



Alexander Sloan
Accountants and Business Advisers

Tollcross Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2022

Registered Social Landlord No. HCB197

FCA Reference No.1798RS

Scottish Charity No. SC040876

TOLLCROSS HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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TOLLCROSS HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2022

Management Committee

Ms A Bell	Chair
Mr C Elliot	Vice Chair
Ms E Skimins	Secretary
Mr W Dougan	
Mr I Smith	
Mrs A Phillips	
Mrs E Garscadden	
Ms E Stewart	Resigned 31 August 2021
Mr B McNally	Resigned 25 October 2021
Mr S Fleming	
Ms G Connolly	
Ms T Findlay	
Ms G Wilson	Resigned 15 July 2021
Mr J McMorrow	Co-optee
Mr D McPhail	
Ms S May	Co-opted 28 September 2021
Ms M Cooper	Co-opted 28 September 2021, Resigned 28 February 2022

Executive Officers

Mr C Douglas	Chief Executive Officer
Mr T Hastings	Finance Director
Mr F Donohoe	Technical Director (retired 31 July 2022)
Mrs A Wilson	Corporate Services Director
Ms F Mills	Housing Director

Registered Office

868 Tollcross Road
Glasgow
G32 8PF

External Auditors

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

Internal Auditors

Quinn Internal Audit Services Limited
55 Lady Place
Livingston
West Lothian
EH54 6TB

Bankers

Virgin Money
47 Main Street
Baillieston
Glasgow
G69 6SQ

Solicitors

BTO Solicitors LLP
48 St Vincent Street
Glasgow
G2 5HS

TOLLCROSS HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2022

The Management Committee presents its report and the financial statements for the year ended 31 March 2022.

Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No 1798RS), the Scottish Housing Regulator as a registered social landlord (No. HCB197) under the Housing (Scotland) Act 2010 and as is a registered Scottish Charity with the charity number SC040876.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

Strategy and objectives

The Association has previously identified four key themes which it continues to use to deliver the aim of improving housing conditions within our area of operation. The themes are: -

To invest and develop our assets, whereby we will investigate all new build development opportunities and provide the highest quality homes for our tenants and applicants. During the 2021-22 financial year we continued to ensure that our existing stock is well maintained, within the confines of COVID-19 restrictions and this included replacing more than 220 central heating systems, 25 bathrooms and 70 kitchens at a cost of £1,090,000. We also obtained planning consent for 45 new homes on the vacant Altyre Street site and anticipate that site preparation work will begin during the 2022/23 financial year.

To sustain financial viability, whereby we will ensure that we have appropriate and robust business practices in place to support our Business Plan and ensure the long term sustainability of the Association. Quarterly consideration is given to financial performance against budget and lenders covenants and necessary alterations are made to ongoing activities where necessary.

To engage with tenants and customers, whereby we will establish a range of ways for our service users to engage with us and participate in the decision making processes, where appropriate. Our Performance Improvement Network (PIN) was established in 2013 and is comprised of service users who are involved in monitoring how the Association is performing against standards set by the Scottish Government within the Scottish Social Housing Charter. COVID-19 impacted on the ability of the group to meet, but in the past few months they have again began the important work that they do on behalf of service users.

To provide a great workplace environment, whereby we will engage with our staff and work in partnership with them to establish a positive staff culture. The majority of our staff moved into our new headquarters in early July 2018, which meant that all of our departments were situated in one place for the very first time and this has proved to be beneficial for both staff and service users. The pandemic forced staff to work from home for long periods during 2020 and 2021 and a number of changes to working practices were made to enable staff to work effectively from home and these have continued following our return to the office in September last year. These new working practices are aimed at helping to reduce costs and improve efficiency.

TOLLCROSS HOUSING ASSOCIATION LIMITED

Review of Business and Future Developments

The results for the year are set out in the Statement of Comprehensive Income on page 14.

During the year to 31 March 2022, the Association has continued its main business of providing affordable rented accommodation for people in housing need. The Association has also carried out a programme of maintenance and improvements to its properties, which increased from the previous financial year as Government COVID regulations were eased.

Wider Role activities undertaken during the year included COVID recovery initiatives, involvement in the Cash for Kids project, part funding of two money advice staff in conjunction with Tollcross Community Trust and Shettleston Housing Association, as well as continuing with our long established Advice Centre.

In 2022/23 the Association will continue in its main business and will also seek opportunities in terms of development, wider action and other initiatives.

The Association is a member of the Scottish Housing Association Pension Scheme (SHAPS) and the Strathclyde Pension Fund (SPF). Details of the performance of each scheme can be found in note 19 of the financial statements.

Principal risks and uncertainties

The principal risks that have been identified and the steps that are being taken to mitigate them are as follows: -

Financial Uncertainties

The combination of the Pandemic, Brexit and the ongoing war in Ukraine has created a highly volatile financial situation, and it is more difficult than ever to predict how things will develop over the next year. Interest rates are predicted to continue to rise as steps are taken to try to control inflation. Inflation is now at a 20 year high, and although the Bank of England is predicting that the rate will fall back to previously low levels by the end of 2023, further increases are still expected later in 2022. This claim of low inflation levels returning by the end of 2023 seems very unlikely at the moment. As inflation increases the economic situation for many of our tenants is becoming a real issue. The cost of fundamentals such as gas, electricity and food seems to be increasing significantly quicker than the published rates of inflation.

This perfect storm is making life very difficult for many of the Association's tenants. As the organisation attempts to recover from the Pandemic this latest economic crisis is beginning to have an impact on performance. The Association had been seeing real improvements in performance following our return to full time in office working in August 2022. However, as the cost of living problem increases it is likely that rent arrears and void rent loss will increase again.

The Association is monitoring the changing economic situation carefully and stress testing our financial plans to highlight potential future problems. We are offering help, advice and support to our tenants and we consider ourselves well placed to see the organisation and our customers through this difficult time.

Welfare Reforms

Pre-Pandemic the Association was already aware that the migration from Housing Benefit to Universal Credit was having a significant impact on rent arrears. In the first twelve months of Universal Credit the Association saw current tenant arrears double from around £70,000 to £140,000. By the height of the Pandemic this figure had almost doubled again, as the numbers moving to Universal Credit accelerated as more tenants' economic circumstances changed. We had previously estimated that around 1,000 of our tenants would finally move across to Universal Credit on the completion of the welfare reforms in 2024. At present, we now have around 800 tenants claiming Universal Credit. Staff have been working hard to try to get as much help and support to tenants and we have already seen arrears drop to around back £170,000. It is difficult to see how this figure will be maintained as the economic crisis deepens, but the Association is doing everything possible to get as much help to as many people as we can.

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Pensions and Cessation Events.

The SHAPS pension fund appears to be recovering as predicted and the planned recovery deficit payments will be stopped in September 2022. The results of the latest Tri Annual valuation will be released shortly and this will provide the Association with an accurate picture of the current position and then allow us to take any required action to ensure that the risks presented by the SHAPS scheme are identified, measured and controls put in place.

Hopefully, the recovery will continue, but again it is difficult to predict how the ongoing economic issues will impact on the performance of both the SHAPS and the SPF schemes.

The SPF scheme performance appears to be in line with requirements. As this scheme is only open to members of staff that transferred from Glasgow Housing Association to Tollcross Housing Association it is a certainty that at some point in the future there will be no staff member entitled to join this scheme and this will trigger a cessation event. Fortunately, we still have 10 members of staff in the SPF scheme and a few of these members are still relatively young. At present it would appear that they will remain scheme members well into the future. A small allowance has been made in the business plan to cover the cost of any deficit payment that might be due at the inevitable cessation point.

The Association is also aware that further requirements to increase staff contributions to these schemes might have an impact on membership. Again, the current economic situation may force some staff members to withdraw from the schemes because they need the pension contribution portion of their salary just to survive.

Regulatory Standards and Scottish Housing Regulator

The Association currently has a clear Engagement Plan with the Scottish Housing Regulation and the Association also confirmed full compliance with the Regulatory Standards through the Annual Assurance Statement submitted this year. No areas of material non-compliance were identified but a few minor issues were highlighted and the Association is currently working to address the points raised.

The Association has an extensive and rigorous internal audit system in place. Many of our internal procedure and functions are audited every year and through this system of self-examination we are constantly identifying areas where we can improve service delivery. If any weaknesses are identified through this audit system then we ensure that appropriate measures are put in place to address these matters, and through this process we are continually improving the services we deliver to customers.

Health and Safety

The health and safety of the Association's tenants and staff is of fundamental and paramount importance. The Association has a legal duty to protect the health and safety of its tenants and failure to do so would bring a heavy financial and reputational penalty. The recent failure of some organisations to have suitable systems in place that can provide assurances that legal obligations are being met has been highlighted by the Scottish Housing Regulator and brought the Association's responsibilities into sharp focus.

The Association has systems in place to control gas and electrical safety, asbestos, legionella, fire safety and any other issues that place a legal responsibility on the Association.

The Pandemic placed a real strain on these systems as many rely on access to properties for routine checks to be provided by tenants. As a result of Covid many tenants would not allow access for such safety check, and for the first time ever the Association failed to undertake a number of gas inspections within the 12 month timescale in the previous year, with 74 service anniversaries being missed. This issue has now fully resolved and the Association has no outstanding gas checks at present.

TOLLCROSS HOUSING ASSOCIATION LIMITED

In addition, this year Associations were also tasked with fitting inter-connected smoke and heat detectors to every property. Associations were also required to ensure that an electrical check had been carried out in every property within the last 5 years rather than the previous 10 year cycle. Given all of the noted Covid problems over this period, achieving this was a huge task. Again the Association managed to install all of the required smoke and heat detectors and there is now only a small number of outstanding electrical checks to be undertaken

The Association has a robust system in place to ensure that all of the locations where Association staff are located are as safe as possible and that staff are adequately trained to ensure their own safety and recognise the role they play in protecting the wellbeing of themselves, their colleagues and the Association's tenants.

Key performance indicators

The Association uses key performance indicators to identify areas of improvement and to help provide further evidence of the effectiveness of the strategies and plans being implemented. The main KPI's reported for the 2021–22 financial year are detailed below:

Key performance indicator	Target	Actual performance
Average length of time to complete emergency repairs	6 hours	2.2 hours
Percentage of reactive repairs completed right first time	95%	94.5%
How many times in the reporting year did you not meet your statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or last checked.	0	0
Average time taken to re-let properties	16 days	48 days
Gross rent arrears at 31 March as a percentage of rent due for the reporting year	3.50%	3.41%
Percentage of allocations to statutory homeless households	90%	43%

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REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2022

Management Committee and Executive Officers

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

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

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

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Management Committee to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements the Management Committee is required to:

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

Going Concern

Based on its budgetary and forecasting processes the Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

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REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2022

Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

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

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

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receives reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year end 31 March 2022. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Disclosure of Information to the Auditor

The members of the Management Committee at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

A resolution to reappoint the Auditors, Alexander Sloan, Accountants and Business Advisers, will be proposed at the Annual General Meeting.

TOLLCROSS HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2022

By order of the Management Committee



Ms E Skimins
Secretary
29 August 2022

TOLLCROSS HOUSING ASSOCIATION LIMITED

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

In addition to our audit of the financial statements, we have reviewed your statement on page 7 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement of Internal Financial Control on page 7 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

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



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
29 August 2022



TOLLCROSS HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOLLCROSS HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022

Opinion

We have audited the financial statements of Tollcross Housing Association Limited (the 'Association') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2022 and of the surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

Basis of Opinion

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

Other Matter

The financial statements of the Association for the year ended 31 March 2021 were audited by another auditor who expressed an unmodified opinion of those statements on 30th August 2021.

Conclusions relating to going concern

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

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

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

Other Information

The Management Committee is responsible for the other information. The other information comprises the information contained in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

TOLLCROSS HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOLLCROSS HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Other Information (Contd.)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Management Committee

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

In preparing the financial statements, the Management Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOLLCROSS HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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

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

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

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

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

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

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

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

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

TOLLCROSS HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOLLCROSS HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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

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

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

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

Use of our Report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
29 August 2022



TOLLCROSS HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022	2021
		£	£
Revenue	2	9,617,452	9,673,429
Operating costs	2	7,161,894	6,384,522
OPERATING SURPLUS		2,455,558	3,288,907
Interest receivable and other income		21,216	41,744
Interest payable and similar charges	7	(1,016,817)	(1,025,933)
		<u>(995,601)</u>	<u>(984,189)</u>
Surplus on ordinary activities before taxation	8	1,459,957	2,304,718
SURPLUS FOR THE YEAR		1,459,957	2,304,718
Other comprehensive income			
Actuarial gains/(losses) in respect of the Strathclyde Pension Fund	18	545,000	(156,000)
Actuarial gains/(losses) in respect of the SHAPS	18	512,000	(744,000)
TOTAL COMPREHENSIVE INCOME		2,516,957	1,404,718

The results relate wholly to continuing activities.

The notes on pages 18 to 39 form an integral part of these financial statements.

TOLLCROSS HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
NON-CURRENT ASSETS					
Housing properties - depreciated cost	10		61,718,569		62,007,302
Other tangible assets	10		3,661,033		3,780,353
Investments	11		1		1
			<u>65,379,603</u>		<u>65,787,656</u>
CURRENT ASSETS					
Receivables	12	291,885		253,213	
Investments	13	7,192,272		6,173,564	
Cash and cash equivalents	14	3,730,609		4,042,737	
			<u>11,214,766</u>	<u>10,469,514</u>	
CREDITORS: Amounts falling due within one year	15	(2,540,061)		(2,499,304)	
NET CURRENT ASSETS			<u>8,674,705</u>		<u>7,970,210</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			74,054,308		73,757,866
CREDITORS: Amounts falling due after more than one year	16		(27,384,487)		(28,338,743)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish housing association pension scheme	18	(58,000)		(684,000)	
Strathclyde pension fund	18	(272,000)		(715,000)	
			<u>(330,000)</u>		<u>(1,399,000)</u>
DEFERRED INCOME					
Social housing grants	19	(11,566,471)		(11,763,729)	
			<u>(11,566,471)</u>	<u>(11,763,729)</u>	
NET ASSETS			<u>34,773,350</u>		<u>32,256,394</u>
EQUITY					
Share capital	20		115		116
Revenue reserves			35,103,235		33,655,278
Pension reserves			(330,000)		(1,399,000)
			<u>34,773,350</u>		<u>32,256,394</u>

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on 29 August 2022.



Committee Member



Committee Member



Secretary

The notes on pages 18 to 39 form an integral part of these financial statements.

TOLLCROSS HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022		2021
		£	£	£
Surplus for the Year			1,459,957	2,304,718
<i>Adjustments for non-cash items:</i>				
Depreciation of tangible fixed assets	10	1,515,461	1,469,195	
Amortisation of capital grants	19	(197,258)	(197,259)	
Non-cash adjustments to pension provisions		(12,000)	(132,000)	
Share capital written off	20	(7)	(15)	
			<u>1,306,196</u>	<u>1,139,921</u>
Interest receivable			(21,216)	(41,744)
Interest payable	7		<u>1,016,817</u>	<u>1,025,933</u>
Operating cash flows before movements in working capital			3,761,754	4,428,828
Change in debtors		(38,672)	(2,657)	
Change in creditors		(21,557)	(20,608)	
			<u>(60,229)</u>	<u>(23,265)</u>
Net cash inflow from operating activities			<u>3,701,525</u>	<u>4,405,563</u>
Investing Activities				
Acquisition and construction of properties		(1,103,550)	(735,676)	
Purchase of other fixed assets		(3,858)	(90,174)	
Investment in subsidiaries		-	1	
Changes on short term deposits with banks		(1,018,708)	(20,710)	
Net cash outflow from investing activities			<u>(2,126,116)</u>	<u>(846,559)</u>
Financing Activities				
Loan Advances Received		-	4,044,285	
Interest received on cash and cash equivalents		21,216	41,744	
Interest paid on loans		(1,016,817)	(1,012,933)	
Loan principal repayments		(891,942)	(4,903,211)	
Share Capital Issued	20	6	4	
Net cash outflow from financing activities			<u>(1,887,537)</u>	<u>(1,830,111)</u>
(decrease)/increase in cash	21		<u>(312,128)</u>	<u>1,728,893</u>
Opening cash & cash equivalents			<u>4,042,737</u>	<u>2,313,844</u>
Closing cash & cash equivalents			<u>3,730,609</u>	<u>4,042,737</u>
Cash and cash equivalents as at 31 March				
Cash	21		<u>3,730,609</u>	<u>4,042,737</u>
			<u>3,730,609</u>	<u>4,042,737</u>

The notes on pages 18 to 39 form an integral part of these financial statements.

TOLLCROSS HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2022

	Share Capital	Strathclyde Pension Reserve	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£	£
Balance as at 1 April 2020	127	(517,000)	(101,000)	31,469,560	30,851,687
Issue of Shares	4	-	-	-	4
Cancellation of Shares	(15)	-	-	-	(15)
Other comprehensive income	-	(156,000)	(744,000)	-	(900,000)
Other movements	-	(42,000)	161,000	(119,000)	-
Surplus for the year	-	-	-	2,304,718	2,304,718
Balance as at 31 March 2021	116	(715,000)	(684,000)	33,655,278	32,256,394
Balance as at 1 April 2021	116	(715,000)	(684,000)	33,655,278	32,256,394
Issue of Shares	6	-	-	-	6
Cancellation of Shares	(7)	-	-	-	(7)
Other comprehensive income	-	545,000	512,000	-	1,057,000
Other movements	-	(102,000)	114,000	(12,000)	-
Surplus for the year	-	-	-	1,459,957	1,459,957
Balance as at 31 March 2022	115	(272,000)	(58,000)	35,103,235	34,773,350

The notes on pages 18 to 39 form an integral part of these financial statements.

TOLLCROSS HOUSING ASSOCIATION LIMITED

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

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice for social housing providers 2018. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2019. They comply with the Determination of Accounting Requirements 2019. A summary of the principal accounting policies is set out below

Revenue

Revenue comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sales of properties built for sale, other services provided, revenue grants receivable and government grants released to income in the period.

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government grants are released to income over the expected useful life of the asset to which they relate. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

Retirement Benefits

The Association participates in the Strathclyde Pension Fund a multi-employer defined benefit scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS) a multi-employer defined benefit scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

Going Concern

On the basis that the Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

TOLLCROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Housing Properties

Housing properties are held for the provision of social housing. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Association depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

<i>Component</i>	<i>Useful Economic Life</i>
Land	Not depreciated
Structure	Over 100 years
Roof	Over 50 years
Radiators	Over 30 years
Windows	Over 25 years
Kitchen	Over 20 years
Bathroom	Over 20 years
Boilers	Over 15 years

Depreciation and Impairment of Other Tangible Assets

Non-current assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected economic useful lives of the assets at the following annual rates:

<i>Asset Category</i>	<i>Depreciation Rate</i>
Fixtures and Fittings	Over 4 years
Office Property	Over 15 years
New Office Property	Over 50 years
Commercial Premises	Over 10 years
Computer Equipment	Over 3 years

The carrying values of non-current assets are reviewed for impairment at the end of each reporting period.

Social Housing Grants and Other Capital Grants

Social housing grants and other capital grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which they relate.

Social housing grant attributed to individual components is written off to the statement of comprehensive income when these components are replaced.

Although social housing grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

First tranche shared ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the statement of recommended practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the statement of comprehensive income.

Disposals under shared equity schemes are accounted for in the statement of comprehensive income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

TOLLCROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Leases

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives or the term of the lease whichever is shorter.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property, a material reduction in future maintenance costs, or a significant extension of the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to ongoing development activities are capitalised.

Borrowing Costs

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme. All other borrowing costs are expensed to the statement of comprehensive income using the effective interest rate method.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a non-current asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income.

Property developments that are intended for resale are included in current assets until disposal.

VAT

The Association is VAT registered but the substantial proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.

Basis of Consolidation

The Association has obtained exemption from the Financial Conduct Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The financial statements for Tollcross Housing Association Limited present information about it as an individual undertaking and not about the group.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

Cash and Liquid Resources

Cash comprises cash at bank and in hand, deposits repayable on demand less overdrafts. Liquid resources are current asset investments that can't be disposed of without penalty and are readily convertible into amounts of cash at their carrying value.

Impairment

The Association assesses at the end of each accounting period whether there are indications that a non-current asset may be impaired or that an impairment loss previously recognised has fully or partially reversed.

Where the carrying value of non-current assets is less than their recoverable amounts the shortfall is recognised as an impairment loss in the Statement of Comprehensive Income. The recoverable amount is the higher of the fair value less costs to sell and value-in-use of the asset based on its service potential.

Impairment losses previously recognised are reversed if the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income.

TOLLGROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the the Association to exercise judgement in applying the it's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below.

Key Judgements

a) Categorisation of Housing Properties

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Management Committee considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Financial instrument break clauses

The Management Committee has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In their judgement these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

d) Pension Liability

The Association participated in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method. Judgements relating to the benefits issue are included in Note 28.

Accounting entries in respect of transactions regarding the Strathclyde Pension Scheme within the financial statements are based on the actuary's report on the scheme. The actuary has a number of assumptions in their calculations and details of any key assumptions are included within the notes to the financial statements.

Estimation Uncertainty

a) Valuation of housing properties

The Association estimates housing proprties at deemed cost which is based on existing use valuations at the date of transition to FRS 102 at 1 April 2014.

b) Useful lives of other fixed assets

The useful lives of other fixed assets are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.

c) Main Components of Housing Properties and their useful lives

These components were identified by knowledgeable and experiences staff members and based on costing models.

d) Recoverable amount of rental and other trade receivables

The Association reviews rental arrears and other trade receivables with appropriately experienced senior management on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taking into account.

e) Defined pension liability

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

f) Allocation of costs for shared ownership

The Association allocate management and administration costs on the basis of rental income that shared ownership propertes represent of the Association's total rental income.

TOLLCROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Notes	Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	9,476,972	6,957,937	2,519,035	9,556,196	6,082,530	3,473,666
Other Activities	4	140,480	203,957	(63,477)	117,233	301,992	(184,759)
Total		9,617,452	7,161,894	2,455,558	9,673,429	6,384,522	3,288,907

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2022 Total £	2021 Total £
Revenue from Lettings					
Rent receivable net of service charges	8,898,504	247,738	38,803	9,185,045	9,167,770
Service charges receivable	182,291	-	-	182,291	179,377
Gross income from rent and service charges	9,080,795	247,738	38,803	9,367,336	9,347,147
Less: Rent losses from voids	87,321	11,796	-	99,117	113,808
Income from rents and service charges	8,993,474	235,942	38,803	9,268,219	9,233,339
Grants released from deferred income	197,258	-	-	197,258	197,259
Other revenue grants	11,495	-	-	11,495	125,598
Total turnover from affordable letting activities	9,202,227	235,942	38,803	9,476,972	9,556,196
Expenditure on affordable letting activities					
Management and maintenance administration costs	2,872,592	-	-	2,872,592	2,679,183
Service costs	485,804	-	-	485,804	382,181
Planned and cyclical maintenance, including major repairs	941,726	-	-	941,726	585,762
Reactive maintenance costs	1,252,639	-	-	1,252,639	990,172
Bad Debts - rents and service charges	12,892	-	-	12,892	124,146
Depreciation of affordable let properties	1,392,284	-	-	1,392,284	1,321,086
Operating costs of affordable letting activities	6,957,937	-	-	6,957,937	6,082,530
Operating surplus on affordable letting activities	2,244,290	235,942	38,803	2,519,035	3,473,666
2021	3,213,699	221,165	38,802		

TOLLCROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
 NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating surplus / (deficit) 2022	Operating surplus / (deficit) 2021
	£	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	10,750	10,750	-	129,788	(119,038)	(115,991)
Investment property activities	-	-	-	-	-	-	-	-	(28,343)
Factoring	-	-	-	93,033	93,033	-	74,169	18,864	(59,799)
Support activities	-	-	-	26,458	26,458	-	-	26,458	14,061
Other activities	-	-	-	10,239	10,239	-	-	10,239	5,313
Total From Other Activities	-	-	-	140,480	140,480	-	203,957	(63,477)	(184,759)
2021	-	-	-	117,233	117,233	-	301,992	(184,759)	

TOLLCROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

	2022 £	2021 £
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	<u>345,919</u>	<u>342,796</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>59,726</u>	<u>58,033</u>
Emoluments payable to Chief Executive (excluding pension contributions)	81,723	81,074
Pension contributions paid on behalf of the Chief Executive	<u>13,533</u>	<u>13,427</u>
Total emoluments payable to the Chief Executive	<u>95,256</u>	<u>94,501</u>
Total emoluments paid to key management personnel	<u>405,645</u>	<u>400,829</u>

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

	Number	Number
£70,001 to £80,000	3	4
£80,001 to £90,000	1	-
£90,001 to £100,000	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

	2022 No.	2021 No.
Average monthly number of full time equivalent persons employed during the year	<u>42</u>	<u>44</u>
Average total number of employees employed during the year	<u>44</u>	<u>44</u>
Staff costs were:	£	£
Wages and salaries	1,681,322	1,657,255
National insurance costs	154,688	155,430
Pension costs	245,286	280,263
Temporary, agency and seconded staff	19,185	-
	<u>2,100,481</u>	<u>2,092,948</u>

TOLLCROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£	£
On bank loans and overdrafts	988,817	1,012,933
SHAPS defined benefit pension liability - interest charge	13,000	1,000
Strathclyde Pension Fund - interest expense	15,000	12,000
	<u>1,016,817</u>	<u>1,025,933</u>

8. SURPLUS FOR THE YEAR

	2022	2021
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	1,409,029	1,457,284
Loss on component disposals	106,432	78,671
Auditors' remuneration - audit services	13,800	15,600
Auditors' remuneration - other services	480	660
	<u>1,532,741</u>	<u>1,652,215</u>

9. CORPORATION TAX

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

TOLLCROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Mortgage to Rent Properties £	Total £
COST					
At 1 April 2021	67,739,519	263,835	456,797	484,608	68,944,759
Additions	1,082,763	13,478	-	7,309	1,103,550
Disposals	(206,768)	-	-	(1,737)	(208,505)
Transfers	-	-	-	-	-
At 31 March 2022	<u>68,615,514</u>	<u>277,313</u>	<u>456,797</u>	<u>490,180</u>	<u>69,839,804</u>
DEPRECIATION					
At 1 April 2021	6,857,608	-	35,730	44,119	6,937,457
Charge for Year	1,272,856	-	5,102	7,893	1,285,851
Transfers	-	-	-	-	-
Disposals	(101,349)	-	-	(724)	(102,073)
At 31 March 2022	<u>8,029,115</u>	<u>-</u>	<u>40,832</u>	<u>51,288</u>	<u>8,121,235</u>
NET BOOK VALUE					
At 31 March 2022	<u>60,586,399</u>	<u>277,313</u>	<u>415,965</u>	<u>438,892</u>	<u>61,718,569</u>
At 31 March 2021	<u>60,881,911</u>	<u>263,835</u>	<u>421,067</u>	<u>440,489</u>	<u>62,007,302</u>

Expenditure on Existing Properties	2022		2021	
	<i>Component replacement</i> £	<i>Improvement</i> £	<i>Component replacement</i> £	<i>Improvement</i> £
Amounts capitalised	1,103,550	-	697,583	-
Amounts charged to the statement of comprehensive income	-	2,194,365	-	1,575,934
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carry value of £35,937,808 (2021 - £35,872,890)

TOLLCROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

10. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises and lock ups £	Fixtures, fittings & Equipment £	Machinery & Equipment £	Computer Equipment £	Total £
COST					
At 1 April 2021	4,157,873	281,784	-	-	4,439,657
Additions	-	3,858	-	-	3,858
Eliminated on disposals	-	(1,466)	-	-	(1,466)
At 31 March 2022	4,157,873	284,176	-	-	4,442,049
DEPRECIATION					
At 1 April 2021	431,643	227,661	-	-	659,304
Charge for year	79,281	43,897	-	-	123,178
Eliminated on disposals	-	(1,466)	-	-	(1,466)
At 31 March 2022	510,924	270,092	-	-	781,016
NET BOOK VALUE					
At 31 March 2022	3,646,949	14,084	-	-	3,661,033
At 31 March 2021	3,726,230	54,123	-	-	3,780,353

11. FIXED ASSET INVESTMENTS

	2022 £	2021 £
Subsidiary undertakings	1	1
	<u>1</u>	<u>1</u>

Subsidiary Undertakings

Tollcross Housing Association Limited has the following wholly owned subsidiary undertakings. The registered office of the subsidiary is 868 Tollcross Road ,Glasgow ,G32 8PF.

	2022 Reserves £	Profit / (Loss) £	2021 Reserves £	Profit / (Loss) £
Auchenshuggle Develops Limited	<u>13,300</u>	<u>13,299</u>	<u>4,432</u>	<u>4,431</u>

TOLLCROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. RECEIVABLES

	2022	2021
	£	£
Gross arrears of rent and service charges	324,352	341,318
Less: Provision for doubtful debts	<u>(201,916)</u>	<u>(212,343)</u>
<i>Net arrears of rent and service charges</i>	122,436	128,975
Prepayments and accrued income	109,881	75,512
Other receivables	33,104	34,652
Amounts due from group undertakings	26,464	14,074
	<u>291,885</u>	<u>253,213</u>

13. CURRENT ASSET INVESTMENTS

	2022	2021
	£	£
Current asset investments	7,192,272	6,173,564
	<u>7,192,272</u>	<u>6,173,564</u>

14. CASH AND CASH EQUIVALENTS

	2022	2021
	£	£
Cash at bank and in hand	1,065,824	1,378,242
Balances held in deposit accounts	2,664,785	2,664,495
	<u>3,730,609</u>	<u>4,042,737</u>

TOLLCROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Housing loans	954,257	891,943
Trade payables	102,299	146,968
Rent received in advance	669,537	656,371
Other taxation and social security	84,429	86,211
Other payables	180,046	389,894
Accruals and deferred income	549,493	327,917
	<u>2,540,061</u>	<u>2,499,304</u>

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

	2022	2021
	£	£
Housing loans	27,384,487	28,338,743
	<u>27,384,487</u>	<u>28,338,743</u>

17. DEBT ANALYSIS - BORROWINGS

	2022	2021
	£	£
Housing Loans		
Amounts due within one year	954,257	891,943
Amounts due in one year or more but less than two years	1,045,868	954,256
Amounts due in two years or more but less than five years	7,596,304	7,437,650
Amounts due in more than five years	18,742,315	19,946,837
	<u>28,338,744</u>	<u>29,230,686</u>

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

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable or Fixed
Royal Bank of Scotland	1,500	5.2%	2041	Fixed
Royal Bank of Scotland	1,500	2.6%	2029	Variable
Royal Bank of Scotland	1,500	2.6%	2037	Variable
Royal Bank of Scotland	1,500	2.4%	2025	Variable
Clydesdale Bank	370	2.4%	2030	Variable

All the Association's bank borrowings are repayable on a quarterly basis with the principal being amortised over the term of the loans.

TOLLCROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS

Tollcross Housing Association participates in two pension schemes: the Scottish Housing Association Pension Scheme and the Strathclyde Pension Fund.

Scottish Housing Association Pension Scheme

Tollcross Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pensions schemes in the UK.

The last valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 87.9%). A recovery plan is in place to eliminate the past service deficit which runs to 30 September 2022.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, then the liability of the withdrawing employer is reapportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

Present values of defined benefit obligation, fair value of assets and defined benefit asset / (liability)

	2022	2021	2020
	£	£	£
Fair value of plan assets	6,764,000	6,373,000	5,854,000
Present value of defined benefit obligation	6,822,000	(7,057,000)	(5,955,000)
Surplus / (deficit) in plan	(58,000)	(684,000)	(101,000)
Unrecognised surplus	-	-	-
Defined benefit asset / (liability) to be recognised	(58,000)	(684,000)	(101,000)

TOLLCROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2022	2021
	£	£
Defined benefit obligation at the start of period	(7,057,000)	(5,955,000)
Current service cost	(147,000)	(77,000)
Expenses	(6,000)	(5,000)
Interest expense	(154,000)	(141,000)
Contributions by plan participants	(92,000)	(80,000)
Actuarial losses (gains) due to scheme experience	(48,000)	106,000
Actuarial losses (gains) due to changes in demographic assumptions	(22,000)	-
Actuarial losses (gains) due to changes in financial assumptions	563,000	(1,143,000)
Benefits paid and expenses	141,000	238,000
Defined benefit obligation at the end of period	<u>(6,822,000)</u>	<u>(7,057,000)</u>

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

	2022	2021
	£	£
Fair value of plan assets at start of period	6,373,000	5,854,000
Interest income	141,000	140,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	19,000	293,000
Contributions by the employer	280,000	244,000
Contributions by plan participants	92,000	80,000
Benefits paid and expenses	(141,000)	(238,000)
Fair value of plan assets at the end of period	<u>6,764,000</u>	<u>6,373,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £160,000

TOLLCROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

	2022	2021
	£	£
Current service cost	147,000	77,000
Expenses	6,000	5,000
Net interest expense	13,000	1,000
	<u>166,000</u>	<u>83,000</u>
Defined benefit costs recognised in statement of comprehensive income	166,000	83,000

Defined benefit costs recognised in the other comprehensive income

	2022	2021
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain / (loss)	19,000	293,000
Experience gains and losses arising on plan liabilities - gain / (loss)	(48,000)	106,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain / (loss)	(22,000)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	563,000	(1,143,000)
	<u>512,000</u>	<u>(744,000)</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	512,000	(744,000)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	-	-
	<u>512,000</u>	<u>(744,000)</u>
Total amount recognised in other comprehensive income - gain (loss)	512,000	(744,000)

TOLLCROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets

	2022	2021	2020
	£	£	£
Absolute Return	310,000	314,000	360,000
Alternative Risk Premia	279,000	256,000	469,000
Corporate Bond Fund	428,000	481,000	428,000
Credit Relative Value	217,000	184,000	141,000
Distressed Opportunities	242,000	218,000	107,000
Emerging Markets Debt	252,000	257,000	208,000
Currency Hedging	(25,000)	-	-
Global Equity	1,337,000	986,000	805,000
Infrastructure	422,000	356,000	345,000
Insurance-Linked Securities	142,000	133,000	157,000
Liability Driven Investment	1,637,000	1,532,000	1,542,000
Long Lease Property	195,000	148,000	143,000
Net Current Assets	22,000	47,000	44,000
Over 15 Year Gilts	3,000	3,000	74,000
Private Debt	170,000	150,000	116,000
Property	175,000	114,000	109,000
Risk Sharing	221,000	228,000	185,000
Secured Income	361,000	350,000	325,000
Opportunistic Illiquid Credit	224,000	163,000	143,000
High Yield	66,000	167,000	-
Cash	19,000	2,000	-
Liquid Credit	43,000	110,000	153,000
Opportunistic Credit	24,000	174,000	-
Total assets	<u>6,764,000</u>	<u>6,373,000</u>	<u>5,854,000</u>

None of the fair values of the assets shown above include any direct investment in the Association's own financial instruments or any property occupied by, or other assets used by the Association.

Key Assumptions

	2022	2021	2020
Discount Rate	2.8%	2.2%	2.4%
Inflation (RPI)	3.6%	3.3%	2.6%
Inflation (CPI)	3.2%	2.9%	1.6%
Salary Growth	4.2%	3.9%	2.6%

Allowance for commutation of pension for cash at retirement 75% of maximum allowance

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

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

TOLLCROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Strathclyde Pension Fund Defined Benefit Scheme

The Association operates a defined benefit scheme as an admitted body under the Strathclyde Pension Fund, the assets of which are held in a separate trustee administered fund.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

The following figures are prepared by the Actuaries in accordance with their understanding of FRS 102 and Guidance Note 36: Accounting for Retirement Benefits under FRS 102 issued by the Institute and Faculty of Actuaries.

Principal Actuarial Assumptions

Assumptions as at 31 March	2022 %p.a.	2021 %p.a.	2020 %p.a.
Pension Increase Rate (CPI)	3.20	2.85	1.80
Salary Increase Rate	3.90	3.55	2.90
Discount Rate	2.70	2.00	2.30

Members of the Scheme

	2022 No	2021 No
Employee members	12	12
Deferred pensioners	1	5
Pensioners	-	10
	<u>13</u>	<u>27</u>

Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period as follows:

Asset Class	2022 % p.a.	2021 % p.a.
Equities	64	66
Bonds	24	23
Property	10	9
Cash	2	2
Total	<u>100</u>	<u>100</u>

Mortality Rates

Life expectancy 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 long term rate of employment 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 (Years)	Females (Years)
Current Pensioners	19.6	22.4
Future Pensioners	21.0	24.5

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Strathclyde Pension Fund Defined Benefit Scheme (continued)

Net Pension Liability	2022	2021
	£	£
Fair value of employer's assets	3,739,000	3,356,000
Present value of scheme liabilities	(4,011,000)	(4,071,000)
	<u>(272,000)</u>	<u>(715,000)</u>

Reconciliation of fair value of employer assets

	2022	2021
	£	£
Opening fair value of employer assets	3,356,000	2,554,000
Expected return on assets	68,000	60,000
Contributions by members	28,000	28,000
Contributions by the employer	115,000	115,000
Actuarial gains / (losses)	194,000	643,000
Estimated benefits paid	(22,000)	(44,000)
	<u>3,739,000</u>	<u>3,356,000</u>

Reconciliation of defined benefit obligations

	2022	2021
	£	£
Opening defined benefit obligation	4,071,000	3,071,000
Current service cost	202,000	145,000
Interest cost	83,000	72,000
Contributions by members	28,000	28,000
Actuarial gains / (losses)	(351,000)	799,000
Estimated benefits paid	(22,000)	(44,000)
	<u>4,011,000</u>	<u>4,071,000</u>

TOLLCROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Strathclyde Pension Fund Defined Benefit Scheme (continued)

Analysis of amount charged to the statement of comprehensive income

	2022 £	2021 £
Charged to operating costs:		
Service cost	202,000	145,000
	<u>202,000</u>	<u>145,000</u>
Charged to other finance costs / (income)		
Expected return on employer assets	(68,000)	(60,000)
Interest on pension scheme liabilities	83,000	72,000
	<u>15,000</u>	<u>12,000</u>
Net charge to the statement of comprehensive income	<u>217,000</u>	<u>157,000</u>

Actuarial gain / (loss) recognised in other comprehensive income

	2022 £	2021 £
Actuarial gain/(loss) recognised in year	545,000	(156,000)
Cumulative actuarial gains	706,000	161,000

Analysis of projected amount to be charged to the statement of comprehensive income for the year ended 31 March 2023

	£	% of pay
Projected current service cost	181,000	(43)
Interest on obligation	111,000	(26)
Expected return on plan assets	(103,000)	25
	<u>189,000</u>	<u>(45)</u>

Contributions made by the Association for the year ended 31 March 2023 are estimated to be approximately £125,000.

TOLLCROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Non Housing Grants £	Total £
Capital grants received				
At 1 April 2021	11,763,729	-	-	11,763,729
Amortisation in year	197,258	-	-	197,258
Net book value				
At 31 March 2022	<u>11,566,471</u>	<u>-</u>	<u>-</u>	<u>11,566,471</u>
At 31 March 2021	<u>11,763,729</u>	<u>-</u>	<u>-</u>	<u>11,763,729</u>

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

	2022 £	2021 £
Amounts due within one year	197,258	197,259
Amounts due in more than one year	<u>11,369,213</u>	<u>11,566,470</u>
	<u>11,566,471</u>	<u>11,763,729</u>

20. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2022 £	2021 £
At 1 April	116	127
Issued in year	6	4
Cancelled in year	(7)	(15)
At 31 March	<u>115</u>	<u>116</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

TOLLCROSS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

21. CASH FLOWS

Reconciliation of net cash flow to movement in net debt

	£	2022 £	£	2021 £
(Decrease) / increase in cash	(312,128)		1,728,893	
Change in liquid resources	1,018,708		20,710	
Cashflow from change in net debt	891,942		858,926	
Movement in net debt during the year		1,598,522		2,608,529
Net debt at 1 April		(19,014,385)		(21,622,914)
Net debt at 31 March		<u>(17,415,863)</u>		<u>(19,014,385)</u>

	At 01 April 2021 £	Cashflows £	Other Changes £	At 31 March 2022 £
Cash and cash equivalents	4,042,737	(312,128)	-	3,730,609
Bank overdrafts	-	-	-	-
	<u>4,042,737</u>	<u>(312,128)</u>	<u>-</u>	<u>3,730,609</u>
Liquid resources	6,173,564	1,018,708	-	7,192,272
Debt: Due within one year	(891,943)	891,942	(954,256)	(954,257)
Due after more than one year	(28,338,743)	-	954,256	(27,384,487)
Net debt	<u>(19,014,385)</u>	<u>1,598,522</u>	<u>-</u>	<u>(17,415,863)</u>

22. COMMITMENTS UNDER OPERATING LEASES

	2022 £	2021 £
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
Other		
Expiring in the next year	<u>1,662</u>	<u>1,389</u>

23. FUTURE OPERATING INCOME

	2022 £	2021 £
At the year end, the total minimum lease payments under non-cancellable operating		
Land and Buildings		
Expiring in the next year	28,800	28,800
Expiring later than one year and not later than five years	14,400	28,800
Expiring later than five years	<u>-</u>	<u>14,400</u>

24. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 868 Tollcross Road , Glasgow , G32 8PF .

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Glasgow .

25. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £2,188 (2021 - £852) in the year by way of reimbursement of expenses. No remuneration is paid to members in respect of their duties to the Association.

TOLLGROSS HOUSING ASSOCIATION LIMITE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

27. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2022 No.	2021 No.
General needs	2,226	2,226
Supported housing	58	58
Shared ownership	17	17
Mid-market rent	12	12
	<u>2,313</u>	<u>2,313</u>

28. RELATED PARTY TRANSACTIONS

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

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

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

	2022 £	2021 £
Rent received from tenants on the Management Committee and their close family members	<u>38,567</u>	<u>37,534</u>

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £116 (2021 - £495).

Members of the Management Committee who are tenants	11	11
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During the year the Association charged rent of £28,800 (2021 - £14,400) to its subsidiary, Auchenshuggle Develops Limited and a management charge of £26,451 (2021 - £14,061). The amount due by the subsidiary included within debtors at the year end is £26,464 (2021 - £14,074).

29. CONTINGENT LIABILITY

The Trustees of The Pension Trust (The Trust) has completed a review of the changes made to the benefit structures of the Scottish Housing Association Defined Benefit Schemes within the Trust. The result of this review is that, in some cases, it is unclear whether changes were made to scheme benefits in accordance with the Trust's governing documentation.

The Trustee has been advised to seek direction from the Court on the effect of these changes. This process is ongoing and is unlikely to be resolved until late 2024 at the earliest. However, one potential outcome is that scheme members, of which the Association is one, may see their share of scheme liabilities increase.

The Pension Trust have not made their legal advice available and the likelihood of success is currently unknown. For multi-employer schemes, the Trustee is unable to provide the estimated potential additional liability at an individual employer level as this is as yet unknown. Furthermore due to the complexities in relation to back payments, transfers, deaths and orphan liabilities, etc., it may not be possible to ascertain an accurate split by individual employers until after the court ruling, when the scope of any rectification work, should this be required, becomes known. As a result, no provision has therefore been included in the financial statements.