

**SHETTLESTON HOUSING ASSOCIATION LIMITED
GROUP ACCOUNTS
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

SHETTLESTON HOUSING ASSOCIATION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Members, Executive Officers and Advisers

Board

Lesley Scoffield	Chairperson	Registered Office 65 Pettigrew Street Helen McGregor House Glasgow G32 7XR
John Morrison	Vice Chairperson until October 2021	
Christine Thomson	Secretary until October 2021 and thereafter Vice Chairperson	
Gillian Johnston		Auditor Azets Audit Services Titanium 1 King's Inch Place Renfrew PA4 8WF
Grace Barbour		
Isabella Barnes	Resigned March 2022	
Elizabeth Battersby	Secretary since October 2021	
Jennifer Kiernan		
Eddie Robertson	Elected at September 2021 AGM	
Brian Barclay	Elected at September 2021 AGM	
Hugh McIntosh	Elected at September 2021 AGM	
Chloe Park	Elected at September 2021 AGM – having previously been a co-optee. Resigned from Board in January 2022	
Sean Connor	Co-optee since October 2021 (re-copted at this point having previously been a co-optee)	
Marian Hussain	Co-optee since March 2022 – resigned August 2022	
Rae Connolly	Co-optee from August 2022	Bank Royal Bank of Scotland 1304 Duke Street Glasgow G31 5PZ

Executive Officers

Tony Teasdale	Chief Executive Officer	Solicitors T C Young LLP 7 West George Street Glasgow G2 1BA
Fiona Nicholl	Director of Finance & Corporate Services (left April 2022)	
David Wilson	Director of Customer & Community Services (started January 2022)	
Anne McAlpine	Director of Customer & Community Services (left December 2021)	
Collette McKenna	Director of Property Services	

Internal auditor
Wylie + Bissett LLP
168 Bath Street
Glasgow
G2 4TP

SHETTLESTON HOUSING ASSOCIATION LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

	Page
Report of the Board (incorporating the Strategic Report)	1 – 7
Independent Auditor’s Report to the Members of Shettleston Housing Association Limited on the Financial Statements	8 – 12
Report of the Auditor to the Board of Shettleston Housing Association Limited on Internal Financial Control	13
Group Statement of Comprehensive Income	14
Association Statement of Comprehensive Income	15
Group Statement of Changes in Capital and Reserves	16
Association Statement of Changes in Capital and Reserves	17
Group Statement of Financial Position	18
Association Statement of Financial Position	19
Group Statement of Cash Flows	20 – 21
Association Statement of Cash Flows	22 – 23
Notes to the Financial Statements	24 – 53

Registration information

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 2022

The Board presents its Report (incorporating the Strategic Report) and audited financial statements for the year ended 31 March 2022.

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 2021/22 the Group adopted the following strategic objectives:

1. To achieve excellent standards of governance and risk management;
2. To deliver high quality and value for money services;
3. To effectively manage our resources to protect our assets and deliver the best possible outcomes for quality affordable homes in the area;
4. To combat poverty and facilitate the ongoing regeneration of the local communities; and
5. To effectively build back after Covid and ensure the successful implementation of the new staff structure.

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 coronavirus pandemic extended into its second year and continued to cause disruption to our activities during the year. However, we were able to deliver at least essential services throughout the year and for much of it something close to a normal service was operated. Our investment programme was impacted but we were able to continue with important works on existing and new homes. We were also able to meet compliance and funder requirements.

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

Governance

The Board and its sub-Committees continued to meet in accordance with the planned schedule, making use of video-conferencing technology. From September 2021 “blended” meetings were operated with Members attending either in person or virtually. This was an important step forward, providing the first opportunity for some Members to physically meet their colleagues. 12 full meetings of the Board took place with an average attendance of 76% demonstrating the real commitment of our Board Members. With sub-committees and working group meetings also taking place for most of the year the Board was able to continue to exercise effective governance.

The annual Board Review was undertaken, and an updated Development Plan was agreed in June.

The 2021 AGM was held in person and the Board was strengthened by the election of two new elected members, bringing new skills and experience. Other established Members subsequently stepped up into new positions of responsibility as office bearers or chairs of sub-committees.

SHETTLESTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

The Board kept the Association's compliance with Regulatory standards under review, agreed an updated Improvement Action Plan and submitted the Association's Annual Assurance Statement to the SHR in October. The Association had its regulatory status as "compliant" re-affirmed by SHR at the end of the year.

Other important progress during the year included:

- Adoption of revised Rules for the Association in line with the latest SFHA Model set of Rules;
- Review of the Association's Standing Orders;
- Review of the key governance documents with our subsidiaries, Upkeep and East End, including:
 - the Memorandum and Articles for each of the companies;
 - the Intra- Group Agreements; and
 - the Service Sharing Agreements.
- Review of other key policy documents including:
 - Code of Conduct for Board and staff members; and
 - Complaints Handling Procedure.
- Further improvements to our ICT and cyber security and GDPR compliance; and
- Further strengthening of our approach to Business Continuity planning.

During the year the Association re-tendered the external audit services which saw our existing auditor, Azets Audit Services reappointed.

Internal audit reviews were carried out on our Procurement and Contract Management compliance, Arrears Management and our ICT Security. A new three-year internal audit plan was agreed.

Operations and services

Staff had to continue to operate under challenging circumstances due to Covid and working arrangements were regularly reviewed and changed during the year in response to trends in infection rates and changing Scottish Government guidance.

We were able to start to bring all staff back to the office part time and to re-open the office reception – initially for visits by appointment – from June. We formally commenced hybrid working - three days a week in the office – in September. This is continuing on a trial basis.

The first review of the overall staff structure for over ten years was approved by the Board at the end of 2020/21 and was implemented during the following months. A number of staff left the Association and opportunities were created for some existing and new staff.

The staff team responded well to the various challenges and changes during this time and operational effectiveness and generally high standards of performance were maintained throughout.

Key achievements included the following:

- The repairs service was delivered on a close to normal basis for most of the year with good performance maintained against repairs response targets;

SHETTLESTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

- We were able to maintain the temporary new bulk uplift service delivered by our Upkeep caretaking team. This had been introduced in 2020 to fill the gap left by the Council's withdrawal of this service. Following tenant consultation this service, funded through service charges, became a regular part of our service from 1/4/22;
- The Association's enhanced role in addressing homelessness was maintained with over 40% of all lets going to Section 5 referrals again during the year;
- An interim review of our housing allocations policy was carried out;
- Rent arrears policy and procedures were reviewed; and
- A Rechargeable Repairs Policy and procedures were introduced.

During the year the Association saw a very significant rise in the cost of reactive and void repairs. Following analysis, a number of actions were taken aimed at addressing these and also to more generally improve void management performance.

For reasons of Covid and non-access we were unable to carry out annual gas safety inspections to 8 properties within the required 12 month: normally we achieve 100% success.

Our "wider role" in the community

Following the review of our wider role priorities at the end of 2020/21 the Association recruited to the new post of Community Regeneration Officer (CRO) in the first quarter of the year.

We continued to support a range of local community projects including the Shettleston Community Growing Project and the Men's Shed. The latter was supported to raise funding to carry out Covid-related safety proofing of the SHA owned premises at 647 Shettleston Road to allow the group to recommence activities there.

We continued to work closely with projects that had been established in 2020/21 and operating out of our premises at 981 Shettleston Road:

- The Shettleston outlet of the Drill Hall Food Pantry, in conjunction with Parkhead HA and Unity Enterprise, which continues provide access to a range of healthy and affordable food; and
- Shettleston Does Digital (SDD), in conjunction with FUSE youth café, which supports people as they improve their use of phones and other digital devices: We were able to extend the life of this project through additional short-term funding and FUSE at this point are temporarily self-funding it after this expired.

Both projects have developed during the course of the year in terms of the range of services offered – including in relation to employability advice through partnerships with other agencies.

Boosting employability was one of the agreed wider role priorities for the year and our subsidiary Upkeep has done great work in introducing additional apprenticeship and other training opportunities to benefit local young people. The Association itself agreed towards the end of the year to recruit an ICT Modern Apprenticeship.

We have also continued to work closely with, and part-fund, Tollcross/Shettleston Money Advice Service – in conjunction with Tollcross Advice Centre and Tollcross HA. The project successfully applied to extend its funding during the year.

SHETTLESTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

The Association held a successful community fun day in August aimed at boosting community health and well-being as we began to emerge from Covid. This was organised by Urban Fox and funded through GCC's Addressing Future Need Fund.

As the year advanced the focus shifted towards the emerging "cost of living crisis" and efforts were made to source funding support for vulnerable households to assist with fuel, rent arrears and other costs.

Investment

In 2021/22, £1.008 million was invested in new components for the Association's existing housing stock. Following the challenges of Covid and our own staffing restructure within the Projects team we had difficulty in securing tenders for a number of capital projects and the programme of works delivered within the year was very substantially reduced. Our investment in existing units included:

- Replacement of windows in 8 homes;
- Installation of 150 boilers;
- Installation of 46 new kitchens;
- Replacement of 48 bathrooms;
- Completion of the remodelling of 22 kitchens to meet SHQS requirements; and
- Improvement insulation levels in 30 homes.

In addition to this £1.63m was invested in planned and cyclical maintenance.

A number of projects have been carried forward into the 2022/23 programme and these works will be completed in the summer of 2022, with an additional investment of £550,000 included in the 2022/23 budget.

In addition to the above we also completed medical adaptation works in 39 homes at a total cost of £115,024 and received grant funding of £91,986 to assist with this work.

Ensuring that our homes can meet required levels of energy efficiency and reduce tenants' fuel costs are going to be a key focus for the Association in the years ahead. A study was commissioned to assess what works will be required and at what cost to bring our main property types up to "net zero" standard in future.

We continued to work to develop new affordable homes to meet housing needs in the community:

- The Fenella Street project finally completed with the hand-over of 12 social rent flats in May; and
- Work commenced on-site on the development of 44 new family homes for social rent on the former St Marks primary school which is due to complete in 2023.

We also bought back another three homes from sharing owners during the year.

Just before the year end the Association completed the sale of Tollcross Mansion House which had been in SHA's possession since 1993. The property had lain vacant for some years after it was deemed to no longer be fit for purpose for continued use as supported elderly accommodation. As such it had been incurring significant ongoing security and insurance costs.

A legally binding Conservation Agreement was entered into with the National Trust for Scotland (NTS) to ensure that the building's key architectural characteristics will continue to be protected in future.

SHETTLESTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

Financial Update

During the year the Association made a surplus of £1,188,132 and its net assets position was £9,440,178 at 31 March 2022. The Group made a surplus of £1,623,779 and its net assets position was £10,291,096 at 31 March 2022.

A primary driver for the review of the staff structure was the need to achieve significant cost savings to enable the ongoing delivery of the Business Plan and the necessary increased investment in our housing stock, whilst maintaining services and operational effectiveness. There has now been a reduction of about 20% in personnel compared with the 2018 staff structure. Significant annual savings will be generated as a result and we continue to keep our office running costs and overheads under review to ensure that we are able to make the maintenance investment in our stock as required

During 2021/22, the Board commenced its review of staff Pensions offerings and were supported by an external consultant to assist with their understanding of the risks and costs of each of the current pension offerings. The next stage of the pensions review will commence later in 2022.

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 this will continue to be developed in future years. For the financial year 2022/23 an overall rent increase of 5% was applied but most tenants received a rent increase of 4.5%.

Other financial management achievements included:

- All statutory compliance requirements were met on time;
- Achieving all loan covenants at the end of the financial year; and
- Further enhancing the budget and management accounts reporting;

The 5 & 30 year Business Plans has been updated and was approved by the Board in March 2022. This review had regard to carry forward expenditure from 2021/22 into 2023/23 due to the Covid pandemic and a lack of staff resources to deliver these.

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 28.

SHETTLESTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

Statement on Internal Financial Control

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

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

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material 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 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;
- (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 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 Corporate Services Board;
- (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 Association for the year ended 31 March 2022. 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.

SHETTLESTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

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; and
- 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.

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.

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.

Auditor

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

By order of the Board



Elizabeth Battersby
Secretary

Dated: 16 August 2022

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 2022

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 2022 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 2022 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 2021 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 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 2022

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 7, 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 2022

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 partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we 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 2022

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 2022

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: 18 August 2022

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 2022

In addition to our audit of the financial statements, we have reviewed your statements on page 6 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.

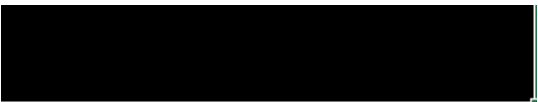
Basis of Opinion

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 Controls on page 6 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: 18 August 2022

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 2022**

	Notes	2022 £	2021 £
Turnover	4	10,461,029	10,272,976
Operating expenditure	4	(8,677,225)	(7,489,448)
Operating surplus	4, 11	1,783,804	2,783,528
Gain on disposal of housing properties		444,175	-
Gain on fixed asset disposal		25,700	25,510
Increase in the fair value of investment properties	14b	327,250	135,699
Interest receivable and other income	9	83	572
Interest payable and similar charges	10	(927,172)	(1,310,959)
Surplus before taxation		1,653,840	1,634,350
Tax charge on surplus	12	(30,061)	(42,201)
Surplus for the year		1,623,779	1,592,149
Other comprehensive income			
Actuarial gain/(loss) in respect of the SHAPS defined benefit pension scheme	24	1,048,000	(1,569,000)
Actuarial gain in respect of the Strathclyde defined benefit pension scheme	24	57,000	35,000
Total comprehensive income		2,728,779	58,149

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 2022**

	Notes	2022 £	2021 £
Turnover	4	10,332,338	<i>10,091,335</i>
Operating expenditure	4	(8,903,518)	<i>(7,591,006)</i>
Operating surplus	4, 11	1,428,820	<i>2,500,329</i>
Gain on disposal of property, plant and equipment		-	<i>25,510</i>
Gain on disposal of housing properties		444,175	-
Gain on disposal of investment property		25,700	-
Interest receivable and other income	9	33,533	<i>34,040</i>
Interest payable and similar charges	10	(925,346)	<i>(1,308,200)</i>
Increase in the fair value of investment properties	14c	181,250	<i>135,699</i>
Surplus for the year		1,188,132	<i>1,387,378</i>
Other comprehensive income			
Actuarial gain/(loss) in respect of the SHAPS defined benefit pension scheme	24	1,048,000	<i>(1,569,000)</i>
Actuarial gain in respect of the Strathclyde defined benefit pension scheme	24	57,000	<i>35,000</i>
Total comprehensive income		2,293,132	<i>(146,622)</i>

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 2022

	Share Capital £	Revenue Reserve £	Capital Redemption Reserve £	Total Reserves £
Balance at 1 April 2021	112	7,561,468	732	7,562,312
Issue of share capital	5	-	-	5
Cancellation of share capital	(9)	-	9	-
Total comprehensive income	-	2,728,779	-	2,728,779
Balance at 31 March 2022	<u>108</u>	<u>10,290,247</u>	<u>741</u>	<u>10,291,096</u>

GROUP STATEMENT OF CHANGES IN CAPITAL AND RESERVES AS AT 31 MARCH 2021

	<i>Share Capital £</i>	<i>Revenue Reserve £</i>	<i>Capital Redemption Reserve £</i>	<i>Total Reserves £</i>
Balance at 1 April 2020	248	7,503,319	591	7,504,158
Issue of share capital	5	-	-	5
Cancellation of share capital	(141)	-	141	-
Total comprehensive income	-	58,149	-	58,149
Balance at 31 March 2021	<u>112</u>	<u>7,561,468</u>	<u>732</u>	<u>7,562,312</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 2022**

	Share Capital £	Revenue Reserve £	Capital Redemption Reserve £	Total Reserves £
Balance at 1 April 2021	112	7,146,197	732	7,147,041
Issue of share capital	5	-	-	5
Cancellation of share capital	(9)	-	9	-
Total comprehensive income	-	2,293,132	-	2,293,132
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2022	108	9,439,329	741	9,440,178
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES AS AT 31 MARCH 2021

	<i>Share Capital £</i>	<i>Revenue Reserve £</i>	<i>Capital Redemption Reserve £</i>	<i>Total Reserves £</i>
Balance at 1 April 2020	248	7,292,819	591	7,293,658
Issue of share capital	5	-	-	5
Cancellation of share capital	(141)	-	141	-
Total comprehensive income	-	(146,622)	-	(146,622)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2021	112	7,146,197	732	7,147,041
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

SHETTLESTON HOUSING ASSOCIATION LIMITED

**GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

	Notes	2022 £	2021 £
Tangible fixed assets			
Housing properties	14a	73,760,020	71,523,484
Other fixed assets	14b	2,618,884	2,391,045
		<u>76,378,904</u>	<u>73,914,529</u>
Current assets			
Stock	15b	45,788	85,014
Debtors	16	1,673,403	1,437,429
Cash at bank and in hand	17	2,384,145	821,676
		<u>4,103,336</u>	<u>2,344,119</u>
Creditors: amounts falling due within one year	18	(3,105,722)	(2,771,775)
		<u>997,614</u>	<u>(427,656)</u>
Total assets less current liabilities		<u>77,376,518</u>	<u>73,486,873</u>
Creditors: amounts falling due after more than one year	19	(66,928,536)	(64,507,043)
Provisions for liabilities	13	(38,878)	(12,518)
SHAPS defined benefit pension liability	24	(118,008)	(1,391,000)
Strathclyde pension scheme defined benefit pension liability	24	-	(14,000)
		<u>10,291,096</u>	<u>7,562,312</u>
Net assets		<u>10,291,096</u>	<u>7,562,312</u>
Capital and reserves			
Share capital	21	108	112
Revenue reserve	21	10,290,247	7,561,468
Capital redemption reserve	21	741	732
		<u>10,291,096</u>	<u>7,562,312</u>

The financial statements were authorised for issue by the Board on 16 August 2022 and were signed on its behalf by:

Lesley Scoffield



Chairperson

Christine Thomson



Vice Chairperson

Elizabeth Battersby



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 2022**

	Notes	2022 £	2021 £
Tangible fixed assets			
Housing properties	14a	73,760,020	71,523,484
Other fixed assets	14c	1,729,540	1,667,990
		<u>75,489,560</u>	<u>73,191,474</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	1,699,076	1,439,833
Cash at bank and in hand	17	1,753,523	437,428
		<u>4,121,958</u>	<u>2,546,620</u>
Creditors: amounts falling due within one year	18	<u>(3,139,787)</u>	<u>(2,705,233)</u>
Net current assets/ (liabilities)		<u>982,171</u>	<u>(158,613)</u>
Total assets less current liabilities		<u>76,471,733</u>	<u>73,032,863</u>
Creditors: amounts falling due after more than one year	19	<u>(66,913,547)</u>	<u>(64,480,822)</u>
SHAPS defined benefit pension liability	24	(118,008)	(1,391,000)
Strathclyde pension scheme defined benefit pension liability	24	-	(14,000)
Net assets		<u><u>9,440,178</u></u>	<u><u>7,147,041</u></u>
Capital and reserves			
Share capital	21	108	112
Revenue reserve	21	9,439,329	7,146,197
Capital redemption reserve	21	741	732
		<u><u>9,440,178</u></u>	<u><u>7,147,041</u></u>

The financial statements were authorised for issue by the Board on 16 August 2022 and were signed on its behalf by:

Lesley Scoffield



Chairperson

Christine Thomson



Vice Chairperson

Elizabeth Battersby



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 2022**

	Notes	2022 £	2021 £
Net cash generated from operating activities	1	4,006,885	4,723,383
Cashflows from investing activities			
Purchase of property, plant and equipment		(4,427,533)	(2,943,063)
Proceeds from sale of property, plant and equipment and investment properties		-	-
Deferred Government Capital Grants received		624,301	56,102
Interest received		2,978,484	457,158
		83	572
Tax paid		(38,997)	(19,316)
Cashflows from financing activities			
Interest paid		(1,717,638)	(1,671,462)
Repayment of other loans		-	(190,000)
Repayment of HP		(10,129)	-
Bank loan drawn down		500,000	-
SHAPS past service deficit payment		(352,992)	(342,801)
Issue of share capital		5	5
Net changes in cash and cash equivalents		1,562,469	70,578
Cash and cash equivalents at 1 April 2021		821,676	751,098
Cash and cash equivalents at 31 March 2022		2,384,145	821,676

i) Analysis of changes in net debt

	Restated At 1 April 2021 £	Cash flows £	Other non- cash changes £	At 31 March 2022 £
Cash and cash equivalents				
Cash	821,676	1,562,469	-	2,384,145
Overdrafts	-	-	-	-
Cash equivalents	-	-	-	-
	<u>821,676</u>	<u>1,562,469</u>	<u>-</u>	<u>2,384,145</u>
Borrowings				
Debt due within one year	(799,464)	10,129	(23,884)	(813,219)
Debt due after one year	(51,768,906)	(500,000)	814,350	(51,454,556)
	<u>(52,568,370)</u>	<u>(489,871)</u>	<u>790,466</u>	<u>(52,267,775)</u>
Total	<u>(51,746,694)</u>	<u>1,072,598</u>	<u>790,466</u>	<u>(49,883,630)</u>

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 2022**

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

	2022	2021
	£	£
Surplus for the year	1,623,779	1,592,149
<u>Adjustments for non-cash items</u>		
Depreciation	2,062,130	1,886,466
Movement in fair value of investment properties	(327,250)	(135,699)
(Increase) / decrease in debtors	(235,974)	380,523
Increase / (decrease) in creditors	369,833	(152,072)
Release of deferred Government capital grants	(188,743)	(203,088)
Strathclyde Pension Scheme – non cash movements	43,000	27,000
SHAPS Pension Scheme – non cash movements	128,000	(47,290)
Carrying value of tangible fixed asset disposals	154,426	30,502
Decrease / (increase) in stock	39,226	(21,032)
Taxation charge	30,061	42,201
Aborted costs	73,852	69,348
Deferred Government grants released against disposals	(68,243)	-
<u>Adjustments for investing or financing activities</u>		
Proceeds from sale of tangible fixed assets	(624,301)	(56,012)
Interest received	(83)	(572)
Interest payable	927,172	1,310,959
	<u>4,006,885</u>	<u>4,723,383</u>

SHETTLESTON HOUSING ASSOCIATION LIMITED

**ASSOCIATION STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £	2021 £
Net cash generated from operating activities	1	3,622,951	4,451,023
Cashflows from investing activities			
Purchase of property, plant and equipment		(4,374,375)	(2,919,454)
Proceeds from sale of property, plant and equipment and investment properties		624,301	56,102
Deferred Government Capital grants received		2,978,484	457,158
Interest received		33,533	34,040
Cashflows from financing activities			
Interest paid		(1,715,812)	(1,668,703)
Bank loan drawn down		500,000	-
Repayment of other loans		-	(190,000)
SHAPS past service deficit payment		(352,992)	(342,801)
Issue of share capital		5	5
Net changes in cash and cash equivalents		1,316,095	(122,630)
Cash and cash equivalents at 1 April 2021		437,428	560,058
Cash and cash equivalents at 31 March 2022		1,753,523	437,428

(i) Analysis of changes in net debt

	Restated At 1 April 2021 £	Cash flows £	Other non- cash changes £	At 31 March 2022 £
Cash and cash equivalents				
Cash	437,428	1,316,095	-	1,753,523
Overdrafts	-	-	-	-
Cash equivalents	-	-	-	-
	<u>437,428</u>	<u>1,316,095</u>	<u>-</u>	<u>1,753,523</u>
Borrowings				
Debt due within one year	(790,466)	-	(12,652)	(803,118)
Debt due after one year	(51,742,685)	(500,000)	803,118	(51,439,567)
	<u>(52,533,151)</u>	<u>(500,000)</u>	<u>790,466</u>	<u>(52,242,685)</u>
Total	<u>(52,095,723)</u>	<u>816,095</u>	<u>790,466</u>	<u>(50,489,162)</u>

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 2022**

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

	2022	<i>2021</i>
	£	<i>£</i>
Surplus for the year	1,188,132	<i>1,387,378</i>
<u>Adjustments for non-cash items</u>		
Depreciation	2,029,261	<i>1,864,067</i>
Movement in fair value of investment properties	(181,250)	<i>(135,699)</i>
(Increase) / decrease in debtors	(259,243)	<i>338,958</i>
Increase / (decrease) in creditors	436,247	<i>(98,301)</i>
Release of deferred Government capital grants	(188,743)	<i>(203,088)</i>
Strathclyde Pension Scheme – non cash movements	43,000	<i>27,000</i>
SHAPS Pension Scheme – non cash movements	128,000	<i>(47,290)</i>
Carrying value of tangible fixed asset disposals	154,426	<i>30,502</i>
Aborted costs	73,852	<i>69,348</i>
Deferred Government grants released against disposals	(68,243)	<i>-</i>
<u>Adjustments for investing or financing activities</u>		
Proceeds from sale of tangible fixed assets	(624,301)	<i>(56,012)</i>
Interest received	(33,533)	<i>(34,040)</i>
Interest payable	925,346	<i>1,308,200</i>
	<u>3,622,951</u>	<i><u>4,451,023</u></i>

SHETTLESTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 2022, 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 2022 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 2023 and the year to 31 March 2024. 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

(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 accruals basis.

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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 are 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 2022

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) 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.

(r) 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 2022

2. Accounting policies (continued)

(r) 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.

(s) 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.

(t) 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.

(u) 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.

(v) Pensions (note 24)

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.

2. Accounting policies (continued)

(v) Pensions (note 24) (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.

(w) 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.

(x) 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 2022**

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;
- 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 2022**

4. Particulars of turnover, operating expenditure and operating surplus

Group	2022			2021		
	Turnover £	Operating Expenditure £	Operating Surplus £	Turnover £	Operating Expenditure £	Operating Surplus £
Income and Expenditure From lettings						
Social Lettings (Note 5)	10,034,789	8,852,021	1,182,768	9,914,643	7,537,437	2,377,206
Other activities (Note 6)	297,549	51,497	246,052	176,692	53,569	123,123
Upkeep Shettleston Community Enterprises Limited	2,863,690	2,520,299	343,391	2,123,904	1,906,746	217,158
East End Housing Development Company Limited	263,975	252,382	11,593	216,480	150,439	66,041
Less: Intergroup transactions*	(2,998,974)	(2,998,974)	-	(2,158,743)	(2,158,743)	-
	<u>10,461,029</u>	<u>8,677,225</u>	<u>1,783,804</u>	<u>10,272,976</u>	<u>7,489,448</u>	<u>2,783,528</u>
Association						
	Turnover £	Operating Expenditure £	2022 Operating Surplus £	Turnover £	Operating Expenditure £	2021 Operating Surplus £
Income and Expenditure From lettings						
Social Lettings (Note 5)	10,034,789	8,852,021	1,182,768	9,914,643	7,537,437	2,377,206
Other activities (Note 6)	297,549	51,497	246,052	176,692	53,569	123,123
	<u>10,332,338</u>	<u>8,903,518</u>	<u>1,428,820</u>	<u>10,091,335</u>	<u>7,591,006</u>	<u>2,500,329</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 2022**

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

Association	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2022 Total £	2021 Total £
Income from rent and service charges					
Rent receivable net of service charges	9,393,052	-	44,151	9,437,203	9,139,885
Mid-market rent lease income	94,285	-	-	94,285	72,287
Service charges	382,001	-	2,441	384,442	368,267
Gross income from rents and service charges	9,869,338	-	46,592	9,915,930	9,580,439
Less voids	(168,964)	-	-	(168,964)	(181,850)
Net income from rents and service charges	9,700,374	-	46,592	9,746,966	9,398,589
Stage 3 grants	91,986	-	-	91,986	34,047
Revenue grants	7,094	-	-	7,094	206,236
Amortisation of deferred Government Capital Grants	188,743	-	-	188,743	203,088
Other income	-	-	-	-	72,683
Total turnover from social letting activities	9,988,197	-	46,592	10,034,789	9,914,643
Expenditure					
Management and maintenance administration costs	2,869,115	-	24,661	2,893,776	2,664,010
Service charges	928,106	-	7,594	935,700	973,209
Planned cyclical maintenance including major repairs	1,630,542	-	-	1,630,542	753,005
Reactive maintenance costs	1,089,185	-	-	1,089,185	1,102,780
Aborted costs (Shettleston Halls)	73,852	-	-	73,852	-
Bad debts – rents and service charges	86,911	-	-	86,911	78,630
Depreciation of social housing	1,929,333	-	-	1,929,333	1,784,876
Property insurance	201,474	-	11,248	212,722	180,927
Impairment charge	-	-	-	-	-
Operating costs for social letting activities	8,808,518	-	43,503	8,852,021	7,537,437
Operating Surplus on letting activities, 2022	1,179,679	-	3,089	1,182,768	
Operating Surplus on letting activities, 2021	2,341,070	-	36,136		2,377,206

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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

Association					2022	2021			2022	2021
	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 or (deficit) £	Operating surplus or (deficit) £
Wider role activities #	-	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	55,756	55,756	53,884	-	48,631	7,125	315
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	9,300	9,300	9,300	-	-	9,300	9,300
Adaptations	-	-	-	-	-	-	-	-	-	-
Commercial rent	-	-	-	67,923	67,923	63,830	-	2,866	65,067	63,830
Management charge to subs	-	-	-	164,570	164,570	49,678	-	-	164,570	49,678
Total from other activities, 2022	-	-	-	297,549	297,549			51,497	246,052	
Total from other activities, 2021	-	-	-	176,692		176,692	-	53,569		123,123

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

The minimum expected rental income for commercial units for 2022/23 is £67,923.

SHETTLESTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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).

	2022	<i>2021</i>
	£	£
Emoluments (excluding pension contributions) of		
Chief Executive	<u>85,686</u>	<u>89,124</u>

The Chief Executive is a member of the Scottish Housing Association Pension Scheme (SHAPS) described in note 24. 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 £11,353 (2021: £8,947). No past service deficit contributions are made in respect of the Chief Executive.

	2022	<i>2021</i>
	Number	<i>Number</i>
Numbers of Directors whose emoluments exceed £60,000 during the year were as follows (excluding pension contributions):-		
£60,001 - £65,000	-	-
£65,001 - £70,000	-	1
£70,001 - £75,000	2	2
£75,001 - £80,000	-	-
£80,001 - £85,000	-	-
£85,001 - £90,000	<u>1</u>	<u>1</u>

The total emoluments (excluding pension contributions) for those earning more than £60,000 were £229,475 (2021: £301,502). The total pension contributions (excluding past service deficit contributions) for those earning more than £60,000 were £30,385 (2021: £40,715).

The total emoluments (including pension contributions but excluding past service deficit contributions) paid to key management personnel was £340,641 (2021: £342,217). The social security costs for these individuals was £35,653 (2021: £35,478).

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

8. Employee Information	2022 Number	2021 Number
The average number of persons employed during the year on a full time equivalent basis was:		
Housing Management	14	14
Maintenance	9	9
Development	2	2
Finance	5	3
Administration	6	5
Factoring	1	1
Housing Support	2	2
Wider role	2	2
Welfare Rights Officers	2	2
IT	2	2
Association	<u>45</u>	<u>42</u>
Upkeep Shettleston Community Enterprises Limited	49	45
	<u><u>94</u></u>	<u><u>87</u></u>

The average headcount for the group was 94 (2021: 92). The average headcount for the Association is 49 (2021: 50).

Group staff costs	2022 £	2021 £
Staff costs (including directors' emoluments):		
Wages and salaries	2,866,556	2,862,496
Social security costs	262,744	263,771
Pension costs	218,309	237,400
Defined benefit pension charge – Strathclyde Pension Fund (Note 24)	43,000	27,000
SHAPS re-measurements (Note 24)	128,000	(47,290)
Agency fees	55,168	94,371
	<u>3,573,777</u>	<u>3,437,748</u>

Association staff costs	2022 £	2021 £
Staff costs (including directors' emoluments):		
Wages and salaries	1,769,416	1,814,801
Social security costs	180,975	179,523
Pension costs	186,016	195,827
Defined benefit pension charge – Strathclyde Pension Fund (Note 24)	43,000	27,000
SHAPS re-measurements (Note 24)	128,000	(47,290)
Agency Fees	55,168	94,371
	<u>2,362,575</u>	<u>2,264,232</u>

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

13. Provision for liabilities and charges: Deferred Taxation	2022 £	2021 £
Group		
Accelerated capital allowances	<u>38,878</u>	<u>12,518</u>
Provision at start of year	12,518	5,360
Deferred tax charge in Statement of Comprehensive Income for the year (note 12)	<u>26,360</u>	<u>7,158</u>
Provision at end of year	<u>38,878</u>	<u>12,518</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 2021	71,850,884	7,621,017	620,705	80,092,606
Additions during year	65,260	4,291,589	-	4,356,849
Transfers	7,486,592	(7,380,141)	(106,451)	-
Disposals	(165,866)	(157,055)	-	(322,921)
At 31 March 2022	<u>79,236,870</u>	<u>4,375,410</u>	<u>514,254</u>	<u>84,126,534</u>
Depreciation				
At 1 April 2021	8,492,582	-	76,540	8,569,122
Charge for year	1,851,232	-	11,248	1,862,480
Transfers	14,707	-	(14,707)	-
Disposals	(65,088)	-	-	(65,088)
At 31 March 2022	<u>10,293,433</u>	<u>-</u>	<u>73,081</u>	<u>10,366,514</u>
Net Book Value				
At 31 March 2022	<u>68,943,437</u>	<u>4,375,410</u>	<u>441,173</u>	<u>73,760,020</u>
At 31 March 2021	<u>63,358,302</u>	<u>7,621,017</u>	<u>544,165</u>	<u>71,523,484</u>

Development and maintenance administration costs capitalised amounted to £186,097 (2021: £268,393). £1,007,260 (2021: £1,865,242) of expenditure on new components was capitalised in the year.

Components with a cost of £131,934 (2021: £162,674) and accumulated depreciation of £65,081 (2021: £35,030) were disposed of in the year.

Included in freehold housing properties is land with a historic cost allocation of £11,827,580 (2021: £11,827,580).

Included within disposals in Housing units for let under construction is £73,852 of aborted costs in relation to Shettleston Halls.

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

14b. Tangible Fixed Assets – Other Tangible Assets

Group	Investment Properties	Motor Vehicles	Office Premises	Furniture & Fittings	Computer Equipment	Total
	£	£	£	£	£	£
Cost						
At 1 April 2021 as restated	1,434,000	151,130	950,546	478,650	593,749	3,608,075
Additions	-	44,674	-	11,438	14,572	70,684
Transfer	-	-	-	-	-	-
Disposals	(40,000)	-	-	(51,812)	-	(91,812)
Revaluation/impairment	327,250	-	-	-	-	327,250
At 31 March 2022	<u>1,721,250</u>	<u>195,804</u>	<u>950,546</u>	<u>438,276</u>	<u>608,321</u>	<u>3,914,197</u>
Depreciation						
At 1 April 2021	-	110,054	131,945	456,779	518,252	1,217,030
Charge for year	-	25,204	19,037	12,441	76,115	132,797
Disposals	-	-	-	(54,514)	-	(54,514)
At 31 March 2022	<u>-</u>	<u>135,258</u>	<u>150,982</u>	<u>414,706</u>	<u>594,367</u>	<u>1,295,313</u>
Net Book Value						
At 31 March 2022	<u>1,721,250</u>	<u>60,546</u>	<u>799,564</u>	<u>23,570</u>	<u>13,954</u>	<u>2,618,884</u>
At 31 March 2021	<u>1,434,000</u>	<u>41,076</u>	<u>818,601</u>	<u>21,871</u>	<u>75,497</u>	<u>2,391,045</u>

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

14c. Tangible Fixed Assets – Other Tangible Assets

Association	Investment Properties £	Office Premises £	Furniture & Fittings £	Computer Equipment £	Total £
Cost					
At 1 April 2021	765,000	950,546	320,984	584,546	2,621,076
Additions	-	-	5,126	12,400	17,526
Transfers	-	-	-	-	-
Disposals	(40,000)	-	(51,812)	-	(91,812)
Change in fair value	181,250	-	-	-	181,250
At 31 March 2022	<u>906,250</u>	<u>950,546</u>	<u>274,298</u>	<u>596,946</u>	<u>2,728,040</u>
Depreciation					
At 1 April 2021	-	131,945	311,153	509,988	953,086
Charge for year	-	19,036	6,181	74,711	99,928
Disposals	-	-	(54,514)	-	(54,514)
At 31 March 2022	<u>-</u>	<u>150,981</u>	<u>262,820</u>	<u>584,699</u>	<u>998,500</u>
Net Book Value					
At 31 March 2022	<u>906,250</u>	<u>799,565</u>	<u>11,478</u>	<u>12,247</u>	<u>1,729,540</u>
At 31 March 2021	<u>765,000</u>	<u>818,601</u>	<u>9,831</u>	<u>74,558</u>	<u>1,667,990</u>

15a. Investments

Association	2022 £	2021 £
Investment in subsidiary undertakings	<u>2</u>	<u>2</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 £330,220 (2021: profit of £173,510) for the year ended 31 March 2022 and had net assets of £701,505 (2021: £371,285).

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 profit of £105,427 (2021: £27,307) for the year ended 31 March 2022 and had net assets of £149,415 (2021: £43,988).

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

15b. Stock

Group	2022 £	<i>2021</i> £
Work in progress	16,411	52,561
Stock of materials	29,377	32,453
	<u>45,788</u>	<u>85,014</u>

16. Debtors < 1 year

	Group 2022 £	<i>Group</i> <i>2021</i> £	Association 2022 £	<i>Association</i> <i>2021</i> £
Amounts falling due within one year:				
Rental arrears	446,969	426,367	446,969	426,367
Less: provision for bad debts	(281,390)	(251,356)	(281,390)	(251,356)
	<u>165,579</u>	<u>175,011</u>	<u>165,579</u>	<u>175,011</u>
Trade debtors	13,265	10,531	3,636	5,593
Amounts owed by subsidiaries	-	-	68,655	64,590
Other debtors and prepayments	1,494,559	1,251,887	1,461,206	1,194,639
	<u>1,673,403</u>	<u>1,437,429</u>	<u>1,699,076</u>	<u>1,439,833</u>
Debtors > 1 year				
Amounts owed by subsidiaries	-	-	669,359	669,359
	<u>-</u>	<u>-</u>	<u>669,359</u>	<u>669,359</u>

17. Cash and cash equivalents

	Group 2022 £	<i>Group</i> <i>2021</i> £	Association 2022 £	<i>Association</i> <i>2021</i> £
Balances held in current accounts	677,252	422,814	46,630	38,566
Balances held in deposit accounts	1,706,893	398,862	1,706,893	398,862
	<u>2,384,145</u>	<u>821,676</u>	<u>1,753,523</u>	<u>437,428</u>

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

18. Creditors	Group 2022	<i>Group 2021</i>	Association 2022	<i>Association 2021</i>
Amounts falling due within one year	£	£	£	£
Bank loans	803,118	790,466	803,118	790,466
Trade creditors	962,642	566,641	881,178	509,990
Amounts owed to subsidiaries	-	-	185,170	140,225
Other creditors	227,267	200,493	190,484	167,279
Rent in advance	457,855	413,727	457,855	413,727
Capital works and retentions	132,280	39,463	132,280	39,463
Accruals and deferred income	246,263	438,420	244,872	389,419
Corporation tax	3,701	38,997	-	-
Other tax and social security	73,752	71,482	56,087	51,576
Deferred government capital grants (note 20)	188,743	203,088	188,743	203,088
Other loans	-	-	-	-
Obligations under finance leases	10,101	8,998	-	-
	<u>3,105,722</u>	<u>2,771,775</u>	<u>3,139,787</u>	<u>2,705,233</u>
19. Creditors – Amounts falling due outwith one year			2022	2021
			£	£
Group				
Bank loan			51,439,567	51,742,685
Hire purchase creditor			14,989	26,221
Deferred government capital grants (note 20)			15,473,980	12,738,137
			<u>66,928,536</u>	<u>64,507,043</u>
Association				
Bank loan			51,439,567	51,742,685
Deferred government capital grants (note 20)			15,473,980	12,738,137
			<u>66,913,547</u>	<u>64,480,822</u>
Bank loans:				
Principal loan balance			41,100,000	40,600,000
Break costs incurred on refinancing			12,293,654	12,293,654
			<u>53,393,654</u>	<u>52,893,654</u>
Gross loan			53,393,654	52,893,654
Adjustment to break fees – Effective interest rate adjustment (note 10)			(1,150,969)	(360,503)
			<u>52,242,685</u>	<u>52,533,151</u>
Net loan			52,242,685	52,533,151
Split as:				
Due in less than one year			803,118	790,466
Due between one and two years			815,976	803,119
Due between two and five years			4,787,338	3,539,689
Due in five years or more			45,836,253	47,399,877
			<u>52,242,685</u>	<u>52,533,151</u>

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

19. 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 1.07% and 6.44% in instalments. The net book value of housing properties secured at the year-end was £54.5M (2021: £59.8m). The loans are due to be repaid in full by 30 September 2045.

20. Deferred government capital grants	2022	2021
Group and Association	£	£
At 1 April	12,941,225	12,687,156
Grants received in year	2,978,484	457,158
Disposals/write-offs in year	(68,243)	-
Released to income in year	(188,743)	(203,088)
As at 31 March	<u>15,662,723</u>	<u>12,941,226</u>
Deferred government capital grants:		
Due in less than one year	188,743	203,088
Due between one and two years	188,743	203,088
Due between two and five years	566,229	609,264
Due in five years or more	14,719,008	11,925,785
	<u>15,662,723</u>	<u>12,941,225</u>

21. Share capital and reserves

Group and Association	2022	2021
Group and Association	£	£
At beginning of year	112	248
Shares of £1 each fully paid and issued during the year	5	5
Shares forfeited in year	(9)	(141)
At end of year	<u>108</u>	<u>112</u>

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.

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

22. Capital Commitments

	2022	<i>2021</i>
Group and Association	£	£
Contracted for but not provided in these accounts	4,272,035	7,485,853
This is to be funded by:		
Government grant	925,828	4,731,082
Private finance	2,979,996	2,594,541
Own Resources	366,211	160,230
	4,272,035	7,485,853
Approved by the Board but not contracted for	607,288	-

23. Revenue commitments

Group

Operating Leases

The Group's annual commitments for rental payments under non-cancellable operating leases at 31 March 2022 were as set out below:

	2022	2022	<i>2021</i>	<i>2021</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	-	36,171	-	36,171
1-2 years	-	63,300	-	99,471
2-5 years	-	-	-	-
>5 years	-	-	-	-
	-	99,471	-	135,642
Association				
	2022	2022	<i>2021</i>	<i>2021</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	-	36,171	-	36,171
1-2 years	-	63,300	-	99,471
2-5 years	-	-	-	-
>5 years	-	-	-	-
	-	99,471	-	135,642

SHETTLESTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

24. 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.

During the year, Shettleston Housing Association Limited paid contributions in respect of the CARE 1/70th Scheme at the rate of 10.2% for April 2021 and 13.25% from May 2021 to March 2022 of pensionable salaries. Member contributions were 10.2% for April 2021 and 13.25% from May 2021 to March 2022. Employer contributions to the Defined Contribution Scheme ranged from 2% to 9.45% and employees contributed at various levels from 1% upwards. There was an additional annual employer past service deficit contribution of £342,710 (net of administration costs) made in the year ended 31 March 2022 (2021 - £356,467).

As at the Statement of Financial Position date there were 27 (2021: 32) active members of the Scheme employed by Shettleston Housing Association Limited. The annual pensionable payroll in respect of these members was £1,070,864 (2021: £1,268,348). Shettleston Housing Association Limited continues to offer membership of the Scheme to its employees.

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

24. Pensions (continued)

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

	31 March 2022 £'000	<i>31 March 2021 £'000</i>
Fair value of plan assets	13,856	13,230
Present value of defined benefit obligations	(13,974)	<i>(14,621)</i>
Defined benefit liability to be recognised	<u>(118)</u>	<i><u>(1,391)</u></i>

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2022 £'000	<i>Year ended 31 March 2021 £'000</i>
Defined benefit obligation at start of period	14,621	11,909
Current service cost	222	190
Expenses	10	12
Interest cost	315	283
Contribution by plan participants	90	104
Actuarial loss /(gain) due to scheme experience	335	<i>(6)</i>
Actuarial gain due to changes in demographic assumptions	44	-
Actuarial gain/(loss) due to changes in financial assumptions	(1,169)	2,453
Benefits paid and expenses	(494)	<i>(324)</i>
Defined benefit liability at the end of the period	<u>13,974</u>	<i><u>14,621</u></i>

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

	Year ended 31 March 2022 £'000	<i>Year ended 31 March 2021 £'000</i>
Fair value of plan assets at start of the period	13,230	11,697
Interest income	288	283
Experience on plan assets (excluding amounts included in interest income)	258	878
Contributions by the employer	484	592
Contributions by participants	90	104
Benefits paid and expenses	(494)	<i>(324)</i>
Fair value of plan assets at end of period	<u>13,856</u>	<i><u>13,230</u></i>

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

24. Pensions (continued)

Defined benefit costs recognised in the Statement of Comprehensive Income

	Year ended 31 March 2022 £'000	<i>Year ended 31 March 2021 £'000</i>
Current service cost	222	190
Admin expenses	10	12
Net interest expense	27	-
	<hr/>	<hr/>
Defined benefit costs recognised in Statement of Comprehensive Income	259	202

	Year ended 31 March 2022 £'000	<i>Year ended 31 March 2021 £'000</i>
Experience on plan assets (excluding amounts included in net interest cost – gain/(loss))	258	878
Experience gains and losses arising on the plan liabilities – gain/(loss)	(335)	6
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	(44)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)/gain	1,169	(2,453)
	<hr/>	<hr/>
Total amount recognised in other comprehensive income – actuarial gain/(loss)	1,048	(1,569)

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

24. Pensions (continued)

Fund allocation for employer's calculated share of assets

	31 March 2022 £'000	<i>31 March 2021 £'000</i>
Global Equity	2,740	2,047
Absolute Return	635	652
Distressed Opportunities	497	452
Credit Relative Value	445	381
Alternative Risk Premia	572	531
Fund of Hedge Funds	-	-
Emerging Markets Debt	516	533
Risk Sharing	452	473
Insurance-Linked Securities	290	276
Property	359	237
Infrastructure	865	739
Private Debt	349	312
Opportunistic Illiquid Credit	459	339
High Yield	135	347
Opportunistic Credit	48	361
Cash	38	5
Corporate Bond Fund	876	998
Liquid Credit	89	228
Long Lease Property	399	307
Secured Income	740	727
Over 15 Year Gilts	6	6
Liability Driven Investment	3,353	3,181
Currency Hedging	(51)	-
Net Current Assets	44	98
Total Assets	13,856	13,230

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

Assumptions as at	31 March 2022 % per annum
Discount rate	2.79
Inflation (RPI)	3.57
Inflation (CPI)	3.19
Salary growth	4.19
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 2022**

24. Pensions (continued)

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2022	21.6
Female retiring in 2022	23.9
Male retiring in 2042	22.9
Female retiring in 2042	25.4

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 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	6	292	57
Females	17	660	53
Total	23	952	54

Deferred members

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	8	40	55
Females	22	97	52
Total	30	137	53

Pensioners

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	9	121	69
Females	10	99	65
Total	19	220	67

SHETTLESTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

24. 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 2021. As of this date the estimated employer debt for the Association was £8,800,059.

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. Five members of staff are members of the Scheme.

The main financial assumptions used by the Council's Actuary, Hymans Robertson, in their 2022 valuations are as follows;

Assumptions as at	31 March 2022	31 March 2021
Pension increase rate	3.20%	2.85%
Salary increase rate	3.90%	3.55%
Discount rate	2.70%	2.00%

Mortality

Life expectancy for both current and future pensioners is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with 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% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	19.6 years	22.4 years
Future Pensioners	21.0 years	24.5 years

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

24. Pensions (continued)

Reconciliation of defined benefit obligation

Year Ended:	31 Mar 2022	<i>31 Mar 2021</i>
	£(000)	<i>£(000)</i>
Opening Defined Benefit Obligation	2,044	<i>1,713</i>
Current Service Cost	75	<i>64</i>
Interest Cost	41	<i>40</i>
Contributions by Members	10	<i>12</i>
Actuarial losses/(gains)	(157)	<i>240</i>
Past Service cost	-	-
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(26)	<i>(25)</i>
	<hr/>	<hr/>
Closing Defined Benefit Obligation	1,987	<i>2,044</i>
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of fair value of employer assets

Year Ended:	31 Mar 2022	<i>31 Mar 2021</i>
	£(000)	<i>£(000)</i>
Opening Fair Value of Employer Assets	2,030	<i>1,691</i>
Expected Return on Assets	41	<i>39</i>
Contributions by Members	10	<i>12</i>
Contributions by the Employer	32	<i>38</i>
Contributions in respect of Unfunded Benefits	-	-
Actuarial gains/(losses)	117	<i>275</i>
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(26)	<i>(25)</i>
Cap on asset value	(217)	<i>-</i>
	<hr/>	<hr/>
Closing Fair Value of Employer Assets	1,987	<i>2,030</i>
	<hr/> <hr/>	<hr/> <hr/>
Net pension (liability)	-	<i>(14)</i>
	<hr/> <hr/>	<hr/> <hr/>

SHETTLESTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

24. Pensions (continued)

Analysis of amounts included in Statement of Comprehensive Income

Year Ended:	2022 £(000)	2021 £(000)
Expected Return on pension scheme assets	41	39
Interest on pension scheme liabilities	(41)	(40)
Net Return – finance charge	-	(1)
	<u>2022</u> <u>£(000)</u>	<u>2021</u> <u>£(000)</u>
Current service cost	(75)	(64)
Contribution by employers	32	38
Charge to staff costs	(43)	(26)

The expected Employer's contributions for the year to 31 March 2023 will be approximately £36,000.

Analysis of amount recognised in Statement of Comprehensive Income

	2022 £(000)	2021 £(000)
Actual return less expected return on scheme assets	117	275
Changes in assumptions underlying the present value of scheme liabilities	157	240
Cap on asset value	(217)	-
Actuarial gain recognised in other comprehensive income	57	35

25. 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 2022

26. Housing stock

Group and Association

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

	Units in Management 2022	Units in Management 2021
General Needs Housing	2,380	2,378
Supported Housing Accommodation	-	-
Shared Ownership Accommodation	17	20
	<u>2,397</u>	<u>2,398</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.

27. Other property

The other property held are as follows:-

	Group Units in Management 2022	Group Units in Management 2021	Association Units in Management 2022	Association Units in Management 2021
Investment properties - EEHDC	13	13	-	-
Commercial units – Association	6	7	6	7
Garages – Association	16	16	16	16
Main Offices- Association	2	2	2	2
	<u>37</u>	<u>38</u>	<u>24</u>	<u>25</u>

28. Transactions with the Board

No member of the Association received any fee or remuneration during the year (2021: £nil). Members of the Board were reimbursed for out of pocket travel and accommodation expenses amounting to £nil (2021: £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 £21,945 (2021: £7,915). The total rent and service charge arrears relating to tenant Board members included within debtors at the year-end is £263 (2021: £nil). The total rent and service charge prepaid relating to tenant Board members included within creditors at the year-end is £2,095 (2021: £1,182).

29. Contingent liability

The Association disposed of Mansion House in the year. In 1993, the Association received a grant of £520,470 from Scottish Homes towards the costs of the project. The Association has concluded that no grant is repayable and is in discussion with the Scottish Government to confirm that this is the case. As such no grant repayable has been included within creditors.