

**Rutherglen and Cambuslang Housing Association Limited**  
**Report and Financial Statements**  
**For the year ended 31 March 2023**



**Registered Housing Association No. HAC176**  
**FCA Reference No. 2029R(S)**  
**Scottish Charity No. SC041992**

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**Members of the Committee of Management, Executives and Advisers for the Year Ended 31 March 2023**

**Committee of Management**

|                    |                                |
|--------------------|--------------------------------|
| Edward Harkins     | Chairperson                    |
| Robert McLeary     | Vice-Chairperson and Secretary |
| Gary Gow           |                                |
| Karen McCartney    |                                |
| Mary Ellen McKeown |                                |
| Frances Cunningham |                                |
| Eveline Thompson   |                                |
| Natalie Kirk       | Appointed 27 September 2022    |
| Karen Kirk         | Appointed 27 September 2022    |
| Jean Stewart       | Resigned 7 February 2023       |
| Christine McPhail  | Resigned 19 April 2022         |
| Geraldine Baird    | Resigned 24 May 2022           |

**Executive Officers**

|               |          |
|---------------|----------|
| Elaine Lister | Director |
|---------------|----------|

**Registered Office**

Aspire Business Centre  
16 Farmeloa Road  
Rutherglen  
South Lanarkshire  
G73 1DL

**External Auditors**

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

**Internal Auditors**

Alexander Sloan  
Accountants and  
Business Advisers  
180 St Vincent Street  
Glasgow  
G2 5SG

**Finance Agents**

FMD Financial Services Ltd

**Bankers**

Bank of Scotland  
82 Main Street  
Rutherglen  
South Lanarkshire  
G73 2HZ

**Solicitors**

TC Young  
7 West George Street  
Glasgow  
G2 1BA

## **Report of the Committee of Management for the Year Ended 31 March 2023**

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

### **Legal Status**

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2029R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC041992.

### **Principal Activities**

The Association's principal activity is the provision, management and maintenance of good quality, affordable rented housing. However, it also seeks to be 'more than a landlord' and, over the past year, has developed a focus on making positive and meaningful engagement with its services users and the communities it serves.

This is reflected in the Association's vision "To continue to provide good quality housing, promote innovation and encourage community involvement".

At a joint Strategic Planning Day in February 2023, the Management Committee and Senior Staff Team identified the Association's strategic objectives as being to:

- Proactively seek out and maximise opportunities to enhance the provision of high-quality homes and neighbourhoods;
- Expand our presence and activities to grow our community regeneration and engagement to meet local needs and aspirations;
- Value and develop all our people by celebrating our achievements and affective succession planning; and
- Continue to deliver robust financial and governance outcomes

The permitted activities and powers of the Association will include anything which is necessary or expedient to help the Association achieve these objects.

### **Review of Business and Future Developments**

#### **Context**

The Association is a community-based housing association in the Rutherglen and Cambuslang areas of South Lanarkshire. As at 31 March 2023, the Association owns 877 properties, part owns 8 shared ownership properties and provides factoring services for a further 935 properties. The Association also owns 35 lockups, 1 shop and the Aspire Business Centre. At 31 March 2023, the Association has a Committee of Management made up of 9 elected members. Of the 9 members there are 4 tenants, 1 service user and 3 others with an interest in the Association.

Details of our Committee and our staff team are kept updated on our public website:

<https://www.randcha.co.uk/page/our-committee>

<https://www.randcha.co.uk/page/our-staff>

## **Report of the Committee of Management for the Year Ended 31 March 2023 (Continued)**

Like all businesses the Association has been adapting our ways of working in light of the COVID-19 pandemic and its impact. We have reviewed our working circumstances to ensure service delivery for customers whilst allowing flexibility for staff team members. Our arrangements are kept under review and updated as circumstances change.

### **Treasury Management**

The Committee of Management follows a prudent approach to the financial affairs of the Association and retains close control of these. Investments are regularly reviewed to ensure that the Association achieves the best return in a climate of low interest rates, whilst spreading the risk of investments across institutions. The Committee of Management also keeps the Association's loan portfolio under review and monitors the impact of financial decisions on the loan covenant conditions that the Association is required to meet. The Association has not taken on any new debt during the year and has no plans for further borrowing at this time.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. Surplus funds are managed carefully using long-established banks or building societies. The Treasury Management position of the Association is reviewed by the Committee of Management every quarter and the Treasury Management Policy is reviewed by the Committee of Management every three years.

### **Risk Management**

The Association has implemented a formal, robust and proactive risk management process which is being further developed to reflect the Association's Business plan and support the achievement of its business objectives.

A key part of this process is the risk register that identifies the key risks, the real level of the risk and the control measures the Association has in place to mitigate or eliminate the impact of the risk. As part of the risk management process, the register was reviewed in February 2023 by the Management Committee and the Senior Staff Team to ensure both parties are fully aware of the risks the Association faces and that these are being effectively managed.

### **Risks and Uncertainties**

The Association recognises that it operates in a sector that is heavily influenced and impacted by the wider social, economic and political environment. It is therefore not immune to the current economic uncertainty and potentially faces a number of challenges such as:

- The cost of living crisis;
- Rises in interest rates;
- The impact of recent welfare reforms and possible further changes to the system;
- Limited access to grants and subsidies;
- Lower grants being awarded;
- Reduced number of lenders willing to lend to the sector;
- Higher loan margins and setup costs;
- High increases into insurance premiums
- Increased SHR and lenders monitoring;
- More onerous regulatory requirements; and
- More onerous and costly building standards.

## Report of the Committee of Management for the Year Ended 31 March 2023 (Continued)

Meeting these and other challenges inherently entails risks for the Association and its ability to achieve its strategic vision and aims. Good, robust management of these risks is therefore an essential element of good governance and is an integral part of the Association's strategic and operational planning processes.

### Impact of COVID-19

Whilst the Association has resumed the delivery of face-to-face service delivery, fully opened the office to the public and holds round table meeting, the full, ongoing impact of the pandemic remains an unknown risk to the Association's ability to meet all of its goals and targets, especially those relating to the planned maintenance of the stock. Rising costs, shortage of materials and labour and more contractors closing their businesses, means that the Association is finding it increasingly challenging to provide the quality and the value for money, as well as the level of customer satisfaction, it strives for.

### **Financial Review**

The Association needs to have reserves to ensure that the organisation can function into the future and meet its future liabilities, including the repair, maintenance, and replacement investment needs of its properties. In the year to 31 March 2023, the Association made a surplus of £233,458 against a budgeted position of £779,795. The majority of the reduced surplus during 2022-23 was due to economic challenges and the associated material and labour price increases which increased the cost of maintenance work as well as the actuarial loss on the defined benefit pension plan. Any surpluses that the Association makes are set aside within reserves for future business and works.

The Association reports an operating margin of 16.5% (2021-22: 21.4%). The main driver of the difference from the previous year being higher expenditure on cyclical, planned and reactive repair costs carried out to the Association's properties.

As at 31 March 2023, the Association has cash to the value of £2,097,980 and has loan debt at a value of £8,756,736 having paid £754,164 off its loan debt during the year. The bank base rate has increased substantially over the year, however the Association has a mix of variable and fixed rate loans which has assisted with mitigating the financial impact of this.

As at 31 March 2023, the Association has a net asset value position of £20,569,332 (this is the assumed net worth of the Association and is not a cash item).

### **Performance**

Despite the challenges in the year, the Association continues to be a well performing organisation. At the end of March 2023:

- 31 homes had been let to households in housing need, 7 to homeless households referred to the Association by South Lanarkshire Council
- 100% of complaints had been resolved in full, taking an average of 0.8 days for Stage 1 complaints and 43.5 days for stage 2
- The time taken to re-let properties had been reduced to 13.7 days with 0.11% of rental income being lost due to properties being empty
- The gross rent arrears as a percentage of the annual rental income was 1.9%;
- 100% of anti-social behaviour cases had successfully been resolved;
- There were no evictions carried out in the year;
- 89.3% of repairs were completed right first time; and

- 77.9% of properties that fall within the scope of SHQS met the standard with a projected 93% being compliant by the end of the next financial year.

At the start of 2023 the Association carried out a comprehensive Tenants Satisfaction Survey and, whilst like many RSLs noted a slight decreased in the levels of satisfaction reported in some areas, the percentage of tenants satisfied with the key services provided remains high.

| Measure (Satisfied/Very Satisfied)  | %     |
|---|-------|
| Overall service provided by the Association   | 90.6% |
| The Association keeping them informed about services and decisions                            | 97.9% |
| The opportunities given to them to participate in the Association's decision-making processes | 96.7% |
| The quality of their home   | 87.3% |
| The repairs and maintenance service   | 90.3% |
| Their rent representing good value for money  | 81.7% |
| The factoring service (owners)  | 71.7% |

### **Staff Structure**

The review of the staff structure and job descriptions previously carried out remain a focus for the Management Committee and Senior Staff team to ensure that the Association remains best prepared to:

- Meet any future challenges;
- Achieve its strategic objectives;
- Provide a modern, effective and efficient service; and
- Build on its reputation as a dynamic, vibrant and innovative organisation.

### **Future Priorities**

#### **Business Plan**

The current Business Plan is currently being comprehensively reviewed in order to have a new, updated and challenging 5-year Business Plan that reflects the current environment the Association is operating in as well as its aspirations and objectives for the coming years.

#### **Provision of New Housing**

The Association is committed to providing more high quality, affordable housing to meet the increasing demand. A potential project to build 45 new flats and houses is currently being looked at, with a number of other sites being proactively considered for future development. The Association remains open to exploring any other opportunities for further development and/or acquisition. However, with the current financial and economic challenges including rising costs, limited government funding and uncertainty around interest rates, the Association is taking an extremely cautious and prudent approach to developing new homes at this time.

#### **Internal Audit Services**

For a number of years the Association has appointed Alexander Sloan to provide internal audit. However, in line with good governance tendering for a new internal auditor is due to be carried out by the end of the financial year.

## **Report of the Committee of Management for the Year Ended 31 March 2023 (Continued)**

### External Auditors

The Association external auditors Azets reviewed it's ethics policy during the financial year and, due to the long standing business relationship with the Association, felt it could not continue to provide the Association with external auditing services. Given the urgency of the situation and after due diligence, CT were appointed. A full tendering exercise will be carried out by the end of the financial year.

### Owners Satisfaction Survey

A survey of the Association's factored owners is being carried out to support and influence a full review of the factoring service over the next year.

### Staff Succession

Staff is recognised as being one of the Association's greatest assets but accepts that an individual's professional and personal plans, circumstances and priorities may mean that they move on from the organisation. Ensuring service continuity requires, as far as possible, planning for staff leaving or retiring.

### Committee Recruitment

The Association is always keen to attract new members onto the Management Committee and will continue to see this as a priority to ensure good governance now and in the future.

### **Value for Money**

Along with ensuring effective management of the Association's finances, the Committee of Management are committed to ensuring that value for money remains a top priority for the Association. We look to achieve this as an independent Registered Social Landlord (RSL) and with our local partners. Where it can add value, we work with other local RSL's to procure, purchase, and provide. We work closely with the other local RSL's especially in terms of staff and committee training, welfare benefits advice services and some maintenance procurement. We also work with other Associations on common projects.

Ensuring the collection of rental income, and supporting tenants to make rent payments, remains a priority for the Association. While working to keep rents affordable we need to ensure that we maximise our collection of rental charges due. Only by ensuring the ongoing receipt of rent payments can we ensure the future of the Association and the availability of funds to continue to provide services. This has been a challenge over recent years with the UK Government Welfare Reforms and with the more recent cost increases in energy bills and high inflationary increases in everyday living. All of this can make rent payment even more difficult for some which is why it is important that the Association continue to support customers in this priority area.

In terms of rental arrears, the Association continues to perform well in this area.

### **Tenant Engagement**

Tenant involvement is crucial to the success of the Association and we are very grateful to our active residents for all the work they do with us.

We are committed to seeking new and innovative ways to engage with our residents and communities and to promote and encourage meaningful participation.



## **Report of the Committee of Management for the Year Ended 31 March 2023 (Continued)**

### **Donations and Wider Action**

During the year the Association made charitable donations of £1,785 and spent £8,314 on tenant participation including competitions, events and the tenant satisfaction survey.

### **Governance**

The Committee of Management understands that good governance is critical in ensuring the Association is a well performing organisation, is protecting its long-term viability and is providing the highest standard of service to its customers.

The Association is extremely fortunate to have a dedicated Committee of Management that has a wealth of experience in managing the Association by bringing a wide variety of skills, experience and knowledge that add to the organisation's strength and success.

In recognition of the regulatory requirements regarding the continuing effectiveness of Committee of Management members, the Association carries out an annual appraisal of each member's skills and develops a training plan for the Committee members individually and collectively to ensure the Committee remains skilled and knowledgeable.

The need to bring new ideas and skills to the Committee is also recognised and the Association is seeking to undertake a comprehensive recruitment exercise to attract new members onto the Committee.

Following a review of the self-assessment exercise by the Committee of Management, the Association submitted its second Annual Assurance Plan that showed that it was compliant with the Regulatory Standards.

The Association continues to implement a programme of internal audits to provide the Committee of Management with the assurance that its operational policy and processes are effective.

### **Notifiable Events**

The Association made one Notifiable Events Submission in the year to advise of the change in the Association's external auditor.

### **Committee of Management and Executive Officers**

The Association is controlled by a Committee of Management. The members of the Committee of Management and the Executive Officers are listed on page 2.

Each member of the Committee of Management 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 Committee of Management.

The members of the Committee of Management are also Trustees of the Charity. Members of the Committee of Management are appointed by the members at the Association's Annual General Meeting or apply to fill casual vacancies in the year or take up co-optee places. The Committee of Management can be no fewer than 7 members and no more than 15, with no more than one third being co-optees.

Details of our Committee are kept updated on our public website  
<https://www.randcha.co.uk/page/our-committee>

## Report of the Committee of Management for the Year Ended 31 March 2023 (Continued)

### Statement of Committee of Management's Responsibilities

The Co-operative and Community Benefit Act 2014 require the Committee of Management 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 surplus or deficit of the Association for that period. In preparing those Financial Statements, the Committee of Management is required to:

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

The Committee of Management 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 2014 and the SHR Determination of Accounting Requirements – Statutory Guidance Feb 2019. 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. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Committee of Management must, in determining how amounts are presented within items in the Statement of Comprehensive Income (income and expenditure account) and Statement of Financial Position (balance sheet), have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

### Disclosure of Information to the Auditor

In so far as the Committee of Management are aware, at the time this report is approved:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Committee of Management have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

### Statement on Internal Financial Control

The Committee of Management 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.

## Report of the Committee of Management for the Year Ended 31 March 2023 (Continued)

It is the Committee of Management'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 Committee of Management 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 Committee of Management;
- the Committee of Management receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

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

### Auditors

CT were appointed in 2023 with the intention of undertaking the external audit for the year ending 31 March 2023. There will be a tender exercise conducted during the 2023-24 financial year, following which the external auditor will be confirmed for future financial years.

**By order of the Committee of Management**

Edward Harkins

Chairperson

Date:

8/8/2023

**Report by the Auditors to the Members of Rutherglen and Cambuslang Housing Association Limited on Corporate Governance Matters**

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 9-10 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 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 on Internal Financial Controls on pages 9-10 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 Committee of Management and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Committee of Management's Statement on Internal Financial Controls 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.



**CT**  
**Chartered Accountants and Statutory Auditor**  
**61 Dublin Street**  
**Edinburgh**  
**EH3 6NL**  
**Date:** 21 August 2023



## **Independent Auditor's Report to the Members of Rutherglen and Cambuslang Housing Association Limited**

### **Opinion**

We have audited the financial statements of Rutherglen and Cambuslang Housing Association Limited for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity, and the 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 FRS 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.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

In auditing the accounts, we have concluded that the Committee of Management'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 Committee of Management with respect to going concern are described in the relevant sections of this report.

## **Independent Auditor's Report to the Members of Rutherglen and Cambuslang Housing Association Limited (Continued)**

### **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 Committee of Management are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

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

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper 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 require for our audit.

### **Responsibilities of the Committee of Management**

As explained more fully in the Committee of Management's responsibilities statement, the Committee of Management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Committee of Management 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 Committee of Management are 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 Committee of Management either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

## **Independent Auditor's Report to the Members of Rutherglen and Cambuslang Housing Association Limited (Continued)**

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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

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

**Independent Auditor's Report to the Members of Rutherglen and Cambuslang Housing Association Limited (Continued)**

**Use of our report**

This report is made solely to the association's members, as a body. 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**  
**Date:** 21 August 2023



**Statement of Comprehensive Income for the Year Ended 31 March 2023**

|  | Notes  | 2023        | 2022        |
|--|--------|-------------|-------------|
|  |        | £           | £           |
| <b>REVENUE</b>   | 2      | 4,484,362   | 4,235,892   |
| Operating Costs  | 2      | (3,744,407) | (3,532,749) |
| <b>OPERATING SURPLUS</b>                                   |        | 739,955     | 703,143     |
| Interest Receivable and Other Income                       | 7      | 26,327      | 10,575      |
| Interest Payable and Similar Charges                       | 8      | (265,986)   | (185,302)   |
| Other Finance Income / (Charges)                           | 11     | 15,527      | (11,000)    |
| Gain / (Loss) on Disposal of Property, Plant and Equipment | 12 (b) | (19,364)    | -           |
| Gain / (Loss) on Revaluation of Investment Property        | 12 (b) | -           | 203,750     |
|  |        | (243,497)   | 18,023      |
| <b>SURPLUS FOR THE YEAR</b>                                | 9      | 496,458     | 721,166     |
| <b>Other comprehensive income</b>                          |        |             |             |
| Actuarial (Losses)/gains on defined benefit Pension Plan   | 27     | (263,000)   | 360,440     |
| <b>TOTAL COMPREHENSIVE INCOME</b>                          |        | 233,458     | 1,081,606   |

The Financial Statements were approved by the Committee of Management, authorised for issue and signed on its behalf on 22 August 2023 by:

Name:

Signature:

Committee Member

Committee Member

Secretary

The notes on pages 20 to 37 form part of these Financial Statements.

## Statement of Financial Position as at 31 March 2023

|  | Notes  | 2023<br>£          | 2022<br>£          |
|--|--------|--------------------|--------------------|
| <b>NON-CURRENT ASSETS</b>  |        |                    |                    |
| Housing Properties - Depreciated Cost                            | 12 (a) | 30,001,703         | 30,560,285         |
| Other Non-current Assets   | 12 (b) | <u>1,366,633</u>   | <u>1,441,884</u>   |
|  |        | 31,368,337         | 32,002,169         |
| <b>INVESTMENTS</b>   |        |                    |                    |
| Investment in Subsidiary   | 13     | 100                | 100                |
| <b>CURRENT ASSETS</b>  |        |                    |                    |
| Stock and Work in Progress                                       |        | -                  | 1,381              |
| Receivables  | 16     | 627,669            | 592,732            |
| Cash at bank and in hand   |        | <u>2,097,980</u>   | <u>1,874,967</u>   |
|  |        | 2,725,650          | 2,469,080          |
| <b>CREDITORS: Amounts falling due within one year</b>            | 17     | <u>(1,814,321)</u> | <u>(1,786,700)</u> |
| <b>NET CURRENT ASSETS</b>  |        | 911,329            | 682,380            |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                     |        | 32,279,765         | 32,684,649         |
| <b>CREDITORS: Amounts falling due after more than one year</b>   | 18     | (8,056,550)        | (8,756,504)        |
| <b>PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES</b> |        |                    |                    |
| Scottish Housing Association Pension Scheme                      | 27     | <u>(186,000)</u>   | <u>(31,000)</u>    |
|  |        | (186,000)          | (31,000)           |
| <b>DEFERRED INCOME</b>   |        |                    |                    |
| Social Housing Grants  | 20     | <u>(3,467,883)</u> | <u>(3,561,281)</u> |
|  |        | <u>(3,467,883)</u> | <u>(3,561,281)</u> |
| <b>NET ASSETS</b>  |        | 20,569,332         | 20,335,865         |
| <b>EQUITY</b>  |        |                    |                    |
| Share Capital  | 21     | 157                | 148                |
| Revenue Reserves   |        | <u>20,569,175</u>  | <u>20,335,717</u>  |
|  |        | 20,569,332         | 20,335,865         |

The Financial Statements were approved by the Committee of Management, authorised for issue and signed on its behalf on 22 August 2023 by:

Name:

Signature:

Committee Member

Committee Member

Secretary

The notes on pages 20 to 37 form part of these Financial Statements.

**Statement of Cash Flows for the Year Ended 31 March 2023**

|   | Notes            | 2023                    | 2022                    |
|---|------------------|-------------------------|-------------------------|
|   |                  | £                       | £                       |
| <b>Net cash inflow from operating activities</b>      | 19               | 1,539,833               | 1,761,490               |
| <b>Investing Activities</b>                           |                  |                         |                         |
| Improvements to Housing Properties                    | (373,861)        | (929,356)               |                         |
| Purchase of Other Fixed Assets                        | (15,308)         | (3,172)                 |                         |
| Proceeds on Disposal of Property, Plant and Equipment | 50,636           | -                       |                         |
| Interest Receivable and Other Income                  | <u>26,327</u>    | <u>10,575</u>           |                         |
| <b>Net cash outflow from investing activities</b>     |                  | (312,206)               | (921,953)               |
| <b>Financing Activities</b>                           |                  |                         |                         |
| Share Capital Issued                                  | 9                | 2                       |                         |
| Loan Principal Repayments                             | (754,164)        | (735,655)               |                         |
| Interest Payable and Similar Charges                  | <u>(250,459)</u> | <u>(196,302)</u>        |                         |
| <b>Net cash outflow from financing activities</b>     |                  | (1,004,614)             | (931,955)               |
| <b>(Decrease)/increase in cash</b>                    |                  | 223,013                 | (92,418)                |
| <b>Opening Cash &amp; Cash Equivalents</b>            |                  | <u>1,874,967</u>        | <u>1,967,385</u>        |
| <b>Closing Cash &amp; Cash Equivalents</b>            |                  | <u><b>2,097,980</b></u> | <u><b>1,874,967</b></u> |
| <b>Cash and Cash equivalents as at 31 March</b>       |                  |                         |                         |
| Cash  |                  | <u>2,097,980</u>        | <u>1,874,967</u>        |
|   |                  | <u><b>2,097,980</b></u> | <u><b>1,874,967</b></u> |

The notes on pages 20 to 37 form part of these Financial Statements.

Statement of Changes in Equity as at 31 March 2023

|                                    | Share<br>Capital | Revenue<br>Reserve | Total             |
|------------------------------------|------------------|--------------------|-------------------|
|                                    | £                | £                  | £                 |
| <b>Balance as at 1 April 2021</b>  | 146              | 19,254,111         | 19,254,257        |
| Issue of Shares                    | 2                | -                  | 2                 |
| Cancellation of Shares             | -                | -                  | -                 |
| Other comprehensive income         | -                | 360,440            | 360,440           |
| Surplus for the year               | -                | 721,166            | 721,166           |
| <b>Balance as at 31 March 2022</b> | <b>148</b>       | <b>20,335,717</b>  | <b>20,335,865</b> |
| <b>Balance as at 1 April 2022</b>  | 148              | 20,335,717         | 20,335,865        |
| Issue of Shares                    | 9                | -                  | 9                 |
| Cancellation of Shares             | -                | -                  | -                 |
| Other comprehensive income         | -                | (263,000)          | (263,000)         |
| Surplus for the year               | -                | 496,458            | 496,458           |
| <b>Balance as at 31 March 2023</b> | <b>157</b>       | <b>20,569,175</b>  | <b>20,569,332</b> |

The notes on pages 20 to 37 form part of these Financial Statements.

## Notes to the Financial Statements for the Year Ended 31 March 2023

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2018. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

#### Going Concern

The Committee of Management are continually developing and implementing mitigating actions and processes to ensure that the Association continues to function and manage future operations and those of its workforce and stakeholders. The Committee of Management is satisfied of the Association's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Revenue

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

Government Grants are released to income over the expected useful life of the asset to which it relates.

#### Retirement Benefits

The Association participates in the Scottish Housing Associations Defined Benefit Pension Scheme where retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. The Association also participates in the Scottish Housing Associations Defined Contribution scheme as the defined benefit scheme is closed to new members. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

#### Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11(a). Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

| Component      | Useful Economic Life |
|----------------|----------------------|
| Bathroom       | 20 Years             |
| Boiler         | 15 Years             |
| Doors          | 40 Years             |
| Heating System | 15 Years             |
| Kitchen        | 15 Years             |
| Rewiring       | 40 Years             |
| Roof           | 50 Years             |
| Structure      | 60 Years             |
| Windows        | 40 Years             |

**1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

**Valuation Of Investment Properties**

The investment properties are held at market value and no depreciation is therefore charged.

**Depreciation and Impairment of Other Non-Current Assets**

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

| <b>Asset Category</b>   | <b>Depreciation Rate</b> |
|-------------------------|--------------------------|
| Office Premises         | 2%                       |
| Furniture and Equipment | 33%                      |

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

**Social Housing Grant and Other Grants in Advance/Arrears**

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 it relates.

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

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

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.

**Sales Of Housing Properties**

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

**Leases/Leased Assets**

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

**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.

## 1. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Key Judgements made in the application of Accounting Policies

#### **a) The Categorisation of Housing Properties**

In the judgement of the Committee of Management 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) 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. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has adopted this valuation method in line with FRS102.

#### **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.

#### **Estimation Uncertainty**

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

#### **a) Rent Arrears - Bad Debt Provision**

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

#### **b) Life Cycle of Components**

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

#### **c) Useful life of properties, plant, and equipment**

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

#### **d) Defined pension liability**

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.

#### **e) Allocation of share of assets and liabilities for multi-employer schemes**

Judgements in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi-employer pension schemes and estimations performed by the Pensions Trust.

#### **f) Split of office premises and investment property**

Part of the Aspire Business Centre, which is owned by the Association, is used by the Association for its offices with part rented out to third parties at commercial rates. Under FRS 102, the part of the building used by the Association for offices must be accounted for as a tangible fixed asset and depreciated whilst the part of the building rented out must be accounted for as an investment property and held at market value. The Management Committee have based this split on the square footage of the building with 40.4% used by the Association and 59.6% rented to third parties and thus treated as an investment property.

## 2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING AND OTHER ACTIVITIES

|                               | Notes | 2023             |                         |  | 2022             |                         |  |
|-------------------------------|-------|------------------|-------------------------|--|------------------|-------------------------|--|
|                               |       | Turnover<br>£    | Operating<br>Costs<br>£ | Operating<br>Surplus /<br>(Deficit)<br>£ | Turnover<br>£    | Operating<br>Costs<br>£ | Operating<br>Surplus /<br>(Deficit)<br>£ |
| Affordable letting activities | 3     | 4,246,826        | 3,471,222               | 775,603                                  | 4,090,164        | 3,359,981               | 730,182                                  |
| Other Activities              | 4     | 237,536          | 273,186                 | (35,648)                                 | 145,729          | 172,768                 | (27,039)                                 |
| <b>Total</b>                  |       | <b>4,484,362</b> | <b>3,744,407</b>        | <b>739,955</b>                           | <b>4,235,892</b> | <b>3,532,749</b>        | <b>703,143</b>                           |

## 3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

|   | General<br>Needs<br>Housing<br>£ | Sheltered<br>Housing<br>£ | Shared<br>Ownership<br>£ | 2023<br>Total<br>£ | 2022<br>Total<br>£ |
|---|----------------------------------|---------------------------|--------------------------|--------------------|--------------------|
| <b>Revenue from Lettings</b>                              |                                  |                           |                          |                    |                    |
| Rent receivable net of service charges                    | 4,046,738                        | 65,869                    | 18,431                   | 4,131,038          | 4,029,344          |
| Service charges receivable                                | -                                | -                         | -                        | -                  | -                  |
| <b>Gross income from rent and service charges</b>         | <b>4,046,738</b>                 | <b>65,869</b>             | <b>18,431</b>            | <b>4,131,038</b>   | <b>4,029,344</b>   |
| Less: Rent losses from voids                              | (9,523)                          | (232)                     | -                        | (9,755)            | (23,052)           |
| <b>Net Rents Receivable</b>                               | <b>4,037,215</b>                 | <b>65,637</b>             | <b>18,431</b>            | <b>4,121,283</b>   | <b>4,006,293</b>   |
| Grants released from deferred income                      | 92,142                           | -                         | 1,256                    | 93,398             | 68,720             |
| Other revenue grants                                      | 32,145                           | -                         | -                        | 32,145             | 15,151             |
| <b>Total turnover from affordable letting activities</b>  | <b>4,161,501</b>                 | <b>65,637</b>             | <b>19,687</b>            | <b>4,246,826</b>   | <b>4,090,163</b>   |
| <b>Expenditure on affordable letting activities</b>       |                                  |                           |                          |                    |                    |
| Management and maintenance administration costs           | 1,481,392                        | -                         | -                        | 1,481,392          | 1,288,497          |
| Service Costs   | 68,000                           | -                         | -                        | 68,000             | 8,918              |
| Planned and cyclical maintenance, including major repairs | 563,883                          | 18,545                    | 6,501                    | 588,929            | 494,377            |
| Reactive maintenance costs                                | 387,137                          | 23,931                    | 100                      | 411,168            | 447,791            |
| Bad Debts - rents and service charges                     | (10,710)                         | -                         | -                        | (10,710)           | 12,481             |
| Depreciation of affordable let properties                 | 929,006                          | -                         | 3,437                    | 932,443            | 1,107,917          |
| <b>Operating costs of affordable letting activities</b>   | <b>3,418,709</b>                 | <b>42,475</b>             | <b>10,038</b>            | <b>3,471,222</b>   | <b>3,359,981</b>   |
| <b>Operating surplus on affordable letting activities</b> | <b>742,792</b>                   | <b>23,162</b>             | <b>9,649</b>             | <b>775,603</b>     | <b>730,182</b>     |
| <b>2022</b>   | <b>705,096</b>                   | <b>28,018</b>             | <b>(2,932)</b>           |                    |                    |



**4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES**

|                                    | Grants<br>from<br>Scottish<br>Ministers | Other<br>Income | Total<br>Turnover | Operating<br>Costs Other | Operating<br>Surplus /<br>(Deficit) 2023 | Operating<br>Surplus /<br>(Deficit) 2022 |
|------------------------------------|---|-----------------|-------------------|--------------------------|--|--|
|                                    | £                                       | £               | £                 | £                        | £  | £  |
| Commercial activities              |   |                 |                   |                          |  |  |
| Factoring                          | -                                       | 62,438          | 62,438            | 77,795                   | (15,357)                                 | 18,331                                   |
| Management charge to subsidiary    | -                                       | 174,599         | 174,599           | 194,443                  | (19,845)                                 | (59,566)                                 |
| Other                              | -                                       | 500             | 500               | -                        | 500                                      | 500                                      |
| Wider role activities              | -                                       | -               | -                 | -                        | -  | 14,591                                   |
| <b>Total From Other Activities</b> | -                                       | <b>237,536</b>  | <b>237,536</b>    | <b>273,186</b>           | <b>(947)</b>                             | <b>(895)</b>                             |
| <b>2022</b>                        | <b>14,591</b>                           | <b>131,138</b>  | <b>145,729</b>    | <b>172,768</b>           | <b>(27,039)</b>                          | <b>(27,039)</b>                          |

## 5. OFFICERS' EMOLUMENTS

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

|   | 2023           | 2022           |
|---|----------------|----------------|
|   | £              | £              |
| Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)         | <u>149,038</u> | <u>142,173</u> |
| Pension contributions made on behalf of Officers with emoluments greater than £60,000 (excluding Pension Contributions) | <u>19,647</u>  | <u>18,841</u>  |
| Emoluments payable to Director (excluding pension contributions)  | <u>83,382</u>  | <u>70,435</u>  |
| Total Emoluments paid to key management personnel   | <u>359,533</u> | <u>281,119</u> |

The full time equivalent number of staff who received remuneration (including employer pension contributions) greater than £60,000 (including the executive team):

|                     | Number | Number |
|---------------------|--------|--------|
| £60,001 to £70,000  | 3      | 3      |
| £70,001 to £80,000  | 1      | -      |
| £80,001 to £90,000  | -      | 1      |
| £90,001 to £100,000 | 1      | -      |

## 6. EMPLOYEE INFORMATION

|  | 2023           | 2022           |
|--|----------------|----------------|
|  | No.            | No.            |
| The average monthly number of full time equivalent persons employed during the year was: | <u>21</u>      | <u>18</u>      |
| The average total number of Employees employed during the year was:                      | <u>21</u>      | <u>19</u>      |
| Staff Costs were:  | £              | £              |
| Wages and Salaries   | 770,065        | 692,600        |
| Social Security Costs  | 69,408         | 67,570         |
| Other Pension Costs  | 90,950         | 93,534         |
| Temporary, Agency and Seconded Staff   | <u>66,555</u>  | <u>38,999</u>  |
|  | <u>996,977</u> | <u>892,703</u> |

**7. INTEREST PAYABLE & SIMILAR CHARGES**

|                            | 2023             | 2022             |
|----------------------------|------------------|------------------|
|                            | £                | £                |
| On Bank Loans & Overdrafts | (265,986)        | (185,302)        |
|                            | <u>(265,986)</u> | <u>(185,302)</u> |

**8. INTEREST RECEIVABLE & OTHER INCOME**

|   | 2023          | 2022          |
|---|---------------|---------------|
|   | £             | £             |
| Interest receivable on deposits           | 16,990        | 1,532         |
| Interest receivable on loan to subsidiary | <u>9,336</u>  | <u>9,043</u>  |
|   | <u>26,327</u> | <u>10,575</u> |

**9. SURPLUS FOR THE YEAR**

|  | 2023    | 2022      |
|--|---------|-----------|
|  | £       | £         |
| Surplus For The Year of £829,769 is stated after charging/(crediting): |         |           |
| Depreciation - Tangible Owned Fixed Assets                             | 953,002 | 1,125,911 |
| Auditors' Remuneration - Audit Services                                | 16,500  | 11,750    |
| Auditors' Remuneration - Other Services                                | -       | 1,578     |
| Operating Lease Rentals - Other  | 21,283  | 9,878     |

**10. TAX ON SURPLUS ON ORDINARY ACTIVITIES**

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

**11. OTHER FINANCE INCOME / CHARGES**

|  | 2023          | 2022            |
|--|---------------|-----------------|
|  | £             | £               |
| Defined Benefit Pension (costs)/income |               |                 |
| Recognised in SOCI                     | <u>15,527</u> | <u>(11,000)</u> |

**12. NON-CURRENT ASSETS**

| <b>(a) Housing Properties</b> | <b>Housing Properties Held for Letting<br/>£</b> | <b>Shared Ownership Completed<br/>£</b> | <b>Total<br/>£</b> |
|-------------------------------|--|---|--------------------|
| <b>COST</b>                   |  |   |                    |
| As at 1 April 2022            | 35,237,444                                       | 206,226                                 | 35,443,670         |
| Additions                     | 373,861  | -                                       | 373,861            |
| Disposals                     | <u>(119,091)</u>                                 | <u>-</u>                                | <u>(119,091)</u>   |
| As at 31 March 2023           | 35,492,214                                       | 206,226                                 | 35,698,440         |
| <b>DEPRECIATION</b>           |  |   |                    |
| As at 1 April 2022            | 4,798,902  | 84,482                                  | 4,883,385          |
| Charge for Year               | 841,269  | 3,437                                   | 844,706            |
| Disposals                     | <u>(31,353)</u>                                  | <u>-</u>                                | <u>(31,353)</u>    |
| As at 31 March 2023           | 5,608,818  | 87,919                                  | 5,696,737          |
| <b>NET BOOK VALUE</b>         |  |   |                    |
| As at 31 March 2023           | <u>29,883,397</u>                                | <u>118,307</u>                          | <u>30,001,703</u>  |
| As at 31 March 2022           | <u>30,438,542</u>                                | <u>121,744</u>                          | <u>30,560,285</u>  |

Additions to housing properties include capitalised major repair costs to existing properties of £373,861 (2022: £935,257).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £1,373,958 (2022: £1,865,800). This includes the amount capitalised for component additions of £373,861 (2022: £935,257).

The Association's Lenders have standard securities over Housing Property with a carrying value of £17,498,042 (2022: £17,814,179).

**12. NON CURRENT ASSETS (Continued)**
**(b) Other Tangible Assets**

|                               | Office<br>Premises<br>£ | Investment<br>Properties<br>£ | Furniture<br>and<br>Equipment<br>£ | Total<br>£       |
|-------------------------------|-------------------------|-------------------------------|------------------------------------|------------------|
| <b>COST</b>                   |                         |                               |                                    |                  |
| As at 1 April 2022            | 525,000                 | 1,005,000                     | 208,021                            | 1,738,021        |
| Additions                     | -                       | -                             | 15,308                             | 15,308           |
| Disposals                     | -                       | (70,000)                      | -                                  | (70,000)         |
| As at 31 March 2023           | 525,000                 | 935,000                       | 223,328                            | 1,683,328        |
| <b>AGGREGATE DEPRECIATION</b> |                         |                               |                                    |                  |
| As at 1 April 2022            | 94,500                  | -                             | 201,636                            | 296,136          |
| Charge for year               | 10,500                  | -                             | 10,059                             | 20,559           |
| Disposals                     | -                       | -                             | -                                  | -                |
| As at 31 March 2023           | 105,000                 | -                             | 211,695                            | 316,695          |
| <b>NET BOOK VALUE</b>         |                         |                               |                                    |                  |
| As at 31 March 2023           | <u>420,000</u>          | <u>935,000</u>                | <u>11,633</u>                      | <u>1,366,633</u> |
| As at 31 March 2022           | <u>430,500</u>          | <u>1,005,000</u>              | <u>6,384</u>                       | <u>1,441,884</u> |

The fair value, as at 31 March 2023, of the Aspire Business Centre was £1,300,000 (2021-22: £1,300,000). This is based on a valuation performed by DM Hall on 15 December 2021. 40.4% of the Aspire Business Centre is used by the Association and is accounted for as office premises at historic (deemed) cost. The remaining 59.6% of the Aspire Business Centre is available for rent to 3rd parties and is accounted for as an investment property. The investment properties balance also includes £35,000 for 1 shop (2021-22: 3 shops at £105,000) and £125,000 for 35 lockups (2021-22: 35 lockups at £125,000). The shops and lockups were valued by JLL on 9 February 2022.

**13. INVESTMENT IN SUBSIDIARY**

|                              | 2023<br>£  | 2022<br>£  |
|------------------------------|------------|------------|
| Shares in subsidiary company | <u>100</u> | <u>100</u> |

Aspire Community Development Company Limited is a wholly owned subsidiary which was incorporated in Great Britain on 27 August 1999 and is registered in Scotland. The 2022-23 subsidiary company accounts show a profit for the year of £30,965 (2021-22: £132,831) and net assets of £264,056 (2021-22: £233,089).

**14. CAPITAL COMMITMENTS**

|  | 2023<br>£    | 2022<br>£ |
|--|--------------|-----------|
| Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements | <u>5,220</u> | <u>-</u>  |

The above commitments will be financed by the Association's own resources.

# 15. COMMITMENTS UNDER OPERATING LEASES

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

|   | 2023<br>£ | 2022<br>£ |
|---|-----------|-----------|
| Other                                       | 21,913    | 9,878     |
| Not later than one year                     | 30,092    | 25,904    |
| Later than one year and not later than five |           |           |

# 16. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                    | 2023<br>£      | 2022<br>£      |
|------------------------------------|----------------|----------------|
| Arrears of Rent & Service Charges  | 75,735         | 102,891        |
| Less: Provision for Doubtful Debts | (25,770)       | (52,926)       |
|                                    | 49,964         | 49,965         |
| Amounts Due From Subsidiary        | 347,788        | 370,748        |
| Other Receivables                  | 229,917        | 172,019        |
|                                    | <u>627,669</u> | <u>592,732</u> |

# 17. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                              | 2023<br>£        | 2022<br>£        |
|------------------------------|------------------|------------------|
| Housing Loans                | 700,186          | 754,396          |
| Trade Payables               | 262,456          | 297,452          |
| Rent Received in Advance     | 194,049          | 186,021          |
| Accruals and Deferred Income | 142,698          | 64,988           |
| Other Payables               | 514,933          | 483,843          |
|                              | <u>1,814,321</u> | <u>1,786,700</u> |

At 31 March 2023, there were pension contributions outstanding of £11,833 (2022: £28,474).

# 18. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|   | 2023<br>£        | 2022<br>£        |
|---|------------------|------------------|
| Housing Loans   | 8,756,736        | 8,756,504        |
| <b>Housing Loans</b>                                      |                  |                  |
| Amounts due within one year                               | 700,186          | 754,396          |
| Amounts due in one year or more but less than two years   | 664,529          | 792,256          |
| Amounts due in two years or more but less than five years | 3,316,277        | 2,143,096        |
| Amounts due in more than five years                       | 4,075,745        | 5,821,152        |
|   | <u>8,756,736</u> | <u>9,510,900</u> |
| Less: Amount shown in Current Liabilities                 | (700,186)        | (754,396)        |
|   | <u>8,056,550</u> | <u>8,756,504</u> |

The Association has a number of long-term housing loans, the terms and conditions of which are as follows:

| Lender           | Number of Properties Secured          | Effective Interest Rate | Maturity (Year) | Variable / Fixed |
|------------------|---------------------------------------|-------------------------|-----------------|------------------|
| Bank of Scotland | Standard security over 147 properties | Base + 0.75%            | 2027            | Variable         |
| Bank of Scotland | Standard security over 147 properties | Base + 0.75%            | 2027            | Variable         |
| Bank of Scotland | Standard security over 147 properties | 7.160%                  | 2029            | Fixed            |

## Rutherglen and Cambuslang Housing Association Limited

|                             |  |               |      |               |
|-----------------------------|--|---------------|------|---------------|
| Bank of Scotland            | Standard security over Standard security over 147 properties | 4.970%        | 2024 | Fixed         |
| Bank of Scotland            | Standard security over Standard security over 147 properties | Base + 1.93%  | 2028 | Variable      |
| Clydesdale Bank             | Standard security over Standard security over 112 properties | Base + 0.45%  | 2027 | Variable      |
| Clydesdale Bank             | Standard security over Standard security over 112 properties | Base + 0.45%  | 2034 | Variable      |
| Energy Savings Trust        | No security held   | 0%            | 2027 | Interest Free |
| Nationwide Building Society | Standard security over Standard security over 123 properties | Base + 0.25%  | 2028 | Variable      |
| Nationwide Building Society | Standard security over Standard security over 123 properties | Base + 0.45%  | 2034 | Variable      |
| Nationwide Building Society | Standard security over Standard security over 123 properties | Base + 0.45%  | 2034 | Variable      |
| Royal Bank of Scotland      | Standard security over Standard security over 194 properties | 2.383%        | 2040 | Fixed         |
| Royal Bank of Scotland      | Standard security over Standard security over 194 properties | Base + 1.571% | 2027 | Variable      |
| Royal Bank of Scotland      | Standard security over Standard security over 194 properties | 2.557%        | 2027 | Fixed         |
| Royal Bank of Scotland      | Standard security over Standard security over 194 properties | 2.610%        | 2030 | Fixed         |
| Scottish Government         | No security held   | 0%            | 2025 | Interest Free |

All of the Association's bank borrowings are repayable on a monthly, quarterly or annual basis with the principal being amortised over the term of the loans except for one Bank of Scotland and two Royal Bank of Scotland loans which have bullet repayments, the intention of the Association is to refinance these loans proactively in advance of the bullet repayments falling due.

## 19. STATEMENT OF CASH FLOWS

### Reconciliation of surplus for the year to net cash inflow from operating activities

|  | 2023<br>£        | 2022<br>£        |
|--|------------------|------------------|
| Operating Surplus for the year               | 739,955          | 703,143          |
| Depreciation                                 | 953,002          | 1,125,916        |
| Amortisation of Capital Grants               | (93,398)         | (68,720)         |
| Change in debtors                            | 10,858           | 68,166           |
| Change in stock                              | 1,381            | (1,381)          |
| Change in creditors                          | 20,508           | 113,926          |
| SHAPS Past Service Deficit Contribution Paid | (92,473)         | (179,560)        |
| Share Capital Written Off                    | -                | -                |
| Net cash inflow from operating activities    | <u>1,539,833</u> | <u>1,761,490</u> |

### Analysis of Changes in Net Debt

|                           | 2022<br>£          | Cash<br>flows<br>£ | Non-cash changes  | 2023<br>£          |
|---------------------------|--------------------|--------------------|-------------------|--------------------|
|                           |                    |                    | Finance<br>leases | Other<br>changes   |
| Long-term borrowings      | (8,756,504)        | 754,164            | -                 | (54,210)           |
| Short-term borrowings     | (754,396)          | -                  | -                 | 54,210             |
| Total liabilities         | <u>(9,510,900)</u> | <u>754,164</u>     | <u>-</u>          | <u>-</u>           |
| Cash and cash equivalents | <u>1,874,967</u>   | <u>223,013</u>     | <u>-</u>          | <u>-</u>           |
| Total net debt            | <u>(7,635,933)</u> | <u>977,177</u>     | <u>-</u>          | <u>(6,658,756)</u> |

| 20. DEFERRED INCOME                               |   |                                       |                  |
|---|---|---------------------------------------|------------------|
|   | Housing<br>Properties<br>Held<br>for Letting<br>£ | Shared<br>Ownership<br>Completed<br>£ | Total<br>£       |
| <b>Social Housing Grants</b>                      |   |                                       |                  |
| As at 1 April 2022                                | 3,767,181   | 75,363                                | 3,842,544        |
| Eliminated on disposal of components and property | (4,758)   | -                                     | (4,758)          |
| As at 31 March 2023                               | 3,762,423   | 75,363                                | 3,837,786        |
| <b>Amortisation</b>                               |   |                                       |                  |
| As at 1 April 2022                                | 251,746   | 29,517                                | 281,263          |
| Amortisation in year                              | 88,180  | 1,256                                 | 89,436           |
| Eliminated on disposal                            | (797)   | -                                     | (797)            |
| As at 31 March 2023                               | 339,130   | 30,773                                | 369,903          |
| <b>Net book value</b>                             |   |                                       |                  |
| As at 31 March 2023                               | <u>3,423,293</u>                                  | <u>44,590</u>                         | <u>3,467,883</u> |
| As at 31 March 2022                               | <u>3,515,435</u>                                  | <u>45,846</u>                         | <u>3,561,281</u> |

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

|                                 | 2023<br>£        | 2022<br>£        |
|---------------------------------|------------------|------------------|
| Amounts due within one year     | 89,436           | 89,753           |
| Amounts due in one year or more | <u>3,378,447</u> | <u>3,471,528</u> |
|                                 | <u>3,467,883</u> | <u>3,561,281</u> |

## 21. SHARE CAPITAL

| Shares of £1 each Issued and Fully Paid | 2023<br>£  | 2022<br>£  |
|---|------------|------------|
| As at 1 April 2022                      | 148        | 146        |
| Issued in year                          | 9          | 2          |
| Cancelled in year                       | -          | -          |
| As at 31 March 2023                     | <u>157</u> | <u>148</u> |

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.



## 22. HOUSING STOCK

|   | 2023<br>No. | 2022<br>No. |
|---|-------------|-------------|
| The number of units of accommodation in management at the year-end was: |             |             |
| General Needs   | 873         | 873         |
| Shared Ownership  | 8           | 8           |
| Supported Housing   | <u>2</u>    | <u>2</u>    |
|   | <u>883</u>  | <u>883</u>  |
| Housing Units owned by the Association and leased to another body:      |             |             |
| <b>Name of Organisation</b>   |             |             |
| The Richmond Fellowship Scotland Limited                                | 1           | 1           |
| SRS Care Solutions Limited  | <u>1</u>    | <u>1</u>    |
|   | <u>2</u>    | <u>2</u>    |

## 23. RELATED PARTY TRANSACTIONS

### Management Committee

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

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

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

|  | 2023<br>£ | 2022<br>£ |
|--|-----------|-----------|
| Rent received from tenants on the Committee of Management and their close family members           | 19,004    | 9,398     |
| Income received from factored owners on the Committee of Management and their close family members | 629       | 535       |

At the year-end total rent arrears owed by the tenant members on the Committee of Management (and their close family) were £16 (2022: £nil).

At the year-end total arrears owed by the factored owner members on the Committee of Management (and their close family) were £nil (2022: £nil).

|  |   |   |
|--|---|---|
| Members of the Committee of Management who are tenants         | 4 | 3 |
| Members of the Committee of Management who are factored owners | 1 | 2 |

### Aspire Community Development Company Limited

Aspire Community Development Company Limited ('Aspire') is a wholly owned subsidiary of Rutherglen and Cambuslang Housing Association Limited ('the Association'). The Association rented out rooms in the Caledonian Centre in the year, generating income of £nil (2021-22: £nil) for Aspire. During the year, management charges of £500 (2021-22: £500) were recharged to Aspire by the Association for services rendered by the Director of the Association. £2,203 (2021-22: £3,200) of insurance costs incurred by the Association in relation to the Caledonian Centre were recharged to Aspire. £9,336 (2021-22: £9,043) in interest was charged by the Association on the balance due to it from Aspire. At 31 March 2023, £347,788 (2021-22: £370,748) was owed to the Association from Aspire. Aspire reimbursed the Association for invoices paid on its behalf totalling £7,370 (2021-22: £nil), Aspire also made loan repayments to the Association of £42,370 (2021-22: £nil).

## 24. 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 Aspire Business Centre, 16 Farmeloan Road, Rutherglen, South Lanarkshire, G73 1DL.

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

## 25. COMMITTEE OF MANAGEMENT MEMBER EMOLUMENTS

Committee of Management members received £113 (2022: £nil) in the year by way of reimbursement of expenses. No remuneration is paid to Committee of Management members in respect of their duties to the Association.

## 26. SHAPS PENSION PROVISION

|                                  | 2023<br>£        | 2022<br>£       |
|----------------------------------|------------------|-----------------|
| As at 1 April 2022               | (31,000)         | (560,000)       |
| Decrease/(increase) in Provision | <u>(155,000)</u> | <u>529,000</u>  |
| Balance as at 31 March 2023      | <u>(186,000)</u> | <u>(31,000)</u> |

The pension provision is equal to the deficit in the plan, arrived at by deducting the present value of defined benefit obligation from the fair value of plan assets – as detailed at note 25.

In the year to 31 March 2023, the deficit in the plan has increased due to the impact of actuarial losses on the defined benefit obligation.

## 27. RETIREMENT BENEFIT OBLIGATIONS

### Scottish Housing Associations' Pension Scheme

Rutherglen and Cambuslang Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'), the assets of which are held in a separate trustee administered fund. The Association has employees in the defined contribution scheme.

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

The last valuation of the Scheme was performed as at 30th September 2021 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the 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%). All Scheme members have agreed to make contributions towards the past service deficit.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

**27. RETIREMENT BENEFIT OBLIGATIONS (Continued)**

**Fair value of plan assets, present value of defined benefit obligation, and defined benefit asset (liability)**

|  | <b>2023</b>  | <b>2022</b> |
|--|--------------|-------------|
|  | <b>£000</b>  | <b>£000</b> |
| Fair value of plan assets                              |              |             |
| Present value of defined benefit obligation            | 3,201        | 5,297       |
| Surplus (deficit) in plan                              | 3,387        | 5,328       |
| Unrecognised surplus                                   | (186)        | (31)        |
| Defined benefit asset (liability) to be recognised     | -            | -           |
| Deferred tax   | (186)        | (31)        |
| Net defined benefit asset (liability) to be recognised | <u>-</u>     | <u>-</u>    |
|  | <u>(186)</u> | <u>(31)</u> |

**Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation**

|  | <b>2023</b>  | <b>2022</b>  |
|--|--------------|--------------|
|  | <b>£000</b>  | <b>£000</b>  |
| Defined benefit obligation at start of period                      | 5,328        | 5,510        |
| Current service cost   | -            | -            |
| Expenses   | 6            | 6            |
| Interest expense   | 146          | 120          |
| Member contributions   | -            | -            |
| Actuarial losses (gains) due to scheme experience                  | (429)        | 244          |
| Actuarial losses (gains) due to changes in demographic assumptions | (73)         | 17           |
| Actuarial losses (gains) due to changes in financial assumptions   | (1,408)      | (467)        |
| Benefits paid and expenses   | (183)        | (102)        |
| Liabilities acquired in a business combination                     | -            | -            |
| Liabilities extinguished on settlements                            | -            | -            |
| Losses (gains) on curtailments                                     | -            | -            |
| Losses (gains) due to benefit changes                              | -            | -            |
| Exchange rate changes  | -            | -            |
| Defined benefit obligation at end of period                        | <u>3,387</u> | <u>5,328</u> |

**27. RETIREMENT BENEFIT OBLIGATIONS (Continued)**
**Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets**

|   | 2023<br>£000 | 2022<br>£000 |
|---|--------------|--------------|
| Fair value of plan assets at start of period  | 5,297        | 4,950        |
| Interest income   | 147          | 109          |
| Experience on plan assets (excluding amounts included in interest income) - gain (loss) | (2,173)      | 155          |
| Employer contributions  | 113          | 185          |
| Member contributions  | -            | -            |
| Benefits paid and expenses  | (183)        | (102)        |
| Assets acquired in a business combination   | -            | -            |
| Assets distributed on settlements   | -            | -            |
| Exchange rate changes   | -            | -            |
| Fair value of plan assets at end of period  | <u>3,201</u> | <u>5,297</u> |
| Fair value of plan assets at start of period  |              |              |

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was (£2,025,000).

**Defined Benefit Costs Recognised in Statement of Comprehensive Income (SOCl)**

|  | 2023<br>£ | 2022<br>£ |
|--|-----------|-----------|
| Current Service Cost   | -         | -         |
| Expenses   | 6         | 6         |
| Net Interest Expense   | (1)       | 11        |
| Losses (Gains) on Business Combinations                                      | -         | -         |
| Losses (Gains) on Settlements  | -         | -         |
| Losses (Gains) on Curtailments   | -         | -         |
| Losses (Gains) due to Benefit Changes  | <u>5</u>  | <u>17</u> |
| Defined Benefit Costs Recognised in Statement of Comprehensive Income (SOCl) |           |           |

**Defined benefit costs recognised in Other Comprehensive Income (OCI)**

|   | 2023<br>£    | 2022<br>£  |
|---|--------------|------------|
| Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)   | (2,173)      | 155        |
| Experience gains and losses arising on the plan liabilities - gain (loss)   | 429          | (244)      |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)      | 73           | (17)       |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)        | 1,408        | 467        |
| Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)               | (263)        | 361        |
| Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss) | <u>-</u>     | <u>-</u>   |
| Total amount recognised in Other Comprehensive Income - gain (loss)   | <u>(263)</u> | <u>361</u> |

**27. RETIREMENT BENEFIT OBLIGATIONS (Continued)**

Actuarial gain/(loss) is a non-cash item that occurs due to changes in actuarial assumptions used by The Pensions Trust (TPT) for the Scottish Housing Associations' Pension Scheme (SHAPS). This figure can be subject to significant change year on year.

**Fair Value of Scheme Assets**

|                               | <b>2023</b>         | <b>2022</b>         |
|-------------------------------|---------------------|---------------------|
|                               | <b>£000</b>         | <b>£000</b>         |
| Global Equity                 | 85                  | 1,047               |
| Absolute Return               | 44                  | 243                 |
| Distressed Opportunities      | 99                  | 190                 |
| Credit Relative Value         | 122                 | 170                 |
| Alternative Risk Premia       | 18                  | 219                 |
| Emerging Markets Debt         | 25                  | 197                 |
| Risk Sharing                  | 233                 | 173                 |
| Insurance-Linked Securities   | 89                  | 111                 |
| Property                      | 133                 | 137                 |
| Infrastructure                | 345                 | 331                 |
| Private Debt                  | 143                 | 133                 |
| Opportunistic Illiquid Credit | 142                 | 176                 |
| High Yield                    | 16                  | 51                  |
| Opportunistic Credit          | -                   | 18                  |
| Cash                          | 13                  | 15                  |
| Corporate Bond Fund           | 4                   | 335                 |
| Liquid Credit                 | -                   | 34                  |
| Long Lease Property           | 107                 | 153                 |
| Secured Income                | 214                 | 283                 |
| Over 15 Year Gilts            | -                   | 2                   |
| Liability Driven Investment   | 1,356               | 1,281               |
| Currency Hedging              | 6                   | (19)                |
| Net Current Assets            | <u>7</u>            | <u>17</u>           |
| Total Assets                  | <b><u>3,201</u></b> | <b><u>5,297</u></b> |

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

**Key Assumptions**

|  | <b>2023</b>   | <b>2022</b>   |
|--|---------------|---------------|
|  | <b>% p.a.</b> | <b>% p.a.</b> |
| Discount Rate  | 4.86%         | 2.79%         |
| Inflation (RPI)  | 3.19%         | 3.54%         |
| Inflation (CPI)  | 2.77%         | 3.17%         |
| Salary Growth  | 3.77%         | 4.17%         |
| Allowance for commutation of pension for cash at retirement (% of maximum allowance) | 75%           | 75%           |

**27. RETIREMENT BENEFIT OBLIGATIONS (Continued)**

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies at age 65:

|                             | <b>2023</b> | <b>2022</b> |
|-----------------------------|-------------|-------------|
|                             | Years       | Years       |
| Male retiring in-year       | 20.5        | 21.6        |
| Female retiring in-year     | 23.0        | 23.9        |
| Male retiring in 30 years   | 21.7        | 22.9        |
| Female retiring in 30 years | 24.4        | 25.4        |

**Review of Historic Scheme Benefit Changes**

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, any historic benefit changes should take effect. The outcome of this review could give rise to an increase in scheme liabilities for some employers. The Scheme Trustee has determined that it is prudent to seek clarification from the Court on this matter. This process is ongoing, and the matter is unlikely to be resolved before late 2024 at the earliest.

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