

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2023



ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2023

Contents	Page
Members of the Management Committee, Executive and Advisers	1
Report of the Management Committee	2 to 8
Report by the Auditors on corporate governance matters	9
Report of the Auditors	10 to 12
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Cash Flows	15
Statement of Changes in Equity	16
Notes to the Financial Statements	17 to 30

ABRONHILL HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES and ADVISERS

Year ended 31 March 2023

Management Committee

Paul Broadwith
Raymond Russell
Iain Smith
Craig Burns
William Noon
Deborah Brown
Audrey Smith
Julie Kelly
Gary Watson
Allison Peden

Resigned 15 September 2022
Vice Chairperson
Secretary
Chairperson

Co-opted Sept 2021. Full member from 15 Sept 2022
From 15 September 2022
From 15 September 2022

Executive Officers

Stephen Macintyre

Providing Senior Management Services
(Hillhead Housing Association)

Registered Office

Unit 10
Abroonhill Shopping Centre
Cumbernauld
G67 3AZ

External Auditors

CT
Chartered Accountants &
Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Internal Auditors

Quinn Internal Audit
& Business Support Services
55 Lady Place
West Lothian
EH54 6TB

Bankers

Royal Bank of Scotland
Cumbernauld Branch
18 Tay Walk
Town Centre
Cumbernauld
G67 1DE

Finance Agents

FMD Financial Services Ltd

Solicitors

TC Young
7 West George Street
Glasgow
G2 1BA

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE

For the year ended 31 March 2023

The Management Committee presents its report and the Financial Statements for the year ended 31 March 2023.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 2443R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC033116.

Principal Activities

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

Review of Business and Future Developments

Just as we were adjusting to a new post pandemic operating environment, we found ourselves facing an unprecedented cost of living crisis, increasing levels of inflation and latterly rising interest rates. And to top that the Scottish Government announced that it would seek Parliamentary approval to apply rent controls including a freeze on rents not just for the year 22/23 but also for the following financial year.

As our main income source is rents, any interference on rent setting poses a very significant and potentially very damaging effect on our future viability and short-term financial health. In Scotland, housing associations have had full control of its rents since 1989, so this move by the Government was quite unexpected. We established very quickly that the impact of a rent freeze when inflation was reaching a high of 11.1% in October 2022 would mean an immediate halt to any investment plans for the next few years. Fortunately, the sector came together and after successful lobbying the threat of a rent freeze or a rent cap as applied in other parts of the United Kingdom was averted. As required by legislation, we consulted tenants on a proposed rent increase, which we set at 7%. We believed this was the minimum we could afford if we wanted to ensure continued investment in our properties. Whilst not universally welcomed by our tenants we remain of the view that this was the most sensible approach to ensure our ongoing viability and to protect and maintain our housing and maintenance services at a level to which our tenants have come to expect.

During the year, the level of investment in cyclical and planned maintenance was relatively low for the reasons outlined above. We also took the opportunity to review our longer-term investment plans on the back of an updated Stock Condition Survey and revised Life Cycle Costing plan. We are currently developing an integrated asset management strategy which will bring together the results of the survey, updated costs and help inform our future investment decisions.

The rising cost of living and continuing increase in interest rates has prompted a further review of our Business Plan assumptions. Whilst we anticipate a slowing down of inflation, we are still seeing an upward trend in interest rates. With our loans split on a 50% fixed rate and 50% variable rate basis, we believe that we are doing what we can to mitigate the rising cost of variable rate borrowing.

Hillhead Housing Association notified us in March that it would not be able to renew our contract with them for the provision of Director Services due to the pending retirement of their Director. It was agreed that the current arrangements would be extended for a further year only. Consequently the Association has had to consider its future options as required under the current housing regulatory regime. An Options Appraisal is now underway and is being run in parallel with the development of the aforementioned asset management strategy. The Options Appraisal is due to report to the Committee in July with a recommendation for the best way forward that would be in the tenants' interests. The outcome of this Report will be shared with the Association's partners, stakeholders and tenants.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2023

Review of Business and Future Developments (continued)

Cybercrime remains a key business risk for the Association and to this end, we successfully obtained our Cyber Essentials re-accreditation in May 2023.

During the year all of our Management Committee Meetings have been on a hybrid basis with the majority of Committee Members attending in person.

The Association made a net surplus of £37,065 in the year to 31 March 2023.

The Association's main source of income is from rents. Rent charged in the year amounted to £1,128,023. The Association's Rent Setting Policy is based on the size, type and facilities of the accommodation and the historic costs of the properties. The rent structure is easy to administer and covers the wide variations within the Association's properties. We consult with tenants each year about our proposals for the following year's rent, taking account of investment priorities, affordability and scope for efficiencies within our own management costs. A percentage value is applied annually to ensure that the rents cover the required costs. Rents were increased by 4.2% for 22/23.

Throughout this current year, inflation has increased and remains at a level not seen for almost 40 years and the Management Committee agreed to consult on rent increase lower than inflation which in September 2022 was 11.1%. The Association set a rent increase of 7% for the year ahead 23/24.

With just over £163,387 spent on new components, our biggest investment remains in the day-to-day maintenance of the housing stock that totals £248,199.

An additional sum of £18,421 was invested in cyclical maintenance works.

In August, the Association acquired 36 new build homes from Clyde Valley Housing Association. The cost to the Association is the amount of private finance borrowed being £2.3m.

The net cost of housing assets at 31 March 2023 is £8.476m. The net cost of other fixed assets is £5,698. Cash balances at 31 March 2023 amount to £807,793. Net assets at 31 March 2023 amounted to £2.550m

Corporate Governance

The Association has a Committee of Management who are elected by the members of the Association. (See above for details). It is the responsibility of the Committee to undertake the strategy, setting of policy and overall direction of the Association. The Committee also monitors the operational activities of the Association. The members of the Committee of Management are not paid by the Association for this work.

Hillhead Housing Association was re-appointed in May 2023 to provide Director Services, for a further period of one year. The Director, Stephen Macintyre, is responsible for achieving the strategy set, and undertaking the operational activities in line with the policies set by the Management Committee. Our governing body is our Management Committee, which is responsible to the wider membership. Committee members serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve high standard of professionalism in our work. We take governance very seriously, and in the last year we have recently completed a governance review as part of our annual assurance statement planning.

In October 2022 we submitted our annual assurance statement to the Scottish Housing Regulator (SHR) and continue to enjoy a low level of engagement with SHR. We continue to submit the other statutory and regulatory returns as due. The Regulator has asked the Association to keep it updated on the development of its asset management strategy given the high proportion of our stock that doesn't meet the necessary quality and energy efficiency standards as a consequence of the pepper potted nature of our stock.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2023

Training and Recruiting Committee Members.

Any vacancies on the Management Committee are filled from members of the wider community who are interested in the Association's aims and objectives for the area and come from a range of backgrounds. Induction training is provided for all new committee members.

We carry out an independent Committee appraisal each year and Committee members are required to attend training events and conferences to build on their experience and develop new skills.

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Annual General Meeting.

Corporate Issues

Tenant involvement and participation is a major part of the Association's aims and objectives, and we continue to review how the Association involves tenants in its activities.

Performance Management and Service Delivery

Performance management and service delivery are high priorities for the Association.

The staff team have worked hard to achieve the outcomes in the Scottish Social Housing Charter and we have seen consistent strong performance across most areas. Our good performance is also backed up by our Tenants who recorded excellent levels of satisfaction in our latest Tenant Satisfaction Survey. In the survey that was carried out in January 2023 over 95% of tenants said they were satisfied with the service overall.

Policies and procedures are regularly reviewed and agreed by the Management Committee. Performance in arrears management is also closely monitored given the current economic impact of the cost of living crisis on household budgets we are pleased to note that gross rent arrears decreased from 5.18% at the end of March 2022 to 3.44% at the end of March 2023. In addition our level of rent collection increased slightly from 99.7% to 101.5%.

Our repair response times continues to perform well and are one of the top performers in our peer group. We responded to emergency calls within an average time of 1.72 hours and to non-emergency calls within an average time of 4.1 days.

We worked hard at ensuring all of our homes have up to date electrical condition certificates and at the end of March we reported that 76% had valid certificates with a further 20% requiring remedial works. The outstanding 4% which represented 9 homes have since been assessed.

We continue to submit the statutory and regulatory returns as due and our low level of engagement with the Regulator continues.

Best use of resources

We regularly conduct risk assessments and take any action necessary to reduce or limit risk. A planned update to our last stock condition that was completed in July 2017 was put on hold as a consequence of the pandemic and has now been completed. The results will be incorporated into the Association's planned maintenance programme to ensure that the required standards are met wherever economically possible within the set timescales.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2023

Development Issues

Abronhill HA is not traditionally a developing association but is committed to widening housing opportunities for people in Abronhill. One of our biggest achievements was the final hand over of 36 new homes at Aspen Place in August 2022.

Housing Issues

A major issue for all housing associations is the economic consequences of the Pandemic, Brexit, Cost of Living Crisis and ongoing high cost of energy. Combined together these are placing direct pressures on our tenants as well as our own business. Abronhill continues to engage with tenants to signpost them in the direction of financial advice and support via our Advice for Tenants and Residents (AFTAR) project. This shared resource with Motherwell Citizens Advice Bureau and 4 other Lanarkshire based housing associations offers advice and support with welfare rights, benefits and energy related issues.

During the last year AFTAR assisted our tenants in a wide range of ways and ensured additional financial gains for many households. The Project assisted 95 tenants with 195 issues. Additional client financial gain amounted to £74,922.82 and the value of rescheduled debts amounted to £10,726.54.

Investment Appraisal

Capital expenditure is regulated by budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Committee. Reviews are carried out during the development period, to monitor expenditure and performance.

Treasury management

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Management Committee. In this way the Association manages its borrowing arrangements to ensure that it is always able to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

Internal Financial Control

The Management Committee is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management

The Association has an active risk management process, with policies, risk matrix map and a business continuity plan. All major risks are considered so mitigating action can be planned.

Key risks include: Internal risks - loss of key staff or committee personnel, fraud, health & safety failures; and these are mitigated by robust policies, procedures, and a range of audits. External risks include: - economic impacts, changes in regulatory requirements, data loss/cyber-security issues and these are mitigated by close attention to external information and advice, active membership of representative bodies and obtaining best practice advice on IT security and data protection matters.

Employee Involvement and Health & Safety

The Association encourages employee involvement in all Health and Safety initiatives. The Association monitors its Health and Safety work closely. Our next Health & Safety Audit is due later this year.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2023

Management Committee and Executive Officers

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

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

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

Statement of Management Committee's Responsibilities

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

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

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

Going concern

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

Statement on Internal Financial Control

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

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

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2023

Statement on Internal Financial Control (continued)

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

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

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2023. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Disclosure of Information to the Auditor

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

BY ORDER OF THE MANAGEMENT COMMITTEE

Iain Smith
Secretary



8 September 2023

**REPORT by the AUDITORS to the MEMBERS OF
ABRONHILL HOUSING ASSOCIATION LIMITED
On CORPORATE GOVERNANCE MATTERS**

CT:

In addition to our audit of the Financial Statements, we have reviewed your statement on page 8 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement of Internal Financial Control on page 8 has provided the disclosures required by the relevant Regulatory Standards within the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



CT
Chartered Accountants & Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

15 September 2023

**ABRONHILL HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED
31 MARCH 2023**

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

**ABRONHILL HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED
31 MARCH 2023 (continued)**

Other Information (Continued)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities as set out on Page 7, the Management Committee are 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 Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

We gained an understanding of the legal and regulatory framework applicable to the Association and the industry in which it operates and considered the risk of acts by the Association which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Housing SORP 2018, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland) Act 2010.

**ABRONHILL HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED
31 MARCH 2023 (continued)**

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

We focused on laws and regulations that could give rise to a material misstatement in the Association's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the members;
- review of minutes of board meetings throughout the period;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

Use of our report

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



CT
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

15 September 2023

ABRONHILL HOUSING ASSOCIATION LIMITED

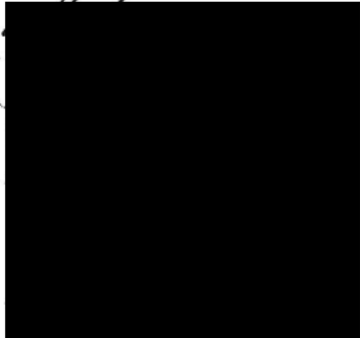
STATEMENT of COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	£	2023 £	£	2022 £
Revenue	2		1,215,377		1,097,982
Operating costs	2		(1,079,283)		(1,075,634)
Operating surplus			136,094		22,348
Interest receivable and other income		3,446		227	
Interest payable and similar charges	7	(102,475)		(18,320)	
Other finance income/(charges)	10	0		(2,000)	
			(99,029)		(20,093)
Surplus for the year	8		37,065		2,255
Other comprehensive income					
Actuarial gains/(losses) on defined benefit pension plan	19		(43,000)		96,000
Total comprehensive income			(5,935)		98,255

The results relate wholly to continuing activities.

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on ~~8 September 2023~~.

.....		Name	Craig Burns
.....		Name	Deborah Brown
.....		Name	Iain Smith

The notes on pages 17 to 30 form an integral part of these financial statement.

ABRONHILL HOUSING ASSOCIATION LIMITED

STATEMENT of FINANCIAL POSITION

As at 31 March 2023

	Notes	£	2023 £	£	2022 £
Non-current assets					
Housing properties – depreciated cost	11		8,476,462		3,712,780
Other tangible assets	11		5,698		8,312
			<u>8,482,160</u>		<u>3,721,092</u>
Current assets					
Receivables	12	27,680		28,750	
Cash and cash equivalents		807,793		3,030,945	
		<u>835,473</u>		<u>3,059,695</u>	
Creditors: amounts falling due within one year	13	(355,080)		(283,717)	
Net current assets			<u>480,393</u>		<u>2,775,978</u>
Total assets less current liabilities			<u>8,962,553</u>		<u>6,497,070</u>
Creditors: amounts falling due after more than one year	14		(2,741,768)		(2,880,764)
Pensions and other provisions for liabilities and charges					
Scottish housing association pension scheme	19		(21,000)		-
Deferred income					
Social Housing Grants	15		(3,649,877)		(1,060,458)
Net assets			<u>2,549,908</u>		<u>2,555,848</u>
Equity					
Share capital	16		42		47
Revenue reserves			2,570,866		2,555,801
Pension reserves			(21,000)		-
			<u>2,549,908</u>		<u>2,555,848</u>

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on 8 September 2023



Name Craig Burns

Name Deborah Brown

Name Iain Smith

Secretary

The notes on pages 17 to 30 form an integral part of these financial statements.

ABRONHILL HOUSING ASSOCIATION LIMITED

STATEMENT of CASH FLOWS

For the year ended 31 March 2023

	Notes	£	2023 £	£	2022 £
Surplus for the Year			37,065		2,255
Adjustments for non-cash items:					
Depreciation of tangible fixed assets	11	311,543		332,474	
Amortisation of capital grants	15	(95,893)		(54,844)	
Non-cash adjustments to pension provisions		(22,000)		(35,000)	
Share capital written off	16	(8)		(8)	
			193,642		242,622
Interest receivable			(3,446)		(227)
Interest payable			102,475		18,320
Operating cash flows before movements in working capital			329,736		262,970
Change in debtors		1,074		56,565	
Change in creditors		75,655		25,452	
			76,739		82,017
Net cash inflow from operating activities			406,475		344,987
Investing Activities					
Acquisition and construction of properties		(5,070,620)		(169,148)	
Purchase of other fixed assets		(1,994)		(7,632)	
Capital Grants Received		2,685,312		-	
Net cash outflow from investing activities			(2,387,302)		(176,780)
Finance activities					
Interest received on cash and cash equivalents		3,446		227	
Interest paid on loans		(102,475)		(18,320)	
Loan principal repayments		(143,299)		(997,012)	
Loans drawn down		-		3,100,000	
Share capital issued		3		3	
Net cash inflow/(outflow) from financing activities			(242,325)		2,084,898
(Decrease)/increase in cash			(2,223,152)		2,253,105
Opening cash and cash equivalents			3,030,945		777,840
Closing cash and cash equivalents			807,793		3,030,945
Cash and cash equivalents at 31 March 2023			807,793		3,030,945
Cash					

The notes on pages 17 to 30 form an integral part of these financial statements.

ABRONHILL HOUSING ASSOCIATION LIMITED

STATEMENT of CHANGES in EQUITY

As at 31 March 2023

	Scottish Housing Association			
	Share Capital	Pension Reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 1 April 2021	52	(131,000)	2,588,546	2,457,598
Issue of shares	3	-	-	3
Cancellation of shares	(8)	-	-	(8)
Other comprehensive income	-	-	96,000	96,000
Other movements	-	131,000	(131,000)	-
Surplus for the year	-	-	2,255	2,255
	-----	-----	-----	-----
Balance as at 31 March 2022	47	-	2,555,801	2,555,848
	=====	=====	=====	=====
Balance as at 31 March 2022	47	-	2,555,801	2,555,848
Issue of shares	3	-	-	3
Cancellation of shares	(8)	-	-	(8)
Other comprehensive income	-	-	(43,000)	(43,000)
Other movements	-	(21,000)	21,000	-
Surplus for the year	-	-	37,065	37,065
	-----	-----	-----	-----
Balance as at 31 March 2023	42	(21,000)	2,570,866	2,549,908
	=====	=====	=====	=====

The notes on pages 17 to 30 form an integral part of these financial statements.

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. Principal accounting policies

Statement of compliance and basis of accounting

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

Revenue

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

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

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

Retirement benefits

The Association previously participated in the Scottish Housing Association Pension Scheme (SHAPS) a multi-employer defined benefit scheme where retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension in accordance with FRS 102. The Association moved to the SHAPS defined contribution scheme on leaving the defined benefit scheme. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

Going Concern

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

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

1. Principal accounting policies (continued)

Housing properties

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

Component	Useful economic life
Structure	Over 50 years
Roof	Over 50 years
Bathrooms	Over 20 years
Kitchens	Over 20 years
Windows	Over 30 years
Doors	Over 30/40 years
Heating Systems	Over 30/40 years
Boiler	Over 15/25 years
Rewiring	Over 35 years
Heat Detectors	Over 10 years

Depreciation and impairment of other non-current assets

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

Asset Category	Depreciation Rate
Office premises	15%
Furniture and fittings	25%
Computer and office equipment	25%

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

Social Housing Grant and other capital grants

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

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

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

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

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

1. Principal accounting policies (continued)

Taxation

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

Leases

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

Works to Existing Properties

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

Capitalisation of Development Overheads

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

Borrowing Costs

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

Estimation uncertainty

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

(a) Rent Arrears – Bad Debt Provision

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

(b) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

(c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

1. Principal accounting policies (continued)

Financial Instruments – Basic

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

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

Cash and Liquid Resources

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

Impairment

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

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

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

Key judgements made in the application of Accounting Policies

(a) The Categorisation of Housing Properties

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

(b) Identification of Cash Generating Units

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

(c) Financial instrument break clauses

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

(d) Pension liability

This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

2. Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Affordable Letting and Other Activities

	2023			2022		
	Turnover	Operating Costs	Operating Surplus/ (Deficit)	Turnover	Operating Costs	Operating Surplus (Deficit)
	£	£	£	£	£	£
Affordable letting activities (note 3)	1,214,877	1,071,555	143,322	1,076,982	1,050,675	26,307
Other activities (note 4)	500	7,728	(7,228)	21,000	24,959	(3,959)
Total	1,215,377	1,079,283	136,094	1,097,982	1,075,634	22,348
	=====	=====	=====	=====	=====	=====

3. Particulars of Income and Expenditure from Affordable Letting Activities

	General Needs Housing	
	2023	2022
	£	£
Revenue from lettings		
Rent receivable	1,128,023	992,438
Service charges receivable	3,461	2,000
Gross income from rent and service charges	1,131,484	994,438
<u>Less:</u> Rent losses from voids	30,352	10,784
Net rentals receivable	1,101,132	983,654
Grants released from deferred income	95,893	54,844
Revenue grants from Scottish Ministers	17,852	38,484
Total turnover from affordable letting activities	1,214,877	1,076,982
Expenditure on affordable letting activities		
Management and maintenance administration costs	424,086	454,853
Service costs	3,461	2,000
Planned and cyclical maintenance, including major repairs	87,348	70,718
Reactive maintenance costs	248,199	194,585
Bad debts – rents	1,526	3,001
Depreciation of affordable let properties	306,939	325,518
Operating costs of affordable letting activities	1,071,559	1,050,675
Operating surplus on affordable letting activities	143,318	26,307
	=====	=====

The figure of £87,348 (2022: £70,718) for planned and cyclical maintenance includes major repairs of £68,927 (2022: £57,237).

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

4. Particulars of Revenue, Operating Costs and Operating Surplus or Deficit from Other Activities

	Grants From Scottish Ministers £	Other Revenue Grants £	Other Income £	Total Turnover £	Operating Costs Other £	Operating Surplus/ (Deficit) 2023 £	Operating Surplus/ (Deficit) 2022 £
Wider role activities	-	-	500	500	7,728	(7,228)	(3,959)
Total from other activities	-	-	500	500	7,728	(7,228)	(3,959)
2022	-	21,000	-	21,000	24,959	(3,959)	

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

5. Officers Emoluments

Officers are defined in the Co-operative and Community Benefit Societies act 2014 as the members of the Management Committee, managers and employees of the Association.

	2023 £	2022 £
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	-	-
	=====	=====
Pension contributions made on behalf of officers with emoluments greater than £60,000	-	-
	=====	=====
Emoluments payable to Chief Executive (excluding pension contributions)	-	-
	=====	=====
Total emoluments paid to key management personnel	33,164	28,723
	=====	=====

The number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:

	2023 No.	2022 No.
£70,000 to £80,000	-	-
£60,001 to £70,000	-	-
	=====	=====

6. Employee information

	2023 No.	2022 No.
The average monthly number of full-time equivalent persons employed during the year was:	4	4
	=====	=====
The average total number of employees employed during the year was:	5	5
	=====	=====
	£	£
Staff costs were:		
Wages and salaries	150,075	140,696
Social Security costs	10,061	9,256
Other pension costs	13,298	12,817
	-----	-----
	173,434	162,769
	=====	=====

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

7. Interest payable and similar charges	2023	2022
	£	£
On bank loans and overdrafts	102,475	18,320
	=====	=====
8. Surplus/(deficit) for the year	2023	2022
	£	£
Surplus for the year is stated after charging/(crediting):		
Depreciation – tangible owned fixed assets	311,543	332,474
Auditors' remuneration – audit services	9,660	9,000
Operating lease rentals – other	1,526	1,526
	=====	=====

9. Tax on surplus/(deficit) on ordinary activities

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

10. Non-current assets	Housing Properties Held for letting	Housing Properties in course of construction	Total
	£	£	£
(a) Housing properties			
Cost			
At 1 April 2022	6,487,804	-	6,487,804
Additions	5,070,622	-	5,070,622
Transfers	-	-	-
Disposals	(6,218)	-	(6,218)
As at 31 March 2023	11,552,208	-	11,552,208
Depreciation			
As at 1 April 2022	2,775,024	-	2,775,024
Additions	306,940	-	306,940
Disposals	(6,218)	-	(6,218)
As at 31 March 2023	3,075,746	-	3,075,746
Net book value			
As at 31 March 2023	8,476,462	-	8,476,462
As at 31 March 2022	3,712,780	-	3,712,780

ABRONHILL HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023****10. Non-current assets (continued)****(a) Housing properties (continued)**

Additions to housing properties include capitalised development administration costs of £Nil (2022: £Nil) and capitalised major repair costs to existing properties for £163,388 (2022: £169,149).

Disposals in the year amounted to £6,218 (2022 - £15,045). No gains or losses were made on these disposals.

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £498,935 (2022: £434,452). The amount capitalised is £163,388 (2022: £169,149) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £163,388 (2022: £169,149) and improvement of £Nil (2022: £Nil).

The Association's lenders have standard securities over Housing Property with a carrying value of £894,678 (2022: £926,863).

	Office Premises	Furniture and Equipment	Total
	£	£	£
(b) Other tangible assets			
Cost			
At 1 April 2022	96,004	72,386	168,390
Additions	-	1,994	1,994
Disposals	-	(44,730)	(44,730)
As at 31 March 2023	96,004	29,650	125,654
Aggregate depreciation			
As at 1 April 2022	96,004	64,074	160,078
Additions	-	4,608	4,608
Disposals	-	(44,730)	(44,730)
As at 31 March 2023	96,004	23,952	119,956
Net book value			
As at 31 March 2023	-	5,698	5,698
As at 31 March 2022	-	8,312	8,312

11. Commitments under operating leases

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:

	2023	2022
	£	£
Other		
Not later than one year	1,526	1,526
Later than one year and not later than five years	1,157	2,683
	=====	=====

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

12. Receivables: amounts falling due within one-year	2023	2022
	£	£
Arrears of rent and service charges	52,049	64,036
<u>Less:</u> Provision for doubtful debts	(37,000)	(45,724)
	-----	-----
	15,049	18,312
Other receivables	12,631	10,438
	-----	-----
	27,680	28,750
	=====	=====
13. Payables: amounts falling due within one-year	2023	2022
	£	£
Bank loans	147,562	151,865
Trade payables	147,649	83,779
Rent received in advance	39,176	27,856
Other taxation and social security	3,538	3,065
Other payables	17,155	17,152
	-----	-----
	335,080	283,717
	=====	=====
14. Payables: amounts falling due after more than one-year	2023	2022
	£	£
Bank loans	2,741,768	2,880,764
	=====	=====
Bank loans		
Amounts due within one year	147,562	151,865
Amounts due in one year or more but less than two years	150,924	155,826
Amounts due in two years or more but less than five years	475,806	489,974
Amounts due in more than five years	2,115,038	2,234,964
	-----	-----
	2,889,330	3,032,629
<u>Less:</u> Amount shown in current liabilities	147,562	151,865
	-----	-----
	2,741,768	2,880,764
	=====	=====

Housing loans are secured by specific charges on 121 of the Association's properties. Loans are repayable at fixed rates ranging from 2.29% to 3.59% and variable rates of base plus a margin of 1.8%. Loans are payable over ten and twenty five years.

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

15. Deferred income	Housing properties held for letting £	Housing properties in course of construction £	Total £
Social Housing Grants			
As at 1 April 2022	1,788,988	-	1,788,988
Additions in year	2,685,310	-	2,685,310
Repayments	-	-	-
Eliminated on disposal of components and property	-	-	-
Transfer	-	-	-
As at 31 March 2023	4,474,300	-	4,474,300
Amortisation			
As at 1 April 2022	728,530	-	728,530
Amortisation in year	95,893	-	95,893
Eliminated on disposal	-	-	-
As at 31 March 2023	824,423	-	824,423
Net book value			
As at 31 March 2023	3,649,877	-	3,649,877
As at 31 March 2022	1,060,458	-	1,060,458

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

	2023 £	2022 £
Amounts due within one year	95,893	54,844
Amounts due in one year or more	3,553,984	1,005,614
	3,649,877	1,060,458

16. Share capital	2023 £	2022 £
Shares of £1 each issued and fully paid		
As at 1 April 2022	47	52
Issued in year	3	3
Cancelled in year	(8)	(8)
At 31 March 2023	42	47

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

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

17. Housing Stock

	2023 No.	2022 No.
The number of units of accommodation in management at the year end was:		
General Needs – built by Association	11	11
General needs – purchased by Association	247	211
	-----	-----
	258	222
	=====	=====

18. Related party transactions

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

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Management committee cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

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

	2023 £	2022 £
Rent received from tenants on the Management Committee and their close Family	9,757	13,632
	=====	=====

At the year end, total rent arrears owed by the family of tenant members on the Management Committee were £nil (2022: £nil).

	2023 No.	2022 No.
Members of the Management Committee who are tenants	3	3
	=====	=====
Members of the Management Committee who are local councillors	-	-
	=====	=====

19. Retirement benefit obligations

General

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

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

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

19. Retirement benefit obligations (continued)

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. The market value of the scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). A Recovery Plan has been put in place to eliminate the deficit which runs to 28 February 2022 for the majority of employers, although certain employers have different arrangements.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the Scheme. The pension obligation relates to the Association's past membership of the defined benefit scheme and following the Association leaving this scheme, the Association has been making contributions to the defined contribution scheme along with the employees.

For financial years ending on or before 28 February 2019, it has not been possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Association has accounted for the Scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

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

	2023	2022
	£	£
Fair value of plan assets	805,000	1,311,000
Present value of defined benefit obligation	(826,000)	1,299,000
	-----	-----
Defined benefit (liability)/asset to be recognised	(21,000)	12,000
Unrecognised Surplus		(12,000)
	-----	-----
Defined benefit asset/liability recognised	-	-
	=====	=====

Reconciliation of opening and closing balances of the defined benefit obligation **2023**

	£
Defined benefit obligation at start of period	1,299,000
Current service cost	-
Expenses	1,000
Interest expense	36,000
Actuarial gains due to scheme experience	(69,000)
Actuarial losses due to changes in demographic assumptions	(22,000)
Actuarial losses due to changes in financial assumptions	(380,000)
Benefits paid and expenses	(39,000)

Defined benefit obligation at end of period	826,000
	=====

ABRONHILL HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2022****19. Retirement benefit obligations (continued)**

Reconciliation of opening and closing balances of the fair value of plan assets	2023 £
Fair value of plan assets at start of period	1,311,000
Interest income	36,000
Experience on plan assets (excluding amounts included in interest income) - gain	(526,000)
Contributions by the employer	23,000
Benefits paid and expenses	(39,000)
	=====
Fair value of plan assets at end of period	805,000

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was £19,000.

Defined benefit costs recognised in statement of comprehensive income	2023 £
Current service cost	-
Expenses	1,000
Net interest expense	-
	=====
Defined benefit costs recognised in statement of comprehensive income	1,000

Defined benefit costs recognised in other comprehensive income	2023 £
Current service cost	-
Expenses	1,000
Net interest expense	-
	=====
Defined benefit costs recognised in statement of comprehensive income	1,000

In May 2022 the Scheme Trustee (TPT Retirement Solutions) notified employers of a review of historic scheme benefit changes, and this review has raised legal questions regarding whether and when some historic benefit changes should take effect, the outcome of which could give rise to an increase in liabilities for some employers. The Scheme Trustee has determined that it is prudent to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before late 2024 at the earliest.

On 4 May 2022 the Scheme Trustee issued an update to employers which included an estimate of the potential total additional liabilities at total scheme level, on a Technical Provisions basis. However, until Court directions are received, it is not possible to calculate the impact of this issue on an individual employer basis with any accuracy. As a result of this no allowance will be made for this within the accounting disclosures included in this note.

20. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £Nil (2022: £2,135,195)