

SHIRE HOUSING ASSOCIATION LIMITED
REPORT and FINANCIAL STATEMENTS
For the year ended 31 March 2024

SHIRE HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2024

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SHIRE HOUSING ASSOCIATION LIMITED

MANAGEMENT BOARD, EXECUTIVE AND ADVISERS

For the year ended 31 March 2024

MANAGEMENT BOARD

| | |
|--------------------|----------------------------------------------------------|
| Lorne Campbell | Chairperson – Retired AGM 20/9/23 |
| Hugh Carr * | Convenor of the Audit Committee |
| Nick Allan | |
| William Paterson | |
| Simon Roberts * | Vice Chairperson to 20/9/23 and Chairperson from 20/9/23 |
| Alexander Rae * | Retired – AGM 20/9/23 |
| Rachel Irvine | Retired – AGM 20/9/23 |
| William Gallacher* | Vice Chairperson from 20/9/23 |
| Ross Morris* | |
| Shaun Lowrie | |
| Wendy Pring | |
| Bruce Cuthbertson | Appointed AGM 20/9/23 |
| Ruth Patterson | Appointed 27/9/23 |
| Lynsay Logan | Appointed 27/3/24 |

* Member of the Audit Committee during the year or at the year end.

EXECUTIVE OFFICERS

| | |
|-----------------|--------------------------------|
| Jim Munro | Chief Executive & Secretary |
| Claire Donnelly | Director of Corporate Services |
| Julie Allison | Director of Housing |

REGISTERED OFFICE

Netherthird House
Cumnock
Ayrshire
KA18 3DB

EXTERNAL AUDITORS

Chiene + Tait LLP
(trading as CT)
Chartered Accountants &
Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

INTERNAL AUDITORS

Wylie & Bisset
168 Bath Street
Glasgow
G2 4TP

BANKERS

Bank of Scotland
43/45 Townhead Street
Cumnock
KA18 1LF

Royal Bank of Scotland plc
36 St Andrews Square
Edinburgh
EH2 2YB

SOLICITORS

Addleshaw Goddard
Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH

SHIRE HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT BOARD

For the year ended 31 March 2024

The Management Board presents its report and the financial statements for the year ended 31 March 2024.

Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No. 2515R(S)), the Scottish Housing Regulator as a registered social landlord (No. HAL296) under the Housing (Scotland) Act 2010 and as is a registered Scottish Charity with the charity number SC038664.

Principal Activities

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

1. providing, constructing, improving and managing land, accommodation and associated facilities and providing care;
2. providing or arranging home maintenance, repair and improvement services and providing facilities and services for the benefit of such people either exclusively for them or together with other persons;
3. undertaking any activities which are charitable, allowed under section 58 of the Housing (Scotland) Act 2001, including any statutory amendment or re-enactment of the provisions of this section from time to time being in force and;
4. carrying on any other charitable activities permitted to registered social landlords from time to time.

Review of Business and Future Developments

2023/24 presented significant challenges to the Association, and for our communities with the ongoing cost-of-living crisis, particularly high fuel prices, adversely affecting many vulnerable tenants. The Association has had to deal with high inflation, resulting in increased component and labour costs affecting our services. Despite these challenges, the Association has continued to deliver high quality services and to develop our role as a community anchor, proactively working with a range of stakeholders supporting our communities to recover and flourish.

Governance

Strong governance continues to be the foundation for our business success. Our Management Board continued to strengthen their skills and capacity with an active corporate training programme. Robust strategic planning ensures that we deliver high quality services to our customers.

High quality data is a central tenet of our governance. During 2023/24 we reviewed our asset component costs to ensure we have robust information informing our future planned investment costs. Robust data, including stock condition information, helps ensure financial planning and risk management remain integral parts of our business governance.

Significant Risks

We have a robust risk management strategy and a well-established risk register which is reviewed biannually by our Audit Committee. Our highest ranking risks relate to failure to comply with relevant compliance areas such as health and safety, the Regulatory Framework and financial viability. We have strong controls in each of these areas to mitigate the risks, including operational actions, management review processes and reporting to our Board as part of our governance arrangements. We also consider the possibility of building failure and the threat of a breach of cyber security to be significant risks.

SHIRE HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT BOARD (continued)

For the year ended 31 March 2024

Performance

Operation of our Hybrid Working Policy continues to shape and inform our preparations for building a new office hub. In 2023/24 we also started the process of developing a new Digital Strategy that will shape how we deliver services in the future.

We are proud to deliver high quality services to our tenants and stakeholders. Continuous improvement is at the heart of our business, and we monitor our operational and financial performance throughout the year, identifying areas where we can improve business efficiency and services to customers. The figures below summarise key performance indicators at 31 March 2024 that were reported in the Scottish Housing Regulator's Annual Return on the Charter along with 31 March 2023 indicators.

| | 2024 | 2023 |
|------------------------------------------------------------|------------|------------|
| Rent Collected as a percentage of rent due | 100.15% | 100.20% |
| Gross rent arrears as a percentage of annual rental income | 2.57% | 2.85% |
| Percentage of rent lost due to empty properties | 0.54% | 0.58% |
| Average time to complete non-emergency repairs | 4.04 days | 5.73 days |
| Average time to complete emergency repairs | 3.09 hours | 3.48 hours |

Financial Performance

For the current year we saw a 2% increase in overall turnover. This arises from our annual rent increase, offset but a reduction in external grants for onward distribution to our communities. Our operating surplus is in line with the prior year, reflecting the fact that costs grew more quickly than our rent increase, evidencing our commitment to rent affordability for our tenants.

Achievements

Helping our communities mitigate the impact of the cost-of-living crisis, particularly fuel poverty, has been a key objective as part of our role as a community anchor. During 2023/24 we secured £47,000 from round four of the Scottish Government's Fuel Support Fund, allowing us to help 330 tenants during this time of high energy costs.

The success of our work in helping our communities was recognised in the Ayrshire Chamber of Commerce Business Awards in October 2023 when we won the Community Champion Award.

Business Plan

During 2023/24 we continued to implement our Business Plan (2021-2026) with its:

Vision of:

- Great Homes - where people feel proud to live in high-quality, sustainable homes.
- Great People - where everyone has opportunities to achieve excellence; and
- Vibrant Communities - where people want to belong.

Supported by our core Values of:

- Integrity - we are open and accountable in all we do.
- Inclusion - we value diversity.
- Diligence - we get things right.
- Caring - what matters to you matters to us.

Future Outlook

We reviewed our Business Plan in the autumn of 2023, and this sets out our key strategic objectives up to 2026. These are:

SHIRE HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT BOARD (continued)

For the year ended 31 March 2024

1. **Enhancing Community Wellbeing.**

Our activities will include continuing support for our communities and stakeholders in mitigating the social and economic impacts of the Cost-of-Living Crisis. We will continue to strengthen collaboration with East Ayrshire Council and the East Ayrshire Health and Social Care Partnership to address housing, health, and social care integration, pursuing opportunities to develop new properties. Over the next five years, we will invest approximately £9 million to improve the quality of our homes.

2. **Empowering our communities through engagement**

Implementing our Community Engagement Strategy will see the Association continue working with a wide range of partners including Create a Smile Scotland, Cumnock and District Men Shed, and The Zone Initiative to deliver community benefits. We will also continue to engage with schools and with the Ayrshire Chamber of Commerce's Developing Young Workforce Initiative. The Association will work collaboratively with Ayrshire College and universities hosting work placements for students, proactively supporting training opportunities, careers events and skills development across our communities.

3. **Positive action on climate change - sustainability**

To help meet Scottish Government carbon reduction targets, we are implementing a "fabric first approach" reducing the carbon footprint of our properties and improving energy efficiency for our tenants. Working collaboratively with the Energy Agency and the Scottish Government, the Association completed External Wall Insulation work at 62 properties in Netherthird and Bellsbank at a cost of approximately £796,000. We received £207,000 of match funding from the Social Housing Net Zero Heat Fund, allowing us to help alleviate fuel poverty in our communities. We plan to deliver insulation improvements to at least another 29 properties in 2024/25.

The Association continues to embrace innovative technology as we tackle fuel poverty. During 2023/24, we worked with MTC Electrical and AICO Homelink to fit "smart" monitoring equipment in 25 properties. Further collaborative work will be undertaken with partners in 2024/25 which together with our new Asset Sustainability Matrix will help inform our future work to target fuel efficiency and to create safe warm homes.

4. **Strengthening Internal Capabilities and Resilience.**

We are in the process of procuring new housing management and finance software to enhance our offering to tenants and deliver business efficiencies across our services.

Strengthening succession planning and continuing to upskill staff to embrace future challenges including digital services will remain key business objectives. Staff development remains a central tenet of our business with the Association retaining Investors in People Gold accreditation in early 2024. The Management Team are also undertaking team coaching with a management development consultancy.

Management Board and Executive Officers

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

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

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

SHIRE HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT BOARD (continued)

For the year ended 31 March 2024

Statement of Management Board's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Management Board 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 Board is required to:

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

The Management Board 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 Board 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.

SHIRE HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT BOARD (continued)

For the year ended 31 March 2024

Statement on Internal Financial Control

The Management Board 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;
- the safeguarding of assets against unauthorised use or disposition.

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

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Board 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 Board;
- the Management Board receives reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year end 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.

Donations

During the year the Association made charitable donations of £9,997 (2023 - £10,562).

Disclosure of Information to the Auditor

The members of the Management Board 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.

SHIRE HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT BOARD (continued)

For the year ended 31 March 2024

Auditor

A resolution to reappoint the Auditors, CT, Chartered Accountants and Statutory Auditor, will be proposed at the Annual General Meeting.

By order of the Management Board



JIM MUNRO
Secretary

27 June 2024
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**REPORT by the AUDITORS to the MEMBERS of
SHIRE HOUSING ASSOCIATION LIMITED
on CORPORATE GOVERNANCE MATTERS**

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 in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement of Internal Financial Control on page 6 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 Board and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Management Board's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



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

..27 June 2024.....:

Opinion

We have audited the financial statements of Shire 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 the surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2024.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 Board 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 Board 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 Board 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.

For the year ended 31 March 2024

Matters on which we are required to report by exception

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

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation; or
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation; or
- the 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 Board

As explained more fully in the statement of Management Board's responsibilities as set out on page 5, the Management Board is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Board 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 Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

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.

For the year ended 31 March 2024

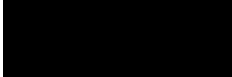
As a result of these procedures, we consider that the most significant laws and regulations that have a direct impact on the financial statements were but not limited to FRS 102, Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements 2019, the Co-operative and Community 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 Board of Management 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

.....27 June 2024.....

SHIRE HOUSING ASSOCIATION LIMITED


STATEMENT of COMPREHENSIVE INCOME

For the year ended 31 March 2024

| | Notes | £ | 2024 £ | £ | 2023 £ |
|----------------------------------------------------------|-------|-----------|-------------|-----------|-------------|
| Revenue | 2 | | 5,710,989 | | 5,602,972 |
| Operating costs | 2 | | (4,148,919) | | (4,020,525) |
| Operating surplus | | | 1,562,070 | | 1,582,447 |
| Interest receivable and other income | | 69,877 | | 22,957 | |
| Interest payable and similar charges | 7 | (146,603) | | (155,489) | |
| Other finance charges | 9 | (9,000) | | (1,000) | |
| | | | (85,726) | | (133,532) |
| Surplus for the year | | | 1,476,344 | | 1,448,915 |
| Actuarial (losses)/gains on defined benefit pension plan | 16 | | (284,000) | | (185,000) |
| Total comprehensive income | | | 1,192,344 | | 1,263,915 |

The results relate wholly to continuing activities.

The financial statements were approved by the Management Board and authorised for issued and signed on their behalf on ...27 June 2024..... by:


.....
Simon Roberts
Board Member (Chair)


.....
William Gallacher
Board Member (Vice Chair)


.....
Jim Munro
Secretary

The notes on pages 16 to 28 form an integral part of these financial statements.

SHIRE HOUSING ASSOCIATION LIMITED

STATEMENT of FINANCIAL POSITION

As at 31 March 2024

| | Notes | 2024 | | 2023 | |
|------------------------------------------------------------------|-------|-------------|--------------|--------------|--------------|
| | | £ | £ | £ | £ |
| Non-current assets | | | | | |
| Housing properties – depreciated cost | 10 | | 27,193,894 | | 26,597,223 |
| Other tangible assets | 10 | | 161,028 | | 1,008,770 |
| | | | ----- | | ----- |
| | | | 27,354,922 | | 27,605,993 |
| Current assets | | | | | |
| Receivables | 11 | 257,230 | | 516,866 | |
| Cash and cash equivalents | 12 | 4,685,257 | | 4,584,896 | |
| | | | ----- | | ----- |
| | | 4,942,487 | | 5,101,762 | |
| Creditors: amounts falling due within one year | 13 | (1,448,123) | | (1,878,303) | |
| | | | ----- | | ----- |
| Net current assets | | | 3,494,364 | | 3,223,459 |
| | | | ----- | | ----- |
| Total assets less current liabilities | | | 30,849,286 | | 30,829,452 |
| Creditors: amounts falling due after more than one year | 14 | | (5,898,694) | | (6,454,332) |
| Pensions and other provisions for liabilities and charges | | | | | |
| Scottish Housing Association pension scheme | 16 | | (470,000) | | (186,000) |
| Deferred income | | | | | |
| Social Housing Grants | 17 | (9,311,894) | | (10,411,208) | |
| Other grants | 17 | (708,600) | | (519,152) | |
| | | | ----- | | ----- |
| | | | (10,020,494) | | (10,930,360) |
| | | | ----- | | ----- |
| Net assets | | | 14,460,098 | | 13,258,760 |
| | | | ===== | | ===== |
| Equity | | | | | |
| Share capital | 18 | | 76 | | 82 |
| Revenue reserves | | | 14,460,022 | | 13,258,678 |
| | | | ----- | | ----- |
| | | | 14,460,098 | | 13,258,760 |
| | | | ===== | | ===== |

The financial statements were approved by the Management Board and authorised for issued and signed on their behalf on27 June 2024... by:



Simon Roberts
Board Member (Chair)



William Gallacher
Board Member (Vice Chair)



Jim Munro
Secretary

The notes on pages 16 to 28 form an integral part of these financial statements

SHIRE HOUSING ASSOCIATION LIMITED

STATEMENT of CASH FLOWS

For the year ended 31 March 2024

| | Notes | 2024 | 2023 |
|-----------------------------------------------------------------|-------|-------------|-------------|
| | | £ | £ |
| Surplus for the year | | 1,476,344 | 1,448,915 |
| Adjustments for non-cash items | | | |
| Depreciation of tangible fixed assets | 10 | 1,105,834 | 1,055,731 |
| Amortisation of capital grants | 17 | (282,486) | (278,061) |
| Gain on disposal of tangible fixed assets | | - | (21,966) |
| Movement in Capital grants accrued | | (202,701) | 202,701 |
| Adjustments to pension provisions | | 9,000 | (83,000) |
| Share capital written off | 18 | (10) | - |
| | | ----- | ----- |
| | | 629,637 | 875,405 |
| Interest receivable | | (69,877) | (22,957) |
| Interest payable | 7 | 146,603 | 155,489 |
| | | ----- | ----- |
| Operating cash flows before movements in working capital | | 2,182,707 | 2,456,852 |
| Change in debtors | | 259,636 | (109,821) |
| Change in creditors | | (1,818) | (250,906) |
| | | ----- | ----- |
| | | 257,818 | (360,727) |
| | | ----- | ----- |
| Net cash inflow from operating activities | | 2,440,525 | 2,096,125 |
| Investing activities | | | |
| Acquisition and construction of properties | | (2,104,329) | (1,246,118) |
| Purchase of other fixed assets | | (13,108) | (31,209) |
| Social housing grant received | | - | 30,000 |
| Other grants received | | 409,635 | 2,520 |
| Proceeds from disposal of properties | | - | 43,170 |
| | | ----- | ----- |
| Net cash (outflow) from operating activities | | (1,707,802) | (1,201,637) |
| Financing activities | | | |
| Interest received on cash and cash equivalents | | 69,877 | 22,957 |
| Interest paid on loans | | (130,815) | (139,700) |
| Loan principal repayments | | (571,428) | (571,428) |
| Share capital issued | 18 | 4 | 2 |
| | | ----- | ----- |
| Net cash (outflow) from financing activities | | (632,362) | (688,169) |
| | | ----- | ----- |
| Increase/(Decrease) in cash | 19 | 100,361 | 206,319 |
| Opening cash and cash equivalents | | 4,584,896 | 4,378,577 |
| | | ----- | ----- |
| Closing cash and cash equivalents | | 4,685,257 | 4,584,896 |
| | | ===== | ===== |
| Cash and cash equivalents at 31 March | | | |
| Cash | 19 | 4,685,257 | 4,584,896 |
| | | ===== | ===== |

The notes on pages 16 to 28 form an integral part of these financial statements

SHIRE HOUSING ASSOCIATION LIMITED

STATEMENT of CHANGES in EQUITY

For the year ended 31 March 2024

| | Share Capital | Revenue Reserve | Total |
|-----------------------------------|--------------------------|----------------------------|--------------|
| | £ | £ | £ |
| Balance as at 1 April 2022 | 80 | 11,994,763 | 11,994,843 |
| Issue of shares | 2 | - | 2 |
| Cancellation of shares | - | - | - |
| Other comprehensive income | - | (185,000) | (185,000) |
| Surplus for the year | - | 1,448,915 | 1,448,915 |
| | ----- | ----- | ----- |
| Balance at 31 March 2023 | 82 | 13,258,678 | 13,258,760 |
| | ===== | ===== | ===== |
| Balance as at 1 April 2023 | 82 | 13,258,678 | 13,258,760 |
| Issue of shares | 4 | - | 4 |
| Cancellation of shares | (10) | - | (10) |
| Other comprehensive income | - | (275,000) | (275,000) |
| Surplus for the year | - | 1,476,344 | 1,476,344 |
| | ----- | ----- | ----- |
| Balance at 31 March 2024 | 76 | 14,460,022 | 14,460,098 |
| | ===== | ===== | ===== |

The notes on pages 16 to 28 form an integral part of these financial statements.

SHIRE 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 beginning on or after 1 January 2019. They comply with the Determination of Accounting Requirements 2019. A summary of the principal accounting policies is set out below

Revenue

Revenue comprises rental and service charge income receivable in the period, other services provided, revenue grants receivable and government grants released to income in the period.

The Association recognises revenue on rent receivable net of losses from void properties. 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.

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. For employees of the Association, the Scheme is now closed to future accrual. Payments towards past deficits are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. The Association moved to the SHAPS defined contribution scheme on leaving the defined benefit scheme. Contributions to defined contribution plans are recognised as an employee benefit expense when they are due.

Going Concern

On the basis that the Management Board 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.

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 |
|-----------------|----------------------|
| Land | N/A |
| Structure | 50 years |
| Roofs | 50 years |
| Doors & Windows | 20 years |
| Central Heating | 20 years |
| Kitchens | 20 years |
| Bathrooms | 30 years |
| Electrics | 30 years |
| Smart Homes | 10 years |

Depreciation and Impairment of Other Tangible Assets

| Asset Category | Depreciation Rate |
|-----------------------|----------------------------|
| Office Premises | 3% (average) straight line |
| Furniture & Equipment | 25% straight line |

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

SHIRE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

1. Principal Accounting Policies (continued)

Social Housing Grants and Other Capital Grants

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

Any remaining 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.

Taxation

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

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.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Financial Instruments - Basic

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

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

Cash and Liquid Resources

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

Impairment

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

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

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

Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Association to exercise judgement in applying its 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.

SHIRE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

1. Principal Accounting Policies (continued)

Key Judgements

a) **Categorisation of Housing Properties**

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

b) **Identification of cash generating units**

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

c) **Financial instrument break clauses**

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

d) **Pension Liability**

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

Estimation Uncertainty

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.

d) **Defined pension liability**

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

2. Particulars of turnover, operating costs and operating surplus or deficit

| | 2024 | | | 2023 | | |
|----------------------------------------|------------------|------------------|------------------------------|------------------|------------------|------------------------------|
| | Turnover | Operating costs | Operating surplus/ (deficit) | Turnover | Operating costs | Operating surplus/ (deficit) |
| | £ | £ | £ | £ | £ | £ |
| Affordable letting activities (note 3) | 5,254,085 | 3,675,940 | 1,578,145 | 5,010,259 | 3,399,585 | 1,610,674 |
| Other activities (note 4) | 456,904 | 472,979 | (16,075) | 592,713 | 620,940 | (28,227) |
| Total | 5,710,989 | 4,148,919 | 1,562,070 | 5,602,972 | 4,020,525 | 1,582,447 |

SHIRE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

3. Particulars of turnover, operating costs and operating surplus or deficit from affordable letting activities

| | General Housing | |
|-----------------------------------------------------------|------------------------|-------------|
| | 2024 | 2023 |
| | £ | £ |
| Rent receivable net of service charges | 4,923,456 | 4,673,082 |
| Service charges receivable | 9,245 | 8,843 |
| | ----- | ----- |
| Gross income from rent and service charges | 4,932,701 | 4,681,925 |
| <u>Less:</u> Rent losses from voids | (30,234) | (27,716) |
| | ----- | ----- |
| Income from rents and service charges | 4,902,467 | 4,654,209 |
| Grants released from deferred income | 282,486 | 278,063 |
| Revenue grants from Scottish Ministers | 69,132 | 77,987 |
| Other revenue grants | - | - |
| | ----- | ----- |
| Total turnover from affordable letting activities | 5,254,085 | 5,010,259 |
| | ----- | ----- |
| Expenditure on affordable letting activities | | |
| Management and maintenance administration costs | 1,540,067 | 1,331,397 |
| Service costs | 9,245 | 8,843 |
| Planned and cyclical maintenance, including major repairs | 267,013 | 297,602 |
| Reactive maintenance costs | 786,642 | 739,785 |
| Bad debts – rents and service charges | (6,325) | 16,334 |
| Depreciation of affordable let properties | 1,079,298 | 1,027,590 |
| (Gain) on disposal of non-current assets | - | (21,966) |
| | ----- | ----- |
| Operating costs of affordable letting activities | 3,675,940 | 3,399,585 |
| | ----- | ----- |
| Operating surplus on affordable letting activities | 1,578,145 | 1,610,674 |
| | ===== | ===== |

SHIRE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

4. Particulars of revenue, operating costs and operating surplus or deficit from other activities

| | Grants from Scottish Ministers £ | Other income £ | Total turnover £ | Operating costs - bad debts £ | Other operating costs £ | Operating surplus/ (deficit) 2024 £ | Operating surplus/ (deficit) 2023 £ |
|-----------------------|----------------------------------------------|----------------------|------------------------|----------------------------------------|----------------------------------|-------------------------------------------------|-------------------------------------------------|
| Wider role activities | 1,550 | 35,223 | 36,773 | - | 47,948 | (11,175) | (26,138) |
| Care and repair | 375,022 | 16,937 | 391,959 | - | 396,924 | (4,695) | (2,089) |
| Factoring | - | 28,172 | 28,172 | - | 28,107 | 65 | - |
| | 376,572 | 80,332 | 456,904 | - | 472,979 | (16,075) | (28,227) |

5. Officers Emoluments

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Board, managers and employees of the Association. Key management personnel are defined as the Chief Executive, the Director of Corporate Services and the Director of Housing.

| | 2024 £ | 2023 £ |
|-----------------------------------------------------------------------------------------------------------------|-----------|-----------|
| Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions) | 235,443 | 229,634 |
| Pension contributions paid on behalf of Officers with emoluments greater than £60,000 | 16,771 | 16,210 |
| Emoluments payable to Director and Secretary (excluding pension contributions) | 93,477 | 89,775 |
| Pension contributions paid on behalf of the Director and Secretary | 6,660 | 6,327 |
| Total emoluments payable to the Director and Secretary | 100,137 | 96,102 |
| Total emoluments paid to key management personnel (excluding pension contributions) | 235,443 | 229,634 |

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

| | 2024 No. | 2023 No. |
|----------------------|-------------|-------------|
| £70,001 to £80,000 | 1 | 2 |
| £80,001 to £90,000 | 1 | - |
| £90,001 to £100,000 | - | 1 |
| £100,001 to £110,000 | 1 | - |

SHIRE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

| 6. Employee Information | 2024 | 2023 |
|---------------------------------------------------------------------------------|-------------|-------------|
| | No. | No. |
| Average monthly number of full-time equivalent persons employed during the year | 22 | 23 |
| | ===== | ===== |
| Average total number of employees employed during the year | 23 | 24 |
| | ===== | ===== |
| | £ | £ |
| Staff costs: | | |
| Wages and salaries | 905,642 | 861,080 |
| National insurance costs | 90,825 | 89,822 |
| Pension costs | 81,356 | 64,484 |
| Temporary, agency and seconded staff | 14,068 | - |
| | ----- | ----- |
| | 1,091,891 | 1,015,386 |
| | ===== | ===== |
| | | |
| 7. Interest payable and similar charges | 2024 | 2023 |
| | £ | £ |
| On bank loans and overdrafts | 116,738 | 125,700 |
| Bank fees expensed | 29,865 | 29,789 |
| | ----- | ----- |
| | 146,603 | 155,489 |
| | ===== | ===== |
| | | |
| 8. Surplus for the year | 2024 | 2023 |
| | £ | £ |
| Surplus for the year is state after charging/(crediting): | | |
| Depreciation – non-current assets | 1,105,833 | 1,055,732 |
| Auditors' remuneration – audit services | 11,940 | 11,940 |
| Auditors' remuneration – other services | 390 | 360 |
| Operating lease rentals – other | 8,319 | 8,090 |
| Gain on sale of non-current assets | - | (21,966) |
| | ===== | ===== |
| | | |
| 9. Other finance (charges) | 2024 | 2023 |
| | £ | £ |
| Net interest on pension obligations | (9,000) | (1,000) |
| | ===== | ===== |

SHIRE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

10. Non-current assets

| | Housing Properties Held for Letting |
|------------------------|--------------------------------------------|
| | £ |
| (a) Housing Properties | |
| Cost | |
| At 1 April 2023 | 39,967,092 |
| Additions | 1,675,969 |
| Disposals | (428,685) |
| | ----- |
| At 31 March 2024 | 41,214,376 |
| | ----- |
| Depreciation | |
| At 1 April 2023 | 13,369,869 |
| Charge for year | 1,079,298 |
| Disposals | (428,685) |
| | ----- |
| At 31 March 2024 | 14,020,482 |
| | ----- |
| Net book value | |
| At 31 March 2024 | 27,193,894 |
| | ===== |
| At 31 March 2023 | 26,597,223 |
| | ===== |

| | 2024 | | 2023 | |
|----------------------------------------------------------|------------------------------|--------------------|------------------------------|--------------------|
| Expenditure on existing properties | Component Replacement | Improvement | Component Replacement | Improvement |
| | £ | £ | £ | £ |
| Amounts capitalised | 1,675,969 | - | 1,386,692 | - |
| Amounts charged to the statement of Comprehensive income | - | 854,457 | - | 772,512 |
| | ===== | ===== | ===== | ===== |

| | Office Premises | Furniture and equipment | Land | Total |
|----------------------------------|------------------------|--------------------------------|-------------|--------------|
| | £ | £ | £ | £ |
| (b) Other tangible assets | | | | |
| Cost | | | | |
| At 1 April 2023 | 240,436 | 130,026 | 840,274 | 1,210,736 |
| Additions | - | 13,108 | - | 13,108 |
| Disposal | - | (11,045) | (840,274) | (851,319) |
| | ----- | ----- | ----- | ----- |
| At 31 March 2024 | 240,436 | 132,089 | - | 372,525 |
| | ----- | ----- | ----- | ----- |
| Depreciation | | | | |
| At 1 April 2023 | 103,009 | 92,997 | 5,960 | 201,966 |
| Charge for year | 7,939 | 18,597 | - | 26,536 |
| Eliminated on disposal | - | (11,045) | (5,960) | (17,005) |
| | ----- | ----- | ----- | ----- |
| At 31 March 2024 | 110,948 | 100,549 | - | 211,497 |
| | ----- | ----- | ----- | ----- |
| Net book value | | | | |
| At 31 March 2024 | 129,488 | 31,540 | - | 161,028 |
| | ===== | ===== | ===== | ===== |
| At 31 March 2023 | 137,427 | 37,029 | 834,314 | 1,008,770 |
| | ===== | ===== | ===== | ===== |

SHIRE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

| 11. Receivables | 2024 | 2023 |
|-------------------------------------------------------------------|---------------|---------------|
| | £ | £ |
| Gross arrears of rent and service charges | 172,439 | 165,093 |
| <u>Less: Provision for doubtful debts</u> | (115,000) | (130,000) |
| Net arrears of rent and service charges | 57,439 | 35,093 |
| Other receivables | 199,791 | 481,773 |
| | ----- | ----- |
| | 257,230 | 516,866 |
| | ===== | ===== |
| | | |
| 12. Cash and cash equivalents | 2024 | 2023 |
| | £ | £ |
| Cash at bank and in hand | 4,685,257 | 4,584,896 |
| | ===== | ===== |
| | | |
| 13. Payables: Amounts falling due within one year | 2024 | 2023 |
| | £ | £ |
| Bank loans | 571,428 | 571,428 |
| Trade payables | 346,571 | 631,614 |
| Rent received in advance | 193,431 | 200,646 |
| Other taxation and social security | 22,947 | 23,767 |
| Other payables | 31,910 | 30,579 |
| Accruals and deferred income | 281,838 | 420,269 |
| | ----- | ----- |
| | 1,448,125 | 1,878,303 |
| | ===== | ===== |
| | | |
| 14. Payables: Amounts falling due after more than one year | 2024 | 2023 |
| | £ | £ |
| Bank loans | 5,898,694 | 6,454,332 |
| | ===== | ===== |
| | | |
| 15. Debt analysis: Borrowings | 2024 | 2023 |
| | £ | £ |
| Bank loans | | |
| Amounts due within one year | 571,428 | 571,428 |
| Amounts due in one year or more but less than two years | 571,428 | 571,428 |
| Amounts due in two years or more but less than five years | 1,714,284 | 1,714,284 |
| Amounts due in more than five years | 3,612,981 | 4,168,620 |
| | ----- | ----- |
| | 6,470,121 | 7,025,760 |
| | ===== | ===== |

SHIRE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

15. Debt analysis: Borrowings (continued)

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

| Lender | Number of Properties Secured | Interest Rate | Maturity (Year) | Variable or fixed |
|----------------------------|------------------------------|---------------|-----------------|-------------------|
| Royal Bank of Scotland plc | 454 | 1.7% | 2035 | Fixed |

All the Association's bank borrowings are repayable on a quarterly basis from November 2021 with the principal being amortised over the terms of the loans.

In accordance with FRS 102 the Association's bank borrowings are valued using the amortised cost using the effective interest rate method.

| | 2024 £ | 2023 £ |
|-----------------------|-----------|-----------|
| Due to lenders | 6,571,430 | 7,142,858 |
| Unamortised loan fees | (101,309) | (117,098) |
| | ----- | ----- |
| | 6,470,121 | 7,025,760 |
| | ===== | ===== |

16. Retirement benefit obligations

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

The Association moved to a defined contribution scheme in 1 April 2014 but has a net liability for the past service deficit in the defined benefit scheme.

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 has been put in place to eliminate the deficit which will run to 30 September 2022.

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

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

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September each year. The liability figures from this valuation were 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 29 February 2025 inclusive.

SHIRE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

16. Retirement benefit obligations (continued)

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

| | 2024 | 2023 |
|---------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| | £ | £ |
| Fair value of plan assets | 3,427,000 | 3,627,000 |
| Present value of defined benefit obligation | (3,897,000) | (3,813,000) |
| | ----- | ----- |
| (Deficit) in plan | (470,000) | (186,000) |
| Unrecognised surplus | - | - |
| | ----- | ----- |
| Defined benefit (liability) to be recognised | (470,000) | (186,000) |
| | ===== | ===== |
| Defined benefit costs recognise in the statement of comprehensive income | | |
| Expenses | 6,000 | 5,000 |
| Net interest expense | 9,000 | 1,000 |
| | ----- | ----- |
| Defined benefit costs recognised in statement of comprehensive income | 15,000 | 6,000 |
| | ===== | ===== |
| Experience on plan assets (excluding amounts included in net interest cost) - (loss)/gain | (262,000) | (1,772,000) |
| Experience gains and losses arising on the plan liabilities - (loss) | (48,000) | (27,000) |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss) | 24,000 | 90,000 |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain | 11,000 | 1,524,000 |
| | ----- | ----- |
| Total actuarial gains and losses (before restriction due to some of the surplus not being recognizable) – (loss)/gain | (275,000) | (185,000) |
| Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) – gain/(loss) | - | - |
| | ----- | ----- |
| Total amount recognised in other comprehensive income – gain/(loss) | (275,000) | (185,000) |
| | ===== | ===== |
| Reconciliation of opening and closing balances of the defined benefit obligations | | |
| Defined benefit obligation at the start of period | 3,813,000 | 5,419,000 |
| Expenses | 6,000 | 5,000 |
| Interest expense | 183,000 | 149,000 |
| Actuarial losses due to scheme experience | 48,000 | 27,000 |
| Actuarial (gains)/ losses due to changes in demographic assumptions | (24,000) | (90,000) |
| Actuarial (gains)/losses due to changes in financial assumptions | (11,000) | (1,524,000) |
| Benefits paid and expenses | (118,000) | (173,000) |
| | ----- | ----- |
| Defined benefit obligation at the end of period | 3,897,000 | 3,813,000 |
| | ===== | ===== |

SHIRE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

16. Retirement benefit obligations (continued)

| | 2024 | 2023 |
|-----------------------------------------------------------------------------------------|-------------|-------------|
| | £ | £ |
| Reconciliation of opening and closing balances of the fair value of plan assets | | |
| Fair value of plan assets at start of period | 3,627,000 | 5,335,000 |
| Interest income | 174,000 | 148,000 |
| Experience on plan assets (excluding amounts included in interest income) – (loss)/gain | (262,000) | (1,772,000) |
| Contributions by the employer | 6,000 | 89,000 |
| Benefits paid and expenses | (118,000) | (173,000) |
| | ----- | ----- |
| Fair value of plan assets at the end of the year. | 3,427,000 | 3,627,000 |
| | ===== | ===== |

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was (£88,000).

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 2022 the Scheme Trustee issued an update to employers which included an estimate of the potential total additional liabilities at total scheme level, on a Technical Provisions basis. However, until Court directions are received, which is unlikely to be before mid-2025, it is not possible to calculate the impact of this issue on an individual employer basis with any accuracy. As a result of this no allowance will be made for this within the accounting disclosures included in this note.

| | Social Housing Grants | Other Housing Grants | Total |
|--------------------------------|--------------------------------------|-------------------------------------|--------------|
| | £ | £ | £ |
| 17. Deferred income | | | |
| Capital grants received | | | |
| At 1 April 2023 | 14,096,421 | 862,003 | 14,958,424 |
| Grants received | - | 206,934 | 206,934 |
| Disposals | (834,314) | - | (834,314) |
| | ----- | ----- | ----- |
| At 31 March 2024 | 13,262,107 | 1,068,937 | 14,331,044 |
| | ----- | ----- | ----- |
| Amortisation | | | |
| At 1 April 2023 | 3,685,213 | 342,851 | 4,028,064 |
| Amortisation in year | 265,000 | 17,486 | 282,486 |
| | ----- | ----- | ----- |
| At 31 March 2024 | 3,950,213 | 360,337 | 4,310,550 |
| | ----- | ----- | ----- |
| Net book value | | | |
| At 31 March 2024 | 9,311,894 | 708,600 | 10,020,494 |
| | ----- | ----- | ----- |
| At 31 March 2023 | 10,411,208 | 519,152 | 10,930,360 |
| | ===== | ===== | ===== |

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

| | 2024 |
|-----------------------------------|-------------|
| | £ |
| Amounts due within one year | 286,606 |
| Amounts due in more than one year | 9,733,888 |
| | ----- |
| | 10,020,494 |
| | ===== |

SHIRE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

| | | |
|-------------------------------------------------|-------------|-------------|
| 18. Share capital | 2024 | 2023 |
| | £ | £ |
| Shares of £1 each, issued and fully paid | | |
| At 1 April | 82 | 80 |
| Issued in year | 4 | 2 |
| Cancelled in year | (10) | - |
| | ----- | ----- |
| At 31 March | 76 | 82 |
| | ===== | ===== |

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 and members' meetings.

| | | |
|----------------------------------------------------------------|--------------------|--------------------|
| 19. Cash flows | 2024 | 2023 |
| | £ | £ |
| Reconciliation of net cash flow to movement in net debt | | |
| Increase in cash | 100,361 | 206,319 |
| Cashflow from change in net debt | 571,428 | 571,428 |
| Other non-cash changes | (15,788) | (15,788) |
| | ----- | ----- |
| Movement in net debt during the year | 656,001 | 761,959 |
| Net debt at 1 April | (2,440,864) | (3,202,823) |
| | ----- | ----- |
| Net debt at 31 March | (1,784,863) | (2,440,864) |
| | ===== | ===== |

| | | | |
|----------------------------------------|--------------------|----------------|--------------------|
| | At 1 | | At 31 |
| | April | | March |
| Analysis of changes in net debt | 2023 | Cash | 2024 |
| | £ | flows | £ |
| | | £ | |
| | | Other | |
| | | Changes | |
| | | £ | |
| Cash and cash equivalents | 4,584,896 | 100,361 | - |
| Debt: Due within one year | (571,428) | 571,428 | (571,428) |
| Due after more than one year | (6,454,332) | - | 555,640 |
| | ----- | ----- | ----- |
| Net debt | (2,440,864) | 671,789 | (1,784,863) |
| | ===== | ===== | ===== |

| | | |
|------------------------------------------------------------------------------------------------------------|-------------|-------------|
| 20. Capital Commitments | 2024 | 2023 |
| | £ | £ |
| Capital Expenditure that has been contracted for but has not been provided for in the financial statements | - | 500,613 |
| | ===== | ===== |

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

SHIRE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

21. Commitments under operating leases

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

| | 2024 | 2023 |
|------------------------------------------------------------|--------|--------|
| | £ | £ |
| Other | | |
| Expiring in the next year | 9,329 | 3,194 |
| Expiring later than one year and not later than five years | 13,790 | 10,258 |
| | ===== | ===== |

22. Details of Association

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland. The Association's principal place of business is Netherthird House, Cumnock, Ayrshire, KA18 3DB.

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

23. Management Board Member emoluments

Management Board members received £296 (2023 - £254) in the year by way of reimbursement of expenses. No remuneration is paid to Management Board members in respect of their duties to the Association.

24. Housing Stock

The number of units of accommodation in management at the year-end was:

| | 2024 | 2023 |
|------------------------------------------|-------|-------|
| | No. | No. |
| General needs - Built by Association | 194 | 194 |
| General Needs - Purchased by Association | 767 | 767 |
| | ----- | ----- |
| | 961 | 961 |
| | ===== | ===== |

25. Related party transactions

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

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

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

| | 2024 | 2023 |
|-----------------------------------------------------------------------------------|-------|-------|
| | £ | £ |
| Rent received from tenants on the Management Board and their close family members | 2,425 | - |
| | ===== | ===== |

At the year-end total rent arrears owed by the tenant members on the Management Board (and their close family) were £Nil (2023 - £Nil).

| | 2024 | 2023 |
|-------------------------------------------------|-------|-------|
| | £ | £ |
| Members of the Management Board who are tenants | 1 | - |
| | ===== | ===== |