type/size.

SHETTLESTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

It should also be noted that our most recent business plan update has seen our rent inflation assumption being revised from +2% above inflation for years 3 – 9 (7 year period) to +1% above inflation for years 3 – 17 (13 year period).

We will continue to review and update our financial position and will take every opportunity to reduce the need for future above inflation rent increases where possible. Our aim is always to keep rents affordable whilst also maintaining service levels.

We are also about to conclude discussions with our lender, the Royal Bank of Scotland (RBS), on amending our interest cover covenant calculation. Our updated business plan model is showing that covenant compliance is tight over the 2024/25 and 2025/26 years although we are achieving compliance. The aim is to provide more flexibility in terms of investment spend; this is important as we have yet to incorporate any significant spend in relation to EESSH2 or Net Zero into our business plan projections.

The update to the 30-year business plan model was approved by the Board in March 2024. It is also worth noting the following key financial performance indicators for the 2023/24 year:

- All statutory reporting and compliance requirements were met on time; and
- All loan covenants were achieved at the end of the financial year.

Related Party Transactions

Some members of the Board are tenants. Their tenancies are on the Association's normal tenancy terms, and they cannot use their positions to their advantage. Transactions with the Board are included in Note 29.

Statement on Internal Financial Control

The Board acknowledge their ultimate responsibility for ensuring that the Group and 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 Group and 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 financial mis-statement or loss.

Key elements include ensuring that:

- (a) 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 Group's and the Association's assets;
- (b) Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- (c) Forecasts and budgets are prepared which allow the Board and management to monitor the key business risks and financial objectives, and progress towards financial plans set out for the year. During the financial year, regular management accounts are prepared promptly, providing relevant, reliable and up to date financial and other information. Significant variances from budgets are investigated as appropriate;

SHETTLESTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

- (d) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the relevant sub-committee which are comprised of Board members;
- (e) The Group and Association has appointed a firm of consultants, who specialise in internal audit, as internal auditors with the specific responsibility of assessing the adequacy and reliability of the system of internal financial control. The results of such reviews are reported to the Audit & Corporate Sub-Committee;
- (f) The Board reviews reports from the external auditor to provide reasonable assurance that control procedures are in place and are being followed; and
- (g) Formal practices have been established for instituting appropriate action to correct weaknesses identified from the reports of the external auditor and the internal auditor.

The Board has reviewed the effectiveness of the system of internal control in existence in the Group and Association for the year ended 31 March 2024. No weaknesses were found in internal financial control which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Statement of the Board's responsibilities

Housing Association legislation requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure of the Group and the Association for the year ended on that date. In preparing those financial statements the Board are required to:-

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Association and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

The Board is also responsible for safeguarding the assets of the Group and the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

As far as the Board members are aware, there is no relevant audit information of which the Group's auditor is 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 the Group's auditor is aware of such information.

SHETTLESTON HOUSING ASSOCIATION LIMITED

**REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2024**

Auditor

Azets Audit Services will be proposed for reappointment at the Annual General Meeting.

By order of the Board



**Maureen Mulgrew
Secretary**

Dated: 20 August 2024

SHETTLESTON HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHETTLESTON HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Opinion

We have audited the financial statements of Shettleston Housing Association Limited (the "Parent Association") and its subsidiaries (the "Group") for the year ended 31 March 2024 which comprise the Group and Association Statements of Comprehensive Income, the Group and Association Statements of Changes in Capital and Reserves, the Group and Association Statements of Financial Position, the Group and Association Statements of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the Parent Association's affairs as at 31 March 2024 and of the Group's and the Parent Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator.

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 Group and the Parent 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 ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

SHETTLESTON HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHETTLESTON HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 6, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and the Parent 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 intend to liquidate the Group or the Parent 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.

A further description of our responsibilities is available on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

SHETTLESTON HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHETTLESTON HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the Group and the Parent Association, their activities, their control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the Group and the Parent Association are complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the Group and the Parent Association that were contrary to applicable laws and regulations, including fraud.

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

- the engagement director ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Group and the Parent Association through discussions with the Board members and the senior management team, and from our knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the Parent Association, including the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator and taxation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Board and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

SHETTLESTON HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHETTLESTON HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of the Board and relevant sub-committees;
- enquiring of the senior management team and the Board as to actual and potential litigation and claims;
- reviewing legal and professional fees paid in the year for indication of any actual and potential litigation and claims; and
- reviewing correspondence with HMRC, the Scottish Housing Regulator, OSCR and the Group's legal advisors.

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

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

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

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

SHETTLESTON HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHETTLESTON HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Use of our report

This report is made solely to the Parent Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Parent Association's members, as a body, 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 Parent Association and the Parent Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Azets Audit Services
Statutory Auditor
Chartered Accountants
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 27 August 2024

Azets Audit Services is eligible for appointment as auditor of the Group and the Parent Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

SHETTLESTON HOUSING ASSOCIATION LIMITED

REPORT OF THE AUDITOR TO THE BOARD OF SHETTLESTON HOUSING ASSOCIATION LIMITED ON INTERNAL FINANCIAL CONTROL FOR THE YEAR ENDED 31 MARCH 2024

In addition to our audit of the financial statements, we have reviewed your statements on page 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial control contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

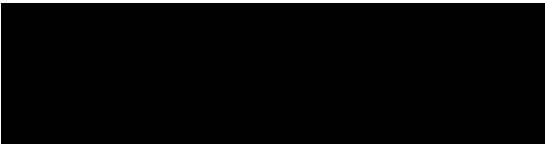
Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 5 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 control and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



**Azets Audit Services
Statutory Auditor
Chartered Accountants**

Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 27 August 2024

Azets Audit Services is eligible for appointment as auditor of the Group and the Parent Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

SHETTLESTON HOUSING ASSOCIATION LIMITED

**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024**

| | Notes | 2024 £ | 2023 £ |
|---|-------|--------------------|-------------|
| Turnover | 4 | 12,427,013 | 11,231,846 |
| Operating expenditure | 4 | (9,057,451) | (8,242,228) |
| Operating surplus | 4, 11 | 3,369,562 | 2,989,618 |
| (Decrease)/increase in the fair value of investment properties | 14b | (47,094) | 86,625 |
| Interest receivable and other income | 9 | 30,013 | 6,565 |
| Net interest on pension scheme asset | 22 | 40,000 | - |
| Interest payable and similar charges | 10 | (1,274,967) | (1,034,439) |
| Surplus before taxation | | 2,117,514 | 2,048,369 |
| Tax charge on surplus | 12 | 33,051 | (33,077) |
| Surplus for the year | | 2,150,565 | 2,015,292 |
| Other comprehensive income | | | |
| Actuarial (loss) in respect of the SHAPS defined benefit pension scheme | 22 | (741,000) | (593,000) |
| Actuarial gain in respect of the Strathclyde defined benefit pension scheme | 22 | 158,000 | - |
| Total comprehensive income | | 1,567,565 | 1,422,292 |

The financial statements were authorised for issue by the Board on 20 August 2024 and were signed on its behalf by:

[REDACTED]

Hugh McIntosh

Chair

[REDACTED]

Elizabeth Battersby

Vice Chair

[REDACTED]

Maureen Mulgrew

Secretary

Regulated Number: SP1884RS

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements

SHETTLESTON HOUSING ASSOCIATION LIMITED

**ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024**

| | Notes | 2024 £ | 2023 £ |
|---|-------|--------------------|-------------|
| Turnover | 4 | 12,249,923 | 11,101,570 |
| Operating expenditure | 4 | (9,037,895) | (8,302,438) |
| Operating surplus | 4, 11 | 3,212,028 | 2,799,132 |
| (Decrease)/increase in the fair value of investment properties | 14c | (47,094) | 86,625 |
| Interest receivable and other income | 9 | 69,770 | 43,407 |
| Interest payable and similar charges | 10 | (1,271,636) | (1,031,737) |
| Net interest on pension scheme asset | | 40,000 | - |
| Investment income – gift aid from subsidiary | | 91,896 | 300,000 |
| Surplus for the year | | 2,094,964 | 2,197,427 |
| Other comprehensive income | | | |
| Actuarial (loss) in respect of the SHAPS defined benefit pension scheme | 22 | (741,000) | (593,000) |
| Actuarial gain in respect of the Strathclyde defined benefit pension scheme | 22 | 158,000 | - |
| Total comprehensive income | | 1,511,964 | 1,604,427 |

The financial statements were authorised for issue by the Board on 20 August 2024 and were signed on its behalf by:



Hugh McIntosh

Chair



Elizabeth Battersby

Vice Chair



Maureen Mulgrew

Secretary

Regulated Number: SP1884RS

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements

SHETTLESTON HOUSING ASSOCIATION LIMITED

GROUP STATEMENT OF CHANGES IN CAPITAL AND RESERVES AS AT 31 MARCH 2024

| | Share Capital £ | Revenue Reserve £ | Capital Redemption Reserve £ | Total Reserves £ |
|-------------------------------|--------------------------------|----------------------------------|---|---------------------------------|
| Balance at 1 April 2023 | 124 | 11,712,539 | 741 | 11,713,404 |
| Issue of share capital | 15 | - | - | 15 |
| Cancellation of share capital | (11) | - | 11 | - |
| Total comprehensive income | - | 1,567,565 | - | 1,567,565 |
| | <u>128</u> | <u>13,280,104</u> | <u>752</u> | <u>13,280,984</u> |

| | <i>Share Capital £</i> | <i>Revenue Reserve £</i> | <i>Capital Redemption Reserve £</i> | <i>Total Reserves £</i> |
|-------------------------------|--------------------------------|----------------------------------|---|---------------------------------|
| Balance at 1 April 2022 | 108 | 10,290,247 | 741 | 10,291,096 |
| Issue of share capital | 16 | - | - | 16 |
| Cancellation of share capital | - | - | - | - |
| Total comprehensive income | - | 1,422,292 | - | 1,422,292 |
| | <u>124</u> | <u>11,712,539</u> | <u>741</u> | <u>11,713,404</u> |

The notes form part of these financial statements.

SHETTLESTON HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES AS AT 31 MARCH 2024

| | Share Capital £ | Revenue Reserve £ | Capital Redemption Reserve £ | Total Reserves £ |
|-------------------------------|--------------------------------|----------------------------------|---|-----------------------------|
| Balance at 1 April 2023 | 124 | 11,043,756 | 741 | 11,044,621 |
| Issue of share capital | 15 | - | - | 15 |
| Cancellation of share capital | (11) | - | 11 | - |
| Total comprehensive income | - | 1,511,964 | - | 1,511,964 |
| Balance at 31 March 2024 | <u>128</u> | <u>12,555,720</u> | <u>752</u> | <u>12,556,600</u> |

| | <i>Share Capital £</i> | <i>Revenue Reserve £</i> | <i>Capital Redemption Reserve £</i> | <i>Total Reserves £</i> |
|-------------------------------|--------------------------------|----------------------------------|---|---------------------------------|
| Balance at 1 April 2022 | 108 | 9,439,329 | 741 | 9,440,178 |
| Issue of share capital | 16 | - | - | 16 |
| Cancellation of share capital | - | - | - | - |
| Total comprehensive income | - | 1,604,427 | - | 1,604,427 |
| Balance at 31 March 2023 | <u>124</u> | <u>11,043,756</u> | <u>741</u> | <u>11,044,621</u> |

The notes form part of these financial statements.

SHETTLESTON HOUSING ASSOCIATION LIMITED

**GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024**

| | Notes | 2024 £ | 2023 £ |
|--|-------|---------------------|---------------------|
| Tangible fixed assets | | | |
| Housing properties | 14a | 77,574,771 | 77,459,122 |
| Other fixed assets | 14b | 2,733,780 | 2,731,260 |
| | | <u>80,308,551</u> | <u>80,190,382</u> |
| Current assets | | | |
| Stock | 15b | 55,859 | 61,803 |
| Debtors | 16 | 925,220 | 575,440 |
| Cash and cash equivalents | 17 | 1,621,775 | 1,409,904 |
| Investments | 18 | 652,005 | - |
| | | <u>3,254,859</u> | <u>2,047,147</u> |
| Creditors: amounts falling due within one year | 19 | <u>(2,907,023)</u> | <u>(2,792,637)</u> |
| Net current assets/(liabilities) | | <u>347,836</u> | <u>(745,490)</u> |
| Total assets less current liabilities | | <u>80,656,387</u> | <u>79,444,892</u> |
| Creditors: amounts falling due after more than one year | 20 | <u>(66,288,269)</u> | <u>(67,171,302)</u> |
| Provisions for liabilities | 13 | (40,127) | (73,178) |
| SHAPS defined benefit pension liability | 22 | (1,243,007) | (487,008) |
| Strathclyde pension scheme defined benefit pension liability | 22 | 196,000 | - |
| Net assets | | <u>13,280,984</u> | <u>11,713,404</u> |
| Capital and reserves | | | |
| Share capital | 23 | 128 | 124 |
| Revenue reserve | 23 | 13,280,104 | 11,712,539 |
| Capital redemption reserve | 23 | 752 | 741 |
| | | <u>13,280,984</u> | <u>11,713,404</u> |

The financial statements were authorised for issue by the Board on 20 August 2024 and were signed on its behalf by:



Hugh McIntosh

Chair



Elizabeth Battersby

Vice Chair



Maureen Mulgrew

Secretary

Regulated Number: SP1884RS
The notes form part of these financial statements

SHETTLESTON HOUSING ASSOCIATION LIMITED

**ASSOCIATION STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024**

| | Notes | 2024 £ | 2023 £ |
|--|-------|---------------------|---------------------|
| Tangible fixed assets | | | |
| Housing properties | 14a | 77,574,771 | 77,459,122 |
| Other fixed assets | 14c | 1,827,511 | 1,805,569 |
| | | <u>79,402,282</u> | <u>79,264,691</u> |
| Investments | | | |
| Investments in subsidiaries | 15a | 2 | 2 |
| Current assets | | | |
| Debtors due in more than one year | 16 | 669,359 | 669,359 |
| Debtors due in less than one year | 16 | 882,837 | 530,923 |
| Cash and cash equivalents | 17 | 1,325,500 | 1,043,098 |
| Investments | 18 | 652,005 | - |
| | | <u>3,529,701</u> | <u>2,243,380</u> |
| Creditors: amounts falling due within one year | 19 | (3,048,805) | (2,823,790) |
| | | <u>480,896</u> | <u>(580,410)</u> |
| Net current assets/(liabilities) | | 480,896 | (580,410) |
| Total assets less current liabilities | | 79,883,180 | 78,684,283 |
| Creditors: amounts falling due after more than one year | 20 | (66,279,573) | (67,152,654) |
| SHAPS defined benefit pension liability | 22 | (1,243,007) | (487,008) |
| Strathclyde pension scheme defined benefit pension liability | 22 | 196,000 | - |
| | | <u>12,556,600</u> | <u>11,044,621</u> |
| Net assets | | 12,556,600 | 11,044,621 |
| Capital and reserves | | | |
| Share capital | 23 | 128 | 124 |
| Revenue reserve | 23 | 12,555,720 | 11,043,756 |
| Capital redemption reserve | 23 | 752 | 741 |
| | | <u>12,556,600</u> | <u>11,044,621</u> |

The financial statements were authorised for issue by the Board on 20 August 2024 and were signed on its behalf by:

[Redacted Signature]

Hugh McIntosh

Chair

[Redacted Signature]

Elizabeth Battersby

Vice Chair

[Redacted Signature]

Maureen Mulgrew

Secretary

Regulated Number: SP1884RS
The notes form part of these financial statements

SHETTLESTON HOUSING ASSOCIATION LIMITED

**GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024**

| | Notes | 2024 £ | 2023 £ |
|---|-------|------------------|------------------|
| Net cash generated from operating activities | 1 | 5,098,948 | 5,511,962 |
| Cashflows from investing activities | | | |
| Purchase of housing properties | | (2,282,929) | (5,686,709) |
| Purchase of property, plant and equipment | | (199,878) | (103,075) |
| Proceeds from sale of property, plant and equipment and investment properties | | - | - |
| Deferred Government Capital Grants received | | 310,353 | 1,000,076 |
| Interest received | | 30,013 | 6,565 |
| Tax paid | | (2,478) | - |
| Cashflows from financing activities | | | |
| Interest paid | | (2,075,943) | (1,837,558) |
| Repayment of HP | | (14,225) | (12,518) |
| Bank loan drawn down | | - | 500,000 |
| SHAPS past service deficit payment | | - | (353,000) |
| Issue of share capital | | 15 | 16 |
| Deposit to current asset investments | | (652,005) | - |
| Net changes in cash and cash equivalents | | 211,871 | (974,241) |
| Cash and cash equivalents at 1 April 2023 | | 1,409,904 | 2,384,145 |
| Cash and cash equivalents at 31 March 2024 | | 1,621,775 | 1,409,904 |

i) Analysis of changes in net debt

| | At 1 April 2023 £ | Cash flows £ | Other non- cash changes £ | At 31 March 2024 £ |
|----------------------------------|-------------------------|-----------------|---------------------------------|--------------------------|
| Cash and cash equivalents | | | | |
| Cash and cash equivalents | 1,409,904 | 211,871 | - | 1,621,775 |
| | <u>1,409,904</u> | <u>211,871</u> | <u>-</u> | <u>1,621,775</u> |
| Borrowings | | | | |
| Debt due within one year | (830,395) | - | (8,791) | (839,186) |
| Debt due after one year | (51,142,239) | - | 838,991 | (50,303,248) |
| | <u>(51,972,634)</u> | <u>-</u> | <u>830,200</u> | <u>(51,142,434)</u> |
| Total | (50,562,730) | 211,871 | 830,200 | (49,520,659) |

The notes form part of these financial statements

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024**

1) Reconciliation of surplus for year to Net Cash Inflow from Operating Activities

| | 2024 | 2023 |
|--|-------------------------|-------------------------|
| | £ | £ |
| Surplus for the year | 2,150,565 | 2,015,292 |
| <u>Adjustments for non-cash items</u> | | |
| Depreciation | 2,317,544 | 2,081,404 |
| Movement in fair value of investment properties | 47,094 | (86,625) |
| (Increase)/decrease in debtors | (349,780) | 1,097,963 |
| Increase/(decrease) in creditors | 105,848 | (491,378) |
| Release of deferred Government capital grants | (352,170) | (282,653) |
| Strathclyde Pension Scheme – non cash movements | (38,000) | - |
| SHAPS Pension Scheme – non cash movements | 15,000 | 129,000 |
| Carrying value of tangible fixed asset disposals | - | 4,023 |
| Decrease/(increase) in stock | 5,944 | (16,015) |
| Taxation charge | (33,051) | 33,077 |
| <u>Adjustments for investing or financing activities</u> | | |
| Proceeds from sale of tangible fixed assets | - | - |
| Interest received | (30,013) | (6,565) |
| Interest payable | 1,259,967 | 1,034,439 |
| | <u>5,098,948</u> | <u>5,511,962</u> |

SHETTLESTON HOUSING ASSOCIATION LIMITED

**ASSOCIATION STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024**

| | Notes | 2024 £ | 2023 £ |
|---|-------|------------------|------------------|
| Net cash generated from operating activities | 1 | 5,067,571 | 5,650,814 |
| Cashflows from investing activities | | | |
| Purchase of housing properties | | (2,282,929) | (5,686,709) |
| Purchase of property, plant and equipment | | (157,761) | (30,173) |
| Proceeds from sale of property, plant and equipment and investment properties | | - | - |
| Deferred Government Capital grants received | | 310,353 | 1,000,076 |
| Interest received | | 69,770 | 43,407 |
| Cashflows from financing activities | | | |
| Interest paid | | (2,072,612) | (1,834,856) |
| Bank loan drawn down | | - | 500,000 |
| SHAPS past service deficit payment | | - | (353,000) |
| Issue of share capital | | 15 | 16 |
| Deposit to current asset investments | | (652,005) | - |
| Net changes in cash and cash equivalents | | 282,402 | (710,425) |
| Cash and cash equivalents at 1 April 2023 | | 1,043,098 | 1,753,523 |
| Cash and cash equivalents at 31 March 2024 | | 1,325,500 | 1,043,098 |

(i) Analysis of changes in net debt

| | At 1 April 2023 £ | Cash flows £ | Other non-cash changes £ | At 31 March 2024 £ |
|----------------------------------|-------------------------|--------------------|-----------------------------------|--------------------------|
| Cash and cash equivalents | | | | |
| Cash and cash equivalents | 1,043,098 | 282,402 | - | 1,325,500 |
| | <u>1,043,098</u> | <u>282,402</u> | <u>-</u> | <u>1,325,500</u> |
| Borrowings | | | | |
| Debt due within one year | (815,975) | - | (13,064) | (829,039) |
| Debt due after one year | (51,123,591) | - | 829,039 | (50,294,552) |
| | <u>(51,939,566)</u> | <u>-</u> | <u>815,975</u> | <u>(51,123,591)</u> |
| Total | (50,896,468) | 282,402 | 815,975 | (49,798,091) |

The notes form part of these financial statements

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE ASSOCIATION STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024**

1) Reconciliation of surplus for year to Net Cash Inflow from Operating Activities

| | 2024 | 2023 |
|--|------------------|------------------|
| | £ | £ |
| Surplus for the year | 2,094,964 | 2,197,427 |
| <u>Adjustments for non-cash items</u> | | |
| Depreciation | 2,256,005 | 2,028,376 |
| Movement in fair value of investment properties | 47,094 | (86,625) |
| (Increase)/decrease in debtors | (351,914) | 1,168,153 |
| Increase/(decrease) in creditors | 209,726 | (491,194) |
| Release of deferred Government capital grants | (352,170) | (282,653) |
| Strathclyde Pension Scheme – non cash movements | (38,000) | - |
| SHAPS Pension Scheme – non cash movements | 15,000 | 129,000 |
| <u>Adjustments for investing or financing activities</u> | | |
| Proceeds from sale of tangible fixed assets | - | - |
| Interest received | (69,770) | (43,407) |
| Interest payable | 1,256,636 | 1,031,737 |
| | 5,067,571 | 5,650,814 |

SHETTLESTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. General Information

The Group is registered under The Co-operative & Community Benefit Societies Act 2014. The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Accounting Requirements issued by the Scottish Housing Regulator and Statement of Recommended Practice for Social Housing Providers.

The principal accounting policies are set out below.

The presentation currency is pound sterling, and the financial statements are rounded to the nearest whole number.

The Association is a registered social landlord in Scotland and its registered number is 183. The registered address is included in the front page of the financial statements.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities.

2. Accounting policies

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Accounting Requirements as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers. The principal accounting policies are set out below.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see note 3).

A summary of the principal accounting policies is set out below.

(a) Basis of preparation

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards.

The effect of events relating to the year ended 31 March 2024, which occurred before the date of approval of the financial statements by the Board of Management have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2024 and of the results for the year ended on that date.

(b) Going concern

The Board anticipates that a surplus will be generated in the year to 31 March 2025 and the year to 31 March 2026. The Group has a healthy cash position and thus the Board is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus, the Board continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Our updated business plan model is reporting covenant compliance over the three-year business plan period (2024/25 – 2026/27) however there is little headroom in the interest cover covenant. We are in the process of working with RBS to resolve the issue which will result in a new interest cover calculation. It is hoped that this will be resolved by quarter 2 of the 2024/25 year.

SHETTLESTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

(b) Going concern (continued)

If this is not agreed, spend across the Association, and in particular our capitalised major repairs programme, will be monitored to ensure covenant compliance is achieved. We will continue to review and update our financial position and will take every opportunity to reduce the need for future above inflation rent increases where possible. Our aim is always to keep rents affordable whilst also maintaining service levels.

(c) Turnover

Association

Turnover represents rental and service charge income, factoring service income, and fees or revenue grants receivable from Glasgow City Council and from the Scottish Government. Also included is any income from first tranche shared ownership disposals.

Upkeep Shettleston Community Enterprises Limited and East End Housing Development Company Limited

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

(d) Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

(e) Government revenue grants

Government revenue grants are recognised using the accrual model which means the Group recognises the grant in income on a systematic basis over the period in which the Group recognises the related costs for which the grant is intended to compensate.

(f) Interest receivable and other income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

(g) Interest payable and similar expenses

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

(h) Lessor

The Group rents out commercial property under formal leases. The rental income is recognised within other activities (note 6) on an accrual's basis.

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

2. Accounting policies (continued)

(i) Fixed assets - Housing properties

Housing properties are stated at deemed cost based on an Existing Use Value at 1 April 2014. From this date, housing properties have been accounted for under historical cost. The development cost of housing properties includes the following:

- cost of acquiring land and buildings;
- development expenditure; and
- internal administrative costs relating to the acquisition and development of housing properties.

Included within housing properties is 32 mid-market units leased to tenants via East End Housing Development Company Limited.

These costs are termed "qualifying costs" by the Scottish Government for approved Housing Association Grant. Refurbishment expenditure on existing properties is capitalised to the extent that the expenditure represents improvements to the properties or replacement of components.

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

(j) Fixed assets – investment properties

Investment properties are initially recorded at cost. Thereafter investment properties are held at market value with any changes in market value recognised in the Statement of Comprehensive Income.

(k) Fixed assets – other fixed assets

Other fixed assets are stated at cost less accumulated depreciation.

(l) Development and maintenance administration costs

Development and maintenance administration costs relating to development and maintenance capital projects activities are capitalised based on an apportionment of the staff time spent directly on this activity.

(m) Depreciation

Housing properties

Housing properties are stated at cost, less accumulated depreciation. Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. The cost of new housing units is depreciated from the month the unit is first rented. The following major components and useful lives have been identified by the Association:

| | |
|------------|-------------------|
| Land | - not depreciated |
| Structure | - over 50 years |
| Heating | - over 15 years |
| Digital | - over 15 years |
| Kitchen | - over 15 years |
| Bathroom | - over 30 years |
| Doors | - over 30 years |
| Windows | - over 30 years |
| Cladding | - over 50 years |
| Roof | - over 50 years |
| Gutters | - over 30 years |
| Electrical | - over 30 years |

SHETTLESTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

(m) Depreciation (continued)

Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used:

| | | |
|----------------------|---|-------------|
| Computer Equipment | - | 33% on cost |
| Motor Vehicles | - | 25% on cost |
| Furniture & Fittings | - | 20% on cost |
| Office Premises | - | 2% on cost |

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

(n) Stock

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Statement of Financial Position date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

(o) Debtors

Short term debtors are measured at transaction price, less any impairment.

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in Note 16.

(p) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

(q) Investments

Bank deposits that have a maturity of more than three months are disclosed as investments.

(r) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

(s) Financial Instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method.

SHETTLESTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

(s) Financial instruments (continued)

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

(t) Government capital grants

Government capital grants, at amounts approved by The Scottish Government or Glasgow City Council, are paid directly to the Group as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Group to recognise income on a systematic basis over the period in which the Group recognises the related costs for which the grant is intended to compensate. The government capital grants relating to new housing units is amortised from the month the unit is first rented.

(u) Non-government capital and revenue grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

(v) Loans

Mortgage loans are advanced by Private Lenders under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by Glasgow City Council.

(w) Pensions (note 22)

The Scottish Housing Association Defined Benefits Pension Scheme

The Association participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) 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 Associations taken as a whole.

The SHAPS is accounted for as a defined benefit scheme and as such the amount charged to the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

SHETTLESTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

(w) Pensions (note 22) (continued)

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each reporting date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the Statement of Financial Position only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the reporting date. A pension scheme liability is recognised to the extent that the Association has a legal or constructive obligation to settle the liability.

The Strathclyde Pension Fund

The Strathclyde Pension fund is accounted for as a defined benefit scheme and as such the amount charged to the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each reporting date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the Statement of Financial Position only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the reporting date. A pension scheme liability is recognised to the extent that the Association has a legal or constructive obligation to settle the liability.

The Scottish Housing Association Defined Contribution Scheme

This is a defined contribution scheme. Employer contributions are charged to the Statement of Comprehensive Income on an accruals basis.

(x) Financial Commitments

Assets held under finance leases where substantially all the risks and rewards of ownership of the asset have passed to the Group and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated in the Statement of Comprehensive Income over the period of their useful lives.

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

(y) Development and maintenance costs capitalised

100% of the payroll cost of the development staff is capitalised whilst a proportion (ranging from 25% to 100%) of the payroll cost of maintenance staff is capitalised based on an estimate of the time spent by maintenance staff on managing capital additions (i.e., new components).

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

3. Judgements in applying policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The members of the Board consider the following to be critical judgements in preparing the financial statements:

- The categorisation of housing properties as property, plant and equipment in line with the requirements of the SORP; and
- The amount disclosed as 'operating surplus' is representative of activities that would normally be regarded as 'operating'.

The Board are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

Estimate

Useful lives of property, plant and equipment

The main components of housing properties and their useful lives

Recoverable amount of rental and other trade receivables

The obligations under the SHAPs Pension Scheme and Strathclyde Pension Scheme

The valuation of investment properties

Basis of estimation

The useful lives of property, plant and equipment are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.

The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.

Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.

These have relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.

The investment properties were valued by an appropriately qualified surveyor using market data at the date of valuation.

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

4. Particulars of turnover, operating expenditure and operating surplus

| Group | 2024 | | | 2023 | | |
|--|-------------------|-------------------------------|---------------------------|-------------------|-------------------------------|---------------------------|
| | Turnover £ | Operating Expenditure £ | Operating Surplus £ | Turnover £ | Operating Expenditure £ | Operating Surplus £ |
| Income and Expenditure From lettings | | | | | | |
| Social Lettings (Note 5) | 11,959,444 | 9,022,272 | 2,937,172 | 10,828,272 | 8,247,733 | 2,580,539 |
| Other activities (Note 6) | 290,479 | 15,623 | 274,856 | 273,298 | 54,705 | 218,593 |
| Upkeep Shettleston Community Enterprises Limited | 2,600,970 | 2,470,487 | 130,483 | 2,454,892 | 2,317,448 | 137,444 |
| East End Housing Development Company Limited | 283,035 | 255,984 | 27,051 | 273,614 | 220,572 | 53,042 |
| Less: Intergroup transactions* | (2,706,915) | (2,706,915) | - | (2,598,230) | (2,598,230) | - |
| | <u>12,427,013</u> | <u>9,057,451</u> | <u>3,369,562</u> | <u>11,231,846</u> | <u>8,242,228</u> | <u>2,989,618</u> |
| Association | | | | | | |
| | Turnover £ | Operating Expenditure £ | Operating Surplus £ | Turnover £ | Operating Expenditure £ | Operating Surplus £ |
| Income and Expenditure From lettings | | | | | | |
| Social Lettings (Note 5) | 11,959,444 | 9,022,272 | 2,937,172 | 10,828,272 | 8,247,733 | 2,580,539 |
| Other activities (Note 6) | 290,479 | 15,623 | 274,856 | 273,298 | 54,705 | 218,593 |
| | <u>12,249,923</u> | <u>9,037,895</u> | <u>3,212,028</u> | <u>11,101,570</u> | <u>8,302,438</u> | <u>2,799,132</u> |

*These are intergroup transactions removed on consolidation including the sales from Upkeep to the Association and EEHDC, the management charge from the Association to the two subsidiaries and rent charged by the Association to two subsidiaries.

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

5. Particulars of turnover, operating expenditure and operating surplus from social letting activities

| Association | General Needs Housing £ | Supported Housing Accommodation £ | Shared Ownership Accommodation £ | 2024 Total £ | 2023 Total £ |
|--|----------------------------------|--|---|--------------------|--------------------|
| Income from rent and service charges | | | | | |
| Rent receivable net of service charges | 10,876,336 | - | 33,764 | 10,910,100 | 9,981,208 |
| Mid-market rent lease income | 105,410 | - | - | 105,410 | 98,514 |
| Service charges | 478,593 | - | 2,539 | 481,132 | 438,880 |
| Gross income from rents and service charges | 11,460,339 | - | 36,303 | 11,496,642 | 10,518,602 |
| Less voids | (76,711) | - | - | (76,711) | (77,230) |
| Net income from rents and service charges | 11,383,628 | - | 36,303 | 11,419,931 | 10,441,372 |
| Stage 3 grants | 149,355 | - | - | 149,355 | 96,174 |
| Revenue grants | 37,988 | - | - | 37,988 | 8,073 |
| Amortisation of deferred Government Capital Grants | 352,170 | - | - | 352,170 | 282,653 |
| Total turnover from social letting activities | 11,923,141 | - | 36,303 | 11,959,444 | 10,828,272 |
| Expenditure | | | | | |
| Management and maintenance administration costs | 2,854,229 | - | 15,799 | 2,870,028 | 2,574,726 |
| Service charges | 1,048,912 | - | 5,249 | 1,054,161 | 989,325 |
| Planned cyclical maintenance including major repairs | 1,221,270 | - | - | 1,221,270 | 987,038 |
| Reactive maintenance costs | 1,409,863 | - | - | 1,409,863 | 1,373,440 |
| Bad debts – rents and service charges | 30,228 | - | - | 30,228 | 103,705 |
| Depreciation of social housing | 2,159,220 | - | 8,060 | 2,167,280 | 1,987,607 |
| Property insurance | 269,442 | - | - | 269,442 | 231,892 |
| Impairment charge | - | - | - | - | - |
| Operating costs for social letting activities | 8,993,164 | - | 29,108 | 9,022,272 | 8,247,733 |
| Operating Surplus on letting activities, 2024 | 2,929,977 | - | 7,195 | 2,937,172 | |
| Operating Surplus on letting activities, 2023 | 2,566,907 | - | 13,632 | | 2,580,539 |

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

6. Particulars of turnover, operating expenditure and operating surplus from other activities

| Association | | | | | 2024 | 2023 | | | | |
|--|-------------------------------------|---------------------------|-------------------------------|-------------------|---------------------|---------------------|--|----------------------------------|------------------------|------------------------|
| | Grants from Scottish Ministers £ | Other revenue grants £ | Supporting people income £ | Other income £ | Total Turnover £ | Total Turnover £ | Operating expenditure - bad debts £ | Other operating expenditure £ | Operating Surplus £ | Operating surplus £ |
| Wider role activities # | - | - | - | - | - | - | - | - | - | - |
| Care and repair of property | - | - | - | - | - | - | - | - | - | - |
| Factoring | - | - | - | 64,708 | 64,708 | 58,669 | - | (6,920) | 57,788 | 7,198 |
| Care activities | - | - | - | - | - | - | - | - | - | - |
| Agency/management services for RSLs | - | - | - | 9,300 | 9,300 | 9,300 | - | - | 9,300 | 9,300 |
| Adaptations | - | - | - | - | - | - | - | - | - | - |
| Commercial rent | - | - | - | 69,847 | 69,847 | 70,678 | - | (8,703) | 61,144 | 67,444 |
| Management charge to subs | - | - | - | 146,624 | 146,624 | 134,651 | - | - | 146,624 | 134,651 |
| Total from other activities, 2024 | - | - | - | 290,479 | 290,479 | | - | (15,623) | 274,856 | |
| Total from other activities, 2023 | - | - | - | 273,298 | | 273,298 | - | (54,705) | | 218,593 |

Undertaken to support the community, other than the provision, construction, improvement and management of housing.

The minimum expected rental income for commercial units for 2024/25 is £60,232.

SHETTLESTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

7. Directors' Emoluments

Group and Association

The directors are defined as the members of the Board, the Chief Executive and anyone who reports directly to the Chief Executive or the Board. No emoluments were paid to any member of the Board during the year. The Association considers key management personnel to be the Board and Executive Officers (as listed on the front page of the financial statements).

| | 2024 £ | 2023 £ |
|--|---------------|---------------|
| Emoluments (excluding pension contributions) of: | | |
| Chief Executive | <u>95,385</u> | <u>89,199</u> |

The Chief Executive is a member of the Scottish Housing Association Pension Scheme (SHAPS) described in note 22. No enhanced or special terms apply to membership and he has no other pension arrangements to which the Association contributes. The Association's contribution for the Chief Executive in the year amounted to £11,842 (2023: £11,819). No past service deficit contributions are made in respect of the Chief Executive.

| Numbers of Directors whose emoluments exceed £60,000 during the year were as follows (excluding pension contributions):- | 2024 Number | 2023 Number |
|--|----------------|----------------|
| £60,001 - £70,000 | - | - |
| £70,001 - £80,000 | 2 | 1 |
| £80,001 - £90,000 | - | 2 |
| £90,001 - £100,000 | 1 | - |
| £100,001 - £120,000 | - | - |
| £120,001 - £130,000 | - | - |

The total emoluments (excluding pension contributions) for those earning more than £60,000 were £251,247 (2023: £251,655). The total pension contributions (excluding past service deficit contributions) for those earning more than £60,000 were £29,915 (2023: £30,455).

The total emoluments (including pension contributions but excluding past service deficit contributions) paid to key management personnel was £281,162 (2023: £334,117). The social security costs for these individuals was £26,116 (2023: £38,446).

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

| 8. Employee Information | 2024 Number | 2023 Number |
|---|------------------------|------------------------|
| The average number of persons employed during the year on a full time equivalent basis was: | | |
| Housing Management | 15 | 16 |
| Maintenance | 11 | 11 |
| Financial inclusion | - | - |
| Finance | 5 | 5 |
| Administration | 5 | 5 |
| Factoring | 2 | 2 |
| Housing Support | 1 | 2 |
| Wider role | - | - |
| IT | 2 | 3 |
| Welfare Rights Officers | 1 | 2 |
| Community Engagement & Support | 1 | 1 |
| Allotment | - | - |
| Development | - | - |
| Association | <u>43</u> | <u>47</u> |
| Upkeep Shettleston Community Enterprises Limited | <u>49</u> | <u>46</u> |
| | <u><u>92</u></u> | <u><u>93</u></u> |

The average headcount for the group was 92 (2023: 93). The average headcount for the Association is 43 (2023: 47).

| Group staff costs | 2024 £ | 2023 £ |
|---|-------------------|-------------------|
| Staff costs (including directors' emoluments): | | |
| Wages and salaries | 2,917,530 | 2,928,098 |
| Social security costs | 257,969 | 291,650 |
| Pension costs | 239,263 | 215,982 |
| Defined benefit pension charge – Strathclyde Pension Fund (Note 22) | 2,000 | 11,411 |
| SHAPS re-measurements (Note 22) | 15,000 | (42,209) |
| Agency fees | 12,547 | 28,441 |
| | <u>3,444,309</u> | <u>3,433,373</u> |
| Association staff costs | 2024 £ | 2023 £ |
| Staff costs (including directors' emoluments): | | |
| Wages and salaries | 1,749,339 | 1,824,393 |
| Social security costs | 166,595 | 201,812 |
| Pension costs | 204,493 | 183,420 |
| Defined benefit pension charge – Strathclyde Pension Fund (Note 22) | 2,000 | 11,411 |
| SHAPS re-measurements (Note 22) | 15,000 | (42,209) |
| Agency Fees | 12,547 | 28,441 |
| | <u>2,149,974</u> | <u>2,207,268</u> |

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

| 9. Interest receivable and other income | Group 2024 £ | <i>Group 2023 £</i> | Association 2024 £ | <i>Association 2023 £</i> |
|--|--------------------------------|-----------------------------|-----------------------------------|-----------------------------------|
| Interest received on deposits | 30,013 | 6,565 | 30,013 | 6,565 |
| Interest received on loans to subsidiaries | - | - | 39,757 | 36,842 |
| | <u>30,013</u> | <u>6,565</u> | <u>69,770</u> | <u>43,407</u> |
| | <u><u>30,013</u></u> | <u><u>6,565</u></u> | <u><u>69,770</u></u> | <u><u>43,407</u></u> |
| | | | | |
| 10. Interest payable and similar charges | Group 2024 £ | <i>Group 2023 £</i> | Association 2024 £ | <i>Association 2023 £</i> |
| Bank interest paid | 2,087,612 | 1,834,856 | 2,087,612 | 1,834,856 |
| Effective interest rate adjustment in respect of break costs (note 20) | (815,976) | (803,119) | (815,976) | (803,119) |
| | <u>1,271,636</u> | <u>1,031,737</u> | <u>1,271,636</u> | <u>1,031,737</u> |
| Hire purchase finance interest | 3,331 | 2,702 | - | - |
| | <u>1,274,967</u> | <u>1,034,349</u> | <u>1,271,636</u> | <u>1,031,737</u> |
| | <u><u>1,274,967</u></u> | <u><u>1,034,349</u></u> | <u><u>1,271,636</u></u> | <u><u>1,031,737</u></u> |
| | | | | |
| 11. Operating surplus | Group 2024 £ | <i>Group 2023 £</i> | Association 2024 £ | <i>Association 2023 £</i> |
| Operating surplus is stated after charging: | | | | |
| Depreciation – social housing | 2,125,791 | 1,916,922 | 2,125,791 | 1,916,922 |
| Depreciation – replaced components net book value | 41,489 | 70,685 | 41,489 | 70,685 |
| Depreciation – other fixed assets | 150,264 | 93,797 | 88,725 | 40,769 |
| Auditor's remuneration (excluding VAT) | | | | |
| - In their capacity as auditors | 34,730 | 31,865 | 21,350 | 19,000 |
| - In respect of other services | 2,636 | 4,025 | 1,026 | 2,485 |
| | <u>2,356,890</u> | <u>2,116,994</u> | <u>2,477,346</u> | <u>2,149,861</u> |
| | <u><u>2,356,890</u></u> | <u><u>2,116,994</u></u> | <u><u>2,477,346</u></u> | <u><u>2,149,861</u></u> |
| | | | | |
| 12. Taxation | | | 2024 £ | <i>2023 £</i> |
| Group | | | | |
| Provision has been made for United Kingdom corporation tax at 25% (2023: 19%) | | | - | (2,478) |
| Overprovision in prior year | | | - | 3,701 |
| Deferred tax (note 13) | | | (33,051) | (34,300) |
| Tax (charge) | | | <u>(33,051)</u> | <u>(33,077)</u> |
| | | | <u><u>(33,051)</u></u> | <u><u>(33,077)</u></u> |
| | | | | |
| Association | | | | |

As a charity, Shettleston Housing Association Limited's charitable activities are not subject to taxation. However, the surpluses from non-charitable activities are subject to taxation. No corporation tax was due in 2024 or 2023 in respect of these non-charitable activities.

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

| 13. Provision for liabilities and charges: Deferred Taxation | 2024 £ | 2023 £ |
|---|---------------|---------------|
| Group | | |
| Accelerated capital allowances | 20,258 | 49,980 |
| Capital gains | 23,003 | 23,198 |
| Tax losses | (3,134) | - |
| | <u>40,127</u> | <u>73,178</u> |
| Provision at start of year | 73,178 | 38,878 |
| Deferred tax charge in Statement of Comprehensive Income for the year (note 12) | (33,051) | 34,300 |
| Provision at end of year | <u>40,127</u> | <u>73,178</u> |

14a. Tangible Fixed Assets – Housing Properties

Group and Association

| | Housing units for let Completed £ | Housing units for let under Construction £ | Shared ownership Completed £ | Total £ |
|-----------------------|--|--|---------------------------------------|-------------------|
| Cost | | | | |
| At 1 April 2023 | 88,231,798 | 989,668 | 454,862 | 89,676,328 |
| Additions during year | - | 2,282,929 | - | 2,282,929 |
| Transfers | 1,358,612 | (1,253,740) | (104,872) | - |
| Disposals | (87,826) | - | 3,284 | (84,542) |
| At 31 March 2024 | <u>89,502,584</u> | <u>2,018,857</u> | <u>353,274</u> | <u>91,874,715</u> |
| Depreciation | | | | |
| At 1 April 2023 | 12,144,449 | - | 72,757 | 12,217,206 |
| Charge for year | 2,117,731 | - | 8,060 | 2,125,791 |
| Transfers | 18,799 | - | (18,799) | - |
| Disposals | (47,852) | - | 4,799 | (43,053) |
| At 31 March 2024 | <u>14,233,127</u> | <u>-</u> | <u>66,817</u> | <u>14,299,944</u> |
| Net Book Value | | | | |
| At 31 March 2024 | <u>75,269,457</u> | <u>2,018,857</u> | <u>286,457</u> | <u>77,574,771</u> |
| At 31 March 2023 | <u>76,087,349</u> | <u>989,668</u> | <u>382,105</u> | <u>77,459,122</u> |

SHETTLESTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

14a. Tangible Fixed Assets – Housing Properties (continued)

Development and maintenance administration costs capitalised amounted to £138,012 (2023: £269,043). £2,144,917 (2023: £1,541,614) of expenditure on new components was capitalised in the year.

Components with a cost of £84,542 (2023: £136,915) and accumulated depreciation of £43,053 (2023: £66,230) were disposed of in the year.

Included in freehold housing properties is land with a historic cost allocation of £13,703,975 (2023: £12,109,016).

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

14b. Tangible Fixed Assets – Other Tangible Assets

| Group | Investment Properties | Motor Vehicles | Office Premises | Furniture & Fittings | Computer Equipment | Total |
|------------------------|----------------------------------|---------------------------|----------------------------|-------------------------------------|-------------------------------|-------------------------|
| Cost | £ | £ | £ | £ | £ | £ |
| At 1 April 2023 | 1,807,875 | 249,210 | 950,546 | 452,812 | 632,014 | 4,092,457 |
| Additions | - | 31,519 | - | 11,533 | 156,826 | 199,878 |
| Disposals | - | (38,937) | - | - | - | (38,937) |
| Revaluation/impairment | (47,094) | - | - | - | - | (47,094) |
| At 31 March 2024 | <u>1,760,781</u> | <u>241,792</u> | <u>950,546</u> | <u>464,345</u> | <u>788,840</u> | <u>4,206,304</u> |
| Depreciation | | | | | | |
| At 1 April 2023 | - | 152,029 | 170,019 | 428,206 | 610,943 | 1,361,197 |
| Charge for year | - | 52,562 | 19,036 | 13,218 | 65,448 | 150,264 |
| Disposals | - | (38,937) | - | - | - | (38,937) |
| At 31 March 2024 | <u>-</u> | <u>165,654</u> | <u>189,055</u> | <u>441,424</u> | <u>676,391</u> | <u>1,472,524</u> |
| Net Book Value | | | | | | |
| At 31 March 2024 | <u>1,760,781</u> | <u>76,138</u> | <u>761,491</u> | <u>22,921</u> | <u>112,449</u> | <u>2,733,780</u> |
| At 31 March 2023 | <u><u>1,807,875</u></u> | <u><u>97,181</u></u> | <u><u>780,527</u></u> | <u><u>24,606</u></u> | <u><u>21,071</u></u> | <u><u>2,731,260</u></u> |

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

14c. Tangible Fixed Assets – Other Tangible Assets

| Association | Investment Properties £ | Office Premises £ | Furniture & Fittings £ | Computer Equipment £ | Total £ |
|-----------------------|--|----------------------------------|---|-------------------------------------|-------------------------|
| Cost | | | | | |
| At 1 April 2023 | 992,875 | 950,546 | 284,917 | 616,500 | 2,844,838 |
| Additions | - | - | 935 | 156,826 | 157,761 |
| Change in fair value | (47,094) | - | - | - | (47,094) |
| At 31 March 2024 | <u>945,781</u> | <u>950,546</u> | <u>285,852</u> | <u>773,326</u> | <u>2,955,505</u> |
| Depreciation | | | | | |
| At 1 April 2023 | - | 170,018 | 269,920 | 599,331 | 1,039,269 |
| Charge for year | - | 19,037 | 6,761 | 62,927 | 88,725 |
| At 31 March 2024 | <u>-</u> | <u>189,055</u> | <u>276,681</u> | <u>662,258</u> | <u>1,127,994</u> |
| Net Book Value | | | | | |
| At 31 March 2024 | <u><u>945,781</u></u> | <u><u>761,491</u></u> | <u><u>9,171</u></u> | <u><u>111,068</u></u> | <u><u>1,827,511</u></u> |
| At 31 March 2023 | <u><u>992,875</u></u> | <u><u>780,528</u></u> | <u><u>14,997</u></u> | <u><u>17,169</u></u> | <u><u>1,805,569</u></u> |

15a. Investments

| Association | 2024 £ | 2023 £ |
|---------------------------------------|-------------------|-------------------|
| Investment in subsidiary undertakings | <u><u>2</u></u> | <u><u>2</u></u> |

Shettleston Housing Association Limited owns 1 ordinary £1 share in Upkeep Shettleston Community Enterprises Limited. The investment is held at cost. This represents a 100% shareholding in Upkeep Shettleston Community Enterprises Limited, a company registered in Scotland, whose principal activity is the provision of a repairs and maintenance and estate caretaker service. Upkeep Shettleston Community Enterprises Limited made a profit of £156,832 (2023: profit of £105,130) for the year ended 31 March 2024 and had net assets of £571,571 (2023: £506,635).

Shettleston Housing Association Limited owns 1 ordinary £1 share in East End Housing Development Company Limited. The investment is held at cost. This represents a 100% shareholding in East End Housing Development Company Limited, a company registered in Scotland. This company rents out property. East End Housing Development Company Limited made a loss of £9,335 (2023: profit of £12,375) for the year ended 31 March 2024 and had net assets of £152,815 (2023: £162,150).

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

15b. Stock

| Group | 2024 | 2023 |
|--------------------|---------------|---------------|
| | £ | £ |
| Work in progress | 26,395 | 34,973 |
| Stock of materials | 29,464 | 26,830 |
| | 55,859 | 61,803 |

16. Debtors < 1 year

| | Group | <i>Group</i> | Association | <i>Association</i> |
|--------------------------------------|------------------|--------------|--------------------|--------------------|
| | 2024 | <i>2023</i> | 2024 | <i>2023</i> |
| | £ | <i>£</i> | £ | <i>£</i> |
| Amounts falling due within one year: | | | | |
| Rental arrears | 499,927 | 503,553 | 499,927 | 503,553 |
| Less: provision for bad debts | (317,510) | (355,454) | (317,510) | (355,454) |
| | 182,417 | 148,099 | 182,417 | 148,099 |
| Trade debtors | 37,995 | 29,580 | 16,255 | 19,302 |
| Amounts owed by subsidiaries | - | - | 46,769 | 1,345 |
| Accrued income and prepayments | 492,588 | 222,769 | 447,843 | 210,007 |
| Other debtors | 212,220 | 174,992 | 189,553 | 152,170 |
| | 925,220 | 575,440 | 882,837 | 530,923 |
| Debtors > 1 year | | | | |
| Amounts owed by subsidiaries | - | - | 669,359 | 669,359 |

17. Cash and cash equivalents

| | Group | <i>Group</i> | Association | <i>Association</i> |
|--|------------------|--------------|--------------------|--------------------|
| | 2024 | <i>2023</i> | 2024 | <i>2023</i> |
| | £ | <i>£</i> | £ | <i>£</i> |
| Cash – balances held in bank accounts with notice period less than 3 months and petty cash | 1,621,775 | 1,409,904 | 1,325,500 | 1,043,098 |

18. Investments

| | Group | <i>Group</i> | Association | <i>Association</i> |
|---|----------------|--------------|--------------------|--------------------|
| | 2024 | <i>2023</i> | 2024 | <i>2023</i> |
| | £ | <i>£</i> | £ | <i>£</i> |
| Cash – balances held in bank accounts with notice period greater than 90 days | 652,005 | - | 652,005 | - |

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

| 19. Creditors | Group 2024 | <i>Group</i> 2023 | Association 2024 | <i>Association</i> 2023 |
|--|-----------------------|----------------------|-----------------------------|----------------------------|
| Amounts falling due within one year | £ | £ | £ | £ |
| Bank loans | 829,039 | 815,975 | 829,039 | 815,975 |
| Trade creditors | 491,623 | 356,818 | 402,309 | 303,731 |
| Amounts owed to subsidiaries | - | - | 225,629 | 122,048 |
| Other creditors | 241,936 | 238,848 | 201,159 | 214,314 |
| Rent in advance | 469,034 | 479,147 | 469,034 | 479,147 |
| Capital works and retentions | 118,897 | 112,122 | 118,897 | 112,122 |
| Accruals and deferred income | 309,093 | 404,536 | 387,328 | 408,160 |
| Corporation tax | - | 2,478 | - | - |
| Other tax and social security | 83,946 | 17,210 | 62,102 | 17,210 |
| Deferred government capital grants (note 21) | 353,308 | 351,083 | 353,308 | 351,083 |
| Obligations under finance leases | 10,147 | 14,420 | - | - |
| | 2,907,023 | 2,792,637 | 3,048,805 | 2,823,790 |
| | 2,907,023 | 2,792,637 | 3,048,805 | 2,823,790 |
| 20. Creditors – Amounts falling due outwith one year | | | 2024 | 2023 |
| | | | £ | £ |
| Group | | | | |
| Bank loan | | | 50,294,552 | 51,123,591 |
| Hire purchase creditor | | | 8,696 | 18,648 |
| Deferred government capital grants (note 21) | | | 15,985,021 | 16,029,063 |
| | | | 66,288,269 | 67,171,302 |
| Association | | | | |
| Bank loan | | | 50,294,552 | 51,123,591 |
| Deferred government capital grants (note 21) | | | 15,985,021 | 16,029,063 |
| | | | 66,279,573 | 67,152,654 |
| Bank loans: | | | | |
| Principal loan balance | | | 41,600,000 | 41,600,000 |
| Break costs incurred on refinancing | | | 12,293,654 | 12,293,654 |
| | | | 53,893,654 | 53,893,654 |
| Gross loan | | | 53,893,654 | 53,893,654 |
| Cumulative amortisation of break fees – Effective interest rate adjustment (note 10) | | | (2,770,063) | (1,954,087) |
| | | | 51,123,591 | 51,939,567 |
| Net loan | | | 51,123,591 | 51,939,567 |
| Split as: | | | | |
| Due in less than one year | | | 829,039 | 815,975 |
| Due between one and two years | | | 1,371,220 | 829,040 |
| Due between two and five years | | | 6,159,188 | 6,011,440 |
| Due in five years or more | | | 42,764,144 | 44,283,112 |
| | | | 51,123,591 | 51,939,567 |

SHETTLESTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

20. Creditors – Amounts falling due outwith one year

Loans are secured by specific charges on the Association's properties and are repayable at rates of interest between 2.41% and 6.48% in instalments. The net book value of housing properties secured at the year-end was £56.07M (2023: £56.23M). The loans are due to be repaid in full by 30 September 2045.

21. Deferred government capital grants

| | 2024 £ | 2023 £ |
|-------------------------------------|-------------------|-------------|
| Group and Association | | |
| At 1 April | 16,380,146 | 15,662,723 |
| Grants received in year | 310,353 | 1,000,076 |
| Released to income in year | (352,170) | (282,653) |
| | <hr/> | <hr/> |
| As at 31 March | 16,338,329 | 16,380,146 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Deferred government capital grants: | | |
| Due in less than one year | 353,308 | 351,083 |
| Due between one and two years | 353,308 | 351,083 |
| Due between two and five years | 1,059,924 | 1,053,246 |
| Due in five years or more | 14,571,789 | 14,624,734 |
| | <hr/> | <hr/> |
| | 16,338,329 | 16,380,146 |
| | <hr/> <hr/> | <hr/> <hr/> |

SHETTLESTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

22. Pensions

Scottish Housing Association Pension Scheme (SHAPS)

Shettleston Housing Association Limited (the 'Association') participates in the Scottish Housing Association Pension Scheme (SHAPS) (the "Scheme"). The Scheme is a multi-employer defined benefit scheme. There are six benefit structures available, namely:

- (a) Final salary with a 1/60th accrual rate;
- (b) Career average revalued earnings with a 1/60th accrual rate;
- (c) Career average revalued earnings with a 1/70th accrual rate;
- (d) Career average revalued earnings with a 1/80th accrual rate;
- (e) Career average revalued earnings with a 1/120th accrual rate, contracted-in; and
- (f) Defined contribution (DC) option.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

Shettleston Housing Association Limited has elected to operate a 1/70th CARE scheme and Defined Contribution scheme from 1 April 2014 having previously operated a final salary scheme with a 1/60th accrual rate structure.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

Employer contributions to the Defined Contribution Scheme ranged from 3% to 10% and employees contributed at various levels from 3% upwards. There was no payment made in respect of annual employer past service deficit contribution (net of administration costs) in the year ended 31 March 2024 (2023 - £181,791).

As at the Statement of Financial Position date there were 39 (2023: 34) active members of the Scheme employed by Shettleston Housing Association Limited. The annual pensionable payroll in respect of these members was £1,598,690 (2023: £1,321,489). Shettleston Housing Association Limited continues to offer membership of the Scheme to its employees.

The SHAPS defined benefit pension liability is accounted for as a defined benefit pension scheme. In accordance with FRS 102 section 28, the operating and financing costs of pension and post-retirement schemes (determined by TPT) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

The Association ceased participating in the DB option and started offering staff the DC option within the SHAPS scheme from 1 April 2023.

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

22. Pensions (continued)

Present values of defined benefit obligation, fair value of assets and defined benefit liability

| | 31 March 2024 £'000 | <i>31 March 2023 £'000</i> |
|---|------------------------------------|------------------------------------|
| Fair value of plan assets | 8,820 | 9,340 |
| Present value of defined benefit obligations | <u>(10,063)</u> | <u>(9,827)</u> |
| Defined benefit liability to be recognised | <u><u>(1,243)</u></u> | <u><u>(487)</u></u> |

Reconciliation of opening and closing balances of the defined benefit obligation

| | Year ended 31 March 2024 £'000 | <i>Year ended 31 March 2023 £'000</i> |
|---|---|---|
| Defined benefit obligation at start of period | 9,827 | 13,974 |
| Current service cost | - | 115 |
| Expenses | 14 | 11 |
| Interest cost | 469 | 387 |
| Contribution by plan participants | - | 77 |
| Actuarial loss/(gain) due to scheme experience | 308 | (218) |
| Actuarial gain due to changes in demographic assumptions | (59) | (218) |
| Actuarial gain due to changes in financial assumptions | (30) | (3,932) |
| Benefits paid and expenses | <u>(466)</u> | <u>(369)</u> |
| Defined benefit liability at the end of the period | <u><u>10,063</u></u> | <u><u>9,827</u></u> |

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

| | Year ended 31 March 2024 £'000 | <i>Year ended 31 March 2023 £'000</i> |
|---|---|---|
| Fair value of plan assets at start of the period | 9,340 | 13,856 |
| Interest income | 445 | 387 |
| Experience on plan assets (excluding amounts included in interest income) | (522) | (4,961) |
| Contributions by the employer | 23 | 350 |
| Contributions by participants | - | 77 |
| Benefits paid and expenses | <u>(466)</u> | <u>(369)</u> |
| Fair value of plan assets at end of period | <u><u>8,820</u></u> | <u><u>9,340</u></u> |

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

22. Pensions (continued)

Defined benefit costs recognised in the Statement of Comprehensive Income

| | Year ended 31 March 2024 £'000 | <i>Year ended 31 March 2023 £'000</i> |
|--|---|---|
| Current service cost | - | 115 |
| Admin expenses | 14 | 11 |
| Net interest expense | 24 | - |
| | <hr/> | <hr/> |
| Defined benefit costs recognised in Statement of Comprehensive Income | 38 | 126 |
| | <hr/> | <hr/> |

| | Year ended 31 March 2024 £'000 | <i>Year ended 31 March 2023 £'000</i> |
|--|---|---|
| Experience on plan assets (excluding amounts included in net interest cost – (loss)) | (522) | <i>(4,961)</i> |
| Experience gains and losses arising on the plan liabilities – (loss)/gain | (308) | <i>218</i> |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation | 59 | <i>218</i> |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain.(loss) | 30 | <i>3,932</i> |
| | <hr/> | <hr/> |
| Total amount recognised in other comprehensive income – actuarial (loss) | (741) | <i>(593)</i> |
| | <hr/> | <hr/> |

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

22. Pensions (continued)

Fund allocation for employer's calculated share of assets

| | 31 March 2024 £'000 | <i>31 March 2023 £'000</i> |
|-------------------------------|--|--|
| Global Equity | 1,014 | 247 |
| Absolute Return | 396 | 127 |
| Distressed Opportunities | 325 | 287 |
| Credit Relative Value | 311 | 356 |
| Alternative Risk Premia | 318 | 54 |
| Emerging Markets Debt | 155 | 72 |
| Risk Sharing | 529 | 681 |
| Insurance-Linked Securities | 55 | 260 |
| Property | 373 | 389 |
| Infrastructure | 845 | 1,006 |
| Private Debt | 7 | 417 |
| Opportunistic Illiquid Credit | 355 | 413 |
| High Yield | 351 | 47 |
| Opportunistic Credit | 1 | 1 |
| Cash | 229 | 39 |
| Corporate Bond Fund | - | 12 |
| Liquid Credit | - | - |
| Long Lease Property | 66 | 313 |
| Secured Income | 294 | 625 |
| Over 15 Year Gilts | - | - |
| Liability Driven Investment | 3,189 | 3,955 |
| Currency Hedging | (4) | 18 |
| Net Current Assets | 11 | 21 |
| Total Assets | 8,820 | 9,340 |

The main financial assumptions used by the Scheme Actuary, TPT, in their FRS 102 calculations are as follows:

| Assumptions as at | 31 March 2024 % per annum |
|---|--|
| Discount rate | 4.90% |
| Inflation (RPI) | 3.15% |
| Inflation (CPI) | 2.78% |
| Salary growth | 3.78% |
| Allowance for commutation of pension for cash at retirement | 75% of maximum allowance |

SHETTLESTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

22. Pensions (continued)

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

| | Life expectancy at age 65 (years) |
|-------------------------|--|
| Male retiring in 2024 | 20.2 |
| Female retiring in 2024 | 22.7 |
| Male retiring in 2044 | 21.4 |
| Female retiring in 2044 | 24.1 |

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2024 model with an allowance for smoothing of recent mortality experience and long term rates of 1.25% p.a. for males and 1% p.a. for females.

Member data summary

Active members

| | Number | Total earnings (£'000s p.a.) | Average age (unweighted) |
|--------------|---------------|---|-------------------------------------|
| Males | 3 | 181 | 57 |
| Females | 11 | 475 | 55 |
| Total | 14 | 656 | 55 |

Deferred members

| | Number | Deferred pensions (£'000s p.a.) | Average age (unweighted) |
|--------------|---------------|--|-------------------------------------|
| Males | 9 | 37 | 54 |
| Females | 24 | 106 | 53 |
| Total | 33 | 143 | 53 |

Pensioners

| | Number | Pensions (£'000s p.a.) | Average age (unweighted) |
|--------------|---------------|-----------------------------------|-------------------------------------|
| Males | 11 | 138 | 70 |
| Females | 14 | 147 | 65 |
| Total | 25 | 285 | 67 |

The Trustee has carried out a review comparing the benefits provided to Scheme members with the requirements of the Scheme documentation. It has received legal advice that there is sufficient uncertainty regarding the effect of some benefit changes that the Court should be asked to provide clarity, to provide the Trustee with the certainty it needs to properly administer the Scheme.

Preparation for the Court case is progressing to schedule and the Court has provided an expected window for the hearing during February 2025, with the judgment currently expected in Q2 2025.

Should the Court decide that the historic benefit changes need to be applied differently, then some member benefits would need to be increased, which would increase the value placed on Scheme liabilities. No allowance has been made for potential additional liabilities within the estimate provided above.

SHETTLESTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

22. Pensions (continued)

Employer debt on withdrawal

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by TPT of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2023. As of this date the estimated employer debt for the Association was £3,147,821.

Strathclyde Pension Fund

Shettleston Housing Association Limited participates in the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Scheme (Scotland) Regulations 1998, as amended. Three members of staff are members of the Scheme.

The main financial assumptions used by the Council's Actuary, Hymans Robertson, in their 2024 valuations are as follows:

| Assumptions as at | 31 March 2024 | 31 March 2023 |
|--------------------------|--------------------------|--------------------------|
| Pension increase rate | 2.80% | 2.95% |
| Salary increase rate | 3.50% | 3.65% |
| Discount rate | 4.80% | 4.75% |

Mortality

Life expectancy is based on the Fund's Vitacurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% for both males and females. Based on these assumptions, the average future life expectancies at age of 65 for the Employer are summarised below:

| | Males | Females |
|--------------------|--------------|----------------|
| Current Pensioners | 19.8 years | 23.8 years |
| Future Pensioners | 20.6 years | 24.1 years |

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

22. Pensions (continued)

Reconciliation of defined benefit obligation

| Year Ended: | 31 Mar 2024 | <i>31 Mar 2023</i> |
|---|--------------------|--------------------|
| | £'000 | <i>£'000</i> |
| Opening Defined Benefit Obligation | 1,348 | <i>1,987</i> |
| Current Service Cost | 27 | <i>62</i> |
| Interest Cost | 63 | <i>54</i> |
| Contributions by Members | 8 | <i>8</i> |
| Actuarial (gains) | (55) | <i>(736)</i> |
| Estimated Benefits Paid | (67) | <i>(27)</i> |
| | <hr/> | <hr/> |
| Closing Defined Benefit Obligation | 1,324 | <i>1,348</i> |
| | <hr/> <hr/> | <hr/> <hr/> |

Reconciliation of fair value of employer assets

| Year Ended: | 31 Mar 2024 | <i>31 Mar 2023</i> |
|---|--------------------|--------------------|
| | £'000 | <i>£'000</i> |
| Opening Fair Value of Employer Assets | 2,179 | <i>2,204</i> |
| Expected Return on Assets | 103 | <i>60</i> |
| Contributions by Members | 8 | <i>8</i> |
| Contributions by the Employer | 25 | <i>29</i> |
| Contributions in respect of Unfunded Benefits | - | <i>-</i> |
| Actuarial (losses) | (6) | <i>(95)</i> |
| Estimated Benefits Paid | (67) | <i>(27)</i> |
| Cap on asset value | (722) | <i>(831)</i> |
| | <hr/> | <hr/> |
| Closing Fair Value of Employer Assets | 1,520 | <i>1,348</i> |
| | <hr/> <hr/> | <hr/> <hr/> |
| Net pension asset recognised | 196 | <i>-</i> |
| | <hr/> <hr/> | <hr/> <hr/> |

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

22. Pensions (continued)

Analysis of amounts included in Statement of Comprehensive Income

| Year Ended: | 2024 | <i>2023</i> |
|--|--------------|--------------|
| | £'000 | <i>£'000</i> |
| Expected Return on pension scheme assets | 103 | <i>60</i> |
| Interest on pension scheme liabilities | (63) | <i>(54)</i> |
| | <hr/> | <hr/> |
| Net Return – finance income | 40 | <i>6</i> |
| | <hr/> <hr/> | <hr/> <hr/> |
| | 2024 | <i>2023</i> |
| | £'000 | <i>£'000</i> |
| Current service cost | (27) | <i>(62)</i> |
| Contribution by employers | 25 | <i>29</i> |
| | <hr/> | <hr/> |
| Charge to staff costs | (2) | <i>(33)</i> |
| | <hr/> <hr/> | <hr/> <hr/> |

The expected Employer's contributions for the year to 31 March 2024 will be approximately £8,000.

Analysis of amount recognised in Statement of Comprehensive Income

| | 2024 | <i>2023</i> |
|---|----------------|----------------|
| | £ (000) | <i>£ (000)</i> |
| Actual return less expected return on scheme assets | (6) | <i>(95)</i> |
| Changes in assumptions underlying the present value of scheme liabilities | 55 | <i>736</i> |
| Cap on asset value | 109 | <i>(614)</i> |
| Amounts not recognised in SOCI | - | <i>(27)</i> |
| | <hr/> | <hr/> |
| Actuarial gain recognised in other comprehensive income | 158 | <i>-</i> |
| | <hr/> <hr/> | <hr/> <hr/> |

In the prior year there was a pension surplus of £831k which was capped with reference to the asset ceiling to give a pension surplus of £nil as at 31 March 2023.

In the current year there was pension surplus of £918k which was capped by £722k with reference to the asset ceiling to give a pension surplus of £196k as at 31 March 2024. This pension cap is noted above of £217k (2022) + £614k (2023) - £109k (2024) to give £722k.

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

| | | |
|---|-------------|-------------|
| 23. Share capital and reserves | | |
| | 2024 | 2023 |
| Group and Association | £ | £ |
| At beginning of year | 124 | 108 |
| Shares of £1 each fully paid and issued during the year | 15 | 16 |
| Shares forfeited in year | (11) | - |
| | <hr/> | <hr/> |
| At end of year | 128 | 124 |
| | <hr/> <hr/> | <hr/> <hr/> |

Each share entitles a member to one vote. There is no right to any distribution.

The revenue reserve includes all current and prior year retained surpluses or deficits.

The capital redemption reserve includes all issued shares that have been cancelled.

| | | |
|---|------------------|------------------|
| 24. Capital Commitments | | |
| | 2024 | 2023 |
| Group and Association | £ | £ |
| Contracted for but not provided in these accounts | 157,503 | 215,950 |
| This is to be funded by: | | |
| Government grant | - | - |
| Private finance | 157,503 | 215,950 |
| Own Resources | - | - |
| | <hr/> | <hr/> |
| | 157,503 | 215,950 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Approved by the Board but not contracted for | 2,442,960 | 1,513,123 |
| | <hr/> <hr/> | <hr/> <hr/> |
| This is to be funded by: | | |
| Private finance | - | 1,000,000 |
| Own Resources | 2,442,960 | 513,123 |
| | <hr/> | <hr/> |
| | 2,442,960 | 1,513,123 |
| | <hr/> <hr/> | <hr/> <hr/> |

SHETTLESTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

25. Revenue commitments

Group

Operating Leases

The Group's annual commitments for rental payments under non-cancellable operating leases at 31 March 2024 were as set out below:

| | 2024 | 2024 | <i>2023</i> | <i>2023</i> |
|-------------------------------|------------------|------------------|------------------|------------------|
| | Land and | Office | <i>Land and</i> | <i>Office</i> |
| | Buildings | Equipment | <i>Buildings</i> | <i>Equipment</i> |
| | £ | £ | £ | £ |
| Operating leases which expire | | | | |
| Within one year | - | 40,262 | - | 40,262 |
| 2-5 years | - | 156,306 | - | 161,050 |
| >5 years | - | - | - | 35,629 |
| | - | 196,568 | - | 236,941 |
| | - | 196,568 | - | 236,941 |
| Association | | | | |
| | 2024 | 2024 | <i>2023</i> | <i>2023</i> |
| | Land and | Office | <i>Land and</i> | <i>Office</i> |
| | Buildings | Equipment | <i>Buildings</i> | <i>Equipment</i> |
| | £ | £ | £ | £ |
| Operating leases which expire | | | | |
| Within one year | - | 40,262 | - | 40,262 |
| 2-5 years | - | 156,306 | - | 161,050 |
| >5 years | - | - | - | 35,629 |
| | - | 196,568 | - | 236,941 |
| | - | 196,568 | - | 236,941 |

26. Legislative Provisions

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014. Upkeep Shettleston Community Enterprises Limited and East End Housing Development Company Limited are incorporated under the Companies Act 2006.

SHETTLESTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

27. Housing stock

Group and Association

The number of units of accommodation in management was as follows: -

| | Units in Management 2024 | <i>Units in Management 2023</i> |
|---------------------------------|---|---|
| General Needs Housing | 2,433 | 2,427 |
| Supported Housing Accommodation | - | - |
| Shared Ownership Accommodation | 12 | 15 |
| | <u>2,445</u> | <u>2,442</u> |

Included in general needs housing are 32 units that are leased to tenants via the Association's subsidiary East End Housing Development Company Limited. Per the SORP these are deemed to be affordable rented units and thus should be included as property, plant, and equipment.

28. Other property

The other property held are as follows: -

| | Group Units in Management 2024 | <i>Group Units in Management 2023</i> | Association Units in Management 2024 | <i>Association Units in Management 2023</i> |
|--------------------------------|---|---|---|---|
| Investment properties - EEHDC | 13 | 13 | - | - |
| Commercial units – Association | 6 | 6 | 6 | 6 |
| Garages – Association | 16 | 16 | 16 | 16 |
| Main Offices- Association | 2 | 2 | 2 | 2 |
| | <u>37</u> | <u>37</u> | <u>24</u> | <u>24</u> |

29. Transactions with the Board

No member of the Association received any fee or remuneration during the year (2023: £nil). Members of the Board were reimbursed for out of pocket travel and accommodation expenses amounting to £nil (2023: £nil).

Some members of the Board are tenants of the Association. The tenancies of these Board Members are on normal terms and the members cannot use their position to their advantage.

The total rent and service charge receivable in the year relating to tenant Board members is £26,742 (2023: £24,594). The total rent and service charge arrears relating to tenant Board members included within debtors at the year-end is £414 (2023: £147). The total rent and service charge prepaid relating to tenant Board members included within creditors at the year-end is £691 (2023: £691).