



**Alexander Sloan**  
Accountants and Business Advisers

# **Southside Housing Association Limited**

Report and Financial Statements

For the year ended 31 March 2023

Registered Social Landlord No. HCB186

FCA Reference No. 1694R(S)

Scottish Charity No. SC036009

# **SOUTHSIDE HOUSING ASSOCIATION LIMITED**

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## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

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# **SOUTHSIDE HOUSING ASSOCIATION LIMITED**

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## **MANAGEMENT COMMITTEE, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2023**

### **MANAGEMENT COMMITTEE**

Alex Cameron	Chairperson
Margaret McIntyre	Vice Chairperson
Jonah Chireka	Secretary
Iain Dyer	
Betty Macneill	
Surjit Singh Chowdhary	
Bob Turnbull	(resigned 28 April 2022)
Munir Choudry	
Alison Devlin	
Ruth McCluskey	
Shirley Robison	
Liz Ely	(appointed 25 August 2022)
Elisa Campanaro	(co-opted – 27 October 2022)

### **EXECUTIVE OFFICERS**

Paul McVey	Chief Executive Officer (appointed 12 September 2022)
Patrick McGrath	Director (resigned 30 September 2022)
Norma Taylor	Deputy Chief Executive Officer
Mandy Wright	Director of Finance
Donna Reilly	Director of Property Services
Pauline Fletcher	Director of Housing & Communities (appointed 6 February 2023)

### **REGISTERED OFFICE**

135 Fifty Pitches Road  
Glasgow  
G51 4EB

### **EXTERNAL AUDITORS**

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

### **INTERNAL AUDITORS**

Wylie Bisset LLP  
166 Bath Street  
Glasgow  
G2 4TP

### **BANKERS**

Bank of Scotland  
464 Victoria Road  
Glasgow  
G42 8PB

### **SOLICITORS**

TC Young  
7 West George Street  
Glasgow  
G2 1BA

# **SOUTHSIDE HOUSING ASSOCIATION LIMITED**

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## **REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2023**

The Management Committee presents its report and the financial statements for the year ended 31 March 2023.

### **Legal Status**

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No. 1694R(S)), the Scottish Housing Regulator as a registered social landlord (No. HCB186) under the Housing (Scotland) Act 2010 and as is a registered Scottish Charity with the charity number SC036009.

### **Principal Activities**

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

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

The Association reported a surplus for the year of £1,566,895 (2021/22: £1,422,540).

The equity balance of £49,135,939 (2021/22: £47,710,028) is reported in the Statement of Financial Position (page 18).

### **Governing Body**

The Association's Governing Body is the Management Committee which meets monthly. At the AGM which was held in August 2022, a quarter of the Management Committee stood down in accordance with our rules and any members who had served for more than 9 consecutive years were subject to a review in accordance with the rules of the Association. All Committee members underwent an annual appraisal, again consistent with our rules and with the Regulatory Framework that we work to.

Alex Cameron was appointed as the new Chairperson of the Management Committee and Margaret McIntyre stepped down from this role and assumed the role as Vice Chairperson in September 2022.

Following a change in the role of the Neighbourhood Committees to a consultative one in 2021/22, a further decision was taken to disband the Neighbourhood Committees and they were removed from the Governing Body structure during 2022/23. The Association plans to carry out a complete review of its governance structure during 2023/24.

The Association has a complex network of Regulators but there was no significant engagement with any of our Regulators during 2022/23. The Senior Officer, Patrick McGrath, resigned from his post in September 2022. Following an Option Appraisal in March 2022 which approved the recruitment of a new Chief Executive, a recruitment process took place in early 2022/23. The new Chief Executive, Paul McVey was appointed in June 2022 and took up post in September 2022.



# SOUTHSIDE HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### **Performance as a Registered Landlord**

The last year has been one of spiralling costs, failing performance levels and availability of contractors and the significant cost of living increase affecting both the Association and our customers and communities.

With a change in leadership mid-way through the financial year, there has been a period of review and transition, understanding areas for improvement and noting areas of success.

The Association continued to invest in our existing homes and develop new properties throughout Glasgow's Southside.

We ended the year having carried out a comprehensive Tenant Satisfaction Survey across 50% of our tenant base, which has provided us with a clear mandate for action in specific areas – we will work on this in the months and years ahead.

This report will summarise the following areas through tables and narrative –

- Performance Outputs
- Investment in Homes
- Building and developing Homes
- Care and Repair
- Welfare Benefits and Money Advice

### ***Performance Outputs***

Table 1 below highlights a summary of our Performance Outputs reported in the ARC, across the last 5 years. This has been shown to highlight particularly the impact of the pandemic and also the performance levels which have dropped off incrementally over the years. There are a number of reasons for that, however the important action is to reverse the trend in most cases.

Work has commenced to realign our teams to ensure there is greater clarity and accountability over our performance and outputs. We have examined some of the key areas for improvement and are going through a procurement process in 2023 to appoint several new contractors to manage our reactive repairs and void maintenance services. In addition, we are making process changes internally to ensure we can implement improvements.

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

## REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Table 1 - Southside Housing Association – Annual Return on the Charter Performance

Indicator	2018/19	2019/20	2020/21	2021/22	2022/23	Scottish Average 2021/22
Gross Rent Arrears as a percentage of rent due	5.99%	5.91%	6.47%	6.56%	7.27%	4.09%
Average days to re-let properties	20.61 days	12.9 days	38.73 days	43.46 days	59.86 days	46.9 days
Percentage of rent due lost through empty properties	0.5%	0.33%	0.66%	0.87%	1.07%	1.36%
Percentage of tenancy offers refused	43.55%	30.8%	38.35%	49.65%	30.1%	25.68%
Percentage of new tenancies sustained for more than a year *All Lets*	93.1%	93.5%	92.1%	92.41%	90.63%	89.88%
Percentage of tenants satisfied with the quality of their home	84.57%	96%	96%	96%	77%	86.32%
Average hours taken to complete emergency repairs	1.97 hours	1.72 hours	1.99 hours	2.61 hours	3.53 hours	3.52 hours
Average hours taken to complete non-emergency repairs	4.25 days	3.98 days	2.81 days	4.32 days	8.5 days	8.69 days
Percentage of homes with gas safety record renewed by anniversary date	99.6%	100%	100%	99.81%	100%	-
Percentage of reactive repairs completed right first time	90.62%	91.05%	96.68%	90.82%	70.6%	87.41%
Percentage of tenants satisfied with the repairs service	93.7%	90.6%	-	62.8%	71%	88.25%
Percentage of self-contained properties that meet SHQS	85.02%	81.35%	74.76%	71.46%	64.38%	78.18%
Percentage of self-contained properties meeting EESSH	89.4%*	79.6%	84.4%	81.6%	83.1%	92.43%
Percentage of Stage 1 and Stage 2 complaints responded to in full	S1 – 101.92% S2 – 100%	S1 – 98.77% S2 – 95.45%	S1 – 88% S2 – 91.67%	S1 – 94.64% S2 – 88.24%	S1 – 97.21% S2 – 96.49%	S1 – 96.76% S2 – 93.79%
Average time in working days for a full response to complaints at Stage 1 and Stage 2	Not Recorded	S1 – 3.44 days S2 – 20.05 days	S1 – 5.8 days S2 – 31.82	S1 – 8.93 days S2 – 10.57 days	S1 – 5.6 days S2 – 17.53 days	S1 – 4.41 days S2 – 17.16 days



# SOUTHSIDE HOUSING ASSOCIATION LIMITED

## REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### *Investing in Homes*

Despite investment in our housing stock, our compliance rate for SHQS has reduced to 64.38% - and this is in the main due to our contractor's inability to administer the EICR (Electrical Installation Certificate Report) contract accordingly, leading to a withdrawal from service. As a result we have gone through a procurement exercise and are engaged in 23/24 to address these failures with new contractors' on board.

While reporting on EESSH is suspended due to the review of EESSH2 which is ongoing, we are now reporting 83.1% compliance with EESSH1 which is an improvement from last year.

This again has been a challenging year due to rise in construction cost, high inflation rates, cost of living crisis and legacy of the pandemic. Despite these challenges we continued to invest in our homes to keep them well maintained, safe, secure and energy efficient.

Table 2 below details our planned investment works completed in 2022- 2023 which assisted us in achieving SHQS and EESSH compliance in a number of our properties which were failing in last financial year.

**Table 2**

<b>Project</b>	<b>Addresses</b>	<b>No. of Properties</b>	<b>Cost</b>
Gas Boiler Replacements	Ad-hoc	7	£14,388.02
Full Central Heating Systems	Maxwell Grove & Gardens	25	£99,851.38
EPC Survey Works	Various	117	£29,870.52
Glazing Screens thermal improvement	27 – 31 St Andrews Drive, 21-39 St Andrews Crescent, Swinton Place & Invergyle Drive	114	£60,333.57
Kitchen Replacement	Ad-Hoc	2	£13,174.64
Rewiring	Ad-hoc	1	£3,720.00
Smoke & Heat Alarm Replacement	Various	330	£200,716.02
Windows	Ad-hoc	2	£9,000
Bathrooms	Ad-hoc	2	£7,649.88
<b>Grand Total</b>			<b>£439,122.67</b>

### *Building and Developing Homes for the Future*

Southside HA continued their long standing tradition of building and developing homes for the future – witnessing completions in Allison Street and Niddrie Road last year and anticipating further completions in St Andrew Drive and Strathbungo East in the year ahead. Details contained in Table 3 below.

Both of the developments completed this year have been selected for awards mainly due to innovation and design, with the property at Niddrie Road attracting national interest as a result of the retrofit requirements to a traditional tenemental block – the performance of these properties are being measured and quantified by academics and the results will be of interest across the housing, building and energy related sectors.

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

## REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

**Table 3 – New Homes**

Project	Rent	MMR	Sh Eq	Other	Grant Funding	SHA Funding	Completion
43 Allison Street	33	16		1	£ 4.038	£ 3.387	May 2022
107 Niddrie Road	8				£ 0.806	£ 0.488	Nov 2022
St Andrews Dr Phase 2	59		17		£ 9.125	£ 4.980	June 2023
St Andrews Dr Phase 3	32		12		£ 5.038	£ 2.240	July 2023
Strathbungo Ph 2	27				£ 2.856	£ 1.348	July 2023
640 Pollokshaws Road	50				£ 6.995	£ 4.024	Feb 2025
<b>TOTAL</b>	<b>209</b>	<b>16</b>	<b>29</b>	<b>1</b>	<b>£ 28.858</b>	<b>£ 16.467</b>	

### Care and Repair

The Association is the Managing Agent for Glasgow Care & Repair. The Service carries out a range of small repairs, minor adaptations and housing support type tasks for older and disabled home owners and private rented tenants (PRT's) and for older and disabled tenants of partner housing associations, including Southside Housing Association. The service underwent a major service review with funding partners Glasgow City Council (GCC) and the Health and Social Care Partnership (HSCP) in 2021. Long term funding agreement from the HSCP resulted in delayed resolution of the review. A funding award has now been approved for the increased contribution for up to 2 years. A full report on the funding and outputs from the service is provided to partners twice annually. Table 4 below provides a breakdown of the numbers and types of jobs carried out by Care and Repair for older and disabled tenants of SHA.

**Table 4 Handyperson Service for SHA Tenants**

Job Category	Apr - Oct 22	Oct 22 - Mar 23	Total
Joinery	58	71	129
Electrical	5	8	13
Plumber	4	1	5
Minor Adaptations	0	0	0
Keysafes	1	17	18
Safety/Security	3	0	3
Home	32	36	68
Lower Thresholds	0	2	2
Internal Accessibility	0	0	0
Grab Rails	3	9	12
Doors/Windows	0	0	0
Advice from HP	3	2	5
Signpost from Office	2	6	8
<b>Total No. Job Tasks</b>	<b>111</b>	<b>152</b>	<b>263</b>



# SOUTHSIDE HOUSING ASSOCIATION LIMITED

## REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### Advice Services

Southside continues to provide specialist Welfare Rights and Money Advice services to our own residents, and to other Housing Associations and Community organisations. Tables 5 & 6 below detail the volume of cases, and financial gains for tenants (please note the financial gains are an interim figure for 2022/2023 as they are still being collated).

**Table 5 Caseload & Financial outcomes: Benefits & Grants**

Client Details Count Number of Households	Case Details Count Number of Cases	Financial Gains Sum Calculated Financial Gain
1655	4335	£1,913,723.17

**Table 6: Breakdown of financial outcomes per Housing Association or service**

Case Funding Sources Funding Source	Case Details Count Number of Cases	Financial Gains Sum Calculated Financial Gain
Care & Repair	12	£3,109.83
Cathcart	545	£314,098.18
Community	116	£38,299.48
Craigdale HA	368	£183,710.46
Govanhill HA	107	£4,440.00
New Gorbals	232	£20,122.65
SFHA Fuel voucher project	24	£960.00
SGDLF	10	£4,425.74
Southside	2910	£1,339,752.03
The Well	11	£4,804.80
<b>Report Total</b>	<b>4335</b>	<b>£1,913,723.17</b>

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

## REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### Money Advice

In addition to help with benefits and grants, the Association has a FCA registered Debt advice service, which has a current live caseload of 152, and manages a total debt of £2,448,852. In 2022/2023 the service assisted tenants to get £160,202 of debt written off. Table 7 details new cases per Housing Association or service

Table 7. New Money Advice Cases for year 2022/2023

Case Funding Sources Funding Source	Case Details Count Number of Cases
Care & Repair	9
Cathcart	5
Craigdale HA	3
New Gorbals	10
Southside	19
<b>Report Total</b>	<b>46</b>

In 2022/2023 the Advice Service, in response to the cost of living crisis, ran 2 Fuel Voucher projects, funded by the Energy Savings Trust and the Scottish Government, which provided over 2000 vouchers, with a value of £95k to tenants with prepayment meters who were struggling to heat their homes. These projects were run alongside an uptake campaign for Scottish Government Home Heating Grants to assist tenants with dry meters who were in debt or struggling with payments, 85 households were assisted and grants awarded totalled over £50k.

In addition 2 food voucher projects, funded by the National Lottery and the Scottish Government Winter hardship fund, provided 1300 ASDA gift cards, with a total value of £50k to households struggling with the increased cost of food.

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2023

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

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

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

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

### **Statement of Management Committee's Responsibilities**

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

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

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

### **Going Concern**

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



# **SOUTHSIDE HOUSING ASSOCIATION LIMITED**

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## **REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2023**

### **Statement on Internal Financial Control**

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

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

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

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

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

### **Donations**

During the year the Association made charitable donations of £5,195 (2022 - £500).

### **Disclosure of Information to the Auditor**

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

# **SOUTHSIDE HOUSING ASSOCIATION LIMITED**

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## **REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2023**

### **Auditor**

A resolution to reappoint the Auditors, Alexander Sloan, Accountants and Business Advisers, will be proposed at the Annual General Meeting.

**By order of the Management Committee**

**JONAH CHIREKA**

Secretary

4/8/2023

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

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## REPORT BY THE AUDITORS TO THE MEMBERS OF SOUTHSIDE HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed your statement on page 10 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

### **Basis of Opinion**

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

### **Opinion**

In our opinion the Statement of Internal Financial Control on page 10 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

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

**ALEXANDER SLOAN**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
4/8/2023





# SOUTHSIDE HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHSIDE HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (continued)

### Opinion

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

In our opinion the financial statements:

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

### Basis of Opinion

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

### Conclusions relating to going concern

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

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

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

### Other Information

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



# **SOUTHSIDE HOUSING ASSOCIATION LIMITED**

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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHSIDE HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

### **Other Information (Contd.)**

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 require us to report to you if, in our opinion:

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

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

As explained more fully in the statement of Management Committee's responsibilities as set out on page 9, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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:



# SOUTHSIDE HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHSIDE HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (continued)

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Association through discussions with the Management Committee and other management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Association's Assurance Statement and associated supporting information; and
- reviewing correspondence with the Scottish Housing Regulator.



# SOUTHSIDE HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHSIDE HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (continued)

### **The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)**

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

### **Description of the 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 aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

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

### **Use of our Report**

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

**ALEXANDER SLOAN**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
4/8/2023



# SOUTHSIDE HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023		2022	
		£	£	£	£
Revenue	2		14,837,768		14,057,198
Operating costs	2		13,218,080		12,617,818
<b>OPERATING SURPLUS</b>			<b>1,619,688</b>		<b>1,439,380</b>
Gain on sale of housing stock	7	143,130		-	
Release of negative goodwill	14	111,000		111,000	
Exceptional item	28	-		(8,234)	
Interest receivable and other income		-		63	
Interest payable and similar charges	8	(316,923)		(101,669)	
Other Finance income/(charges)	11	10,000		(18,000)	
			(52,793)		(16,840)
Surplus on ordinary activities before taxation	9		1,566,895		1,422,540
<b>SURPLUS FOR THE YEAR</b>			<b>1,566,895</b>		<b>1,422,540</b>
<b>Other comprehensive income</b>					
Actuarial gains/(losses) on defined benefit pension plan	21		(141,000)		601,000
<b>TOTAL COMPREHENSIVE INCOME</b>			<b>1,425,895</b>		<b>2,023,540</b>

The results relate wholly to continuing activities.

The notes on pages 21 to 45 form an integral part of these financial statements.



# SOUTHSIDE HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2023		2022	
		£	£	£	£
<b>NON-CURRENT ASSETS</b>					
Housing properties - depreciated cost	12		137,317,999		122,869,912
Other tangible assets	12		1,777,960		1,857,823
Intangible assets	12		340,643		388,686
Investments	13		1		1
			139,436,603		125,116,422
Negative goodwill	14		(4,220,824)		(4,331,824)
<b>CURRENT ASSETS</b>					
Receivables	15	2,398,283		3,093,583	
Other Current Assets	16	806		97,305	
Cash and cash equivalents	17	5,048,299		3,675,878	
		7,447,388		6,866,766	
<b>CREDITORS: Amounts falling due within one year</b>	18	(5,664,989)		(5,512,215)	
<b>NET CURRENT ASSETS</b>			1,782,399		1,354,551
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			136,998,178		122,139,149
<b>CREDITORS: Amounts falling due after more than one year</b>	19		(9,102,812)		(1,284,268)
<b>PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Scottish housing association pension scheme	21	(191,000)		(76,000)	
			(191,000)		(76,000)
<b>DEFERRED INCOME</b>					
Social housing grants	22	(78,489,812)		(72,990,239)	
Other grants	22	(78,615)		(78,615)	
		(78,568,427)		(73,068,854)	
<b>NET ASSETS</b>			49,135,939		47,710,027
<b>EQUITY</b>					
Share capital	23		240		223
Revenue reserves			49,326,699		47,785,804
Pension reserves			(191,000)		(76,000)
			49,135,939		47,710,027

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on 4/8/2023

**Committee Member**

**Committee Member**

**Secretary**

The notes on pages 21 to 45 form an integral part of these financial statements.

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

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

	Notes	2023		2022	
		£	£	£	£
<b>Surplus for the Year</b>			1,566,895		1,422,540
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets	12	3,032,234		2,897,115	
Amortisation of intangible assets	12	119,899		86,126	
Amortisation of capital grants	22	(1,688,271)		(1,622,054)	
Release of negative goodwill	14	(111,000)		(111,000)	
Non-cash adjustments to pension provisions		(26,000)		(38,367)	
			1,326,862		1,211,820
Interest receivable			-		(63)
Interest payable	8		316,923		101,669
<b>Operating cash flows before movements in working capital</b>			3,210,680		2,735,965
Change in stock		35,999		(36,805)	
Change in properties developed for resale		60,500		60,626	
Change in debtors		695,300		(1,595,109)	
Change in creditors		548,743		991,710	
			1,340,542		(579,578)
<b>Net cash inflow from operating activities</b>			4,551,222		2,156,388
<b>Investing Activities</b>					
Acquisition and construction of properties		(17,494,528)		(16,102,181)	
Purchase of Intangible Fixed Assets		(71,856)		(129,526)	
Purchase of other fixed assets		(37,283)		(68,732)	
Social housing grant received		6,852,342		13,964,366	
Social housing grant repaid		(17,977)		(864,290)	
Proceeds on disposal of housing properties		69,413		(278,287)	
<b>Net cash outflow from investing activities</b>			(10,699,889)		(3,478,650)
<b>Financing Activities</b>					
Interest received on cash and cash equivalents		-		63	
Interest paid on loans		(316,923)		(101,669)	
Loan principal repayments		7,837,994		(182,767)	
Share capital issued	23	17		21	
<b>Net cash inflow / (outflow) from financing activities</b>			7,521,088		(284,352)
<b>Increase/(decrease) in cash</b>	24		1,372,421		(1,606,614)
<b>Opening cash &amp; cash equivalents</b>			3,675,878		5,282,492
<b>Closing cash &amp; cash equivalents</b>			<b>5,048,299</b>		<b>3,675,878</b>
<b>Cash and cash equivalents as at 31 March</b>					
Cash	24		5,048,299		3,675,878
			<b>5,048,299</b>		<b>3,675,878</b>

The notes on pages 21 to 45 form an integral part of these financial statements.



# SOUTHSIDE HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2023

	Share Capital	Srathclyde Pension Reserve	Scottish Housing Association Pension Reserve	Revenue Reserve	Total
	£	£	£	£	£
Balance as at 31 March 2021	202	(189,000)	(526,367)	46,401,630	45,686,465
Issue of Shares	21	-	-	-	21
Other comprehensive income	-	273,000	328,000	-	601,000
Other movements	-	(84,000)	122,367	(38,367)	-
Surplus for the year	-	-	-	1,422,540	1,422,540
<b>Balance as at 31 March 2022</b>	<b>223</b>	<b>-</b>	<b>(76,000)</b>	<b>47,785,804</b>	<b>47,710,027</b>
Balance as at 1 April 2022	223	-	(76,000)	47,785,804	47,710,027
Issue of Shares	17	-	-	-	17
Other comprehensive income	-	41,000	(182,000)	-	(141,000)
Other movements	-	(41,000)	67,000	(26,000)	-
Surplus for the year	-	-	-	1,566,895	1,566,895
<b>Balance as at 31 March 2023</b>	<b>240</b>	<b>-</b>	<b>(191,000)</b>	<b>49,326,699</b>	<b>49,135,939</b>

The notes on pages 21 to 45 form an integral part of these financial statements.

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

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

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Statement of Compliance and Basis of Accounting

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

#### Revenue

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

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

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

#### Retirement Benefits

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

#### Going Concern

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



# SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

### Housing Properties

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

<i>Component</i>	<i>Useful Economic Life</i>
Windows	30 years
Kitchen	15 years
Bathroom	20 years
Central Heating	20 years
Boilers	15 years
Rewiring	25 years
Lift Installation	25 years
Structure	50 years
CCTV	10 years

### Depreciation and Impairment of Other Tangible Assets

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

<i>Asset Category</i>	<i>Depreciation Rate</i>
Office Premises	2%
Furniture and Fittings	33%
Computer & Office Equipment	20%-33%
Motor vehicles	20%

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

### Social Housing Grants and Other Capital Grants

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

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

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

### Sales Of Housing Properties

Disposals under shared equity schemes are accounted for in the statement of comprehensive income. Unsold shared equity properties are included within current assets net of grant received.

### Taxation

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

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

#### **Leases**

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

#### **Works to Existing Properties**

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

#### **Capitalisation Of Development Overheads**

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

#### **Borrowing Costs**

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

#### **Property Development Cost**

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a non-current asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income.

Property developments that are intended for resale are included in current assets until disposal.

#### **Negative Goodwill**

Negative goodwill created through acquisition is written off to the Statement of Comprehensive Income as the non-cash assets acquired are depreciated or sold.

#### **VAT**

The Association is VAT registered but the substantial proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.



# SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

### Financial Instruments - Basic

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

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

### Cash and Liquid Resources

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

### Impairment

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

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

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

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

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

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

#### Key Judgements

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

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

##### *b) Identification of cash generating units*

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

##### *c) Financial instrument break clauses*

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

##### *d) Pension Liability*

The Association participated in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method. Judgements relating to the benefits issue are included in Note 31.

#### Estimation Uncertainty

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

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

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

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

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

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

##### *d) Costs of shared ownership*

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

##### *e) Defined pension liability*

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



# SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

	Notes	2023			2022		
		Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	13,412,832	11,726,298	1,686,534	12,846,231	11,329,741	1,516,490
Other Activities	4	1,424,936	1,491,782	(66,846)	1,210,967	1,288,077	(77,110)
<b>Total</b>		<b>14,837,768</b>	<b>13,218,080</b>	<b>1,619,688</b>	<b>14,057,198</b>	<b>12,617,818</b>	<b>1,439,380</b>

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2023 Total £	2022 Total £
<b>Revenue from Lettings</b>					
Rent receivable net of service charges	10,285,956	1,128,982	224,051	11,638,989	11,024,428
Service charges receivable	306,001	15,564	3,113	324,678	395,819
<b>Gross income from rent and service charges</b>	<b>10,591,957</b>	<b>1,144,546</b>	<b>227,164</b>	<b>11,963,667</b>	<b>11,420,247</b>
Less: Rent losses from voids	239,106	-	-	239,106	196,070
<b>Income from rents and service charges</b>	<b>10,352,851</b>	<b>1,144,546</b>	<b>227,164</b>	<b>11,724,561</b>	<b>11,224,177</b>
Grants released from deferred income	1,688,271	-	-	1,688,271	1,622,054
<b>Total turnover from affordable letting activities</b>	<b>12,041,122</b>	<b>1,144,546</b>	<b>227,164</b>	<b>13,412,832</b>	<b>12,846,231</b>
<b>Expenditure on affordable letting activities</b>					
Management and maintenance administration	4,612,705	510,189	102,038	5,224,932	5,004,265
Service costs	796,279	109,267	21,852	927,398	392,391
Planned and cyclical maintenance, including major repairs	484,103	32,621	6,524	523,248	1,730,430
Reactive maintenance costs	1,684,425	177,342	35,469	1,897,236	1,505,601
Bad Debts - rents and service charges	55,403	6,298	1,260	62,961	181,586
Depreciation of affordable let properties	2,999,072	-	91,451	3,090,523	2,515,468
<b>Operating costs of affordable letting activities</b>	<b>10,631,987</b>	<b>835,717</b>	<b>258,594</b>	<b>11,726,298</b>	<b>11,329,741</b>
<b>Operating surplus on affordable letting activities</b>	<b>1,409,135</b>	<b>308,829</b>	<b>(31,430)</b>	<b>1,686,534</b>	<b>1,516,490</b>
<b>2022</b>	<b>1,282,658</b>	<b>220,780</b>	<b>13,052</b>		

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating surplus / (deficit) 2023	Operating surplus / (deficit) 2022
	£	£	£	£	£	£	£	£	£
Wider role activities	-	69,993	-	-	69,993	-	95,602	(25,609)	5,203
Care and repair	244,407	-	70,228	7,807	322,442	-	359,177	(36,735)	82,752
Support activities	7,000	722,506	-	-	729,506	-	123,124	606,382	32,059
Subsidiary	-	-	-	55,000	55,000	-	-	55,000	101,256
Other activities	-	62,261	-	89,805	152,066	-	397,107	(245,041)	(133,653)
Commercial Leases	-	-	-	53,285	53,285	-	-	53,285	33,040
Development Costs	-	40,000	-	2,644	42,644	-	518,772	(474,128)	(197,767)
<b>Total From Other Activities</b>	<b>251,407</b>	<b>894,760</b>	<b>70,228</b>	<b>208,541</b>	<b>1,424,936</b>	<b>-</b>	<b>1,491,782</b>	<b>(66,846)</b>	<b>(77,110)</b>
<b>2022</b>	<b>344,170</b>	<b>476,679</b>	<b>52,757</b>	<b>337,361</b>	<b>1,210,967</b>	<b>-</b>	<b>1,288,077</b>	<b>(77,110)</b>	



# SOUTHSIDE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5. OFFICERS' EMOLUMENTS

	2023 £	2022 £
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee,		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	68,796	139,097
Pension contributions made on behalf on Officers with emoluments greater than £60,000	17,071	47,325
Emoluments payable to Directors during the year (excluding pension contrib	71,457	73,190
Pension contributions paid on behalf of Directors	40,486	30,966
Total emoluments payable to Directors	111,943	104,156
Total emoluments paid to key management personnel	408,502	408,158

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

	Number	Number
£70,001 to £80,000	-	2
£80,001 to £90,000	3	2
£100,001 to £110,000	-	1
£110,001 to £120,000	1	

### 6. EMPLOYEE INFORMATION

	2023 No.	2022 No.
Average monthly number of full time equivalent persons employed during	96	93
Average total number of employees employed during the year	110	105
Staff costs were:	£	£
Wages and salaries	3,035,308	2,986,680
National insurance costs	308,884	289,383
Pension costs	652,742	573,538
Temporary, agency and seconded staff	1,037	47,137
	3,997,971	3,896,738

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 7. GAIN ON SALE OF HOUSING STOCK

	2023	2022
	£	£
Sales proceeds	166,009	-
Cost of sales	<u>22,879</u>	<u>-</u>
Gain on sale of housing stock	<u>143,130</u>	<u>-</u>

## 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2023	2022
	£	£
On bank loans and overdrafts	246,933	14,169
Non-utilisation fees	<u>69,990</u>	<u>87,500</u>
	<u>316,923</u>	<u>101,669</u>

## 9. SURPLUS FOR THE YEAR

	2023	2022
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	3,032,233	2,897,115
Auditors' remuneration - audit services	25,000	18,000
Operating lease rentals - other	<u>3,503</u>	<u>19,979</u>

## 10. CORPORATION TAX

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
	£	£
Net interest on pension obligations	<u>10,000</u>	<u>(18,000)</u>



# SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
<b>COST</b>				
At 1 April 2022	130,622,092	36,130,495	4,277,364	171,029,951
Additions	59,340	17,373,247	-	17,432,587
Disposals	(68,506)	(59,339)	-	(127,845)
Transfers	7,182,596	(7,123,361)	(59,235)	-
At 31 March 2023	<u>137,795,522</u>	<u>46,321,042</u>	<u>4,218,129</u>	<u>188,334,693</u>
<b>DEPRECIATION</b>				
At 1 April 2022	47,324,888	-	835,151	48,160,039
Charge for Year	2,824,126	-	90,961	2,915,087
Transfers	-	-	-	-
Disposals	(45,626)	-	(12,806)	(58,432)
At 31 March 2023	<u>50,103,388</u>	<u>-</u>	<u>913,306</u>	<u>51,016,694</u>
<b>NET BOOK VALUE</b>				
At 31 March 2023	<u>87,692,134</u>	<u>46,321,042</u>	<u>3,304,823</u>	<u>137,317,999</u>
At 31 March 2022	<u>83,297,204</u>	<u>36,130,495</u>	<u>3,442,213</u>	<u>122,869,912</u>

Expenditure on Existing Properties	2023		2022	
	Component replacement £	Improvement £	Component replacement £	Improvement £
Amounts capitalised	273,129	-	2,866,748	-
Amounts charged to the statement of comprehensive income	-	2,420,484	-	3,236,031
	<u>273,129</u>	<u>2,420,484</u>	<u>2,866,748</u>	<u>3,236,031</u>

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carry value of £26,733,998 (2022 - £28,190,198)

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (continued)

12. NON CURRENT ASSETS (continued)					
(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Motor Vehicles £	Commerical Property £	Total £
<b>COST</b>					
At 1 April 2022	2,530,389	140,702	122,032	425,552	3,218,675
Additions	-	5,123	32,160	-	37,283
At 31 March 2023	<u>2,530,389</u>	<u>145,825</u>	<u>154,192</u>	<u>425,552</u>	<u>3,255,958</u>
<b>DEPRECIATION</b>					
At 1 April 2022	1,018,029	76,640	74,413	191,770	1,360,852
Charge for year	49,813	38,092	20,740	8,501	117,146
At 31 March 2023	<u>1,067,842</u>	<u>114,732</u>	<u>95,153</u>	<u>200,271</u>	<u>1,477,998</u>
<b>NET BOOK VALUE</b>					
At 31 March 2023	<u>1,462,547</u>	<u>31,093</u>	<u>59,039</u>	<u>225,281</u>	<u>1,777,960</u>
At 31 March 2022	<u>1,512,360</u>	<u>64,062</u>	<u>47,619</u>	<u>233,782</u>	<u>1,857,823</u>

12. (c) Intangible assets	Website & Software £	Total £
<b>COST</b>		
At 1 April 2022	561,134	561,134
Additions	71,856	71,856
At 31 March 2023	<u>632,990</u>	<u>632,990</u>
<b>AMORTISATION</b>		
At 1 April 2022	172,448	172,448
Charge for year	119,899	119,899
At 31 March 2023	<u>292,347</u>	<u>292,347</u>
<b>NET BOOK VALUE</b>		
At 31 March 2023	<u>340,643</u>	<u>340,643</u>
At 31 March 2022	<u>388,686</u>	<u>388,686</u>



# SOUTHSIDE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 13. FIXED ASSET INVESTMENTS

	2023	2022
	£	£
Subsidiary undertakings	1	1

#### Subsidiary Undertakings

Southside Housing Association Limited has the following wholly owned subsidiary undertakings. The registered office of the subsidiary is ,135 Fifty Pitches Road,Glasgow.

	Share Capital	2023		2022	
		Unaudited	Profit / (Loss)	Audited	Profit / (Loss)
		Reserves	(Loss)	Reserves	(Loss)
		£	£	£	£
Southside Factoring and Related Services Ltd	100%	257,751	188,638	69,113	54,505

### 14. NEGATIVE GOODWILL

	2023	2022
	£	£
At 1 April 2022	4,331,824	4,442,824
Released during the year to the statement of comprehensive income	(111,000)	(111,000)
At 31 March 2023	4,220,824	4,331,824

### 15. RECEIVABLES

	2023	2022
	£	£
Gross arrears of rent and service charges	1,302,787	811,890
Less: Provision for doubtful debts	(611,764)	(610,665)
<i>Net arrears of rent and service charges</i>	691,023	201,225
Other receivables	1,479,008	2,802,801
Amounts due from group undertakings	228,252	89,557
	2,398,283	3,093,583

### 16. OTHER CURRENT ASSETS

	2023	2022
	£	£
Shared equity properties for sale	-	60,500
Stock of maintenance materials	806	36,805
	806	97,305

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 17. CASH AND CASH EQUIVALENTS

	2023	2022
	£	£
Cash at bank and in hand	<u>5,048,299</u>	<u>3,675,878</u>

## 18. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Bank loans	151,856	132,406
Trade payables	700,480	1,858,938
Rent received in advance	1,183,422	586,721
Social housing grant in advance	734,939	1,088,418
Other taxation and social security	89,607	94,756
Other payables	914,866	524,024
Accruals and deferred income	1,889,819	1,226,952
	<u>5,664,989</u>	<u>5,512,215</u>

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

	2023	2022
	£	£
Bank loans	9,102,812	1,284,268
	<u>9,102,812</u>	<u>1,284,268</u>

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 20. DEBT ANALYSIS - BORROWINGS

	2023	2022
	£	£
<b>Bank Loans</b>		
Amounts due within one year	151,856	132,406
Amounts due in one year or more but less than two years	133,066	142,145
Amounts due in two years or more but less than five years	8,399,179	392,782
Amounts due in more than five years	570,567	749,341
	<u>9,254,668</u>	<u>1,416,674</u>

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

<i>Lender</i>	<i>Number of Properties Secured</i>	<i>Interest Rate</i>	<i>Maturity (Year)</i>	<i>Variable or Fixed</i>
Bank of Scotland	26	BOE + 0.3%	2029	Variable
Nationwide Building Society	150	BOE + 0.4%	2034	Variable
Nationwide Building Society	82	BOE + 0.4%	2038	Variable
Handelsbanken	733	SONIA + 1.1%	2024	Variable

BOE means the Bank of England Base Rate. SONIA means the Sterling Overnight Index Average.

The Bank of Scotland and Nationwide bank loanw are repayable on a monthly basis with the principal being amortised over the term of the loans.

The Handelsbanken loan is repayable in three months from drawdown but can be extended by the Association every three months up to the maturity date. The intention of the Association is for it to not be repayable until the maturity date and that is the date that is shown in the above maturity analysis.

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

	2023	2022
	£	£
Due to lenders At 31 March 2023	9,481,451	1,648,399
Effective interest rate adjustment	(226,783)	(231,725)
	<u>9,254,668</u>	<u>1,416,674</u>



# SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 21. RETIREMENT BENEFIT OBLIGATIONS

### Scottish Housing Association Pension Scheme

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

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

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

The last valuation of the Scheme was performed as at 30 September 2021 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at 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%).

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

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

	2023	2022	2021
	£	£	£
Fair value of plan assets	3,361,000	4,950,000	4,710,000
Present value of defined benefit obligation	3,552,000	5,026,000	5,236,000
Surplus / (deficit) in plan	(191,000)	(76,000)	(526,000)
Unrecognised surplus	-	-	-
Defined benefit asset / (liability) to be recognised	(191,000)	(76,000)	(526,000)

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 21. RETIREMENT BENEFIT OBLIGATIONS (continued)

### Scottish Housing Association Pension Scheme (continued.)

#### Reconciliation of opening and closing balances of the defined benefit obligation

	2023	2022
	£	£
Defined benefit obligation at the start of period	5,026,000	5,236,000
Expenses	4,000	4,000
Interest expense	139,000	112,000
Actuarial losses (gains) due to scheme experience	(132,000)	126,000
Actuarial losses (gains) due to changes in demographic assumptions	(77,000)	16,000
Actuarial losses (gains) due to changes in financial assumptions	(1,316,000)	(414,000)
Benefits paid and expenses	(92,000)	(54,000)
Defined benefit obligation at the end of period	<u>3,552,000</u>	<u>5,026,000</u>

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

	2023	2022
	£	£
Fair value of plan assets at start of period	4,950,000	4,710,000
Interest income	138,000	102,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(1,707,000)	56,000
Contributions by the employer	72,000	136,000
Benefits paid and expenses	(92,000)	(54,000)
Fair value of plan assets at the end of period	<u>3,361,000</u>	<u>4,950,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was (£1,569,000).

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 21. RETIREMENT BENEFIT OBLIGATIONS (continued)

### Scottish Housing Association Pension Scheme (continued.)

#### Defined benefit costs recognised in the statement of comprehensive income

	2023	2022
	£	£
Current service cost	-	-
Expenses	4,000	4,000
Net interest expense	1,000	10,000
	<u>5,000</u>	<u>14,000</u>
Defined benefit costs recognised in statement of comprehensive income	5,000	14,000

#### income

	2023	2022
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	(1,707,000)	56,000
Experience gains and losses arising on plan liabilities - gain /(loss)	132,000	(126,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	77,000	(16,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	1,316,000	414,000
	<u>(182,000)</u>	<u>328,000</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	(182,000)	328,000
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	-	-
	<u>(182,000)</u>	<u>328,000</u>
Total amount recognised in other comprehensive income - gain (loss)	(182,000)	328,000



# SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

## 21. RETIREMENT BENEFIT OBLIGATIONS (continued)

### Scottish Housing Association Pension Scheme (continued.)

#### Assets

	2023	2022	2021
	£	£	£
Absolute Return	46,000	227,000	232,000
Alternative Risk Premia	19,000	204,000	189,000
Corporate Bond Fund	4,000	313,000	355,000
Credit Relative Value	128,000	159,000	136,000
Distressed Opportunities	103,000	177,000	161,000
Emerging Markets Debt	26,000	184,000	190,000
Global Equity	89,000	979,000	729,000
Currency Hedging	6,000	(18,000)	-
Infrastructure	362,000	309,000	263,000
Insurance-Linked Securities	94,000	104,000	98,000
Liability Driven Investment	1,423,000	1,198,000	1,133,000
Long Lease Property	113,000	143,000	109,000
Net Current Assets	8,000	16,000	35,000
Over 15 Year Gilts	-	2,000	2,000
Private Debt	150,000	125,000	111,000
Property	140,000	128,000	84,000
Risk Sharing	245,000	161,000	168,000
Secured Income	225,000	264,000	259,000
Opportunistic Illiquid Credit	149,000	164,000	121,000
Liquid Credit	-	32,000	81,000
High Yield	17,000	48,000	123,000
Opportunistic Credit	-	17,000	129,000
Cash	14,000	14,000	2,000
Total assets	3,361,000	4,950,000	4,710,000

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

#### Key Assumptions

	2023	2022	2021
Discount Rate	4.9%	2.8%	2.2%
Inflation (RPI)	3.2%	3.6%	3.3%
Inflation (CPI)	2.7%	3.2%	2.9%
Salary Growth	3.7%	4.2%	3.9%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance		

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

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

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 21. RETIREMENT BENEFIT OBLIGATIONS (continued)

### Strathclyde Pension Fund Defined Benefit Scheme Defined Benefit

Pension Fund Defined Benefit Scheme, the assets of which are held in a separate trustee administered fund.

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.

The following figures are prepared by the Actuaries in accordance with their understanding of FRS 102 and Guidance Note 36: Accounting for Retirement Benefits under FRS 102 issued by the Institute and Faculty of Actuaries.

### Principal Actuarial Assumptions

Assumptions as at 31 March	2023 %p.a.	2022 %p.a.	2021 %p.a.
Pension Increase Rate (CPI)	2.95	3.20	2.85
Salary Increase Rate	3.65	3.90	3.55
Discount Rate	4.75	2.70	2.00

### Members of the Scheme

	2023 No	2022 No
Employee members	16	16
Deferred pensioners	4	4
Pensioners	8	8
	<u>28</u>	<u>28</u>

### Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period as follows:

Asset Class	2023 % p.a.	2022 % p.a.	2021 % p.a.
Equities	60%	64%	66%
Bonds	28%	24%	23%
Property	10%	10%	9%
Cash	2%	2%	2%
<b>Total</b>	<u>100%</u>	<u>100%</u>	<u>100%</u>

### Mortality Rates

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and long term rate of employment of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	19.3	22.2
Future Pensioners	20.5	24.2

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 21. RETIREMENT BENEFIT OBLIGATIONS (continued)

### Strathclyde Pension Fund Defined Benefit Scheme Defined Benefit Scheme (continued)

#### Fair value of scheme assets by category

	2023	2022
	%	%
Equities	60%	64%
Gilts	28%	24%
Bonds	10%	10%
Property	2%	2%
	<u>100%</u>	<u>100%</u>

Net Pension Liability	2023	2022	2021
	£	£	£
Fair value of employer's assets	7,106,000	7,183,000	6,606,000
Present value of scheme liabilities	(4,544,000)	(6,586,000)	(6,795,000)
Surplus / (deficit) in plan	2,562,000	597,000	(189,000)
Unrecognised surplus	2,562,000	597,000	-
Defined benefit asset / (liability) to be recognised	-	-	(189,000)

#### Reconciliation of fair value of employer assets

	2023	2022	2021
	£	£	£
Opening fair value of employer assets	7,183,000	6,606,000	5,153,000
Expected return on assets	194,000	133,000	120,000
Contributions by members	33,000	30,000	31,000
Contributions by the employer	131,000	144,000	145,000
Contributions in respect of unfunded benefits	-	-	-
Actuarial gains / (losses)	(307,000)	381,000	1,184,000
Other experience	-	-	53,000
Estimated benefits paid	(128,000)	(111,000)	(80,000)
	<u>7,106,000</u>	<u>7,183,000</u>	<u>6,606,000</u>

#### Reconciliation of defined benefit obligations

	2023	2022	2021
	£	£	£
Opening defined benefit obligation	6,586,000	6,795,000	5,499,000
Current service cost	187,000	224,000	173,000
Interest cost	179,000	137,000	128,000
Contributions by members	33,000	30,000	31,000
Actuarial gains / (losses)	(2,313,000)	(489,000)	1,044,000
Past service costs	-	-	-
Estimated benefits paid	(128,000)	(111,000)	(80,000)
	<u>4,544,000</u>	<u>6,586,000</u>	<u>6,795,000</u>



# SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 21. RETIREMENT BENEFIT OBLIGATIONS (continued)

### Strathclyde Pension Fund Defined Benefit Scheme Defined Benefit Scheme (continued)

#### Analysis of amount charged to the statement of comprehensive income

	2023 £	2022 £	2021 £
Charged to operating costs:			
Service cost	187,000	224,000	173,000
	<u>187,000</u>	<u>224,000</u>	<u>173,000</u>
Charged to other finance costs / (income)			
Expected return on employer assets	(194,000)	(133,000)	(120,000)
Interest on pension scheme liabilities	179,000	137,000	128,000
	<u>(15,000)</u>	<u>4,000</u>	<u>8,000</u>
<b>Net charge to the statement of comprehensive income</b>	<u>172,000</u>	<u>228,000</u>	<u>181,000</u>

#### Actuarial gain / (loss) recognised in other comprehensive income

	2023 £	2022 £	2021 £
Actuarial gain/(loss) recognised in year	2,006,000	870,000	193,000
Restriction on surplus	(1,965,000)	(597,000)	-
Cumulative actuarial gains recognised	<u>2,290,000</u>	<u>2,249,000</u>	<u>1,976,000</u>

#### Analysis of projected amount to be charged to the statement of comprehensive income for the year ended 31 March 2024

	£	% of pay
Projected current service cost	98,000	22%
Interest on obligation	216,000	49%
Expected return on plan assets	(339,000)	-77%
	<u>(25,000)</u>	<u>6%</u>

Contributions made by the Association for the year ended 31 March 2024 are estimated to be approximately £141,000.

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 22. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Total £
<b>Capital grants</b>			
At 1 April 2022	72,990,239	78,615	73,068,854
Additions in the year	7,205,821	-	7,205,821
Eliminated on disposal	(17,977)	-	(17,977)
Amortisation	(1,688,271)	-	(1,688,271)
HAG on Shared Equity Properties - Transfr	-	-	-
At 31 March 2023	<u>78,489,812</u>	<u>78,615</u>	<u>78,568,427</u>
<b>Net book value</b>			
<b>Total at 31 March 2023</b>	<u>78,489,812</u>	<u>78,615</u>	<u>78,568,427</u>
<b>Total at 31 March 2022</b>	<u>72,990,239</u>	<u>78,615</u>	<u>73,068,854</u>

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

	2023 £	2022 £
Amounts due within one year	1,688,271	1,622,054
Amounts due in more than one year	76,880,156	71,446,800
	<u>78,568,427</u>	<u>73,068,854</u>

## 23. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2023 £	2022 £
At 1 April	223	202
Issued in year	17	21
Cancelled in year	-	-
At 31 March	<u>240</u>	<u>223</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.

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 24. CASH FLOWS

#### Reconciliation of net cash flow to movement in net debt

	£	2023 £	£	2022 £
Increase / (decrease) in cash	1,372,421		(1,606,614)	
Cashflow from change in net debt	(7,837,994)		182,767	
Movement in net debt during the year		(6,465,573)		(1,423,847)
Net debt at 1 April		2,259,204		3,683,051
Net debt at 31 March		<u>(4,206,369)</u>		<u>2,259,204</u>

	At 01 April 2022 £	Cashflows £	Other Changes £	At 31 March 2023 £
Cash and cash equivalents	3,675,878	1,372,421	-	5,048,299
Debt: Due within one year	3,675,878	1,372,421	-	5,048,299
Due after more than one year	(132,406)	(7,837,994)	7,818,544	(151,856)
Net debt	<u>(1,284,268)</u>	<u>-</u>	<u>(7,818,544)</u>	<u>(9,102,812)</u>
	2,259,204	(6,465,573)	-	(4,206,369)

### 25. CAPITAL COMMITMENTS

	2023 £	2022 £
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	15,183,656	11,242,007

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



# SOUTHSIDE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 26. COMMITMENTS UNDER OPERATING LEASES

	2023	2022
	£	£
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
<b>Other</b>		
Expiring in the next year	3,503	19,979
Expiring later than one year and not later than five years	<u>7,088</u>	<u>10,591</u>

### 27. 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 135 Fifty Pitches Road, Glasgow, G51 4EB .

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in South Glasgow, Cardonald, Pollokshields, Halfway, Govanhill, Penilee.

### 28. EXCEPTIONAL ITEM

	2023	2022
	£	£
Halfway Park (Income)/Expenditure	<u>-</u>	<u>8,234</u>

This expenditure relates to an initiative undertaken by the Association, in partnership with the Scottish National Heritage (SHN) and Glasgow City Council (GCC), to develop green space in to a community park. While the Association, SHN and GCC were the main funders of the project, a number of other bodies also provided grant funding.

# SOUTHSIDE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 29. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2023 No.	2022 No.
General needs	2,325	2,310
Supported housing	56	54
Shared ownership	38	38
	<u>2,419</u>	<u>2,402</u>

### 30. RELATED PARTY TRANSACTIONS

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

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

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

	2023 £	2022 £
Rent received from tenants on the Management Committee and their close family members	<u>19,202</u>	<u>18,528</u>
Factoring charges received from factored owners on the Management Committee and their close family members	<u>2,142</u>	<u>2,009</u>

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £2,469 (2022 - £1,670).

At the year end total factoring arrears owed by owner occupiers on the Management Committee (and their close family) were £203 (2022 - £96).

Members of the Management Committee who are tenants	4	4
Members of the Management Committee who are owner occupiers	4	3
Members of the Management Committee who are local councillors	-	-

### 31 CONTINGENT LIABILITY

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £27m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

