

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2024



CT:

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2024

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ABRONHILL HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES and ADVISERS

Year ended 31 March 2024

Management Committee

Craig Burns
Raymond Russell
Iain Smith
Deborah Brown
William Noon
Audrey Smith
Julie Kelly
Gary Watson
Allison Peden
Anne Marie Thomson
Carolann Docherty

Chairperson
Vice Chairperson
Secretary
Treasurer
Resigned
Resigned

Casual Vacancy 25 April 2024
Co-opted 25 April 2024

Executive Officers

Stephen Macintyre

Providing Senior Management Services
(Hillhead Housing Association) to February 2024
From February 2024

Audrey Murphy

Registered Office

Unit 10
Abronhill Shopping Centre
Cumbernauld
G67 3AZ

External Auditors

Chiene + Tait LLP (trading as 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
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 2024

The Management Committee presents its report and the Financial Statements for the year ended 31 March 2024.

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

As a Registered Social Landlord (RSL), Abronhill Housing Association faced significant economic challenges from April 2023 to March 2024. The following points outline the key economic factors that impacted our operations and financial planning during this period:

1. Rent Increases:

Our consulted rent increase from April 2023 was 7%, well under inflation of 11.1%. The average rent increase for RSLs in 2023/24 was 5.34%, which is higher than the 3.8% average for local authorities. The consulted rent increase from April 2024 was 6.6%. Going forward we plan to consult on 2% above CPI for 25/26. This increase is a result of balancing our financial viability with the need to keep rents affordable for tenants during a period of high inflation and economic strain.

2. Rising Costs and Financial Viability:

Our maintenance, staff, and in particular, our insurance costs continue to increase. Additionally, we await consultation outcomes of the updated legislation from Scottish Government, which will result in new investment requirements to meet the outcome of the net zero energy efficiency standards and decarbonisation goals.

The Association has also been facing increasing interest rates. The Bank of England base rate has risen from 0.75% at August 2022 to 5.25% at March 2024. This has had an adverse effect on the amount of interest paid on the loans.

3. Impact of Rent Caps:

The expiration of the Cost of Living (Tenant Protection) Act 2022 in March 2023, which had imposed a moratorium on rent increases, posed a challenge. As a result, we had to manage the financial impact of delayed rent increases while grappling with our rising costs. This scenario forced us to set rent increases below the levels projected in our business plans, limiting our resources for future investments.

4. Increased Borrowing:

Despite these challenges, we successfully secured £2.3 million in new financing, alongside existing funding, obtained to purchase new build properties in 2022. The additional rental income in the following years will go towards additional borrowing costs and will help fund increasing costs associated with the new housing development.

5. Tenant Financial Hardship:

The broader cost of living crisis significantly impacted our tenants, with rising food and energy costs being major contributors to their financial hardship. In response, we made considerable efforts to minimise rent increases, recognising that keeping rents affordable was essential for supporting our tenants during these difficult times. As we move forward, we have made provision to increase rents next year by 2% above CPI, which is still needed to offset the period of rent setting well below inflation in 22/23.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2024

Review of Business and Future Developments (continued)

6. Sector Challenges and Adaptations:

We are adapting to these pressures by revising our current business plan, engaging with lenders, and preparing contingency plans to ensure we remain compliant and deliver the best services for our tenants. However, we face tough decisions, including the timing and the cost of investment plans for our home improvements, looking for innovative ways to engage strategic partners and homeowners on the benefits of meeting quality and efficiency standards whilst stringently monitoring of all expenditure costs.

In summary, the period from April 2023 to March 2024 and beyond presents numerous economic challenges for Abronhill Housing Association. We had to navigate a complex landscape of rising costs, legislative changes, and tenant financial hardship, all while striving to maintain financial stability and support our community.

In the year to 31 March 2024:

- **The Association made an operating surplus of £276,464.**
- **A net surplus of £75,466.**
- **The net cost of housing assets is £8.430m**
- **The net cost of other fixed assets is £3,066.**
- **Cash balances amount to £701,502.**
- **Net Assets amounted to £2.625m**

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.

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.

During the year all of our Management Committee Meetings have been on a hybrid basis with the majority of Committee Members attending in person. We hold strategic planning sessions and training is delivered to our Committee members, as well as a yearly appraisal. We have maintained our Committee membership for the most of 23/24, however, there was a period where we notified the Scottish Housing Regulator that the Management Committee had only 7 members. There was a quick recruitment exercise for two new members joining in April 24 and another in July 24.

In October 2023 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 progress of the outcome of its strategic options appraisal and 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 2024

Training and Recruiting Committee Members.

Any vacancies on the Management Committee are filled from members of the association, often tenants and other members of the wider community. Memberships are from people 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 have increased slightly in 23/24 for gross arrears (3.44% in 22/23 and 3.48% in 23/24) but are pleased to be high-performing in this area.

Our repair response times continues to perform well. We responded to emergency calls within an average time of 1.83 hours and to non-emergency calls within an average time of 4.34 days.

We worked hard at ensuring all of our homes have up-to-date electrical condition certificates and at the end of March 24 we reported that 95% had valid certificates. The outstanding which represents 12 homes has since been assessed, apart from 2 forced access escalations.

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

Development Issues

Abronhill HA is not traditionally a developing association but is committed to widening housing opportunities for people in Abronhill through consideration of funding opportunities from the Scottish Government on buybacks or the Empty Homes Initiative, however, this is an area where we will give careful scrutiny due to the level of resources available.

Housing Issues

A major issue for all housing associations is the wider economic consequences of the cost of living crisis and ongoing high cost of energy. Combined, 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 had 114 client contacts assisting with 210 issues. Additional client financial gain amounted to £89,477.87 and the value of rescheduled debts amounted to £41,050.04.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2024

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/External risks –

- Loss of key staff
- Resignations of Committee Members
- Compliance with quality and future legislative energy efficiency measures for our homes
- Reduction in available grant funding due to cuts
- Rising material/labour costs for investment works
- Cyber Fraud

These are mitigated by robust policies, procedures, and a range of audits. Close attention to external information and advice, active membership of representative bodies, training and obtaining best practice advice on IT security and data protection matters.

Employee Involvement and Health & Safety

A schedule of one-to-one staff appraisals and support quarterly held with staff. New development of allocated dedicated training time with monthly office closure for 3 hours to support staff development is being piloted in 2024.

Health and Safety audit was passed with only two minor recommendations in 2024.

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 withing 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 appointment by the members at the Association's Annual General Meeting.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (continued)

For the year ended 31 March 2024

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 2024. 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 2024

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 2024. 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



3 September 2024

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

18 September 2024

Opinion

We have audited the financial statements of Abronhill Housing Association Limited (the 'Association') for the year ended 31 March 2024 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 2024 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 2024.

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 FRC'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 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Management Committee is responsible for the other information contained within the annual report. 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 course of 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.

INDEPENDENT AUDITORS REPORT to the MEMBERS OF
ABRONHILL HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 31 MARCH 2024 (continued)

CT:

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

Responsibilities of the Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities as set out on Page 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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

**INDEPENDENT AUDITORS REPORT to the MEMBERS OF
ABRONHILL HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 31 MARCH 2024 (continued)**

CT:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Association operates in and how the Association is complying with the legal and regulatory frameworks;
- inquired of management and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider that the most significant laws and regulations that have a direct impact on the financial statements were, but not limited to, FRS 102, Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements 2024, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland Act) 2010. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures against the requirements of the relevant financial reporting standards.

We also performed audit procedures to inquire of management, and those charged with governance whether the Association is in compliance with these laws and regulations, inspected correspondence with regulatory authorities including mandatory submissions to the Regulator, reviewed minutes of meetings of the Management Committee and relevant sub-committees, and reviewed available online information.

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



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

18 September 2024

ABRONHILL HOUSING ASSOCIATION LIMITED

STATEMENT of COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	£	2024 £	£	2023 £
Revenue	2		1,390,720		1,215,377
Operating costs	2		(1,114,256)		(1,079,283)
Operating surplus			276,464		136,094
Interest receivable and other income		9,920		3,446	
Interest payable and similar charges	7	(139,918)		(102,475)	
Other finance charges	10	(1,000)		-	
			(130,998)		(99,029)
Surplus for the year	8		145,466		37,065
Other comprehensive income					
Actuarial losses on defined benefit pension plan	19		(70,000)		(43,000)
Total comprehensive income			75,466		(5,935)

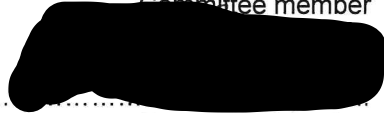
The results relate wholly to continuing activities.

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on 3 September 2024.

.....


 Committee member

Name Craig Burns

.....


 Committee Member

Name Raymond Russell

.....


 Secretary

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 2024

	Notes	£	2024 £	£	2023 £
Non-current assets					
Housing properties – depreciated cost	11		8,429,973		8,476,462
Other tangible assets	11		3,066		5,698
			<u>8,433,039</u>		<u>8,482,160</u>
Current assets					
Receivables	12	53,256		27,680	
Cash and cash equivalents		701,502		807,793	
		<u>754,758</u>		<u>835,473</u>	
Creditors: amounts falling due within one year	13	(292,071)		(355,080)	
Net current assets			<u>462,687</u>		<u>480,393</u>
Total assets less current liabilities			<u>8,895,726</u>		<u>8,962,553</u>
Creditors: amounts falling due after more than one year	14		(2,621,679)		(2,741,768)
Pensions and other provisions for liabilities and charges					
Scottish housing association pension scheme	19		(92,000)		(21,000)
Deferred income					
Social Housing Grants	15		(3,556,681)		(3,649,877)
Net assets			<u>2,625,366</u>		<u>2,549,908</u>
Equity					
Share capital	16		34		42
Revenue reserves			2,717,332		2,570,866
Pension reserves			(92,000)		(21,000)
			<u>2,625,366</u>		<u>2,549,908</u>

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

.....
Committee member

Name Craig Burns

.....
Committee Member

Name Raymond Russell

.....
Secretary

Name Iain Smith

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 2024

	Notes	£	2024 £	£	2023 £
Surplus for the Year			145,466		37,065
Adjustments for non-cash items:					
Depreciation of tangible fixed assets	11	314,588		311,543	
Amortisation of capital grants	15	(93,196)		(95,893)	
Non-cash adjustments to pension provisions		0		(22,000)	
Share capital written off	16	(14)		(8)	
			221,348		193,642
Interest receivable			(9,920)		(3,446)
Interest payable			139,918		102,475
Operating cash flows before movements in working capital			497,812		329,736
Change in debtors		(25,575)		1,074	
Change in creditors		(51,371)		75,655	
			(76,946)		76,739
Net cash inflow from operating activities			420,866		406,475
Investing Activities					
Acquisition and construction of properties		(264,861)		(5,070,620)	
Purchase of other fixed assets		(576)		(1,994)	
Capital Grants Received		-		2,685,312	
Net cash outflow from investing activities			(265,437)		(2,387,302)
Finance activities					
Interest received on cash and cash equivalents		9,920		3,446	
Interest paid on loans		(139,918)		(102,475)	
Loan principal repayments		(131,728)		(143,299)	
Loans drawn down		0		-	
Share capital issued		6		3	
Net cash outflow from financing activities			(261,720)		(242,325)
Decrease in cash			(106,291)		(2,223,152)
Opening cash and cash equivalents			807,793		3,030,945
Closing cash and cash equivalents			701,502		807,793
Cash and cash equivalents at 31 March 2024			701,502		807,793
Cash			701,502		807,793

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 2024

	Scottish Housing Association			
	Share Capital	Pension Reserve	Revenue Reserve	Total
	£	£	£	£
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
	=====	=====	=====	=====
Balance as at 31 March 2023	42	(21,000)	2,570,866	2,549,908
Issue of shares	6	-	-	6
Cancellation of shares	(14)	-	-	(14)
Other comprehensive income	-	(70,000)	-	(70,000)
Other movements	-	(1,000)	1,000	-
Surplus for the year	-	-	145,466	145,466
	-----	-----	-----	-----
Balance as at 31 March 2024	34	(92,000)	2,717,332	2,625,366
	=====	=====	=====	=====

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 2024

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 2024. 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 2024

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 2024

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.

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.

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

1. Principal accounting policies (continued)

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.

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

	2024			2023		
	Turnover	Operating Costs	Operating Surplus/ (Deficit)	Turnover	Operating Costs	Operating Surplus (Deficit)
	£	£	£	£	£	£
Affordable letting activities (note 3)	1,390,720	1,111,917	278,803	1,214,877	1,071,555	143,322
Other activities (note 4)	-	2,339	(2,339)	500	7,728	(7,228)
Total	1,390,720	1,114,256	276,464	1,215,377	1,079,283	136,094
	=====	=====	=====	=====	=====	=====

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

3. Particulars of Income and Expenditure from Affordable Letting Activities

	General Needs Housing	
	2024	2023
	£	£
Revenue from lettings		
Rent receivable	1,279,986	1,128,023
Service charges receivable	4,800	3,461
Gross income from rent and service charges	1,284,786	1,131,484
<u>Less:</u> Rent losses from voids	12,262	30,532
Net rentals receivable	1,272,524	1,101,132
Grants released from deferred income	93,196	95,893
Revenue grants from Scottish Ministers	25,000	17,852
Total turnover from affordable letting activities	1,390,720	1,214,877
Expenditure on affordable letting activities		
Management and maintenance administration costs	471,485	424,086
Service costs	9,394	3,461
Planned and cyclical maintenance, including major repairs	97,610	87,348
Reactive maintenance costs	221,064	248,199
Bad debts – rents	1,014	1,526
Depreciation of affordable let properties	311,350	306,939
Operating costs of affordable letting activities	1,111,917	1,071,559
Operating surplus on affordable letting activities	278,803	143,318

The figure of £97,610 (2023: £87,348) for planned and cyclical maintenance includes major repairs of £72,844 (2023: £68,927).

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) 2024 £	Operating Surplus/ (Deficit) 2023 £
Wider role activities	-	-	-	-	2,339	(2,339)	(7,228)
Total from other activities	-	-	-	-	2,339	(2,339)	(7,228)
2023	-	-	500	500	7,728	(7,228)	

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

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.

	2024 £	2023 £
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	47,400	33,164
	=====	=====

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

	2024 No.	2023 No.
£70,000 to £80,000	-	-
£60,001 to £70,000	-	-
	=====	=====

6. Employee information

	2024 No.	2023 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	154,300	150,075
Social Security costs	9,941	10,061
Other pension costs	15,127	13,298
	-----	-----
	179,368	173,434
	=====	=====

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

7. Interest payable and similar charges	2024	2023
	£	£
On bank loans and overdrafts	139,918	102,475
	=====	=====
8. Surplus/(deficit) for the year	2024	2023
	£	£
Surplus for the year is stated after charging/(crediting):		
Depreciation – tangible owned fixed assets	314,558	311,543
Auditors' remuneration – audit services	9,860	9,660
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 2023	11,552,208	-	11,552,208
Additions	264,861	-	264,861
Disposals	(48,377)	-	(48,377)
	-----	-----	-----
As at 31 March 2024	11,768,692	-	11,768,692
	-----	-----	-----
Depreciation			
As at 1 April 2023	3,075,746	-	3,075,746
Additions	311,350	-	311,350
Disposals	(48,377)	-	(48,377)
	-----	-----	-----
As at 31 March 2024	3,338,719	-	3,338,719
	-----	-----	-----
Net book value			
As at 31 March 2024	8,429,973	-	8,429,973
	=====	=====	=====
As at 31 March 2023	8,476,462	-	8,476,462
	=====	=====	=====

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

10. Non-current assets (continued)

(a) Housing properties (continued)

Additions to housing properties include capitalised development administration costs of £Nil (2023: £Nil) and capitalised major repair costs to existing properties for £264,861 (2023: £163,388).

Disposals in the year amounted to £48,377 (2023 - £6,218). 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 £583,535 (2023: £498,935). The amount capitalised is £264,861 (2023: £163,388) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £264,861 (2023: £163,388) and improvement of £Nil (2023: £Nil).

The Association's lenders have standard securities over Housing Property with a carrying value of £865,149 (2023: £894,678).

	Office Premises £	Furniture and Equipment £	Total £
(b) Other tangible assets			
Cost			
At 1 April 2023	96,004	29,650	125,654
Additions	-	576	576
Disposals	-	-	-
As at 31 March 2024	96,004	30,226	126,230
Aggregate depreciation			
As at 1 April 2023	96,004	23,952	119,956
Additions	-	3,208	3,208
Disposals	-	-	-
As at 31 March 2024	96,004	27,160	123,164
Net book value			
As at 31 March 2024	-	3,066	3,066
As at 31 March 2023	-	5,698	5,698

11. Commitments under operating leases

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

	2024 £	2023 £
Other		
Not later than one year	1,157	1,526
Later than one year and not later than five years	-	1,157
	=====	=====

ABRONHILL HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

12. Receivables: amounts falling due within one-year	2024	2023
	£	£
Arrears of rent and service charges	44,848	52,049
<u>Less:</u> Provision for doubtful debts	(33,000)	(37,000)
	-----	-----
	11,848	15,049
Other receivables	41,408	12,631
	-----	-----
	53,256	27,680
	=====	=====
13. Payables: amounts falling due within one-year	2024	2023
	£	£
Bank loans	135,924	147,562
Trade payables	95,935	147,649
Rent received in advance	39,770	39,176
Other taxation and social security	3,325	3,538
Other payables	17,117	17,155
	-----	-----
	292,071	335,080
	=====	=====
14. Payables: amounts falling due after more than one-year	2024	2023
	£	£
Bank loans	2,621,679	2,741,768
	=====	=====
Bank loans		
Amounts due within one year	135,924	147,562
Amounts due in one year or more but less than two years	140,807	150,924
Amounts due in two years or more but less than five years	451,598	475,806
Amounts due in more than five years	2,029,274	2,115,038
	-----	-----
	2,757,603	2,889,330
<u>Less:</u> Amount shown in current liabilities	135,924	147,562
	-----	-----
	2,621,679	2,741,768
	=====	=====

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 2024

	Housing properties held for letting £	Housing properties in course of construction £	Total £
15. Deferred income			
Social Housing Grants			
As at 1 April 2023	4,474,300	-	4,474,300
Eliminated on disposal of components and property Transfer	(39,682)	-	(39,682)
	-	-	-
As at 31 March 2024	4,434,618	-	4,434,618
Amortisation			
As at 1 April 2023	824,423	-	824,423
Amortisation in year	93,196	-	93,196
Eliminated on disposal	(39,682)	-	(39,682)
As at 31 March 2024	877,937	-	877,937
Net book value			
As at 31 March 2024	3,556,681	-	3,556,681
	=====	=====	=====
As at 31 March 2023	3,649,877	-	3,649,877
	=====	=====	=====

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

	2024 £	2023 £
Amounts due within one year	93,196	95,893
Amounts due in one year or more	3,463,485	3,553,984
	3,556,681	3,649,877
	=====	=====

16. Share capital	2024 £	2023 £
Shares of £1 each issued and fully paid		
As at 1 April 2023	42	47
Issued in year	6	3
Cancelled in year	(14)	(8)
At 31 March 2024	34	42
	=====	=====

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 2024

17. Housing Stock	2024	2023
	No.	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	247
	-----	-----
	258	258
	=====	=====

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:

	2024	2023
	£	£
Rent received from tenants on the Management Committee and their close Family	15,069	9,757
	=====	=====

At the year end, total rent arrears owed by the family of tenant members on the Management Committee were £31 (2023: £nil).

	2024	2023
	No.	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 2024

19. Retirement benefit obligations (continued)

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2021. This valuation revealed a deficit of £27m. A recovery plan was put in place to eliminate the deficit which ran to 30 September 2022.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from 31 March to 28 February inclusive. The latest accounting valuation was carried out with an effective date of 30 September 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 inclusive.

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

	2024 £	2023 £
Fair value of plan assets	723,000	805,000
Present value of defined benefit obligation	(815,000)	(826,000)
	-----	-----
Defined benefit (liability)/asset to be recognised	(92,000)	(21,000)
Unrecognised Surplus	-	-
	-----	-----
Defined benefit asset/liability recognised	(92,000)	(21,000)
	=====	=====

Reconciliation of opening and closing balances of the defined benefit obligation

	2024 £
Defined benefit obligation at start of period	826,000
Current service cost	0
Expenses	1,000
Interest expense	39,000
Actuarial gains due to scheme experience	3,000
Actuarial losses due to changes in demographic assumptions	(6,000)
Actuarial losses due to changes in financial assumptions	(8,000)
Benefits paid and expenses	(40,000)

Defined benefit obligation at end of period	815,000
	=====

ABRONHILL HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2024****19. Retirement benefit obligations (continued)**

Reconciliation of opening and closing balances of the fair value of plan assets	2024 £
Fair value of plan assets at start of period	805,000
Interest income	38,000
Experience on plan assets (excluding amounts included in interest income) - gain	(81,000)
Contributions by the employer	1,000
Benefits paid and expenses	(40,000)

Fair value of plan assets at end of period	723,000 =====

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2024 was £43,000.

Defined benefit costs recognised in statement of comprehensive income	2024 £
Current service cost	-
Expenses	1,000
Net interest expense	1,000

Defined benefit costs recognised in statement of comprehensive income	2,000 =====

In May 2021 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, and a date for this has now been set for 2025.

On 4 May 2023, the Scheme Trustee issued an update to employers which included an estimate of the potential additional liabilities at the full scheme level, on a Technical Provisions basis. However, until Court directions are received, it is not possible to calculate the impact on an individual employer basis with any accuracy. As a result of this, no provision will be made for the potential additional liabilities within the financial statements or the related accounting disclosures included in this note.