

**SHETTLESTON HOUSING ASSOCIATION LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

Members, Executive Officers, and Advisers

Board

Hugh McIntosh (Chair)
Elizabeth Battersby (Secretary)
Gillian Johnston
Grace Barbour
Eddie Robertson
Brian Barclay
Rae Connolly
Sean Connor
Jennifer Kiernan
Marian Hussain
Lesley Scoffield
Christine Thomson

Co-optee from August 2022
Co-optee
Resigned September 2022
Resigned August 2022
Resigned June 2023
Resigned June 2023

Registered Office

65 Pettigrew Street
Helen McGregor House
Glasgow
G32 7XR

Auditor

Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Bank

Royal Bank of Scotland
1304 Duke Street
Glasgow
G31 5PZ

Executive Officers

Tony Teasdale
Kirsty Brown

Chief Executive Officer
Director of Finance & Corporate
Services (appointed October 2022)

Collette McKenna
David Wilson

Director of Property Services
Director of Customer & Community
Services (resigned February 2023)

Fiona Nicholl

Director of Finance & Corporate
Services (resigned April 2022)

Solicitors

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

Internal auditor

Wylie + Bissett LLP
168 Bath Street
Glasgow
G2 4TP

SHETTLESTON HOUSING ASSOCIATION LIMITED

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FOR THE YEAR ENDED 31 MARCH 2023**

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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 2023

The Board presents its Report (incorporating the Strategic Report) and audited financial statements for the year ended 31 March 2023.

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 2022/23 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

We were finally able to resume normal operations and services early in the year as the county emerged from the coronavirus pandemic. However, the start of the year also coincided with the commencement of the war in Ukraine. The year saw growing economic uncertainty and a developing Cost of Living crisis. As a result the Association, its subsidiaries, and its tenants had to face a new set of challenges.

The second half of the year was dominated by uncertainty regarding the possibility of a Scottish Government rent freeze. This was not imposed in the end but only on the understanding that RSLs would be looking to set rent increases significantly below the rate of inflation anyway with very significant consequences for our forward financial planning.

Notwithstanding these new challenges we were able to make significant progress with the delivery of the group business plans.

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

Governance

Despite there being a number of vacancies the Board continued to strengthen including through the recruitment of an additional co-optee with specific targeted skills. Governance within the Group was strengthened towards the end of the year by the recruitment of two new independent Members to the subsidiary Boards.

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REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

The Board kept the Association's compliance with Regulatory standards under review, with a new Working Group of members established to work directly with an independent consultant to review compliance. An updated Improvement Action Plan was agreed and the Association's Annual Assurance Statement submitted to the SHR in October. The only significant issue identified was in relation to our level of non-compliance with the new requirements relating to EICR electrical safety regulations. The Association had its regulatory status as "compliant" re-affirmed by SHR at the end of the year albeit with the EICR compliance issue referred to as an ongoing action point. Other important progress during the year included:

- A revised Membership Policy aimed at improving recruitment and refreshing our community membership base;
- A streamlining of governance arrangements: with a reduced Board meeting schedule, guidelines on slimmed down reporting and improved use of our electronic Board decision system to facilitate scope for decision-making between meetings;
- A revised approach to Risk Management with a new Policy and Risk management Framework adopted;
- A new Equalities Policy and action plan;
- Further improvements to our ICT and cyber security and GDPR compliance; and
- Independent internal audit reviews were carried out in accordance with our Audit Plan in relation to Risk Management, Budgetary and Financial controls, and Complaints Handling. Additional audits were arranged to look at tenant safety arrangements and our office health and safety arrangements. Audit findings were generally positive. A new three year audit plan was agreed.

Operations and services

Normal staffing and office opening arrangements were resumed during the year post-Covid although we continued to operate our new hybrid working arrangements on a trial basis.

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

- An independent "Skills for Growth" assessment was carried out and a survey of staff satisfaction carried out, leading to the identification of an action plan for improvement;
- We reviewed our staffing needs in the Finance & Corporate Services team and successfully recruited a new Director of Finance & Corporate Services; and
- We successfully recruited to eight other posts, bringing new skills and experience into the team, during a year of higher than average turnover caused in part by staff retirements.

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

Our key service delivery targets/KPIs were generally met. We saw significant improvements in our void performance and a reduction in the costs of void re-lets and reactive repairs. Our Cost of Living campaign (see below) helped generate a reduction in our rent arrears over the year despite the challenging financial circumstances.

Other key achievements included the following:

- A new Complaints Handling Procedure was launched;
- Our tenant engagement arrangements were reviewed and a New Tenant Forum established;
- Our three yearly tenant and owner satisfaction survey was commissioned with results due back in time to inform the 2023 ARC submission; and

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REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

- We took part in Scottish Housing Network's (SHN) VFM benchmarking exercise and the results conformed the relative value for money of the Association's services.

Our "wider role" in the community

Our main objective during the year was to support our tenants and the local community through the "cost of living crisis".

We ran a campaign of targeted action by dedicated tenancy sustainment team to engage with and support tenants whom we suspected to be most vulnerable to the changed environment.

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

We also continued operation of the Tollcross Shettleston Money Advice Project (TSMAP) with our Tollcross partners and continued to deliver our own income maximisation service.

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

Our shop premises at 981 Shettleston Rd was re-designated as the "HUB" as a base for existing and new services.

Various community benefits were secured through St Marks development contract clauses and close working with our contractor, the JR group.

We engaged in the exploration of the feasibility of taking both Tollcross Park Winter Gardens and Shettleston Community Centre into community ownership: both processes were ongoing at the year-end.

Boosting employability remained a priority and our subsidiary Upkeep has done great work in introducing additional apprenticeship and other training opportunities to benefit local young people. The Association itself recruited to a new ICT Modern Apprenticeship.

Investment

In 2022/23 we invested over £3.8 million in the Association's existing housing stock. With rising inflation mid-2022 and a rent freeze announcement from the Scottish Government we took time to review our budget assumptions and paused some capital projects at this time. This reduced the capital programme we were able to deliver in 2022/23. Our investment in capital projects was £1.6 million and this included:

- Replacement of windows in 23 homes
- Replacement of 61 flat entrance doors
- Installation of 153 boilers
- Installation of 25 new kitchens
- Replacement of curtain walling at 7 blocks
- Installation of 6 replacement porches

We introduced revised procurement arrangements for capital projects aimed at securing greater value for money in an increasingly costly environment.

A small number of projects have been carried forward into the 2023/24 programme and these works will be completed in the summer of 2023, with an additional investment of £520,160 included in the 2023/24 budget.

In addition to the above we also completed medical adaptation works in 36 homes at a total cost of £139,000 and received grant funding of £96,174 to assist with this work.

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REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

Our investment priorities continue to be focused on ensuring resident safety and working to ensure that our homes can meet required levels of energy efficiency and reduce tenants' fuel costs. In March 2023 we commissioned the next, more detailed phase of our energy efficiency study to determine the most effective way to bring a sandstone tenement block up to "net zero" standards in the future. We are working in partnership with the Council on this project that will help inform a common specification for tenement retrofit across the city.

Our £7.4million development at the former St Mark's primary school site was completed in February 2023, providing 44 new family homes for social rent.

Design proposals for the conversion of shared accommodation into two self-contained flats were submitted for statutory approvals in early 2023, with works due to be completed by the autumn. This work will improve the suitability of accommodation we can offer our partners in tackling homelessness.

We also bought back two homes from sharing owners during the year and purchased a fire damaged family home that will be reinstated during the summer of 2023, adding a further three social rented properties to our stock.

Financial Update

During the year the Association made a surplus of £2,197,427 and its net assets position was £11,044,621 at 31 March 2023. The Group made a surplus of £2,015,292 and its net assets position was £11,713,404 at 31 March 2023.

The 2022/23 year was turbulent in terms of economic uncertainty and operating environment. Inflation peaked at record highs and interest rates started to increase to levels not seen in over 14 years. Supply chain shortages and gaps in the labour market also added pressure to service delivery in terms of both staff resource and delivering key maintenance projects. Energy bills soared and food costs escalated resulting in financial pressures for many people, including our staff and customers.

To help people through the cost of living crisis, the Scottish Government announced in September 2022 that a combined rent freeze and moratorium on evictions was being put in place with no certainty that either would be lifted for the 2023/24 year. All of these issues added immense pressure to our business plan model and we spent a significant amount of time reviewing our financial position over the course of the 2022/23 year.

The review to our business plan model included the removal of two posts from our staff structure which had been vacant long term and a thorough review of all office overhead costs. This resulted in savings of over £100k in real terms. Like many other RSL's we also revised our component renewal costs to reflect current pricing and 'put the brakes' on our capital major repairs programme, aiming to reducing total spend over the course of 2022/23 from the budgeted £3.2m to £2.0m. The final outturn was less than the anticipated reduced amount due to various issues and a final spend of circa £1.6m was achieved with £0.4m being carried forward to the 2023/24 year. We also reviewed and amended our financial assumptions to reflect our current economic environment, the most material changes being in relation to inflation and interest rates.

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. Following the uncertainties surrounding rent levels for the 2023/24 year, a 7% rent increase has been applied across all tenancies. Although this is a high percentage, it is well below inflation. The review and reprogramming of our costs, as noted above, has meant that the below inflation rent increase can be accommodated.

The ability to increase the rents has eased some of the pressures on our business plan model and we have managed to reinstate the capitalised major repairs spend that was stripped out when a rent freeze / cap was looming.

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REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

We have also added back in the capitalised major repairs spend that was removed in last year's business plan update to get the plan to 'stack up'. However our model only works with some above inflation rent increases forecast for the years ahead. We are also reviewing our loan covenant position with our lender, the Royal Bank of Scotland (RBS). Our updated business plan model is reporting issues with covenant compliance over the three-year business plan period (2023/24 – 2025/26). RBS have indicated that they are willing to work with us to resolve the issue and the hope is that we receive a positive outcome, which will likely be a revised interest cover covenant calculation, over the course of quarter 1 of the 2023/24 year. If this is not received, our capitalised major repairs programme will be reprogrammed to ensure covenant compliance is achieved. We will continue to review and update our financial position and will take every opportunity to reduce the need for future above inflation rent increases where possible. Our aim is always to keep rents affordable whilst also maintaining service levels.

The review of staff pension benefits, which commenced during 2021/22, concluded over the course of the 2022/23 year. The Board appointed external consultants to assist with their understanding of the risks and costs of each of the existing pension offerings, provide cost benefit analysis for the best options going forward, and to also provide information sessions and support to the staff team on both a collective and individual basis. The review outcome was to remove the SHAPS Defined Benefit Scheme and offer the SHAPS Defined Contribution Scheme in its place. The new offering included the option for employees to benefit from salary sacrifice arrangements, with the employers national insurance saving also being paid into the employees' pension pot. Overall, feedback on the pension review has been positive with the majority of staff benefiting from the new arrangements, which take effect from April 2023 onwards.

The update to the 30 year business plan model was approved by the Board in March 2023. It is also worth noting the following key financial performance indicators for the 2022/23 year:

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

Related Party Transactions

Some members of the Board are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage. Transactions with the Board are included in Note 28.

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REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

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 2023. 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 2023

Statement of the Board's responsibilities

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

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

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

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

Disclosure of information to the auditor

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

Auditor

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

By order of the Board



Elizabeth Battersby
Secretary

Dated: 15 August 2023

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 2023

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 2023 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 2023 and of the Group's and the Parent Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

SHETTLESTON HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHETTLESTON HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 2023

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 2023

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 2023

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

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

Date: 16 August 2023

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 2023

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 Control 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

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

Date: 16 August 2023

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 2023**

	Notes	2023 £	2022 £
Turnover	4	11,231,846	10,461,029
Operating expenditure	4	(8,242,228)	(8,677,225)
Operating surplus	4, 11	2,989,618	1,783,804
Gain on disposal of housing properties		-	444,175
Gain on fixed asset disposal		-	25,700
Increase in the fair value of investment properties	14b	86,625	327,250
Interest receivable and other income	9	6,565	83
Interest payable and similar charges	10	(1,034,439)	(927,172)
Surplus before taxation		2,048,369	1,653,840
Tax charge on surplus	12	(33,077)	(30,061)
Surplus for the year		2,015,292	1,623,779
Other comprehensive income			
Actuarial (loss)/gain in respect of the SHAPS defined benefit pension scheme	21	(593,000)	1,048,000
Actuarial gain in respect of the Strathclyde defined benefit pension scheme	21	-	57,000
Total comprehensive income		1,422,292	2,728,779

The financial statements were authorised for issue by the Board on 15 August 2023 and were signed on its behalf by:

Hugh McIntosh



Chair

Gillian Johnston



Committee member

Elizabeth Battersby



Secretary

Regulated Number: SP1884RS

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements

SHETTLESTON HOUSING ASSOCIATION LIMITED

**ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £	2022 £
Turnover	4	11,101,570	10,332,338
Operating expenditure	4	(8,302,438)	(8,903,518)
Operating surplus	4, 11	2,799,132	1,428,820
Gain on disposal of housing properties		-	444,175
Gain on disposal of investment property		-	25,700
Increase in the fair value of investment properties	14c	86,625	181,250
Interest receivable and other income	9	43,407	33,533
Interest payable and similar charges	10	(1,031,737)	(925,346)
Investment income – gift aid from subsidiary		300,000	-
Surplus for the year		2,197,427	1,188,132
Other comprehensive income			
Actuarial (loss)/gain in respect of the SHAPS defined benefit pension scheme	21	(593,000)	1,048,000
Actuarial gain in respect of the Strathclyde defined benefit pension scheme	21	-	57,000
Total comprehensive income		1,604,427	2,293,132

The financial statements were authorised for issue by the Board on 15 August 2023 and were signed on its behalf by:

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SHETTLESTON HOUSING ASSOCIATION LIMITED

GROUP STATEMENT OF CHANGES IN CAPITAL AND RESERVES AS AT 31 MARCH 2023

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

GROUP STATEMENT OF CHANGES IN CAPITAL AND RESERVES AS AT 31 MARCH 2022

	<i>Share Capital £</i>	<i>Revenue Reserve £</i>	<i>Capital Redemption Reserve £</i>	<i>Total Reserves £</i>
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
	<u>108</u>	<u>10,290,247</u>	<u>741</u>	<u>10,291,096</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 2023

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

ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES AS AT 31 MARCH 2022

	<i>Share Capital £</i>	<i>Revenue Reserve £</i>	<i>Capital Redemption Reserve £</i>	<i>Total Reserves £</i>
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
Balance at 31 March 2022	<u>108</u>	<u>9,439,329</u>	<u>741</u>	<u>9,440,178</u>

The notes form part of these financial statements

SHETTLESTON HOUSING ASSOCIATION LIMITED

**GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Notes	2023 £	2022 £
Tangible fixed assets			
Housing properties	14a	77,459,122	73,760,020
Other fixed assets	14b	2,731,260	2,618,884
		<u>80,190,382</u>	<u>76,378,904</u>
Current assets			
Stock	15b	61,803	45,788
Debtors	16	575,440	1,673,403
Cash and cash equivalents	17	1,409,904	2,384,145
		<u>2,047,147</u>	<u>4,103,336</u>
Creditors: amounts falling due within one year	18	<u>(2,792,637)</u>	<u>(3,105,722)</u>
Net current (liabilities)/ assets		<u>(745,490)</u>	<u>997,614</u>
Total assets less current liabilities		<u>79,444,892</u>	<u>77,376,518</u>
Creditors: amounts falling due after more than one year	19	<u>(67,171,302)</u>	<u>(66,928,536)</u>
Provisions for liabilities	13	(73,178)	(38,878)
SHAPS defined benefit pension liability	21	(487,008)	(118,008)
Strathclyde pension scheme defined benefit pension liability	21	-	-
Net assets		<u>11,713,404</u>	<u>10,291,096</u>
Capital and reserves			
Share capital	22	124	108
Revenue reserve	22	11,712,539	10,290,247
Capital redemption reserve	22	741	741
		<u>11,713,404</u>	<u>10,291,096</u>

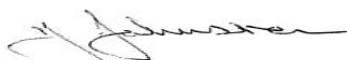
The financial statements were authorised for issue by the Board on 15 August 2023 and were signed on its behalf by:

Hugh McIntosh




Chair

Gillian Johnston



Committee member

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 2023**

	Notes	2023 £	2022 £
Tangible fixed assets			
Housing properties	14a	77,459,122	73,760,020
Other fixed assets	14c	1,805,569	1,729,540
		<u>79,264,691</u>	<u>75,489,560</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	530,923	1,699,076
Cash and cash equivalents	17	1,043,098	1,753,523
		<u>2,243,380</u>	<u>4,121,958</u>
Creditors: amounts falling due within one year	18	<u>(2,823,790)</u>	<u>(3,139,787)</u>
Net current (liabilities)/assets		<u>(580,410)</u>	<u>982,171</u>
Total assets less current liabilities		<u>78,684,283</u>	<u>76,471,733</u>
Creditors: amounts falling due after more than one year	19	<u>(67,152,654)</u>	<u>(66,913,547)</u>
SHAPS defined benefit pension liability	21	(487,008)	(118,008)
Strathclyde pension scheme defined benefit pension liability	21	-	-
Net assets		<u><u>11,044,621</u></u>	<u><u>9,440,178</u></u>
Capital and reserves			
Share capital	22	124	108
Revenue reserve	22	11,043,756	9,439,329
Capital redemption reserve	22	741	741
		<u>11,044,621</u>	<u>9,440,178</u>

The financial statements were authorised for issue by the Board on 15 August 2023 and were signed on its behalf by:

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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 2023**

	Notes	2023 £	2022 £
Net cash generated from operating activities	1	5,511,962	4,006,885
Cashflows from investing activities			
Purchase of housing properties		(5,686,709)	(4,427,533)
Purchase of property, plant and equipment		(103,075)	-
Proceeds from sale of property, plant and equipment and investment properties		-	624,301
Deferred Government Capital Grants received		1,000,076	2,978,484
Interest received		6,565	83
Tax paid		-	(38,997)
Cashflows from financing activities			
Interest paid		(1,837,558)	(1,717,638)
Repayment of HP		(12,518)	(10,129)
Bank loan drawn down		500,000	500,000
SHAPS past service deficit payment		(353,000)	(352,992)
Issue of share capital		16	5
Net changes in cash and cash equivalents		(974,241)	1,562,469
Cash and cash equivalents at 1 April 2022		2,384,145	821,676
Cash and cash equivalents at 31 March 2023		1,409,904	2,384,145

i) Analysis of changes in net debt

	At 1 April 2022 £	Cash flows £	Other non- cash changes £	At 31 March 2023 £
Cash and cash equivalents				
Cash and cash equivalents	2,384,145	(974,241)	-	1,409,904
	2,384,145	(974,241)	-	1,409,904
Borrowings				
Debt due within one year	(813,219)	12,518	(29,694)	(830,395)
Debt due after one year	(51,454,556)	(500,000)	812,317	(51,142,239)
	(52,267,775)	(487,482)	782,623	(51,972,634)
Total	(49,883,630)	(1,461,723)	782,623	(50,562,730)

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 2023**

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

	2023	2022
	£	£
Surplus for the year	2,015,292	1,623,779
<u>Adjustments for non-cash items</u>		
Depreciation	2,081,404	2,062,130
Movement in fair value of investment properties	(86,625)	(327,250)
Decrease/(increase) in debtors	1,097,963	(235,974)
(Decrease)/increase in creditors	(491,378)	369,833
Release of deferred Government capital grants	(282,653)	(188,743)
Strathclyde Pension Scheme – non cash movements	-	43,000
SHAPS Pension Scheme – non cash movements	129,000	128,000
Carrying value of tangible fixed asset disposals	4,023	154,426
(Increase)/decrease in stock	(16,015)	39,226
Taxation charge	33,077	30,061
Aborted costs	-	73,852
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)
Interest received	(6,565)	(83)
Interest payable	1,034,439	927,172
	5,511,962	4,006,885

SHETTLESTON HOUSING ASSOCIATION LIMITED

**ASSOCIATION STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £	2022 £
Net cash generated from operating activities	1	5,650,814	3,622,951
Cashflows from investing activities			
Purchase of housing properties		(5,686,709)	
Purchase of property, plant and equipment		(30,173)	(4,374,375)
Proceeds from sale of property, plant and equipment and investment properties		-	624,301
Deferred Government Capital grants received		1,000,076	2,978,484
Interest received		43,407	33,533
Cashflows from financing activities			
Interest paid		(1,834,856)	(1,715,812)
Bank loan drawn down		500,000	500,000
SHAPS past service deficit payment		(353,000)	(352,992)
Issue of share capital		16	5
Net changes in cash and cash equivalents		(710,425)	1,316,095
Cash and cash equivalents at 1 April 2022		1,753,523	437,428
Cash and cash equivalents at 31 March 2023		1,043,098	1,753,523

(i) Analysis of changes in net debt

	At 1 April 2022 £	Cash flows £	Other non-cash changes £	At 31 March 2023 £
Cash and cash equivalents				
Cash and cash equivalents	1,753,523	(710,425)	-	1,043,098
	<u>1,753,523</u>	<u>(710,425)</u>	-	<u>1,043,098</u>
Borrowings				
Debt due within one year	(803,118)	-	(12,857)	(815,975)
Debt due after one year	(51,439,567)	(500,000)	815,976	(51,123,591)
	<u>(52,242,685)</u>	<u>(500,000)</u>	<u>803,119</u>	<u>(51,939,566)</u>
Total	<u>(50,489,162)</u>	<u>(1,210,425)</u>	<u>803,119</u>	<u>(50,896,468)</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 2023**

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

	2023	2022
	£	£
Surplus for the year	2,197,427	1,188,132
<u>Adjustments for non-cash items</u>		
Depreciation	2,028,376	2,029,261
Movement in fair value of investment properties	(86,625)	(181,250)
(Increase) / decrease in debtors	1,168,153	(259,243)
Increase / (decrease) in creditors	(491,194)	436,247
Release of deferred Government capital grants	(282,653)	(188,743)
Strathclyde Pension Scheme – non cash movements	-	43,000
SHAPS Pension Scheme – non cash movements	129,000	128,000
Carrying value of tangible fixed asset disposals	-	154,426
Aborted costs	-	73,852
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)
Interest received	(43,407)	(33,533)
Interest payable	1,031,737	925,346
	<u>5,650,814</u>	<u>3,622,951</u>

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

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 2023, 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 2023 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 statements.

Our updated business plan model is reporting issues with covenant compliance over the three-year business plan period (2023/24 – 2025/26). RBS have indicated that they are willing to work with us to resolve the issue and the hope is that we receive a positive outcome, which will likely be a revised interest cover covenant calculation, over the course of quarter 1 of the 2023/24 year.

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

2. Accounting policies (continued)

(b) Going concern (continued)

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

(c) Turnover

Association

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

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

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

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

(d) Apportionment of management expenses

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

(e) Government revenue grants

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

(f) Interest receivable and other income

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

(g) Interest payable and similar expenses

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

(h) Lessor

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

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

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 2023

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 2023

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 21)

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 21) (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 2023**

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 2023**

4. Particulars of turnover, operating expenditure and operating surplus

Group	2023			2022		
	Turnover £	Operating Expenditure £	Operating Surplus £	Turnover £	Operating Expenditure £	Operating Surplus £
Income and Expenditure From lettings						
Social Lettings (Note 5)	10,828,272	8,247,733	2,580,539	10,034,789	8,852,021	1,182,768
Other activities (Note 6)	273,298	54,705	218,593	297,549	51,497	246,052
Upkeep Shettleston Community Enterprises Limited	2,454,892	2,317,448	137,444	2,863,690	2,520,299	343,391
East End Housing Development Company Limited	273,614	220,572	53,042	263,975	252,382	11,593
Less: Intergroup transactions*	(2,598,230)	(2,598,230)	-	(2,998,974)	(2,998,974)	-
	<u>11,231,846</u>	<u>8,242,228</u>	<u>2,989,618</u>	<u>10,461,029</u>	<u>8,677,225</u>	<u>1,783,804</u>
Association						
	Turnover £	Operating Expenditure £	2023 Operating Surplus £	Turnover £	Operating Expenditure £	2022 Operating Surplus £
Income and Expenditure From lettings						
Social Lettings (Note 5)	10,828,272	8,247,733	2,580,539	10,034,789	8,852,021	1,182,768
Other activities (Note 6)	273,298	54,705	218,593	297,549	51,497	246,052
	<u>11,101,570</u>	<u>8,302,438</u>	<u>2,799,132</u>	<u>10,332,338</u>	<u>8,903,518</u>	<u>1,428,820</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 2023**

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

Association	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2023 Total £	2022 Total £
Income from rent and service charges					
Rent receivable net of service charges	9,937,057	-	44,151	9,981,208	9,437,203
Mid-market rent lease income	98,514	-	-	98,514	94,285
Service charges	436,129	-	2,751	438,880	384,442
Gross income from rents and service charges	10,471,700	-	46,902	10,518,602	9,915,930
Less voids	(77,230)	-	-	(77,230)	(168,964)
Net income from rents and service charges	10,394,470	-	46,902	10,441,372	9,746,966
Stage 3 grants	96,174	-	-	96,174	91,986
Revenue grants	8,073	-	-	8,073	7,094
Amortisation of deferred Government Capital Grants	282,653	-	-	282,653	188,743
Total turnover from social letting activities	10,781,370	-	46,902	10,828,272	10,034,789
Expenditure					
Management and maintenance administration costs	2,558,637	-	16,089	2,574,726	2,893,776
Service charges	983,167	-	6,158	989,325	935,700
Planned cyclical maintenance including major repairs	987,038	-	-	987,038	984,051
Reactive maintenance costs	1,373,440	-	-	1,373,440	1,735,676
Aborted costs (Shettleston Halls)	-	-	-	-	73,852
Bad debts – rents and service charges	103,705	-	-	103,705	86,911
Depreciation of social housing	1,978,008	-	9,599	1,987,607	1,929,333
Property insurance	230,468	-	1,424	231,892	212,722
Impairment charge	-	-	-	-	-
Operating costs for social letting activities	8,214,463	-	33,270	8,247,733	8,852,021
Operating Surplus on letting activities, 2023	2,566,907	-	13,632	2,580,539	
Operating Surplus on letting activities, 2022	1,179,679	-	3,089		1,182,768

SHETTLESTON HOUSING ASSOCIATION LIMITED

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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

Association					2023	2022			2023	2022
	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	-	-	-	58,669	58,669	55,756	-	51,471	7,198	7,125
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	9,300	9,300	9,300	-	-	9,300	9,300
Adaptations	-	-	-	-	-	-	-	-	-	-
Commercial rent	-	-	-	70,678	70,678	67,923	-	3,234	67,444	65,067
Management charge to subs	-	-	-	134,651	134,651	164,570	-	-	134,651	164,570
Total from other activities, 2023	-	-	-	273,298	273,298		-	54,705	218,593	
Total from other activities, 2022	-	-	-	297,549		297,549	-	51,497		246,052

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

The minimum expected rental income for commercial units for 2023/24 is £72,000.

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

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).

	2023 £	2022 £
Emoluments (excluding pension contributions) of		
Chief Executive	<u>89,199</u>	<u>85,686</u>

The Chief Executive is a member of the Scottish Housing Association Pension Scheme (SHAPS) described in note 21. 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 £11,819 (2022: £11,353). No past service deficit contributions are made in respect of the Chief Executive.

	2023 Number	2022 Number
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	-	-
£70,001 - £75,000	-	2
£75,001 - £80,000	1	-
£80,001 - £85,000	-	-
£85,001 - £90,000	<u>2</u>	<u>1</u>

The total emoluments (excluding pension contributions) for those earning more than £60,000 were £251,655 (2022: £229,475). The total pension contributions (excluding past service deficit contributions) for those earning more than £60,000 were £30,455 (2022: £30,385).

The total emoluments (including pension contributions but excluding past service deficit contributions) paid to key management personnel was £334,117 (2022: £340,641). The social security costs for these individuals was £38,446 (2022: £35,653).

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

8. Employee Information	2023 Number	2022 Number
The average number of persons employed during the year on a full time equivalent basis was:		
Housing Management	16	14
Maintenance	11	9
Financial inclusion	2	-
Finance	5	5
Administration	5	6
Factoring	3	1
Housing Support	2	2
Wider role	-	2
IT	3	2
Welfare Rights Officers	2	2
Community Engagement & Support	1	-
Allotment	1	-
Development	-	2
	<u>51</u>	<u>45</u>
Association		
Upkeep Shettleston Community Enterprises Limited	46	49
	<u>97</u>	<u>94</u>

The average headcount for the group was 94 (2022: 94). The average headcount for the Association is 48 (2022: 49).

Group staff costs	2023 £	2022 £
Staff costs (including directors' emoluments):		
Wages and salaries	2,928,098	2,866,556
Social security costs	291,650	262,744
Pension costs	215,982	218,309
Defined benefit pension charge – Strathclyde Pension Fund (Note 21)	11,411	43,000
SHAPS re-measurements (Note 21)	(42,209)	128,000
Agency fees	28,441	55,168
	<u>3,433,373</u>	<u>3,573,777</u>
Association staff costs	2023 £	2022 £
Staff costs (including directors' emoluments):		
Wages and salaries	1,824,393	1,769,416
Social security costs	201,812	180,975
Pension costs	183,420	186,016
Defined benefit pension charge – Strathclyde Pension Fund (Note 21)	11,411	43,000
SHAPS re-measurements (Note 21)	(42,209)	128,000
Agency Fees	28,441	55,168
	<u>2,207,268</u>	<u>2,362,575</u>

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

9. Interest receivable and other income	Group 2023 £	<i>Group 2022 £</i>	Association 2023 £	<i>Association 2022 £</i>
Interest received on deposits	6,565	83	6,565	83
Interest received on loans to subsidiaries	-	-	36,842	33,450
	<u>6,565</u>	<u>83</u>	<u>43,407</u>	<u>33,533</u>
10. Interest payable and similar charges	Group 2023 £	<i>Group 2022 £</i>	Association 2023 £	<i>Association 2022 £</i>
Bank interest paid	1,834,856	1,715,812	1,834,856	1,715,812
Effective interest rate adjustment in respect of break costs (note 19)	(803,119)	(790,466)	(803,119)	(790,466)
Interest charge recognised in SOCI	1,031,737	925,346	1,031,737	925,346
Hire purchase finance interest	2,702	1,826	-	-
	<u>1,034,349</u>	<u>927,172</u>	<u>1,031,737</u>	<u>925,346</u>
11. Operating surplus	Group 2023 £	<i>Group 2022 £</i>	Association 2023 £	<i>Association 2022 £</i>
Operating surplus is stated after charging:				
Depreciation – social housing	1,916,922	1,862,480	1,916,922	1,862,480
Depreciation – replaced components net book value	70,685	66,853	70,685	66,853
Depreciation – other fixed assets	93,797	132,797	40,769	99,928
Auditor's remuneration (excluding VAT)				
- In their capacity as auditors	31,865	28,520	19,000	17,300
- In respect of other services	4,025	3,700	2,485	2,300
	<u>1,916,922</u>	<u>1,862,480</u>	<u>1,916,922</u>	<u>1,862,480</u>
12. Taxation			2023 £	<i>2022 £</i>
Group				
Provision has been made for United Kingdom corporation tax at 19% (2022: 19%)			(2,478)	(3,701)
Overprovision in prior year			3,701	-
Deferred tax (note 13)			(34,300)	(26,360)
Tax (charge)			<u>(33,077)</u>	<u>(30,061)</u>
Association				

As a charity, Shettleston Housing Association Limited's charitable activities are not subject to taxation. However, the surpluses from non-charitable activities are subject to taxation. No corporation tax was due in 2023 or 2022 in respect of these non-charitable activities.

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

13. Provision for liabilities and charges: Deferred Taxation	2023	2022
Group	£	£
Accelerated capital allowances	73,178	38,878
Provision at start of year	38,878	12,518
Deferred tax charge in Statement of Comprehensive Income for the year (note 12)	34,300	26,360
Provision at end of year	73,178	38,878

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 2022	79,236,870	4,375,410	514,254	84,126,534
Additions during year	43,090	5,643,619	-	5,686,709
Transfers	9,088,753	(9,029,361)	(59,392)	-
Disposals	(136,915)	-	-	(136,915)
At 31 March 2023	88,231,798	989,668	454,862	89,676,328
Depreciation				
At 1 April 2022	10,293,433	-	73,081	10,366,514
Charge for year	1,907,323	-	9,599	1,916,922
Transfers	9,923	-	(9,923)	-
Disposals	(66,230)	-	-	(66,230)
At 31 March 2023	12,144,449	-	72,757	12,217,206
Net Book Value				
At 31 March 2023	76,087,349	989,668	382,105	77,459,122
At 31 March 2022	68,493,437	4,375,410	441,173	73,760,020

Development and maintenance administration costs capitalised amounted to £269,043 (2022: £186,097). £1,541,614 (2022: £1,007,260) of expenditure on new components was capitalised in the year.

Components with a cost of £136,915 (2022: £131,934) and accumulated depreciation of £66,230 (2022: £65,081) were disposed of in the year.

Included in freehold housing properties is land with a historic cost allocation of £12,109,016 (2022: £11,827,580).

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

14b. Tangible Fixed Assets – Other Tangible Assets

Group	Investment Properties	Motor Vehicles	Office Premises	Furniture & Fittings	Computer Equipment	Total
Cost	£	£	£	£	£	£
At 1 April 2022	1,721,250	195,804	950,546	438,276	608,321	3,914,197
Additions	-	82,665	-	17,213	23,693	123,571
Transfer	-	-	-	-	-	-
Disposals	-	(29,259)	-	(2,677)	-	(31,936)
Revaluation/impairment	86,625	-	-	-	-	86,625
At 31 March 2023	<u>1,807,875</u>	<u>249,210</u>	<u>950,546</u>	<u>452,812</u>	<u>632,014</u>	<u>4,092,457</u>
Depreciation						
At 1 April 2022	-	135,258	150,982	414,706	594,367	1,295,313
Charge for year	-	44,684	19,037	13,500	16,576	93,797
Disposals	-	(27,913)	-	-	-	(27,913)
At 31 March 2023	<u>-</u>	<u>152,029</u>	<u>170,019</u>	<u>428,206</u>	<u>610,943</u>	<u>1,361,197</u>
Net Book Value						
At 31 March 2023	<u>1,807,875</u>	<u>97,181</u>	<u>780,527</u>	<u>24,606</u>	<u>21,071</u>	<u>2,731,260</u>
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>

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

14c. Tangible Fixed Assets – Other Tangible Assets

Association	Investment Properties £	Office Premises £	Furniture & Fittings £	Computer Equipment £	Total £
Cost					
At 1 April 2022	906,250	950,546	274,298	596,946	2,728,040
Additions	-	-	10,619	19,554	30,173
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Change in fair value	86,625	-	-	-	86,625
At 31 March 2023	<u>992,875</u>	<u>950,546</u>	<u>284,917</u>	<u>616,500</u>	<u>2,844,838</u>
Depreciation					
At 1 April 2022	-	150,981	262,820	584,699	998,500
Charge for year	-	19,037	7,100	14,632	40,769
Disposals	-	-	-	-	-
At 31 March 2023	<u>-</u>	<u>170,018</u>	<u>269,920</u>	<u>599,331</u>	<u>1,039,269</u>
Net Book Value					
At 31 March 2023	<u>992,875</u>	<u>780,528</u>	<u>14,997</u>	<u>17,169</u>	<u>1,805,569</u>
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>

15a. Investments

Association	2023 £	2022 £
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 £105,130 (2022: *profit of £330,220*) for the year ended 31 March 2023 and had net assets of £506,635 (2022: *£701,505*).

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 £12,375 (2022: *£105,427*) for the year ended 31 March 2023 and had net assets of £162,150 (2022: *£149,415*).

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

15b. Stock

Group	2023	2022
	£	£
Work in progress	34,973	16,411
Stock of materials	26,830	29,377
	61,803	45,788

16. Debtors < 1 year

	Group	<i>Group</i>	Association	<i>Association</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£	<i>£</i>	£	<i>£</i>
Amounts falling due within one year:				
Rental arrears	503,553	446,969	503,553	446,969
Less: provision for bad debts	(355,454)	<i>(281,390)</i>	(355,454)	<i>(281,390)</i>
	148,099	<i>165,579</i>	148,099	<i>165,579</i>
Trade debtors	29,580	13,265	19,302	3,636
Amounts owed by subsidiaries	-	-	1,345	68,655
Accrued income and prepayments	222,769	1,274,095	210,007	1,262,207
Other debtors	174,992	220,464	152,170	198,999
	575,440	<i>1,673,403</i>	530,923	<i>1,699,076</i>
Debtors > 1 year				
Amounts owed by subsidiaries	-	-	669,359	669,359

17. Cash and cash equivalents

	Group	<i>Group</i>	Association	<i>Association</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£	<i>£</i>	£	<i>£</i>
Cash – balances held in bank accounts with no notice period and petty cash	1,409,904	2,384,145	1,043,098	1,753,523
	1,409,904	<i>2,384,145</i>	1,043,098	<i>1,753,523</i>

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

18. Creditors	Group 2023	<i>Group 2022</i>	Association 2023	<i>Association 2022</i>
Amounts falling due within one year	£	£	£	£
Bank loans	815,975	<i>803,118</i>	815,975	<i>803,118</i>
Trade creditors	356,818	<i>962,642</i>	303,731	<i>881,178</i>
Amounts owed to subsidiaries	-	<i>-</i>	122,048	<i>185,170</i>
Other creditors	238,848	<i>227,267</i>	214,314	<i>190,484</i>
Rent in advance	479,147	<i>457,855</i>	479,147	<i>457,855</i>
Capital works and retentions	112,122	<i>132,280</i>	112,122	<i>132,280</i>
Accruals and deferred income	404,536	<i>246,263</i>	408,160	<i>244,872</i>
Corporation tax	2,478	<i>3,701</i>	-	<i>-</i>
Other tax and social security	17,210	<i>73,752</i>	17,210	<i>56,087</i>
Deferred government capital grants (note 20)	351,083	<i>188,743</i>	351,083	<i>188,743</i>
Obligations under finance leases	14,420	<i>10,101</i>	-	<i>-</i>
	<u>2,792,637</u>	<i><u>3,105,722</u></i>	<u>2,823,790</u>	<i><u>3,139,787</u></i>
19. Creditors – Amounts falling due outwith one year			2023	<i>2022</i>
			£	<i>£</i>
Group				
Bank loan			51,123,591	<i>51,439,567</i>
Hire purchase creditor			18,648	<i>14,989</i>
Deferred government capital grants (note 20)			16,029,063	<i>15,473,980</i>
			<u>67,171,302</u>	<i><u>66,928,536</u></i>
Association				
Bank loan			51,123,591	<i>51,439,567</i>
Deferred government capital grants (note 20)			16,029,063	<i>15,473,980</i>
			<u>67,152,654</u>	<i><u>66,913,547</u></i>
Bank loans:				
Principal loan balance			41,600,000	<i>41,100,000</i>
Break costs incurred on refinancing			12,293,654	<i>12,293,654</i>
			<u>53,893,654</u>	<i><u>53,393,654</u></i>
Gross loan			53,893,654	<i>53,393,654</i>
Cumulative amortisation of break fees – Effective interest rate adjustment (note 10)			(1,954,087)	<i>(1,150,969)</i>
			<u>51,939,567</u>	<i><u>52,242,685</u></i>
Net loan			51,939,567	<i>52,242,685</i>
Split as:				
Due in less than one year			815,975	<i>803,118</i>
Due between one and two years			829,040	<i>815,976</i>
Due between two and five years			6,011,440	<i>4,787,338</i>
Due in five years or more			44,283,112	<i>45,836,253</i>
			<u>51,939,567</u>	<i><u>52,242,685</u></i>

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

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 £56.23M (2022: £54.47m). The loans are due to be repaid in full by 30 September 2045.

20. Deferred government capital grants

	2023 £	2022 £
Group and Association		
At 1 April	15,662,723	12,941,225
Grants received in year	1,000,076	2,978,484
Disposals/write-offs in year	-	(68,243)
Released to income in year	(282,653)	(188,743)
	<hr/>	<hr/>
As at 31 March	16,380,146	15,662,723
	<hr/> <hr/>	<hr/> <hr/>
Deferred government capital grants:		
Due in less than one year	351,083	188,743
Due between one and two years	351,083	188,743
Due between two and five years	1,053,246	566,229
Due in five years or more	14,624,734	14,719,008
	<hr/>	<hr/>
	16,380,146	15,662,723
	<hr/> <hr/>	<hr/> <hr/>

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

21. 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 13.25% from April 2022 to March 2023 of pensionable salaries. Member contributions were 13.25% from April 2022 to March 2023. Employer contributions to the Defined Contribution Scheme ranged from 3% to 10% and employees contributed at various levels from 1% upwards. There was an additional annual employer past service deficit contribution of £181,791 (net of administration costs) made in the year ended 31 March 2023 (2022 - £342,710).

As at the Statement of Financial Position date there were 34 (2022: 27) active members of the Scheme employed by Shettleston Housing Association Limited. The annual pensionable payroll in respect of these members was £1,321,489 (2022: £1,070,864). Shettleston Housing Association Limited continues to offer membership of the Scheme to its employees.

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

The Association will cease to participate in the DB option and instead staff will be offered the DC option available within the SHAPS scheme from 1 April 2023.

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

21. Pensions (continued)

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

	31 March 2023 £'000	<i>31 March 2022 £'000</i>
Fair value of plan assets	9,340	13,856
Present value of defined benefit obligations	(9,827)	<i>(13,974)</i>
Defined benefit liability to be recognised	(487)	<i>(118)</i>

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2023 £'000	<i>Year ended 31 March 2022 £'000</i>
Defined benefit obligation at start of period	13,974	14,621
Current service cost	115	222
Expenses	11	10
Interest cost	387	315
Contribution by plan participants	77	90
Actuarial loss /(gain) due to scheme experience	(218)	335
Actuarial gain due to changes in demographic assumptions	(218)	44
Actuarial gain/(loss) due to changes in financial assumptions	(3,932)	<i>(1,169)</i>
Benefits paid and expenses	(369)	<i>(494)</i>
Defined benefit liability at the end of the period	9,827	<i>13,974</i>

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

	Year ended 31 March 2023 £'000	<i>Year ended 31 March 2022 £'000</i>
Fair value of plan assets at start of the period	13,856	13,230
Interest income	387	288
Experience on plan assets (excluding amounts included in interest income)	(4,961)	258
Contributions by the employer	350	484
Contributions by participants	77	90
Benefits paid and expenses	(369)	<i>(494)</i>
Fair value of plan assets at end of period	9,340	<i>13,856</i>

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

21. Pensions (continued)

Defined benefit costs recognised in the Statement of Comprehensive Income

	Year ended 31 March 2023 £'000	<i>Year ended 31 March 2022 £'000</i>
Current service cost	115	222
Admin expenses	11	10
Net interest expense	-	27
	<hr/>	<hr/>
Defined benefit costs recognised in Statement of Comprehensive Income	126	259

	Year ended 31 March 2023 £'000	<i>Year ended 31 March 2022 £'000</i>
Experience on plan assets (excluding amounts included in net interest cost – gain/(loss))	(4,961)	258
Experience gains and losses arising on the plan liabilities – gain/(loss)	218	(335)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	218	(44)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)/gain	3,932	1,169
	<hr/>	<hr/>
Total amount recognised in other comprehensive income – actuarial (loss)/gain	(593)	1,048

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

21. Pensions (continued)

Fund allocation for employer's calculated share of assets

	31 March 2023 £'000	<i>31 March 2022 £'000</i>
Global Equity	247	2,740
Absolute Return	127	635
Distressed Opportunities	287	497
Credit Relative Value	356	445
Alternative Risk Premia	54	572
Fund of Hedge Funds		-
Emerging Markets Debt	72	516
Risk Sharing	681	452
Insurance-Linked Securities	260	290
Property	389	359
Infrastructure	1,006	865
Private Debt	417	349
Opportunistic Illiquid Credit	413	459
High Yield	47	135
Opportunistic Credit	1	48
Cash	39	38
Corporate Bond Fund	12	876
Liquid Credit	-	89
Long Lease Property	313	399
Secured Income	625	740
Over 15 Year Gilts	-	6
Liability Driven Investment	3,955	3,353
Currency Hedging	18	(51)
Net Current Assets	21	44
Total Assets	9,340	13,856

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

Assumptions as at	31 March 2023 % per annum
Discount rate	4.87%
Inflation (RPI)	3.19%
Inflation (CPI)	2.75%
Salary growth	3.75%
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 2023

21. Pensions (continued)

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2023	20.5
Female retiring in 2023	23.0
Male retiring in 2042	21.7
Female retiring in 2042	24.4

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2023 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	343	57
Females	13	483	55
Total	19	826	55

Deferred members

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	8	36	54
Females	24	104	52
Total	32	140	53

Pensioners

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	9	126	70
Females	12	128	65
Total	21	254	67

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items and this process is ongoing and with it being unlikely to be resolved before the end of 2024 at the earliest.

It is estimated that this could potentially increase the value of the full scheme liabilities by £27m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the court direction is received, it is unknown whether the full (if any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

21. 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 2022. As of this date the estimated employer debt for the Association was £3,786,030.

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 2023 valuations are as follows;

Assumptions as at	31 March 2023	31 March 2022
Pension increase rate	2.95%	3.20%
Salary increase rate	3.65%	3.90%
Discount rate	4.75%	2.70%

Mortality

Life expectancy for both current and future pensioners is based on the Fund's VitaCurves with improvements in line with the CMI 2023 model, with a 0% weighting of 2023 (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	19.3 years	22.2 years
Future Pensioners	20.5 years	24.2 years

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

21. Pensions (continued)

Reconciliation of defined benefit obligation

Year Ended:	31 Mar 2023 £ (000)	<i>31 Mar 2022</i> £(000)
Opening Defined Benefit Obligation	1,987	<i>2,044</i>
Current Service Cost	62	<i>75</i>
Interest Cost	54	<i>41</i>
Contributions by Members	8	<i>10</i>
Actuarial (gains)	(736)	<i>(157)</i>
Past Service cost	-	-
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(27)	<i>(26)</i>
	<hr/>	<hr/>
Closing Defined Benefit Obligation	1,348	<i>1,987</i>
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of fair value of employer assets

Year Ended:	31 Mar 2023 £(000)	<i>31 Mar 2022</i> £(000)
Opening Fair Value of Employer Assets	2,204	<i>2,030</i>
Expected Return on Assets	60	<i>41</i>
Contributions by Members	8	<i>10</i>
Contributions by the Employer	29	<i>32</i>
Contributions in respect of Unfunded Benefits	-	-
Actuarial (losses)/gains	(95)	<i>117</i>
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(27)	<i>(26)</i>
Cap on asset value	(831)	<i>(217)</i>
	<hr/>	<hr/>
Closing Fair Value of Employer Assets	1,348	<i>1,987</i>
	<hr/> <hr/>	<hr/> <hr/>
Net pension asset recognised	-	<i>-</i>
	<hr/> <hr/>	<hr/> <hr/>

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

21. Pensions (continued)

Analysis of amounts included in Statement of Comprehensive Income

Year Ended:	2023 £(000)	<i>2022</i> <i>£(000)</i>
Expected Return on pension scheme assets	60	41
Interest on pension scheme liabilities	(54)	(41)
	<u> </u>	<u> </u>
Net Return – finance charge	6	-
	<u> </u>	<u> </u>
	2023 £(000)	<i>2022</i> <i>£(000)</i>
Current service cost	(62)	(75)
Contribution by employers	29	32
	<u> </u>	<u> </u>
Charge to staff costs	(33)	(43)
	<u> </u>	<u> </u>

The expected Employer's contributions for the year to 31 March 2024 will be approximately £33,000.

Analysis of amount recognised in Statement of Comprehensive Income

	2023 £(000)	<i>2022</i> <i>£(000)</i>
Actual return less expected return on scheme assets	(95)	117
Changes in assumptions underlying the present value of scheme liabilities	736	157
Cap on asset value	(614)	(217)
Amounts not recognised in SOCI	(27)	-
	<u> </u>	<u> </u>
Actuarial gain recognised in other comprehensive income	-	57
	<u> </u>	<u> </u>

In the prior year there was a pension surplus of £217k which was capped with reference to the asset ceiling to give a pension surplus of £nil as at 31 March 2022.

In the current year there was pension surplus of £831k which was capped with reference to the asset ceiling to give a pension surplus of £nil as at 31 March 2023. This pension cap is noted above of £217k (2022) + £614k (2023) to give £831k.

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

22. Share capital and reserves

	2023	2022
Group and Association	£	£
At beginning of year	108	112
Shares of £1 each fully paid and issued during the year	16	5
Shares forfeited in year	-	(9)
	<u>124</u>	<u>108</u>
At end of year	<u>124</u>	<u>108</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.

23. Capital Commitments

	2023	2022
Group and Association	£	£
Contracted for but not provided in these accounts	215,950	4,272,035
This is to be funded by:		
Government grant	-	925,828
Private finance	215,950	2,979,996
Own Resources	-	366,211
	<u>215,950</u>	<u>4,272,035</u>
Approved by the Board but not contracted for	<u>1,513,123</u>	<u>607,288</u>
This is to be funded by:		
Private finance	1,000,000	607,288
Own Resources	513,123	-
	<u>1,513,123</u>	<u>607,288</u>

SHETTLESTON HOUSING ASSOCIATION LIMITED

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

24. Revenue commitments

Group

Operating Leases

The Group's annual commitments for rental payments under non-cancellable operating leases at 31 March 2023 were as set out below:

	2023	2023	<i>2022</i>	<i>2022</i>
	Land and	Office	<i>Land and</i>	<i>Office</i>
	Buildings	Equipment	<i>Buildings</i>	<i>Equipment</i>
	£	£	£	£
Operating leases which expire				
Within one year	-	40,262	-	36,171
2-5 years	-	161,050	-	63,300
>5 years	-	35,629	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	236,941	-	99,471
	<hr/>	<hr/>	<hr/>	<hr/>

Association

	2023	2023	<i>2022</i>	<i>2022</i>
	Land and	Office	<i>Land and</i>	<i>Office</i>
	Buildings	Equipment	<i>Buildings</i>	<i>Equipment</i>
	£	£	£	£
Operating leases which expire				
Within one year	-	40,262	-	36,171
2-5 years	-	161,050	-	63,300
>5 years	-	35,629	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	236,941	-	99,471
	<hr/>	<hr/>	<hr/>	<hr/>

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 2023

26. Housing stock

Group and Association

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

	Units in Management 2023	<i>Units in Management 2022</i>
General Needs Housing	2,427	2,380
Supported Housing Accommodation	-	-
Shared Ownership Accommodation	15	17
	<u>2,442</u>	<u>2,397</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 2023	Group Units in Management 2022	Association Units in Management 2023	Association Units in Management 2022
Investment properties - EEHDC	13	13	-	-
Commercial units – Association	6	6	6	6
Garages – Association	16	16	16	16
Main Offices- Association	2	2	2	2
	<u>37</u>	<u>37</u>	<u>24</u>	<u>24</u>

28. Transactions with the Board

No member of the Association received any fee or remuneration during the year (2022: £nil). Members of the Board were reimbursed for out of pocket travel and accommodation expenses amounting to £nil (2022: £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 £24,594 (2022: £21,945). The total rent and service charge arrears relating to tenant Board members included within debtors at the year-end is £147 (2022: £263). The total rent and service charge prepaid relating to tenant Board members included within creditors at the year-end is £691 (2022: £2,095).