



**YORKHILL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

**Registered with the Financial Conduct Authority
Co-operative and Community Benefit Societies Act 2014 No. 02302RS**

**Registered Housing Association - Housing (Scotland) Act 2010 Registered Number HCB 209
Registered Scottish Charity Number SC040346**

YORKHILL HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND PROFESSIONAL ADVISORS

Management committee

Dr M Green
R Winning
C Armstrong
H Fitzgerald
Y Alexis
P Braat
B Docherty
G Mattu
N McPherson
N Fitzgerald
P Marsden
M Harris
J Wilson
B Hanley
M Chang
M Ralph

Chairperson
Secretary resigned 24/11/2022
Vice Chair
Treasurer passed away 29/08/2022
Treasurer appointed 29/09/2022

Secretary appointed 24/11/2022
Resigned 13/12/2022

To the 04/05/2023
Resigned 12/01/2023
Resigned 21/09/2022
Appointed 29/09/2022
Appointed 29/09/2022
Appointed 08/12/2022
Appointed 08/12/2022

Executive officers

Marion Menabney
Antony Mallaghan
Gary Watson
Pauline Hollinsworth
Stewart Pattison
Robert Calvert
Grant Kennedy
Jacqueline Stirling

Chief Executive retired 17/07/23
Chief Executive appointed 26/06/23
Finance Manager
Director of Property Services retired 13/01/23
Compliance Manager
Property Services Manager
Housing Services Manager
Factoring Manager appointed 14/11/22

Registered Office

1271 Argyle Street
Glasgow
G3 8TH

External Auditor

Azets Audit Services
Titanium 1
King's Inch Place
Renfrew
PA14 8WF

Internal Auditor

Wylie Bisst
168 Bath Street
Glasgow
G2 4TP

Solicitors

TC Young & Son
7 West George Street
Glasgow
G2 1BA

Bankers

Bank of Scotland
258/262 Dumbarton Road
Glasgow
G11 6TU

YORKHILL HOUSING ASSOCIATION LIMITED

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YORKHILL HOUSING ASSOCIATION LIMITED

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

The Management Committee present their report (incorporating the Strategic Report) and the financial statements for the year ended 31 March 2023.

Principal Activities

The principal activities of the Association include:

- Provision and management of rented accommodation (462); and
- Management of properties on behalf of other owners. (499).

Review of business and future prospects

The results for the year are set out in the Statement of Comprehensive Income on page 12. The surplus has been added to reserves brought forward.

The Association carries out an annual review each year to look to the future of the organisation and to prepare a 1–3-year future plan. The senior management team then progress the plan and the Finance Manager prepares budgets and cash flows to ensure the financial viability and stability of the plan. A strategy review was completed in the autumn of 2022 and a 3-year business plan was produced and approved by committee for 22/23 to 24/25, this also included a Strategic Options Appraisal.

Key objectives within the current plan and include:

- Assurance – Regulatory compliance is a key principle of the Association's purpose and business planning. The Association has an Assurance Evidence Bank which is reviewed annually to ensure the annual Assurance Statement is supported by updated documentary evidence. Compliance with SHR's Regulatory Standards is demonstrated by a wide range of documents, including internal and external reports, policy documents, minutes, and training records.
- Customer Engagement – The Association's completed a comprehensive residents survey which was completed in Apr23. Three focus groups met, and the feedback reports were received in July 23.
- Policy Review Schedule – During 2022-23 the Management Committee ensured its policy review schedule was kept up to date to assist ongoing compliance with legal and regulatory obligations and good practice. Policies were reviewed and updated as required and included Customer Engagement, Procurement, Membership, Use of Credit Cards, Equality and Diversity, Freedom of Information and Environmental Information, Entitlement, Payments, and Benefits, Use and Storage of Disclosure Information and Fire Safety.
- Affordability – The Management Committee is committed to providing homes and services at affordable rent levels for tenants. Value markers are used to monitor financial efficiencies to ensure affordable rent levels do not compromise organisational viability. Senior staff and committee members regularly monitor financial plans.
- Freedom of Information Act and GDPR UK– The Association received 4 FOI, 4 EIRS and 4 SAR requests during 2022-23. The Data Protection Officer reports quarterly to Committee to assure members that full compliance with the provisions of the legislation is being maintained. All staff have received refresher training to maintain knowledge and awareness of the organisation's legal obligations.
- Internal Audit – During 2022-23 audits were completed on: Factoring, Reactive Repairs, Business Continuity, Tenant Safety and Equality and diversity. Action points identified in relation to Financial controls, Risk management and Void Management were implemented. In 2023-24 audits on Cyber Security, Procurement and Governance will be completed.
- Cyber Security – The Association gained the Cyber Essentials accreditation in May 2022. This will be renewed annually to ensure IT systems and procedures remain as secure as possible.
- Implementation of new business system - The Association implemented a new business system in December 2022 as part of the wider digital transformation strategy.
- Property Acquisitions- The Association acquired six properties under the Glasgow Affordable Housing supply programme.

**REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2023**

Risk and uncertainties

All risk registers were updated in accordance with the Association's Risk Management Policy, with covid related risks included as appropriate. Specific risk assessments were undertaken in relation to:

- Finance
- Governance
- IT
- FOI/GDPR
- Housing Management
- Maintenance
- Factoring
- Health and Safety
- Lone Working
- Infection Control

The Management Committee received regular update reports on covid management issues to inform their decisions on policy and practice during 2022-23.

Financial and non-financial key performance indicators

The Association's current business plan will cover a 3- year period and follows 7 strategic objectives:

- **Local Control and Accountability** -maintain YHA status as an independent social landlord, to preserve local control and accountability and community ownership of assets.
- **Services**- deliver quality, value for money services that meets the varying needs and circumstances of our customers.
- **Homes and Neighbourhoods**- provide a high quality, locally responsive service to tenants and factored owners and work with our partners to make or neighbourhood clean and well cared for.
- **Assets**- manage our assets well and spend our resources wisely.
- **Communities and Engagement**- increase levels of customer engagement, to help improve our services and our responsiveness to customers future priorities.
- **Leadership and Financial**- maintain good governance and a strong business plan, to sustain our capacity to achieve our objectives and meet our obligations.
- **Staff Development**- support and develop our staff members and teams to carry out their roles to an excellent standard and help everyone to reach their potential.

These core objectives underpin all business and planning activities undertaken by committee and staff.

2022-23 Strategic objective outcomes:

- **Local Control and Accountability** – further to completion of a strategic options appraisal the Association will remain a fully independent and autonomous housing association and will work in partnership with other stakeholders.
- **Services**- the association continues to deliver a high-quality service to tenants and owners with high levels of satisfaction reported in the Charter return.
- **Homes and Neighbourhoods**- the association has reported high customer satisfaction levels. A provision has been included within the budget for bulk uplift services, landscaping and stair cleaning contracts are also in place. The association has engaged with the council to address ongoing environmental issues.
- **Assets**- the association completed a component replacement program in the year. A detailed stock condition survey was undertaken, and a procurement framework has been agreed. The association acquired 6 properties in March 23.
- **Communities and Engagement**- the association have recently completed a comprehensive

**REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2023**

2022-23 Strategic objective outcomes (continued):

- resident survey and focus groups in the year.
- **Leadership and Management-** all regulatory returns were completed and submitted on time. The Association met all legal obligations and achieved full compliance with SHR regulatory standards of Governance and Financial Management. A 30-year financial plan was completed and approved in December 22.
- **Staff Development-** YHA retain and attract a knowledgeable and dedicated workforce. A full training and development programs is adopted including team meetings/briefings, staff appraisals and training. A Hybrid working model is in place to ensure overall business needs and customer views are met.

Governance

Governing Document

The Association as a social landlord is registered with the Scottish Housing Regulator, OSCR and the Financial Conduct Authority.

Recruitment and Appointment of the Management Committee

One third of the Management Committee retire by rotation annually at the Annual General Meeting. They can then be nominated for re-election.

The Association endeavours to have a diverse range of Management Committee members who can bring their own skills to the Committee. This is achieved by direct contact with residents within the Yorkhill area as well as by networking and identifying members who could bring their own skills and experience to the Association's Management Committee.

Annual Appraisal of Management Committee

An annual appraisal of the management committee is undertaken by an external organisation. The process involves assessments of the team's collective knowledge and also one to one interviews for individuals. The report presented to committee confirms the ongoing competences of all members in accordance with regulatory requirements.

Organisational Structure

The 2022-23 Management Committee comprised board members: seven fully elected members and three casual members. The Management Committee meet ten times per year. There is also a governance and finance sub-committee and a services sub-committee, who meet quarterly and report directly to the Management Committee.

Delegated authority is in place and day to day responsibility for the provision of services rests with the Chief Executive. The Chief Executive is responsible for ensuring that the Association delivers the services specified and that key performance indicators are met. A new chief executive was appointed in June 23 further to the retirement of long-standing chief executive.

Management committee and executive officers

The Management Committee and executive officers of the Association are listed on the Association's information page at the start of the financial statements.

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

YORKHILL HOUSING ASSOCIATION LIMITED

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

Statement of management committee's responsibilities

Statute requires the Management Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income or expenditure of the Association for the year ended on that date. In preparing these 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. They are 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.

Related party transactions

Some members of the Management Committee are tenants or owner occupiers, however, the policies, procedures and agreements in place do not allow them to use their position on the committee to their personal advantage.

Related party transactions are documented at note 24.

Internal financial control

The Committee is responsible for the Association's system of internal financial control and has reviewed its effectiveness from information provided by management staff.

Any system can only provide reasonable and not absolute assurance against material misstatement or loss.

The financial control system within the Association is fundamentally simple and appropriate to the size and complexity of the organisation. It includes a combination of regular review of financial results compared with an agreed budget and authorisation of all expenditure by senior staff and Committee.

Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are members of the Management Committee at the time the report is approved:

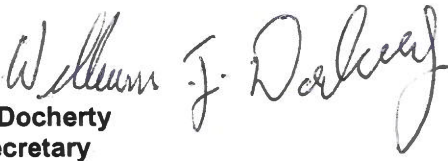
- So far as the Committee members are aware, there is no relevant information of which the Association's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Committee member in order to make himself/herself aware of any relevant information, and to establish that the Association's auditor is aware of the information.

YORKHILL HOUSING ASSOCIATION LIMITED

**REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2023**

Auditor

A resolution to re-appoint Azets Audit Services as auditor will be put to the members at the Annual General Meeting. The report of the Management Committee (Incorporating the Strategic Report) has been approved by the Management Committee on 10 August 2023 and signed on its behalf by:


B Docherty
Secretary

Date: 10 August 2023

YORKHILL HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE'S STATEMENT ON INTERNAL FINANCIAL CONTROLS FOR THE YEAR ENDED 31 MARCH 2023

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the various business environments in which it operates.

These controls are designed to give reasonable assurance with respect to:

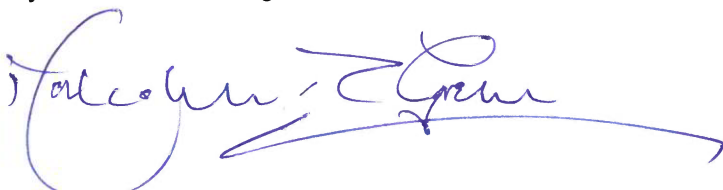
- the reliability of financial information for use within the Association;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

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

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- 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 regularly, which allow the Management Committee and staff to monitor the key business risks and progress towards financial plans set for the year and medium term; regular management accounts are prepared timeously, providing relevant, reliable and up to date financial and other information and significant variances from budget are investigated where appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures;
- the Management Committee reviews reports from the Chief Executive, staff and the external and internal auditor to provide reasonable assurance that control procedures are in place and are being followed; and
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Management Committee has confirmed the existence of the system of internal financial control in the Association for the year ended 31 March 2023.

By order of the Management Committee



Dr M Green
Chairperson

Dated: 10 August 2023

YORKHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE AUDITOR TO THE MANAGEMENT COMMITTEE ON CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2023

In addition to our audit of the Financial Statements, we have reviewed your statement on page 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Azets Audit Services

Azets Audit Services

Statutory Auditor

Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Dated: *23 August 2023*

YORKHILL HOUSING ASSOCIATION LIMITED

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

Opinion

We have audited the financial statements of Yorkhill Housing Association Limited (the 'Association') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Changes in Capital and Reserves, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including 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, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The 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.

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

Other information (continued)

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.

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Management Committee

As explained more fully in the Statement of the Management Committee's Responsibilities set out on pages 4 & 4 the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

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

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

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Association through discussions with the Management Committee members and the senior management team, and from our knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator, taxation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Management Committee and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

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

YORKHILL HOUSING ASSOCIATION LIMITED

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

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

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of the Management Committee and relevant sub-committees;
- enquiring of the senior management team as to actual and potential litigation and claims;
- reviewing legal and professional fees paid in the year for indication of any actual and potential litigation and claims; and
- reviewing correspondence with HMRC, the Scottish Housing Regulator, OSCR and the Association's legal advisors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

Azets Audit Services
Statutory Auditor
Chartered Accountants

Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: *23 August 2023*

Azets Audit Services is eligible for appointment as auditor of the Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006

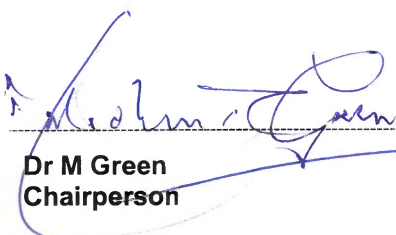
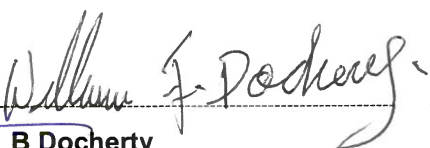
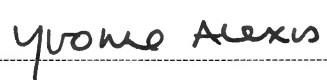
YORKHILL HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	4	2,349,186	2,243,402
Operating Expenditure	4	(2,307,892)	(2,140,495)
Operating surplus	4	41,294	102,907
Interest receivable	10	8,540	2,473
Interest payable and financing costs	11	(27,542)	(36,167)
Surplus for the year before taxation		22,292	69,213
Taxation	12	-	-
Surplus for the year		22,292	69,213
Other comprehensive income			
Actuarial (loss)/gain in respect of pension scheme	23	(133,000)	219,000
Gain on revaluation of investment properties	14b	-	-
Total comprehensive income for the year		(110,708)	288,213

The results for the year relate wholly to continuing activities.

The financial statements were authorised for issue by the Management Committee on 10 August 2023 and signed on its behalf by:

		
Dr M Green Chairperson	B Docherty Secretary	Y Alexis Treasurer

The notes on pages 16 to 36 form part of these financial statements.

YORKHILL HOUSING ASSOCIATION LIMITED

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

	Share Capital £	Revenue Reserves £	Total Reserves £
Balance at 1 April 2022	106	3,265,162	3,265,268
Total comprehensive income for the year	-	(110,708)	(110,708)
Issue of share capital	5	-	5
Cancellation of share capital	(6)	-	(6)
Balance at 31 March 2023	105	3,154,454	3,154,559

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

	<i>Share Capital £</i>	<i>Revenue Reserves £</i>	<i>Total Reserves £</i>
Balance at 1 April 2021	115	2,976,949	2,977,064
Total comprehensive income for the year	-	288,213	288,213
Issue of share capital	-	-	-
Cancellation of share capital	(9)	-	(9)
Balance at 31 March 2022	106	3,265,162	3,265,268

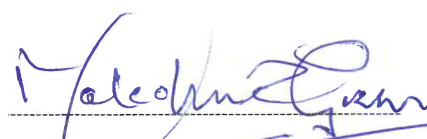
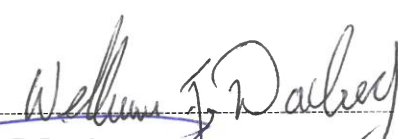
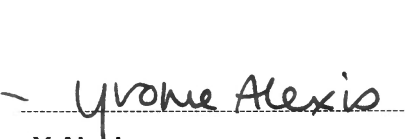
The notes on pages 16 to 36 form part of these financial statements.

YORKHILL HOUSING ASSOCIATION LIMITED

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

	Notes	2023 £	2022 £
Tangible fixed assets			
Housing properties	14a	7,777,020	6,913,807
Other fixed assets	14b	410,303	423,920
		<u>8,187,323</u>	<u>7,337,727</u>
Current assets			
Debtors	15	583,059	254,664
Cash at bank and in hand	16a	311,343	420,730
Investments	16b	1,517,121	1,934,424
		<u>2,411,523</u>	<u>2,609,818</u>
Creditors			
Amounts falling due within one year	17	(1,172,489)	(1,247,320)
Net current assets		<u>1,239,034</u>	<u>1,362,498</u>
Total assets less current liabilities		<u>9,426,657</u>	<u>8,700,225</u>
Creditors			
Amounts falling due after more than one year	18	(6,143,798)	(5,381,957)
Pension – defined benefit liability	23	(128,000)	(53,000)
Net Assets		<u>3,154,559</u>	<u>3,265,268</u>
Capital and reserves			
Called up share capital	20	105	106
Revenue reserves	21	3,154,454	3,265,162
		<u>3,154,559</u>	<u>3,265,268</u>

The financial statements were authorised for issue by the Management Committee on 10 August 2023 and signed on its behalf by:

		
Dr M Green Chairperson	B Docherty Secretary	Y Alexis Treasurer

The notes on pages 16 to 36 form part of these financial statements.

YORKHILL HOUSING ASSOCIATION LIMITED

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

	Notes	2023 £	2022 £
Net cash generated from operating activities	22	(128,687)	424,811
Cash flow from investing activities			
Purchase of fixed assets		(1,371,734)	(170,598)
Purchase of other fixed assets		(18,108)	(43,449)
Government capital grants received		1,134,295	28,348
Interest received		8,540	2,473
		(247,007)	(183,245)
Cash flow from financing activities			
Interest paid		(27,542)	(36,167)
Repayment of borrowings		(48,413)	(48,413)
Issue of share capital		5	-
Transfer to current asset investments		417,303	147,988
SHAPS Past service deficit payment		(75,046)	(95,109)
		266,307	(31,701)
Net change in cash and cash equivalents		(109,387)	(209,886)
Cash and cash equivalents at 1 April	16a	420,730	210,844
Cash and cash equivalents at 31 March	16a	311,343	420,730

	At 1 April 2022 £	Cash flows £	Other non- cash changes £	At 31 March 2023 £
Cash and cash equivalents				
Cash	420,730	(109,387)	-	311,343
Cash equivalents	1,934,424	(417,303)	-	1,517,121
	2,355,154	(526,690)	-	1,828,464
Borrowings				
Debt due within one year	(48,413)	(48,413)	48,414	(48,412)
Debt due after one year	(835,244)	-	51,609	(783,635)
	(883,657)	(48,413)	100,023	(832,047)
Total	(1,471,497)	(575,103)	100,023	996,417

The notes on pages 16 to 36 form part of these financial statements.

YORKHILL HOUSING ASSOCIATION LIMITED

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

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the Association's transactions are denominated. They comprise the financial statements of Yorkhill Housing Association drawn up for the year ended 31 March 2023.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities. The Association is a registered social landlord in Scotland and its registered number is HCB 209.

The Association's Scottish Charity number is SC040346. The address of the Association's registered office is: 1271 Argyle Street, Glasgow, G3 8TH.

2. Accounting policies

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Housing Requirements 2020 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see note 3).

Basis of preparation

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards.

The effect of events relating to the year ended 31 March 2023, which occurred before the date of approval of the financial statements by the Board of Management have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2023 and of the results for the year ended on that date.

Going Concern

The Management Committee anticipate that a surplus will be generated in the year to 31 March 2024 and a surplus in the year to 31 March 2025. The Association has a healthy cash balance and net current asset position and thus the Management Committee is satisfied that there are sufficient resources in place to continue operations in the foreseeable future. Thus, the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover represents rental and service charge income, factoring service income, and fees or revenue grants receivable from Glasgow City Council and from the Scottish Government.

Income from rental and service charges, factoring and commercial letting activities is recognised when the association is entitled to it, it is probable it will be received, and it can be measured reliably.

Income from revenue grants receivable have been covered in a separate accounting policy below.

2. Accounting policies(continued)

Apportionment of management expenses

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

Interest receivable

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

Interest payable

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

Government capital grants

Government capital grants, amounts approved by The Scottish Government or local authorities, are paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Association to recognise income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

Government revenue grants

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

Non-government capital and revenue grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the Association is entitled to them, it is probable they will be received, and they can be measured reliably.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Fixed assets - Housing properties

Housing properties are stated at cost less accumulated depreciation. The development cost of housing properties includes:

1. Cost of acquiring land and buildings
2. Development expenditure including administration costs

These costs are either termed "qualifying costs" by The Scottish Government for approved social housing grant schemes and are considered for mortgage loans by the relevant lending authorities or are met out of the Association's reserves.

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

2. Accounting policies (continued)

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the accounts for the year, provided that the dates of issue or valuation are prior to the year-end.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

Depreciation

1. Housing properties

Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected useful economic life. The following major components and useful lives have been identified by the Association:

Land	- not depreciated
Kitchens	- over 18 years
Bathrooms	- over 18 years
Structure	- over 50 years
Boilers	- over 15 years
Central heating	- over 24 years
Gutters	- over 20 years
Windows	- over 20 years
Tiles	- over 40 years
Lifts	- over 15 years
Flashings	- over 30 years

2. Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used:

Furniture, Fittings & Equipment	- 20% straight line
Office Property	- over 50 years

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

Investment property

Investment properties are initially recorded at cost. Thereafter investment properties are held at market value with any changes in market value recognised in the Statement of Comprehensive Income. The investment properties are not depreciated.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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

2. Accounting policies (continued)

Rental arrears

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in note 15.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial instruments

The Association only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Pension costs (note 23)

The Scottish Housing Association Defined Benefits Pension Scheme

The Association participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The SHAPS is accounted for as a defined benefit scheme and as such the amount charged to the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each reporting date.

The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the Statement of Financial Position only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the reporting date. A pension scheme liability is recognised to the extent that the Association has a legal or constructive obligation to settle the liability.

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

3. Judgements in applying policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Management Committee consider the following to be critical judgements in preparing the financial statements:

- The categorisation of housing properties as property, plant and equipment in line with the requirements of the SORP;
- The amount disclosed as 'operating profit' is representative of activities that would normally be regarded as 'operating'; and
- The identification of a cash generating unit for impairment purposes.

The Management Committee are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

<u>Estimate</u>	<u>Basis of estimation</u>
Useful lives of property, plant and equipment	The useful lives of property, plant and equipment are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.
The main components of housing properties and their useful lives	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.
The obligations under the SHAPs pension scheme	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

4. Particulars of turnover, operating expenditure and operating surplus

	Notes	2023			2022		
		Operating	Operating	Operating	Operating	Operating	Operating
		Turnover £	Expenditure £	Surplus £	Turnover £	Expenditure £	Surplus £
Affordable lettings	5	2,235,772	2,205,530	30,242	2,137,225	2,046,357	90,868
Other activities	6	113,414	102,362	11,052	106,177	94,138	12,039
Total		<u>2,349,186</u>	<u>2,307,892</u>	<u>41,294</u>	<u>2,243,402</u>	<u>2,140,495</u>	<u>102,907</u>

YORKHILL HOUSING ASSOCIATION LIMITED

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

5	Particulars of income and expenditure from affordable lettings	General Needs Housing £	Supported Housing £	Shared Ownership £	Other £	2023 Total £	2022 Total £
	Income from rent and service charges						
	Rent receivable net of service charges	1,834,900	-	-	-	1,834,900	1,762,824
	Service charges	96,822	-	-	-	96,822	95,806
	Gross income from rents and service charges	1,931,722	-	-	-	1,931,722	1,858,630
	Less: Voids	(1,683)	-	-	-	(1,683)	(9,565)
	Net income from rents and service charges	1,930,039	-	-	-	1,930,039	1,849,065
	Release of deferred government grant	303,085	-	-	-	303,085	285,325
	Grants from the Scottish Ministers	2,648	-	-	-	2,648	2,835
	Total turnover from affordable letting activities	2,235,772	-	-	-	2,235,772	2,137,225
	Expenditure						
	Management and maintenance administration costs	1,081,565	-	-	-	1,081,565	974,573
	Service charges	100,275	-	-	-	100,275	98,019
	Planned cyclical maintenance including major repairs	265,377	-	-	-	265,377	311,140
	Reactive maintenance costs	225,965	-	-	-	225,965	152,475
	Bad debts - rents and service charges	23,835	-	-	-	23,835	32,626
	Depreciation of social housing	508,513	-	-	-	508,513	477,524
	Operating costs for affordable letting activities	2,205,530	-	-	-	2,205,530	2,046,357
	Operating surplus						
	On affordable letting activities, 2023	30,242	-	-	-	30,242	
	<i>On affordable letting activities, 2022</i>	<i>90,868</i>	<i>-</i>	<i>-</i>	<i>-</i>		<i>90,868</i>

Included in depreciation of social housing is £8,964 (2022 - £6,073) relating to the loss on disposal of components.

Included in management and maintenance administration costs is £nil (2022: £nil) in relation to impairment of office premises.

YORKHILL HOUSING ASSOCIATION LIMITED

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

6. Particulars of turnover, operating expenditure and operating surplus/(deficit) from other activities

	Grants from Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Turnover 2023 Total	Turnover 2022 Total	Operating Expenditure Bad Debts	Other Operating Expenditure	2023 Surplus/ (deficit)	2022 Surplus/ (deficit)
	£	£	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	-	-	-	-	18,613	(18,613)	(14,355)
Commercial rent	-	-	-	12,500	12,500	12,340	-	-	12,500	12,340
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	88,914	88,914	87,766	-	83,749	5,165	7,983
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSL's	-	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-	-
Development for sale to RSL's	-	-	-	-	-	-	-	-	-	-
Development and improvements for sale to non RSL's	-	-	-	-	-	-	-	-	-	-
Commercial properties	-	-	-	-	-	-	-	-	-	-
Disabled adaptations	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	12,000	12,000	6,071	-	-	12,000	6,071
Total from other activities, 2023	-	-	-	113,414	113,414	-	-	102,362	11,052	-
<i>Total from other activities, 2022</i>	-	-	-	<i>106,177</i>	<i>106,177</i>	<i>647</i>	<i>647</i>	<i>93,491</i>	-	<i>12,039</i>

YORKHILL HOUSING ASSOCIATION LIMITED

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

7. Operating surplus	2023	2022
	£	£
Surplus on ordinary activities before taxation is stated after charging:		
Depreciation	522,220	477,524
Auditor's remuneration		
- in their capacity as auditor	19,205	13,368
- other services	910	565
	=====	=====

8. Directors' emoluments

The Directors are defined as the members of the Management Committee, the Chief Executive and any other person reporting directly to the Chief Executive or the Management Committee whose total emoluments exceed £60,000 per year. Two of the Director's total emoluments exceeded £60,000 per year as shown below. The Association considers key management personnel to be the Management Committee and the senior management team (listed on the Association's information page) of the Association only. No emoluments are paid to any member of the Management Committee during the year.

	2023	2022
	£	£
Emoluments of the Director and Chief Executive	118,511	128,844
Social Security costs	10,928	9,725
Employers pension contributions	11,253	49,930
	=====	=====
	140,692	188,499
	=====	=====

The Chief Executive is no longer an ordinary member of the Association's pension scheme described in Note 23. No enhanced or special terms apply to membership and they have no other pension arrangements to which the Association contributes. The Association's contributions for the Chief Executive include a proportion of the deficit contribution payment made to the scheme in the year (Note 23).

The emoluments of key management (excluding pension contributions and including social security costs and benefits in kind) for the year were £352,924 (2022 - £338,005). Their pension contributions (including the past service element) for the year were £32,975 (2022 - £76,420). No enhanced or special terms apply to membership and the directors have no other pension arrangements to which the Association contributes.

The emoluments (excluding pension contributions) of the directors were in the following range:

	2023	2022
	Number	Number
£60,000 - £70,000	1	1
£70,000 - £80,000	1	1
	=====	=====
	£	£
Total expenses reimbursed to Management Committee insofar as not chargeable to UK income tax	-	-
	=====	=====

YORKHILL HOUSING ASSOCIATION LIMITED

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

9. Employee information

	2023 Number	2022 Number
The average number of full time equivalent employees during the year was:	17	17

	2023 £	2022 £
Wages and salaries	667,249	660,309
Social security costs	66,310	54,106
Pension contributions	61,493	62,948
Service cost adjustment	2,256	3,086
	797,308	780,449

10. Interest receivable

	2023 £	2022 £
Interest receivable on deposits	8,540	2,473

11. Interest payable and financing costs

	2023 £	2022 £
On private loans	27,542	29,167
Defined benefit pension liability – interest charge (Note 23)	-	7,000
	27,542	36,167

12. Taxation

The Association is a registered charity and as a result no corporation tax is due on any surplus generated from charitable activities. No corporation tax is due on its non-charitable activities.

YORKHILL HOUSING ASSOCIATION LIMITED

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

13. Housing stock

	2023	2022
The number of units of accommodation in management at year end:	Number	Number
General needs housing	462	456
Supported housing	-	-
	<u>462</u>	<u>456</u>

14a. Tangible fixed assets

	Housing Properties Held for General Letting £	Housing Properties Held for Supported Letting £	Total £
Cost:			
At 1 April 2022	17,173,778	-	17,173,778
Additions during year			
- Properties	203,502	-	203,502
- Components	1,168,222	-	1,168,222
Disposals during year	(29,374)	-	(29,374)
As at 31 March 2023	<u>18,516,128</u>	<u>-</u>	<u>18,516,128</u>
Depreciation:			
At 1 April 2022	10,259,971	-	10,259,971
Provided during the year	499,459	-	499,459
Disposals during the year	(20,322)	-	(20,322)
As at 31 March 2023	<u>10,739,108</u>	<u>-</u>	<u>10,739,108</u>
Net book value:			
As at 31 March 2023	<u>7,777,020</u>	<u>-</u>	<u>7,777,020</u>
As at 31 March 2022	<u>6,913,807</u>	<u>-</u>	<u>6,913,807</u>

There were no property disposals in the current year (2022 - nil)

Additions to housing properties during the year includes £nil capitalised interest (2022 - £nil) and £nil capitalised administration costs (2022 - £nil). All housing properties are freehold.

The depreciation charge for the year for housing stock was £499,459 (2022 - £471,592). The net book value of disposed components was £9,052 (2022 - £6,073) and has been included in depreciation of social housing in note 5 in accordance with the SORP.

Included in freehold housing properties is land with a historic cost allocation of £1,069,225 (2022: £1,069,225)

YORKHILL HOUSING ASSOCIATION LIMITED

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

14b. Other fixed assets

	Office Properties £	Furniture Fittings & Equipment £	Total £
Cost:			
At 1 April 2022	465,010	107,847	572,857
Additions during year	-	18,108	18,108
Disposals during year	-	(327)	(327)
As at 31 March 2023	465,010	125,628	590,638
Depreciation:			
At 1 April 2022	106,310	42,627	148,937
Provided during the year	6,600	25,125	31,725
Disposals during the year	-	(327)	(327)
As at 31 March 2023	112,910	67,425	180,335
Net book value:			
As at 31 March 2023	352,100	58,203	410,303
As at 31 March 2022	358,700	65,220	423,920

Included within office properties are investment properties held at valuation totalling £135,000 (2022 - £135,000)

The company's interest in investment properties was valued at 31 March 2023 on an open market basis by the directors of the company.

If the investment properties had not been included at valuation, they would have been included under the historical cost convention as follows:

	2023 £	2022 £
Cost	70,952	70,952
Accumulated depreciation	-	-
	70,952	70,952

YORKHILL HOUSING ASSOCIATION LIMITED

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

15. Debtors	2023	2022
	£	£
Amounts falling due within one year:		
Arrears of rent and service charges	142,265	162,785
Less: Provision for doubtful debts	(103,631)	(103,631)
	38,634	59,154
Prepayments and accrued income	425,594	128,080
Other debtors	118,831	67,430
	583,059	254,664
16a. Cash and cash equivalents	2023	2022
	£	£
Cash at bank and in hand	311,343	420,730
	311,343	420,730
16b. Investments	2023	2022
	£	£
Balances held on deposit	1,517,121	1,934,424
	1,517,121	1,934,424
17. Creditors: Amounts falling due within one year	2023	2022
	£	£
Housing loans	48,412	48,413
Trade creditors	111,008	156,466
Other taxation and social security	19,827	13,013
Other creditors	304,440	490,658
Accruals	305,642	162,153
Rent paid in advance	79,874	79,569
Deferred capital grants (Note 19)	303,085	285,325
Pension creditor	201	11,723
	1,172,489	1,247,320

Pension contributions of £201 were outstanding at the year-end (2022 - £11,723)

YORKHILL HOUSING ASSOCIATION LIMITED

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

18. Creditors: Amounts falling due after more than one year	2023	2022
	£	£
Deferred capital grants (Note 19)	5,360,163	4,546,713
Housing loans	783,635	835,244
	6,143,798	5,381,957

Housing loans are secured by specific charges on the Association's properties. The net book value of housing properties secured at the year end was £1,067,986 (2022 - 1,153,568). There is one bank loan (2022: one bank loan), which is repayable at a fixed interest rate of 5.04%. These loans are repayable within the next 30 years as follows:-

	2023	2022
	£	£
Within one year	48,412	48,413
Between one and two years	48,412	48,413
Between two and five years	145,236	145,239
After five years	589,987	641,592
	832,047	883,657
Recognised within amounts falling due in less than 1 year (Note 17)	(48,412)	(48,413)
	783,635	835,244

19. Deferred capital grants	2023	2022
	£	£
Deferred capital grants 1 April	4,832,038	5,089,157
Grants received in year	1,134,295	28,348
Released to income in the year on disposal	-	(142)
Released to income in year	(303,085)	(285,325)
Deferred capital grants at 31 March	5,663,248	4,832,038
Liability splits as:		
Within one year	303,085	285,325
Between one and two years	303,085	285,325
Between two and five years	909,255	855,975
After five years	4,147,823	3,405,413
	5,663,248	4,832,038

YORKHILL HOUSING ASSOCIATION LIMITED

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

20. Share capital	2023	2022
	£	£
At 1 April	106	115
Shares of £1 each fully paid and issued in the year	5	-
Shares forfeited in the year	(6)	(9)
	<hr/>	<hr/>
At 31 March	105	106
	<hr/>	<hr/>

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

21. Reserves

Revenue reserves include all current and prior year retained surpluses or deficits.

YORKHILL HOUSING ASSOCIATION LIMITED

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

22. Net cash flow from operating activities	2023 £	2022 £
Surplus for the year	22,292	69,213
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	540,236	505,834
(Increase) in debtors	(328,397)	(35,113)
(Decrease)/increase in creditors	(73,729)	130,582
Interest charge in respect of the defined benefit pension liability	-	5,935
Adjustments for investing and financing activities:		
Interest payable	27,542	36,167
Interest received	(8,540)	(2,473)
Release of deferred Government capital grants	(308,085)	(285,325)
Forfeited share capital	(6)	(9)
	(128,687)	424,811

23. Pension obligations

General

Yorkhill Housing Association Limited participates in the Scottish Housing Pension Scheme (the Scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme offers six benefit structures to employers, namely;

Final salary with a 1/60th accrual rate
 Career average revalued earnings with a 1/60th accrual rate
 Career average revalued earnings with a 1/70th accrual rate
 Career average revalued earnings with a 1/80th accrual rate
 Career average revalued earnings with a 1/120th accrual rate contracted in
 Defined Contribution

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

Yorkhill Housing Association Limited has elected to close the defined benefit scheme as at 1 July 2020 with all staff transferred over to the defined contribution scheme. Prior to this, the Association operated the final salary with a 1/60th accrual rate for staff employed prior to 1 April 2011. All staff employed from 1 April 2011 were previously eligible to join the CARE 1/120th scheme including staff auto enrolled from the staging date of 1 August 2016.

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

23. Pension obligations (continued)

During the accounting period and prior to the defined benefit scheme closing, Yorkhill Housing Association Limited paid contributions at the rate of 12.6% of pensionable salaries for staff on Final Salary Scheme and 6% for staff on CARE 1/120th scheme. Member contributions were 12.5% and 6% respectively. After the 01 July 2020, former final salary members employer contributions were 12.6% and former CARE 1/20th employer contributions were 9%. Employee contributions were 12.5% and 6% respectively. All payments after 01 July 2020 were made under the defined contribution scheme. There was an additional annual employer past service deficit contribution of £ (net of administration costs) made in the year ended 31 March 2023 (2022 - £95,108).

As at the balance sheet date there were no active members of the Final Salary Scheme or the Care 1/120th scheme (2022 - *no were members of the Final Salary Scheme & no were members of the Care 1/20th scheme*). The annual pensionable payroll in respect of these members was £667,249 (2022 - £660,309). Yorkhill Housing Association Limited has stopped membership of the Scheme to its employees.

The Trustees commission an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The last triennial valuation of the Scheme was carried out as at 30 September 2021 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at valuation date was £1,173m. The valuation revealed a shortfall of assets compared with the value of liabilities of £27m (equivalent to a past service funding level of 98%). A Recovery Plan has been put in place to eliminate the deficit which will run to 30 September 2022 for the majority of employers, although certain employers have different arrangements. The next full actuarial valuation will be for 30th September 2024 and will be finalised in 2025.

The Scheme Actuary prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2022. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding position revealed a decrease in the assets of the Scheme to £771m and a decrease in liabilities to approximately £803m, equivalent to a reduced past service funding level of 96%.

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2023 to 29 February 2024 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2021 to inform the liabilities for accounting year ends from 31 March 2022 to 28 February 2023 inclusive.

YORKHILL HOUSING ASSOCIATION LIMITED

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

23. Pension obligations (continued)

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

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

	31 March 2023 £'000	<i>31 March 2022 £'000</i>
Fair value of plan assets	2,298	3,387
Present value of defined benefit obligations	(2,426)	(3,440)
Defined benefit liability to be recognised	(128)	(53)

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2023 £'000	<i>Year ended 31 March 2022 £'000</i>
Defined benefit obligation at start of period	(3,440)	(3,716)
Current service cost	-	-
Expenses	(3)	(3)
Interest cost	(94)	(78)
Contribution by plan participants	-	-
Actuarial gains/(losses) due to scheme experience	96	(49)
Actuarial gains/(losses) due to changes in demographic assumptions	60	(12)
Actuarial gains/(losses) due to changes in financial assumptions	837	(277)
Benefits paid and expenses	118	141
Defined benefit liability at the end of the period	(2,426)	(3,440)

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

	Year ended 31 March 2023 £'000	<i>Year ended 31 March 2022 £'000</i>
Fair value of plan assets at start of the period	3,387	3,356
Interest income	94	71
Experience on plan assets (excluding amounts included in interest income (loss)/gain)	(1,126)	3
Contributions by the employer	61	98
Contributions by participants	-	-
Benefits paid and expenses	(118)	(141)
Fair value of plan assets at end of period	2,298	3,387

YORKHILL HOUSING ASSOCIATION LIMITED

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

23. Pension obligations (continued)

Defined benefit costs recognised in the Statement of Comprehensive Income

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Current service cost	-	-
Admin expenses	3	3
Net interest expense	-	7
	<hr/>	<hr/>
Defined benefit costs recognised in Statement of Comprehensive Income	3	10
	<hr/>	<hr/>

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Experience on plan assets (excluding amounts included in net interest cost – (loss)/gain	(1,126)	3
Experience gains and losses arising on the plan liabilities – gain/(loss)	96	(49)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	60	(12)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)/ gain	837	277
	<hr/>	<hr/>
Total amount recognised in other comprehensive income – (loss)/gain	(133)	219
	<hr/>	<hr/>

YORKHILL HOUSING ASSOCIATION LIMITED

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

23. Pension obligations (continued)

Fund allocation for employer's calculated share of assets

	31 March 2023 £'000	31 March 2022 £'000
Global Equity	61	670
Absolute Return	31	155
Distressed Opportunities	71	121
Credit Relative Value	88	109
Alternative Risk Premia	13	140
Emerging Markets Debt	18	126
Risk Sharing	167	110
Insurance-Linked Securities	64	71
Property	96	88
Infrastructure	247	211
Private Debt	103	85
Opportunistic Illiquid Credit	102	112
High Yield	12	33
Opportunistic Credit	-	12
Cash	10	9
Corporate Bond Fund	3	214
Liquid credit	-	22
Long Lease Property	77	98
Secured Income	154	181
Over 15 Year Gilts	-	1
Currency Hedging	4	(12)
Liability Driven Investment	972	820
Net Current Assets	5	11
Total Assets	2,298	3,387

YORKHILL HOUSING ASSOCIATION LIMITED

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

23. Pension obligations (continued)

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

Assumptions as at	31 March 2023 % per annum
Discount rate	4.89
Inflation (RPI)	3.20
Inflation (CPI)	2.72
Salary growth	3.72
Allowance for commutation of pension for cash at retirement	75% of maximum allowance

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

	Life expectancy at age 65 (years)
Male retiring in 2023	20.5
Female retiring in 2023	23.0
Male retiring in 2043	21.7
Female retiring in 2043	24.4

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2017 model with an allowance for smoothing of recent mortality experience and long-term rates of 1.25% p.a. for males and 1% p.a. for females.

Member data summary

Active members

	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	5	204	53
Females	4	112	41
Total	9	317	48

Deferred members

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	2	1	48
Females	6	3	52
Total	8	4	51

Pensioners

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	2	6	65
Females	12	108	69
Total	14	113	68

23. Pension obligations (continued)

Employer debt on withdrawal

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e., the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by TPT of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2018. The employer debt on withdrawal based on the valuation as at 30 September 2022 was £885,248.

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 2023 the Scheme Trustee issued an update to employers which included an estimate of the potential total additional liabilities at the 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 and therefore the potential impact is not reflected in the year end carrying value of the SHAPS pension scheme

24. Payments to members and key management personnel

Some members of the Management Committee are tenants of the Association. The tenancies of these Committee Members are on normal terms and the members cannot use their position to their advantage.

The total rent and service charge payable in the year relating to tenant Board members is £34,228 (2022 - £23,247). The prepaid rent relating to tenant Board members included within debtors at the year-end is £599 (2022 - £376). The total rental arrears relating to tenant Board members included within creditors at the year-end is £358 (2022 - £316).

The total remuneration (including pension contributions and benefits in kind) paid to Key Management who are deemed to be the Executive Officers as noted on the Association's information page was £385,899 (2022 - £414,425).

