

ALMOND HOUSING ASSOCIATION LIMITED

**REPORT OF THE BOARD OF MANAGEMENT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2024

**SCOTTISH CHARITY REGISTRATION NUMBER
SCOTTISH HOUSING REGULATOR
FINANCIAL CONDU AUTHORITY
SCOTTISH PROPERTY FACTOR NUMBER**

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REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

CONTENTS	PAGE
Report of the Board of Management	2-6
Operating and Financial Review	7-16
Report of the Independent Auditors on Corporate Governance Matters	17
Report of the Independent Auditors	18-20
Statement of Comprehensive Income	21
Statement of Financial Position	22
Statement of Cashflows	23
Statement of Change in Reserves	24
Notes to the financial statements	25-46

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REPORT OF THE BOARD OF MANAGEMENT

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

Principal activities

Almond Housing Association Limited ('the Association') is a not-for-profit Registered Social Landlord (RSL) governed by a voluntary Board of Management. The Association's principal activities are the development and management of affordable housing.

Legal structure

The Association is established under the Co-operative and Community Benefit Societies Act 2014 and is incorporated in Scotland, for the purpose of providing housing and any associated amenities for persons in necessitous circumstances. The Association is a registered Scottish Charity and is registered as a Scottish property factor. The Financial Conduct Authority has granted the Association exemption from the requirement to prepare group financial statements, including its subsidiary company Almond Enterprises Limited, due to its immateriality.

Business review

Details of the Association's performance for the year and future plans, are set out in the Operating and Financial Review that follows this Board of Management report. The financial statements for the year ended 31 March 2024 have been prepared in accordance with the Financial Reporting Standard 102 ('FRS 102') and the Statement of Recommended Practice for Registered Social Landlords 2018.

Treasury Management

A comprehensive Treasury Management Policy is in place. The main aim of the strategy is to control the associated risks to the Association of borrowing and investing activities, thus minimising risk before maximising return.

Post-Pandemic Challenges & Resilience

The economic downturn and job insecurity have heightened demand for affordable housing in the UK. The escalating cost of living, particularly higher energy prices, is a significant concern for our tenants as it places a disproportionately high burden on household budgets for low-income individuals and families. To alleviate these pressures, we have established comprehensive programmes, aimed at providing energy-efficient products and arrears support services to those who are most vulnerable.

Persistent high inflation and disrupted global supply chains have significantly impacted the availability, and affordability of construction materials and skilled labour. As a result, procuring essential resources for maintenance and construction projects has become increasingly challenging, resulting in delays and increased costs. We have adapted to these circumstances by exploring alternative sourcing options, strengthening our supply chain management, and optimising project timelines to minimise disruption and control costs.

Following a published update from the Institute of Structural Engineers regarding the risk of failure with Reinforced Autoclaved Aerated Concrete (RAAC) Planks, we conducted a comprehensive review of all our housing stock. RAAC was found in one specific area and we reassured tenants, we instructed structural surveys of all those properties affected and put safety protocols and mitigation plans in place.

Asset Management

The Association is dedicated to upholding the highest standards in property maintenance and meeting the aspirations of our tenants by implementing regular programmes of cyclical and major repair works. The major repairs programme is developed based on an independent Stock Condition Survey conducted every 4-5 years, complemented by in-house surveys. Our repair programmes meticulously consider legislative changes, including the Energy Efficiency Standard for Social Housing post-2020 (EESH2): guidance which is to be replaced with the Scottish Housing Net Zero Standard (SHNZ) in 2025. Furthermore, these programmes are guided by our Asset Management Strategy and supported by the data held on Aareon QL software package.

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

Rental Income

The Association's Rent Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. The point values are reviewed annually to ensure that the rents are both affordable and cover the required costs. This policy follows generally accepted practice/principles within the housing sector.

Donations

The Association contributed £336,692 to increase the community food supply and implement energy-saving measures, helping our tenants overcome soaring energy bills and the cost-of-living crisis. The Scottish Federation of Housing Associations (SFHA) contributed £92,045 towards these initiatives, with a further £84,032 received from the Scottish Government, £44,600 from Energy Action Scotland and £7,500 from our bankers Royal Bank of Scotland plc.

The Association provided £2,870 (2023: £5,835), directly to other local causes and made no political donations.

Creditor payment policy

In line with government guidance, our policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier. The average number of days between receipt and payment of purchase invoices this year was 20 (2023: 21).

Board of Management

Members of the Board of Management who have served during the year and up to the date of approval of these financial statements, are set out below.

Mr M Joyce*	Mr C Morton*
Mr J N Tulloch (resigned 18 Apr 2024)	Mr J Hewer (resigned 7 Sept 2023)
Mr A Turner* (Chairman)	Mr C Boyle
Mrs A Gault (resigned 7 Sept 2023)	Ms V Bluck*
Ms T Hill	Mr D Lewis
Ms J Riley	Mr S Davies (Co-opted Apr-24)
Ms Natalie Cryans (Co-opted Apr-24)	

* Member of the Audit and Finance Sub-Committee at 25th July 2024.

The Association's affairs are run by the Board of Management, which has up to 15 Members and normally meets quarterly. Eligible members can stand for election to the Board by submitting a written nomination prior to the AGM. Where there are more members standing for election than there are vacant places, those present at the AGM will vote to elect members onto the Board. Some of the detailed work of the Board of Management is delegated to Sub-Committees (Audit and Finance, Allocations, Staffing and Asset Management), or to "short life" working groups with a specific remit such as the Development Working Group and Pension Working Group.

The Board of Management is drawn from a wide background bringing together professional, commercial and local experience. The current skills level of Board Members is assessed on an ongoing basis and necessitous training is provided as and when required. Association insurance policies indemnify members of the Board of Management and officers against liability when acting for the Association.

Employees

The Association's ability to achieve its objectives and fulfil its commitment to tenants relies on the collective contribution and calibre of its employees. The Association shares information on its objectives, progress, and activities through regular office and departmental meetings involving Board of Management members, the Senior Management Team, and wider colleagues. We prioritise equal opportunities, and our recruitment and retention practices support the development of a diverse workforce. We closely monitor employee turnover, sickness absence, ethnic representation, and gender and age demographics, which form essential components of our annual report to the Scottish Housing Regulator.

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

Organisational Structure, Service Contracts and Benefits

The Chief Executive and Directors make up the Senior Management Team, which is also considered key management personnel alongside the Board. They convene regularly to review progress on priorities, coordinate day-to-day operations, and develop proposals for the Board of Management.

John Davidson - Chief Executive
Sandy Young - Director of Housing Management
Iona Taylor- Director of Asset Management
Craig Porter - Director of Finance and Business Support

The Senior Management Team is employed on the same terms as other employees, with notice periods ranging from three to six months. They were all members of the SHAPS Defined Contribution Pension Scheme at the year-end and participate in the scheme (to which the Association also contributes) on equal terms with all other eligible employees. For further details regarding the remuneration of key management personnel, please refer to note 8 in the financial statements.

Pension

On 30th September 2015, current members were transferred from the Defined Benefit Scheme into the Scottish Housing Association Defined Contribution Pension Scheme (SHAPS), with all other eligible employees being automatically enrolled as well. As of 31st March 2024, the prior defined benefit scheme's liability was £627K, reflecting a stable situation with no significant market adjustments. Further details in relation to this pension scheme are included in the accounting policy on page 28 and note 18 to the financial statements.

Health and Safety

The Board of Management is aware of its responsibilities on all matters relating to health and safety. The Association has a robust Health & Safety Framework and benefits from external guidance and updates through our affiliation with Employer's in Voluntary Housing (EVH), which ensures the ongoing relevance and strength of our program.

Internal financial controls assurance

The Board of Management is ultimately responsible for ensuring 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 provide reasonable assurance regarding:

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

The Board of Management acknowledge their responsibility to establish and maintain the systems of internal financial control which provide reasonable and not absolute assurance against material financial misstatement or loss. Key procedures that have been established and are designed to provide effective internal financial control are:

Control environment – the Association has an organisational structure with clearly defined lines of responsibility, job descriptions and delegation of authority, which allow the monitoring of controls and restrict unauthorised use of the Association's assets. Experienced and suitably qualified employees take responsibility for important business functions and procedures are in place to maintain standards of performance. These are set out in accordance with the Association's Standing Orders and Policy and Procedure Manuals.

Control procedures – policies and procedures are maintained for all areas of operations. In particular, there are clearly defined policies for development projects and capital expenditure as well as new business initiatives. Large or unusual capital expenditure projects require Board of Management approval. The Association's treasury and investment policies have been approved by the Board of Management. All regulatory returns are prepared, authorised and reviewed prior to being submitted to the relevant regulatory bodies.

Risk management – the Board of Management and senior personnel have a clear responsibility for identifying risks facing the Association and for putting in place procedures to mitigate and monitor risks. Major risks are formally assessed every year through a process involving the Board of Management and senior personnel, in accordance with the risk management policy. See page 12 for an analysis of the key risks to our strategic objectives.

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

Internal financial controls assurance (continued)

Monitoring of financial performance – the Association has a comprehensive system of financial reporting. The annual budget and 30-year projections are approved by the Board of Management. Actual results are regularly reported against budget and any significant adverse variances are examined by management and remedial action taken. There are monthly and 30-year cash flow projections. The revised budget forecasts reflecting the prior half yearly results, are considered as at 30 September each year.

Audit – The Association contracted Wylie & Bisset LLP, now Wbg, for the provision of internal audit services during the current financial year. A Strategic Audit Plan has been prepared and approved by the Board of Management to ensure that all major risk areas are examined, and any improvement areas are identified and appropriate action is agreed. As part of our external audit, the auditors raise any weaknesses identified during the audit within their audit findings reports (Management Letter) and appropriate action is agreed.

Monitoring systems – the Audit and Finance Sub-Committee reviews reports from management, internal audit and external audit to provide reasonable assurance that control procedures are in place and are being followed. Formal procedures have been established for instituting appropriate action to address weaknesses identified in the above reports. The membership of Audit and Finance Sub-Committee is shown on page 3.

The Board of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2024. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditors report on the financial statements.

STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES

The Co-operative and Community Benefits Society Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the RSL and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the RSL and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefits Society Act 2014, Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Accounting Requirements – February 2024. It has general responsibility for taking reasonable steps to safeguard the assets of the RSL and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the website in relation to the contents of the financial statements is the responsibility of the Board of Management. The work carried out by the auditors does not involve consideration of these matters and, accordingly, they accept no responsibility for any changes that may have occurred in the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Annual general meeting

The annual general meeting will be held on Thursday 5th September 2024.

Statement as to disclosure of information to auditors

The Board Members who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Board Members have confirmed that they have taken all the steps that they ought to have taken as Board Members in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

External auditors

CT were appointed on a five-year contract subject to annual reappointment at the AGM in September. A resolution proposing their appointment for 2025/26 and to authorise the Board of Management to fix their remuneration will be proposed at the forthcoming annual general meeting.

The report of the Board of Management is approved by the Board of Management and signed on its behalf by:

Mr J Davidson
Secretary

Date: 01/08/2024

Registered Office:
New Almond House
44, Etive Walk
Craigshill
Livingston
West Lothian
EH54 5AB

OPERATING AND FINANCIAL REVIEW

BACKGROUND

Activities

Almond Housing Association was set up in March 1994 to provide Livingston tenants with the opportunity of continuity in the provision of housing services following the wind up of Livingston Development Corporation (LDC). In the 1996 ballot for LDC housing stock we were successful in two of the three areas under our management and became the second largest landlord in West Lothian, after West Lothian Council (WLC), with 2,323 properties and 654 garages.

Our overall mission ever since has been to provide Homes, People and Communities to be proud of, where we endeavour to promote the interests of tenants and provide other opportunities for local people to work together for the benefit of our community. The Association's head office is based in Craigshill, Livingston and its properties are primarily in Livingston and the nearby surrounding areas of West Lothian. The Association is accountable to its members and at 31 March 2024 there were 90 active members.

In addition to maintaining 2,551 properties, the Association continues to develop and lease new affordable housing, as well as provide specially designed accommodation that serves as a residential care base for older adults or individuals with disabilities. The Association has a subsidiary Almond Enterprises Limited, which provides local cleaning services and strives to create jobs while improving the environment in the community.

Accounting policies

The Association's principal accounting policies are set out on pages 25 to 29 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include housing depreciation and amortisation of Housing Association Grant.

Value for Money

Value for Money for us represents using our rental income and assets in the best way possible, to deliver quality housing, excellent services and growth. Our tenants are at the heart of everything we do and decisions on how we use our resources, based on achieving the best possible results for them. We are ambitious and believe that driving value and efficiency will free up resources to enable us to develop efficient sustainable homes, increase tenant satisfaction, and ultimately enhance both the community and the life chances of our tenants.

Financial performance

The Association's Statement of Comprehensive Income and Statement of Financial Position are summarised in Table 1 (page 16). The Board of Management budgeted for a surplus of £0.8 million this year to meet its medium-term strategic objectives, and our final surplus for the year (after accounting for pension scheme adjustments) amounted to £1.0 million. The minor variance resulted from underspending on management costs, notably on ICT, as a result of rescheduling the replacement of our housing management system.

The Association is pleased to report that it met the lenders' loan covenants at all times during the year and possesses sufficient funding resources to meet the anticipated costs of addressing the risk associated with RAAC, and all other anticipated costs, as profiled within our 30-year financial projections.

Cash flows

Net cash outflows during the year amounted to £0.1million (2023: £1.2million inflows), details of which are shown in the cash flow statement (page 23). Cash inflows comprised £4.1million from operating activities. Gross cash outflows included £1.1million of loans repaid and £1.2million of interest payable, with a further £2.6million outflow (net of grants) spent on developments and housing improvements.

Capital structure and treasury policy






By the year end Association borrowings decreased to £24.8million (2023: £25.9million), 60% of which is due to mature by 2036, with the remaining 40% maturing by 2046. Interest was fixed long term (at 3.47% on average) for two thirds of our total borrowings, with the remaining third being variable rate, at a margin of 1.11% on average (above either SONIA or Base Rate). Cash Reserves will be utilised for our profiled development and property improvement programmes, and loan arrangements will be pursued for any additional development opportunities that may arise.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

OBJECTIVES AND STRATEGY

This year, we continued to engage with our valued customers, employees, and the broader community to enhance the quality of our services and achieve excellence in all aspects of our operations, as we work towards becoming an even more dynamic and resilient organisation. Our Board of Management updated our Business Strategy for the period 2023 to 2025 and through our dedicated team, we are committed to cultivating support and accountability for our vision, strategies, and values across our network of contractors and suppliers.

Our key strategic priorities for under the current Business Strategy are summarised as follows:

<p>HOMES</p> 	<p>Know our Bricks and Mortar: Ensure that the information we hold is robust and that we are in a position to make informed decisions in relation to investment and the long-term viability of our homes.</p>	<p>Improve the Energy Efficiency of our Homes: To develop an EESSH-2032 delivery strategy and commence the work required to make our stock as energy efficient as possible by 2032.</p>	<p>Develop an Almond Standard: To work with our colleagues and customers and develop an Almond Standard to ensure that we are modernising our homes in a consistent and desirable manner.</p>
<p>CUSTOMER EXCELLENCE (SERVICES)</p> 	<p>Knowing our customers: To utilise customer insights and thereby deliver proactive and personalised service delivery.</p>	<p>Accessing our services: To ensure our customers are able to access our services at all times and with minimal effort.</p>	<p>Removing barriers: To identify and remove any barriers to effective service delivery for specific customer groups.</p>
<p>PEOPLE</p> 	<p>Engagement: To create a workplace that is inspiring, innovative and fulfilling, encouraging all colleagues to engage as One Team.</p>	<p>Development: To complete resource planning project to ensure objectives met efficiently and provide learning experiences to develop high performing individuals and teams.</p>	<p>Wellbeing: To ensure all our colleagues are resilient and have the tools and support needed to overcome challenges and excel in their roles.</p>
<p>DIGITAL</p> 	<p>Improvements in Data Management: To assist with the data quality, information management and improvement processes, utilising training and open communications.</p>	<p>Digitally enhance our services: Agree on requirements, select provider, and initiate new housing system and digital applications, with efficient interactions and seamless integration.</p>	<p>ICT governance improvements: To improve our infrastructures security, controlling risks and updating and moving technology solutions to cloud-based products.</p>
<p>SUSTAINABILITY</p> 	<p>Properties: To make our properties highly energy efficient and minimise the impact of rising energy costs on our customers. We prioritise sustainability and meeting or exceeding national standards wherever possible.</p>	<p>Organisation: To be an organisation that leads by example by reducing carbon emissions and waste generated by our contractors, colleagues and office operations.</p>	<p>Communities: Review our subsidiary's financial stability, impact, and potential to meet our training and employability goals. To work with our partners in our local communities to create local growing, recycling and carbon reducing projects.</p>

OPERATING AND FINANCIAL REVIEW (CONTINUED)

PERFORMANCE AND DEVELOPMENT

Housing properties

At 31 March 2024 the Association owned 2,551 housing properties (2023: 2,556), which are carried in the balance sheet at a cost (after depreciation), of £64.9million (2023: £65.3million). Our total investment in housing improvements and developments this year of £4.3million was funded through a mixture of housing association grant, loan finance and working capital, where we continue to show a strong current asset balance, an important indicator of liquidity.

Homes - Investment Programme, Planned & Cyclical Maintenance

Our planned maintenance programmes are designed to improve the efficiency of key property components, maximise the useful life of our properties and ensure legal compliance. This year we achieved 100% of our planned programme investing £4.3million in property improvements. We maintained our focus on increasing the thermal efficiency of our stock by investing £0.9 million in external wall insulation and solar panels, £1.4 million in new windows and doors, and a further £0.4 million in efficient ventilation systems. To meet tenant expectations and maintain housing quality, we also invested £0.2 million in bathrooms, and £0.9 million on roofing.

We have completed on-site Stock Condition Surveys (SCS) and Scottish Housing Quality Standard (SHQS) Surveys, to ensure that 100% of our properties meet the previous EESSH target. This live data will enable future targeted investment in our properties, ensuring they remain safe, modern, energy-efficient, and well-maintained. It will also form the basis of our future EESSH2 (Energy Efficiency for Social Housing - 2032 target) delivery strategy which is currently being developed and will be finalised when the Scottish Government's new Scottish Housing Net Zero Standard (SHNZ) is published as its replacement.

To improve the energy efficiency of our homes, we conducted surveys on typical house types and compiled a comprehensive report to determine the actual thermal resistance of our external walls. Due to the anticipated review and current pause awaiting publication of the SHNZ standard, we are prioritising a fabric-first approach, which focuses on improving the building envelope to boost energy efficiency.

New Developments

Following the 2022 fire at our block of flats on Katherine Street, Livingston, reconstruction work is now well underway and is estimated for completion in March 2025. We have installed robust fire alarm systems in all our similar blocks and extended our works programme to include redevelopment of the flats in the adjacent end blocks. By incorporating modern energy-efficient materials and installing air-source heat pumps, we can not only enhance the structural integrity but also significantly improve the building's environmental sustainability.

In March 2024, we completed the groundwork for our Blackburn development of twenty properties as part of our strategy to satisfy the waiting list for social housing in the local area. The homes benefit from high levels of insulation, photovoltaic solar cells, modern heating systems, and water-saving fixtures, all of which will result in lower running costs for future tenants. We were also able to acquire two properties on the open market within Livingston.

Sustainability

Our grant application for the Scottish Government's Net Zero funding was successful and as a result, the (non-insurance) works at Katherine Street, will include measures specifically designed to reduce carbon emissions, improve the energy efficiency of our homes, and achieve Net-Zero carbon in our stock by 2045, and our operations by 2030.

We took the opportunity following the fire at Katherine Street to upgrade the block to Net Zero standards by installing air source heat pumps. As we await the outcome of our resubmitted Scottish Housing Net Zero fund application to support this work, these extra costs will be borne by the Association, but will not in any way financially disadvantage our customers. We also conducted a feasibility study for installing communal heat pumps in flats at Shiel Walk, Livingston and will consider their viability as part of our Net Zero delivery strategy.

This year alongside our own "Almond Cares" social assistance programme, we utilised £137K of grant funding to provide energy conservation advice and supply heat reduction and energy resilience furnishings in homes, to enhance comfort and reduce energy bills. We utilised £63k from the Scottish Government to expand the Community Growing Project into a significant community food initiative, providing organic food and meals to those most in need in Craigshill. This initiative has empowered the community to grow and cook their own produce, addressing food poverty in a dignified and holistic manner.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

PERFORMANCE AND DEVELOPMENT (CONTINUED)

Customer Excellence (Services)

Excellence in customer service is at the very heart of what we do and to ensure easy, convenient, and complete access to our services, we've introduced automated options for payments, increased feedback opportunities and provided capital works updates along with online surveys and critical community updates (such as on Katherine Street).

In December 2023, we conducted a tenant survey to evaluate our performance, and while the findings show a high level of satisfaction overall, it is evident that our maintenance services do not always meet tenants' expectations. We acknowledge this reflects the prevailing challenges within the building sector and have improved our repair communication channels with both contractors and tenants to enhance speed, efficiency and manage expectations.

The compilation and submission of the Annual Return on the Charter (ARC) serves to evidence, both to the regulator and to tenants, that the Association complies with the Standards of Governance and Financial Management required by the Scottish Social Housing Charter. Throughout 2023/24, we maintained and compiled a meticulous bank of evidence to demonstrate our compliance with the Regulatory Standards.

Regular monitoring of the Association's performance via risk mapping, performance management, practice reviews, etc, continued, with regular reports provided at key points during the year which were fed into the annual consideration of our compliance by the Board. The overall results have been very positive with the Association achieving the 'ideal' outcome of relatively low cost and top quartile performance, across a broad range of indicators when benchmarked against both our peer group and indeed nationally.

Repair response times

We are pleased to report that emergency repairs, urgent repairs and all gas, electric and safety compliance works were carried out as required during the year. Our dedicated contractors have consistently worked hard to deliver our property improvement programme and have now caught up with the large backlog of repairs built up during the pandemic. Our performance in terms of repairs, has a direct impact on the satisfaction levels tenants have with the Association, and this year we carried out a total of 7,053 reactive repairs (as per the ARC definition).

We are pleased to report that satisfaction has remained high with 93% of those receiving a repair in the last year reporting they were satisfied (per the ARC definition). This year, we have reduced the time taken to complete emergency repairs. The time taken to complete non-emergency repairs remains unchanged, reflecting the sector's persistent struggle to recruit and retain skilled tradesmen, thus limiting their operational capacity. Our performance in repair terms is as follows:

Key Performance Indicator: Average length of time to complete		Target
Emergency repair	2.4 hours (2023: 2.9 hours)	4 hours
Other repair	12.8 days (2023: 12.8 days)	5 days
Right First Time	75% (2023: 75%)	90%

Rent losses and arrears

The cost-of-living crisis has had a devastating impact on our tenants, many of whom are vulnerable either by virtue of age, mental or physical health, or working in less secure forms of employment, and sadly therefore more at risk of unemployment, or sudden unforeseen financial detriment. We have adopted a flexible and supportive arrears management approach to ensure they receive as much support as needed.

Having invested in smarter systems and additional human resources, we are well-prepared to prevent arrears through early intervention and alternative payment systems. The excellent work of our tenancy support and money advice services, along with high levels of engagement, has enabled us to further mitigate risks, while maintaining high levels of customer satisfaction and tenancy sustainment during these challenging times.

Gross rent arrears (including former tenant arrears), increased to 2.9% (2023: 2.2%), In line with difficult economic conditions and the ongoing cost of living crisis, though actual rent losses, including bad debts and voids, remained static at 1.0% of rental income receivable (2023: 1.0%). Despite the disruption caused by materials shortages and skilled labour constraints, the Association's annual rent loss for void periods remained well within our target range at just 0.2% of rental income receivable (2023: 0.2%).

OPERATING AND FINANCIAL REVIEW (CONTINUED)

PERFORMANCE AND DEVELOPMENT (CONTINUED)

Financial, digital and social inclusion

For over a decade we have believed that connecting people to the digital world could transform their lives for the better and we committed to making this happen for as many of our tenants as possible. To date we had made significant inroads into assisting our "digital latecomer" tenants to transition online by offering digital services, providing complimentary laptops, delivering skills training, and establishing a supportive community of digital champions. These measures have significantly increased accessibility to the digital realm for all our tenants, empowering them to seamlessly adapt to the widespread shift to online support services.

This year, we met our digital priorities by improving our databases through data cleansing, additional training, and open communications. We also enhanced ICT governance by securing and stress-testing our infrastructure to reduce vulnerabilities. The procurement process for the New Housing Management System (HMS) has now been completed, with demonstration days and reference sessions subsequently held, and the Project Team also appointed.

This year we went all out to support tenants facing financial uncertainty/poverty as we strengthened links with multiple community groups to support financial inclusion. Our Welfare Rights and Benefits Advisor continued to offer an invaluable support and advice service for our tenants this year, helping them recover hundreds of thousands of pounds via assisted claims and successful tribunals outcomes.

Tenant engagement and Community Empowerment

Following a customer profiling exercise to enhance our understanding of tenants' needs, we launched a customer care visit program this year to reconnect with tenants, offer help, and ensure our homes aligned with their needs and expectations. Our Community Engagement team, tenant volunteers, community groups, and local charities have helped us foster a culture of continuous improvement, actively identifying areas for growth and implementing lasting changes, benefiting both the community and our customers. This year, we provided extra support to families in need, with hundreds of Starter Packs, food parcels, and children's Christmas gifts distributed. We also gifted Winter Wellbeing packs comprising essential items to all our elderly and vulnerable tenants as part of a winter home visit to check they were OK.

Repurposing our reception area into the 'Big Living Room,' a warm and comfortable space for the community to use free of charge, has enabled us and our partner organisations to support local people by running sessions that provide energy advice, welfare benefits guidance, skills training, and budget-friendly cooking classes. The response to this evolving neighbourhood hub has been very positive, establishing us as the Craigshill food distribution centre for the West Lothian Foodbank. This year we were honoured to host a 'Challenge Poverty Week', providing warm meals and access to skills, knowledge, and support services helping local residents overcome food insecurity.

People and organisational development

The Association retains a loyal and dedicated workforce with a wide range of skills and experience, and we recognise the importance of investing in employees to build upon and refresh those skills. This year we invested £20k in training, including professional qualifications and leadership development, to empower our employees and further our mission and goals. We welcomed new managers to our Business Support and HR departments, enhancing our ability to identify business process improvements, lead initiatives to enhance efficiency, and ensure strategic objectives are met.

Diversity Scotland delivered Diversity, Equity & Inclusion (DEI) workshops to all our team this year, enabling us to grow and develop our future DEI Strategy and Action Plan. We also held culture and values workshops across the organisation to share feedback, rethink perspectives and improve working practices and communication styles. As part of our commitment to reducing carbon emissions and waste from our offices, contractors, and colleagues, we promote hybrid working to encourage sustainable travel options and reduce office energy consumption. This approach aligns with our environmental goals, enhances employee well-being, and broadens our recruitment opportunities.

We actively promote teamwork, provide superior development opportunities, and prioritise employee welfare by providing several mental health and well-being support platforms, which have received very positive feedback. At the beginning of the year, we also implemented a 9-day fortnight work schedule aimed at increasing productivity, employee morale and job satisfaction. Our innovative office remodel was completed in April 2023 and has created additional space for collaborative projects while incorporating environmental features to support flexible working, enhance working conditions, and facilitate seamless communication.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

PERFORMANCE AND DEVELOPMENT (CONTINUED)

Risks and uncertainties

The Association has developed an organisational structure, a range of policies and procedures, and comprehensive insurances, which together make up our Risk Management Strategy. The Senior Management Team also review specific strategic, operational, financial and compliance risks in regular forums throughout the year, within Senior Management meetings, major programme and project reviews, and at other Key management meetings.

The risks and uncertainties that have been identified as business significant risks for the Association are detailed in the table below. These key risks are formally reviewed four times each year by the Board and discussed in detail by the Audit and Finance Sub-Committee in advance of each of these formal Board reviews. Updates in terms of emerging risks or significant actions undertaken are addressed as and when required at Board meetings. The key risks are determined through an evaluation of likelihood of occurrence and potential impact.

To further strengthen our approach to risk management and ensure it reflects best practice, next year we will be undertaking a review of our overall approach and framework alongside the Board.

Area of risk	Description and examples of mitigating activity
<p>Failure to adequately deliver our maintenance service or planned programme, due to supply chain issues, labour shortages, price inflation or contractor insolvency.</p>	<p>Regular meetings with contractors are held to assess the current impact of labour, materials, and supply chain shortages and if necessary adjust project timelines or revise specifications. Contractor performance is consistently reviewed and reported to the board on a regular basis.</p> <p>Comprehensive pre-contract financial viability checks are conducted in accordance with the Insolvency Procedure, along with continuous monitoring throughout the contract period, as per the Contract Management Procedure.</p>
<p>Failure to successfully develop, manage, or maintain core ICT systems and network, resulting in delays, data loss, and suboptimal efficiency for our team and customers.</p>	<p>Following a market review of ICT systems in 2023 and review of business processes, we aim to install a new core system in 2024/25. We will ensure that our new Housing Management System facilitates efficient data management and helps develop agile customer-focused services, supporting our commitment to connect all our customers to services they value, trust, and benefit from.</p> <p>We continue to fortify IT systems and hardware with built-in protection, regular security updates, and continuous monitoring. New servers were recently installed as part of a regular hardware replacement cycle, and annual health checks are conducted for optimal operation. The ICT department implements various cybersecurity measures, conducting frequent team awareness events, training and testing.</p> <p>We ensure business continuity with offsite backups and dedicated Business Continuity plans, validated through disaster testing. Our approach also includes daily backups, robust security requirements from cloud providers and an alternative DR system.</p>
<p>Loss of control over income or expenditure, resulting in an inability to maintain affordable rents, meet business needs, enhance stock or fund strategic objectives.</p>	<p>We are acutely aware of the impact of evolving building regulations, persistent price inflation and supply chain challenges. To ensure the viability and resilience of our long-term investment strategy, stock quality, and legislative compliance, we continuously assess their financial impact.</p> <p>Regular monitoring of contract expenditure by budget holders, our management team and the Board is carried out to ensure any disparities (primarily from our major capital works programmes), do not have an adverse impact on our overall financial stability, loan covenants, or result in significant increases in rents or borrowing.</p>

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FUTURE DEVELOPMENTS

The Association's latest Business Strategy embodies our mission to forge homes, people and communities to be proud of whilst striving to improve life experiences and opportunities. This inspiring ethos will underlie all our services, working practices and culture, as we strive to overcome the challenges of updating our infrastructure amid a challenging economic climate.

This year, Almond we will reach the significant milestone of 30 years as a Housing Association, and we will be celebrating alongside our tenants as we carry out a number of community projects to help us connect, reflect, and reimagine our working futures together.

Environmental Social and Governance Reporting (ESG)

Our Sustainability Strategy helps us ensure climate resilience is delivered across the Association, by reducing carbon emissions and incorporating energy efficiency and sustainability into everything we build and do. This year we will continue to review and reduce our carbon footprint as an organisation, switch even more of our unused open spaces to community garden schemes, support local recycling projects and advance our communities switch to more environmentally friendly means of transport.

As a dedicated social housing provider, we recognise the critical importance of adhering to the Sustainability Reporting Standard for Social Housing (SRS) to ensure decarbonisation and Net Zero targets are achieved and create resilient homes for our tenants. To this end, next year we will conduct a comprehensive desktop review and assessment against the following Environmental, Social, and Governance (ESG) criteria outlined by the SRS.

Environmental – Our review will rigorously examine our environmental impact, focusing on energy efficiency, waste management, and carbon footprint reduction. We will utilise IT solutions to identify opportunities for renewable energy implementation, and track progress towards our sustainability goals. By prioritising environmental stewardship, we aim to reduce our ecological footprint and promote a healthier living environment for our tenants.

Social – The social aspect of our assessment will address tenant well-being, community engagement, and social inclusivity. Through detailed data analysis and feedback mechanisms, we will evaluate our performance in areas such as tenant satisfaction, health and safety standards, and community support programs. Our goal is to ensure that our housing services not only meet the basic needs of our tenants but also contribute positively to their quality of life and social cohesion.

Governance – Governance is a cornerstone of our commitment to ethical and transparent operations. Our assessment will review our governance structures, policies, and practices to ensure they align with best practices and regulatory requirements. By implementing robust governance frameworks, we aim to enhance accountability, foster trust with stakeholders, and ensure that our decision-making processes are open and inclusive.

Sustainable homes and places to be proud of

To prioritise energy efficiency and minimise the impact of high energy costs on our customers, we are developing an SHNZ delivery strategy, with our goal being to ensure that all homes reach an Energy Performance Certificate (EPC) rating of band B or as near as possible, by 2032. Our investment program, which includes enhanced insulation, heating system upgrades, and the installation of double or triple-glazed windows, will play a significant role in achieving this objective. Additionally, we are conducting pilot projects to explore advanced energy-efficient technologies to ensure that our homes are modernised in a manner that is consistent, desirable, and ergonomically fit for the future.

To meet the SHNZ standard requirements, modernise our older stock and reduce the amount of energy required to heat homes and ultimately reduce fuel poverty, we have allocated £2.4million in 2023/24 to the replacement programme of older inefficient boilers, window, solar panels and other sustainability projects. A further £3.0million is budgeted for general replacements and upgrades, mostly bathrooms, kitchens and roofing.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FUTURE DEVELOPMENTS (CONTINUED)

Development and growth

Providing and maintaining high quality, energy efficient, safe and affordable housing which meets the needs and aspirations of our customers throughout West Lothian, remains our key priority. Over the next 12 months we plan to complete our £4.6million new development in Blackburn, partially financed via £2.8million of public subsidy.

Restoration work in the fire-damaged interior of our block of flats at Katherine Street is also due for completion next year and is fully covered by insurance. Remedial works to the two end blocks will also be completed and is estimated at £1.7 million. We plan to deploy extensive energy efficiency measures in all our new and regenerated developments, which will optimise thermal efficiency, maximise the benefits of new heat pumps, and future-proof the buildings.

We have completed all necessary fire risk assessments and installed fortification against future risks, by installing £113k of fire alarms and detection equipment during the year, bringing the total £187k. We have identified four additional blocks that will require significant fire remediation works and have scheduled them for redevelopment over the next six years.

Reinforced Autoclaved Aerated Concrete Roofs (RAAC)

The Association continues to implement a comprehensive approach concerning RAAC within our properties, and officers will continue to ensure that we remain fully compliant with the relevant guidelines. All outstanding property inspection surveys will be concluded in early 2024/25 as we collaborate with relevant consultants to ensure a thorough assessment is completed and consensus reached on the optimal course of action for stock affected.

The surveys thus far have revealed that overall, the panels' are in good condition with no deflection or cracking that would cause significant concern, though there are specific issues in relation to openings within the panels (i.e. loft hatches). We will be conducting the following interim works and additional safety precautions to ensure the safety of our residents and longevity of the properties involved.

The Association has taken the precautionary decision to begin rehousing tenants from seven unique properties in one street, where RAAC had been incorporated into both the walls and roof. No other properties have been identified as being similarly dual afflicted. One flat-roofed block with RAAC remains in the area, and while surveys reveal no issues in these flats, we plan to install a structural ceiling to mitigate risk until a pitched roof can be added and the RAAC removed.

We are currently working with our engineers to assess the necessity and viability of replacing the RAAC ceiling panels in all remaining affected properties with new roofs. The project is estimated to span six years, and an additional remediation works budget for these roofs totalling £1.6million each year has been approved by the Board.

Customer service excellence & digital transformation

The Association plans to invest further in digital services that are user friendly, genuinely add value to the services we provide and make our tenants lives easier and their interaction with us, as their landlord, a very positive one. During the year 2024/25 we plan to modernise our IT capabilities and implement a new Housing Management System enabling us to better address customer needs, enhance business intelligence and ensure preparedness for sustained future growth.

In time, we aim to launch self-service portals for customers and contractors, along with a new CRM program which will centralise interactions, bringing multiple efficiencies for colleagues and tenants. We plan to integrate the CRM with our new phone system and provide direct access to services online outside of our standard hours, further enhancing the customer experience and providing quicker and more efficient reaction times.

We will continue to work with our partners to deliver our Money Advice and Welfare Benefits projects, which have been invaluable in helping our tenants overcome income insecurity. To enhance the collaborative impact of the role, we will be bringing the Association's Tenancy Sustainment Officer position in-house this year to further facilitate tenant welfare and independence.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FUTURE DEVELOPMENTS (CONTINUED)

Community impact

During 2023/24, we conducted a management review of our subsidiary, Almond Enterprises Ltd (AEL), to ensure future financial stability while simultaneously establishing a much-needed local training and employability program. A key element of our recently approved Community Impact Strategy, this year the scheme will provide local employment for young people as multi-skilled operatives to deliver minor repairs, decorating, and fencing services. This program will not only reduce our maintenance overheads but also improve the lives of our tenants, enhance the quality of our community environment, and reduce social isolation.

This year we will aim to utilise £108k of grant obtained from the Investing in Communities Fund, to further expand the scope of our plot-to-plate initiative, 'Growing Together'. This project, delivered in partnership with the Youth Action Group and The Conservation Volunteers, inspires local people to work together across a wide range of food-based activities, growing plants from seed, harvesting produce and cooking. We hope that the project will continue to empower and inspire, supporting the community to understand the ways in which they can make the most effective use of available food resources. We also aim to secure a further £138k of Fuel Poverty action funding, to create effective solutions for cold, damp, and expensive-to-heat homes, by providing energy advice and tangible energy efficiency measures.

Throughout the year we will also focus on partnership working with local community groups to assist our tenants in accessing all available emergency food aid, fuel support and applicable grant funding and in partnership with the West Lothian Foodbank will ensure that those who most need it, have access to food and essential toiletry products. This year we will also explore alternative community uses for the ground floor (currently utilised as emergency workspace for a charity providing vital support to disadvantaged young people), to further our strategic objectives and make best use of our available resources.

An inspiring place to work

Our People Strategy aims to foster a culture aligned with our values, providing a flexible, supportive, and trustworthy environment in which colleagues can grow and develop, while delivering exceptional customer service. Investing in our people is paramount, and this year we will prioritise organisation-wide training and development initiatives to equip our workforce with the necessary skills.

We aim to greatly enhance the well-being support we can provide to our employees, as we review the effectiveness of implementing an organisation wide 9-day fortnight working pattern pilot over the last year. In conjunction with our ongoing resource planning review, the development of our appraisal programme and a range of mental health initiatives, we aim to ensure that our colleagues are motivated, resilient, and provided with the necessary tools and support to tackle the demands of their roles effectively.

We are confident that our recently redesigned and repurposed modern office space will continue to significantly enhance morale and foster collaboration. Moreover, our latest innovative hub, home, and roam model now perfectly aligns with our forward-thinking strategic vision to stay at the forefront of the sector, by placing services in the heart of our local community and providing customer-focused, human-centric, and flexible working spaces.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

PERFORMANCE AND DEVELOPMENT (CONTINUED)

Statement of compliance

In preparing this Operating and Financial Review, the Board of Management has followed the principles set out in Chapter 4 of the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018.

The Association continues to monitor its high standards of service undertaking regular self-assessment of its service standards. The G8 group (comprised of eight similar RSLs), continued to identify differences and explore efficiencies through the analysis of performance indicators. Our performance against key performance indicators is set out and summarised below.

Table 1 – Annual results and KPI, five-year summary

For the year ended 31 March	2024	2023	2022	2021	2020
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Statement of Comprehensive Income					
Total turnover	14,536	13,634	13,121	12,857	12,489
Income from lettings	13,140	12,454	12,015	11,790	11,530
Operating surplus	1,805	2,052	2,179	2,767	2,496
Surplus for the year transferred to reserves	1,020	752	1,530	1,419	2,069
Statement of financial Position					
Housing properties, net of depreciation					
HAG and other capital grants	64,916	65,350	66,195	65,890	65,383
Other fixed assets	1,821	1,908	1,965	2,041	2,019
Fixed assets net of depreciation	66,737	67,258	68,160	67,931	67,402
Net current assets/ (liabilities)	8,768	8,398	8,168	8,897	9,341
Total assets less current liabilities	75,505	75,656	76,328	76,828	76,743
Long term loans and liabilities and Reserves					
Creditors (due over one year)	(47,894)	(49,066)	(50,909)	(52,595)	(54,283)
Pension liability	(627)	(626)	(208)	(552)	(198)
Revenue reserves	(26,984)	(25,964)	(25,211)	(23,681)	(22,262)
Long term loans and liabilities and Reserves	(75,505)	(75,656)	(76,328)	(76,828)	(76,743)
Accommodation figures					
Total housing stock owned at year end (<i>number of dwellings</i>): Social housing	2,551	2,556	2,531	2,529	2,514
Statistics					
Surplus for the year as % of turnover	7.0%	5.5%	11.7%	11.0%	16.6%
Surplus for the year as % of income from lettings	7.8%	6.0%	12.7%	12.0%	17.9%
<u>Rent losses</u> (<i>voids and bad debts as % of rent and service charges receivable</i>)	1.0%	1.0%	0.4%	0.4%	0.9%
<u>Rent arrears</u> (<i>gross arrears as % of rent and service charges receivable</i>)	2.9%	2.2%	1.8%	2.1%	2.5%
<u>Interest cover</u> (<i>surplus before interest payable divided by interest payable</i>)	1.6	2.2	2.6	3.2	2.7
<u>Liquidity</u> (<i>current assets / current liabilities</i>)	2.6	2.6	2.8	3.1	3.4
Total reserves per home owned	£10,578	£10,158	£9,961	£9,364	£8,855

REPORT BY THE AUDITORS TO THE MEMBERS OF ALMOND HOUSING ASSOCIATION ON
CORPORATE GOVERNANCE MATTERS

CT:

Corporate Governance

In addition to our audit of the financial statements, we have reviewed the Board of Management's statement on pages 4-5 concerning the Association's compliance with the information required by the Regulatory Standards for systematically important RSLs 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 to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Board and Officers of the Association and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the statement on internal financial control on pages 4-5 has provided the disclosures required by the relevant Regulatory Standards for systematically important RSLs 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.

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

Date: 5/8/2024

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALMOND HOUSING ASSOCIATION
LIMITED**



Opinion

We have audited the financial statements of Almond Housing Association ("the Association") for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2024 and of its 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 Benefits Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2024.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board 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 about 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 Board of Management with respect of going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board of Management is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALMOND HOUSING ASSOCIATION LIMITED (CONTINUED)

CT:

Matters on which we are required to report by exception

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

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

Responsibilities of the Board of Management

As explained more fully in the Statement of Board of Management's Responsibilities as set out on page 6, the Board 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 Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALMOND HOUSING ASSOCIATION LIMITED (CONTINUED)

CT:

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

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

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

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

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

Use of our report

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

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

5/8/2024

STATEMENT OF COMPREHENSIVE INCOME

	<u>Notes</u>	<u>2024</u> £	<u>2023</u> £
TURNOVER	2	14,535,707	13,633,816
Operating expenditure	2	(13,005,029)	(11,581,480)
Gain on disposal of housing properties		274,620	-
OPERATING SURPLUS	6	<u>1,805,298</u>	<u>2,052,336</u>
Interest receivable	10a	346,111	136,020
Interest and financing costs	10b	(1,159,390)	(933,115)
SURPLUS FOR THE YEAR		<u>992,019</u>	<u>1,255,241</u>
 OTHER COMPREHENSIVE INCOME			
		<u>2024</u> £	<u>2023</u> £
Surplus for the year		992,019	1,255,241
Actuarial gain/(loss) on pension scheme	18	28,000	(503,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,020,019</u>	<u>752,241</u>

The results relate wholly to continuing activities.

Approved and authorised for issue by the Board of Management and signed on its behalf:

Mr A Turner
Chairman

Ms V Bluck
Board Member

Mr J Davidson
Secretary

The accompanying notes on pages 25 to 46 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Notes	£	2024 £	£	2023 £
FIXED ASSETS					
Intangible fixed assets	12a		3,071		9,477
Housing properties	12b		64,915,358		65,349,598
Other tangible fixed assets	12c		1,818,061		1,898,673
Investment in subsidiary	11		1		1
			<u>66,736,491</u>		<u>67,257,749</u>
CURRENT ASSETS					
Trade and other debtors	13	1,369,279		543,396	
Cash and cash equivalents		13,003,043		13,095,662	
		<u>14,372,322</u>		<u>13,639,058</u>	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	14	(5,604,183)		(5,241,132)	
		<u></u>		<u></u>	
NET CURRENT ASSETS					
			8,768,139		8,397,926
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>75,504,630</u>		<u>75,655,675</u>
LONG TERM LIABILITIES					
Creditors: amounts falling due after more than one year	15		(47,893,886)		(49,065,944)
Pension - defined benefit liability	18		(627,000)		(626,000)
			<u></u>		<u></u>
TOTAL NET ASSETS					
			<u>26,983,744</u>		<u>25,963,731</u>
RESERVES					
Share capital	19		84		90
Revenue reserves (Page 24)			26,983,660		25,963,641
			<u>26,983,744</u>		<u>25,963,731</u>

Approved and authorised for issue by the Board of Management and signed on its behalf:

Mr A Turner
Chairman

Ms V Bluck
Board Member

Mr J Davidson
Secretary

Date: 01/08/2024

The accompanying notes on pages 25 to 46 form part of these financial statements.

STATEMENT OF CASHFLOWS

	<u>Notes</u>	<u>2024</u> £	<u>2023</u> £
CASH FLOW FROM OPERATING ACTIVITIES			
Net cash inflow from operating activities	25	4,082,932	4,812,641
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(2,623,774)	(1,753,342)
Proceeds from sale of tangible fixed assets		349,505	-
Grants received/(reallocated)		12,469	(10,251)
Interest received		344,773	131,052
Net cash (outflow)/inflow from investing activities		<u>(1,917,027)</u>	<u>(1,632,541)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(1,117,774)	(892,407)
New secured loans		-	-
Repayments of borrowings		(1,140,752)	(1,117,300)
Proceeds from issue of shares		2	4
Net cash (outflow)/inflow from financing activities		<u>(2,258,524)</u>	<u>(2,009,703)</u>
NET (DECREASE)/INCREASE IN CASH		(92,619)	1,170,397
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		13,095,662	11,925,265
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>13,003,043</u>	<u>13,095,662</u>

The accompanying notes on pages 25 to 46 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES

	<u>Share Capital</u>	<u>Revenue Reserves</u>	<u>Total Reserves</u>
	£	£	£
Balance at 1 April 2022	91	25,211,400	25,211,491
Total comprehensive income for the year	-	752,241	752,241
Shares issued during the year	4	-	4
Cancelled shares during the year	(5)	-	(5)
Balance at 31 March 2023	<u>90</u>	<u>25,963,641</u>	<u>25,963,731</u>
Balance At 1 April 2023	90	25,963,641	25,963,731
Total comprehensive income for the year	-	1,020,019	1,020,019
Shares issued during the year	2	-	2
Cancelled shares during the year	(8)	-	(8)
Balance at 31 March 2024	<u>84</u>	<u>26,983,660</u>	<u>26,983,744</u>

The accompanying notes on pages 25 to 46 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Legal status

Almond Housing Association Limited constitutes a public benefit entity as defined by FRS 102. The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010 (Registered Number: HAL 285). The Association's principal activities are the development and management of affordable housing. The address of the Association's registered office and principal place of business is New Almond House, 44, Etive Walk, Craigshill, Livingston, West Lothian, EH54 5AB.

The Association holds formal authority from the Financial Conduct Authority, to exclude its subsidiary from inclusion or consolidation into its group financial accounts, due to the immateriality of the amounts involved. These financial statements therefore present information about the Association as an individual undertaking and not about its group.

Basis of accounting

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention, modified to include certain financial instruments at fair value.

The financial statements are prepared in sterling, which is the functional currency of the Association. Monetary amounts in these financial statements are rounded to the nearest £. The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Going Concern

The Association's business activities, its current financial position and factors likely to affect its future development are set out within the Board of Management Report. The Association has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Association's day to day operations. The Association also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

With inflation and cost increases impacting our cost base, and potential fluctuations in interest rates affecting our lending costs, the Association continually updates assumptions, budgets, and stress tests models our business models based on a wide range of scenarios. After assessing all the resulting information and outcomes, we can confirm sufficient liquidity remains for the Association to continue to meet its obligations as they become due.

On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in note 18). The net defined benefit pension liability as at 31 March 2024 was £627k (2023: £626k).

Management judgement is applied in determining the extent to which the risks and benefits are transferred to the association when considering the income to be recognised. All grant income receivable this year has been recognised this financial year, which comprises £83,854 (Investing in Communities Fund), £92,045 (SFHA-Social Housing Fuel Support Fund), £44,600 (EAS-Advice for Vulnerable Households: Scotland 2 project) and £178 (Supporting Communities Fund).

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Components of housing properties - The useful life of housing properties and their components has been estimated using a combination of the National Housing Federation matrix of property components and key management experience in planned maintenance. The carrying value of the assets is available within note 12b. Disposals of both components and properties are regarded as part of Almond's standard operating activities and therefore gains and losses are recorded in the Statement of Comprehensive Income as part of the Operating Surplus.

Categorisation of housing properties as investment property or property, plant and equipment - Properties held for social housing lets are considered to be property, plant and equipment. Other lets are assessed based on the characteristics of the lease and classified as property, plant and equipment or investment property as appropriate. At present management have classified all properties as property, plant and equipment.

Rental and other trade debtors – Due to government measures to support renters during the ongoing cost of living crisis (including a ban on evictions) and our balanced recovery approach, a small number of our tenants have built up higher arrears than usual. The Association has closely monitored and evaluated the recoverability of rental debtors as at the reporting date and up to the date of signing, with conservative provisions made for bad debts in line with our established write off policy.

Turnover and revenue recognition

Turnover represents rental and service charge income receivable, income from factoring fees, sale of properties built for sale, grants of a revenue nature from local authorities and the Scottish Government and amortisation of capital grant income. Turnover is recognised when amounts fall due and when income has been earned.

Government grants

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset under the accruals model.

Grants relating to revenue are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate, once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant that does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. However, a grant that imposes specified future performance-related conditions on the Association is recognised only when these conditions are met. Where a grant is received before the revenue recognition criteria are satisfied, it is recognised as deferred income.

Taxation

The Association has charitable status and is registered with the Office of Scottish Charities Regulator and is therefore exempt from paying Corporation Tax on charitable activities.

VAT

The Association is registered for VAT and is part of a VAT group with its subsidiary Almond Enterprises Limited. A large proportion of group income, namely rents, is exempt for VAT purposes giving rise to a Partial Exemption calculation and as a result expenditure is shown inclusive of VAT.

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. These properties are principally available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period. Borrowing costs are expensed as incurred.

The Association's policy and practice is to maintain properties to a high standard by implementing a continuing programme of refurbishment and maintenance. Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property. Works to existing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income.

Depreciation of housing properties

The Association separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight-line basis over the following years:

Structure	50 years
Roofs	50 years
Bathrooms	33 years
Electrics	35 years
Kitchens	20 years
Central heating systems - Boilers	17 years
Central heating systems - Carcasses	30 years

Freehold land or assets under construction are not depreciated.

Housing properties are assessed for impairment indicators annually. Where indicators are identified, an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the Association, its recoverable amount is its fair value less costs to sell.

Other tangible fixed assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight-line basis over its expected useful life, as follows:

Office property - by component, consistent with the Housing properties component lives

Furniture, fixtures and fittings 4 years

Computer Hardware and office equipment 4 years

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

Intangible Fixed Assets

Computer software is recognised as an intangible fixed asset, stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is included within Management & Maintenance administration costs (note 3). Amortisation is provided for evenly on the cost of intangible fixed assets, to write them down to their estimated residual values over their expected useful lives, as follows:

Computer Software 4 years

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Properties held for sale

Property under construction for outright sale is valued at the lower of cost and net realisable value, and disclosed net of Housing Association grants received. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Investment in subsidiary undertaking

Almond Housing Association Limited owns 1 ordinary £1 shares in Almond Enterprises Limited. This represents a 100% shareholding in Almond Enterprises Limited, a company registered in Scotland, whose principal activity is that of hygiene and cleaning services.

Related Party Transactions

Some members of the Board of Management are tenants. Their tenancies are on the Association's normal tenancy terms, and they cannot use their position to their personal advantage. Transactions with the Board of Management members are included in note 21. Related party transactions with Almond Enterprises Limited, the Association's fully owned subsidiary, can also be found in note 21.

Retirement benefits

The majority of employees are members of the Scottish Housing Associations Pension Scheme (SHAPS), a defined contribution scheme. The contributions paid into this scheme are charged to the Statement of Comprehensive Income as incurred. The Association previously participated in the SHAPS defined benefit scheme, which provided benefits based on final pensionable pay. The Association closed the defined benefit element of the scheme to current employees on 30 September 2015 but continues to provide for its obligation to previous members.

The Association was able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and therefore applied defined benefit accounting from this date onwards. The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high-quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. This has been recognised within the defined benefit pension liability on the face of the statement of financial position. As at the year ended 31 March 2024, the net defined benefit pension deficit liability was £627k (2023: £626k).

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. Refer to note 18 for more details.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Operating leases

All leases are regarded as operating leases and the payments made under them are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Employee benefits

The Association recognises a provision for exceptional unused annual leave and over-time pay accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Insurance income (settlements) and insurance works expenditure

Insurance recoveries are recognised only when virtually certain and with respect to the fire damage at Katherine Street, full insurance cover was in place, policy indemnity has been formally confirmed, and the claim has been valued at £2.85M. The block is due to be fully reinstated by 2024/25. Insurance income (settlements) and matching insurance work expenditure for this year of £409,849 are netted off under the heading 'Reactive maintenance costs' in note 3. The total spend (and insurance income) to date equals £1,277,764.

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial assets - Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses. Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument, with the value provided for as a bad debt.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

Financial liabilities - Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled. Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Financial liabilities - Borrowings

Borrowings are initially recognised at the transaction price. Interest expense is recognised on the basis of the actual interest due within the period and is included in interest payable and other similar charges. Commitments to receive a loan are measured at cost less impairment.

Financial liabilities are derecognised when, and only when, the Association's obligations are discharged, cancelled, or they expire.

Provisions for liabilities

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that the Association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises.

2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Note	Turnover £	Operating costs £	Operating surplus/ (loss) 2024 £	Operating surplus/ (loss) 2023 £
Affordable letting activities	3	13,916,850	(12,277,223)	1,639,627	2,192,416
Other activities	4	618,857	(727,806)	(108,949)	(140,080)
		<u>14,535,707</u>	<u>(13,005,029)</u>	<u>1,530,678</u>	<u>2,052,336</u>
Gain on disposal of housing properties		274,620	-	274,620	-
Total		<u>14,810,327</u>	<u>(13,005,029)</u>	<u>1,805,298</u>	<u>2,052,336</u>
Total for previous period of account		<u>13,633,816</u>	<u>(11,581,480)</u>	<u>2,052,336</u>	

NOTES TO THE FINANCIAL STATEMENTS

3 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM AFFORDABLE LETTING ACTIVITIES

	General Needs <u>Housing</u>	Supported Housing	Total <u>2024</u>	<u>2023</u>
	£	£	£	£
Rent receivable net of service charges	13,091,305	49,082	13,140,387	12,454,020
Service charges receivable	139,281	1,437	140,718	116,083
	_____	_____	_____	_____
Gross income from rent and service charges	13,230,586	50,519	13,281,105	12,570,103
Less Voids	(31,817)	-	(31,817)	(32,627)
	_____	_____	_____	_____
Net income from rents and service charges	13,198,769	50,519	13,249,288	12,537,476
Grants released from deferred income	666,245	1,317	667,562	656,879
Other grants	-	-	-	-
	_____	_____	_____	_____
Total turnover from affordable letting activities	13,865,014	51,836	13,916,850	13,194,355
Management & Maintenance administration costs	3,452,435	12,993	3,465,428	3,404,355
Service costs	147,062	553	147,615	96,299
Planned & cyclical maintenance	3,511,064	2,887	3,513,951	2,380,862
Reactive maintenance costs	2,471,579	3,136	2,474,715	2,395,076
Bad debts – rents and service charges	96,850	-	96,850	87,766
Depreciation of affordable let properties	2,443,140	7,657	2,450,797	2,403,796
Deficit on disposal tangible fixed assets	127,867	-	127,867	233,785
	_____	_____	_____	_____
Operating costs for affordable letting activities	12,249,997	27,226	12,227,223	11,001,939
	_____	_____	_____	_____
Operating surplus/(loss) for affordable letting activities	1,615,017	24,610	1,639,627	2,192,416
	=====	=====	=====	=====
Operating surplus or deficit for affordable letting activities for previous reporting period	2,169,897	22,519	2,192,416	
	=====	=====	=====	

NOTES TO THE FINANCIAL STATEMENTS

4 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS 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 (deficit) or surplus 2024	Operating (deficit) or surplus 2023
	£	£	£	£	£	£	£	£	£
Wider role activities	83,854	136,645	178	7,500	228,177	-	(336,692)	(108,515)	(115,310)
Care and repair of property	174,818	-	-	113,736	288,554	-	(280,329)	8,225	(5,759)
Investment property activities	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	67,851	67,851	-	(53,637)	14,214	16,929
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Contracted out services undertaken for RSLs	-	-	-	-	-	-	-	-	-
Contracted out services undertaken for other organisations	-	-	-	-	-	-	-	-	-
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	-	-	-	-	-	-
Uncapitalised development administration costs	-	-	-	-	-	-	(57,148)	(57,148)	(58,674)
Other activities (includes £30k Gift Aid in 2024, (2023: £14k Gift Aid))	-	-	-	34,275	34,275	-	-	34,275	22,734
Total from other activities	258,672	136,645	178	223,362	618,857	-	(727,806)	(108,949)	(140,080)
Total from other activities for the previous period of account	187,758	67,970	3,693	180,040	439,461	-	(579,541)	(140,080)	

NOTES TO THE FINANCIAL STATEMENTS

5 ACCOMMODATION IN MANAGEMENT

	<u>2024</u>	<u>2023</u>
The number of units in Management at 31 March was as follows:		
General needs housing – units owned and managed	2,541	2,546
Supported housing – units, owned and managed	10	10
Total	<u>2,551</u>	<u>2,556</u>

6 OPERATING SURPLUS

	<u>2024</u>	<u>2023</u>
	£	£
The operating surplus is arrived at after charging/(crediting):		
Depreciation of housing properties (note 12b)	2,450,797	2,403,796
Depreciation of other tangible fixed assets (note 12c)	86,731	80,474
Amortisation of intangible fixed assets (note 12a)	6,406	7,386
Operating lease rentals	12,099	23,418
Audit services - statutory audit of the Association	16,770	16,200

7 DEFICIT ON DISPOSAL OF FIXED ASSETS – HOUSING PROPERTIES

	<u>2024</u>	<u>2023</u>
	£	£
Disposal proceeds	-	-
Carrying value of fixed assets	(127,867)	(233,785)
Total Deficit on disposal of replaced components	<u>(127,867)</u>	<u>(233,785)</u>

The above Deficit on disposal of replaced components' includes a written down value of £66,295 for seven unique build properties on one single street, where RAAC panels had been incorporated into both the walls and roof, and it was considered that these properties were no longer viable as income-generating units.

NOTES TO THE FINANCIAL STATEMENTS

8 KEY MANAGEMENT PERSONNEL

Key management personnel are defined as the members of the Board, the Chief Executive and other members of the senior management team.

The number of key management personnel who received emoluments (excluding employers' pension contributions) in excess of £60,000 during the reporting period fell within the following bands:

	<u>2024</u>	<u>2023</u>
£70,001 to £80,000	-	1
£80,001 to £90,000	3	2
£100,001 to £110,000	-	1
£110,001 to £120,000	1	-

	<u>2024</u> £	<u>2023</u> £
Aggregate emoluments for key management personnel (excluding pension contributions)	355,103	339,645
Aggregate pension contributions in relation to key management personnel	41,526	38,774
The emoluments of the Chief Executive (excluding pension contributions)	113,176	106,575
Total emoluments paid to key management personnel	435,037	415,236

None of the Board of Management received any emoluments during the year (2023: £Nil). During the year the Board of Management were reimbursed expenses of £Nil (2023: £Nil).

9 EMPLOYEE INFORMATION

Average monthly number of employees (including key management personnel), expressed as full-time equivalents (calculated based on a standard working week of 36hrs):

	<u>2024</u>	<u>2023</u>
Housing, support and care	18	16
Maintenance	12	12
Office and management/Administration	14	14
Development	1	1
	45	43

NOTES TO THE FINANCIAL STATEMENTS

EMPLOYEE INFORMATION (CONTINUED)

The actual average weekly number of persons employed by the Association was 47 (2023: 45).

Employee costs for the above persons:

	<u>2024</u>	<u>2023</u>
	£	£
Wages and salaries	2,119,836	1,880,761
Social security costs	217,263	197,769
Defined contribution (current service) pension costs	245,623	211,806
<u>Defined benefit (past service) pension costs: -</u>		
Scheme expenses	6,444	5,632
	<u>2,589,166</u>	<u>2,295,968</u>

10a INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2024</u>	<u>2023</u>
	£	£
Interest on bank deposits	346,111	136,020
	<u>346,111</u>	<u>136,020</u>

10b INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2024</u>	<u>2023</u>
	£	£
Interest arising on bank loans and overdrafts	1,130,390	928,385
Net interest expense on defined benefit pension liabilities	29,000	4,730
	<u>1,159,390</u>	<u>933,115</u>

NOTES TO THE FINANCIAL STATEMENTS

11 FIXED ASSET INVESTMENTS

	<u>2024</u>	<u>2023</u>
	£	£
Subsidiary company (Cost as at 31 March 2024 and 31 March 2023)	1	1
	<u> </u>	<u> </u>

The subsidiary company as at 31 March 2024 was:

Name	Country of registration	Nature of business	Proportion of ordinary shares held
Almond Enterprises Limited	Scotland	Provision of hygiene and cleaning services	100%

The amount subscribed at par for the ordinary shares of £1 each held by Almond Housing Association Ltd was £1. The results for the subsidiary company and net asset value at the year-end are as follows:

	<u>2024</u>	<u>2023</u>
	£	£
Profit on ordinary activities after taxation	37,618	29,671
	<u> </u>	<u> </u>
Net assets	236,776	229,158
	<u> </u>	<u> </u>

12a INTANGIBLE FIXED ASSETS

	Computer Software £
Cost	
At 1 April 2023	175,508
Additions	-
	<u> </u>
At 31 March 2024	175,508
	<u> </u>
Depreciation	
At 1 April 2023	166,031
Charge in the year	6,406
	<u> </u>
At 31 March 2024	172,437
	<u> </u>
Net book value	
At 31 March 2024	3,071
	<u> </u>
At 31 March 2023	9,477
	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

12b TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

	Social housing properties held <u>for letting</u>	Housing properties in course of <u>construction</u>	Total
	£	£	£
Cost			
At 1 April 2023	97,476,368	78,085	97,554,453
Additions – housing units	158,000	881,096	1,039,096
Additions – components	1,204,737	-	1,204,737
Disposals – components	(503,889)	-	(503,889)
At 31 March 2024	<u>98,335,216</u>	<u>959,181</u>	<u>99,294,397</u>
Depreciation and impairment			
At 1 April 2023	32,204,855	-	32,204,855
Depreciation charged in year	2,450,797	-	2,450,797
Released on disposal	(276,613)	-	(276,613)
At 31 March 2024	<u>34,379,039</u>	<u>-</u>	<u>34,379,039</u>
Net book value			
At 31 March 2024	<u>63,956,177</u>	<u>959,181</u>	<u>64,915,358</u>
At 31 March 2023	<u>65,271,513</u>	<u>78,085</u>	<u>65,349,598</u>

Land comprises £9,251,039 of social housing properties held for letting (2023: £9,249,622) and £150,000 of Housing properties in course of construction (2023: £Nil).

The Association reviews asset carrying values annually for impairment, and more frequently should there be indicators that assets might be impaired. In January 2022, a significant fire broke out in our Katherine Street block and following emergency works a full building assessment was completed. Of the 25 homes evacuated, the 'middle section' comprising 15 flats required complete reinstatement, which is being fully reimbursed through insurance claims and due for completion this year.

The remaining 10 flats (at each end of the block) were deemed safe to occupy. Yet, to comply with future EESSH2 standards while renewing the middle section, the Association has opted to pilot thermal efficiency improvements for the entire building, notably installing air source heat pumps and advanced insulation solutions. The indicative costs for the energy efficiency upgrades and component replacements are estimated at £1.5million, with £356,034 incurred so far and disclosed within 'Housing properties in course of construction' (note 12b). The project is due to complete during 2024-25.

As mentioned in 'Deficit / Surplus on disposal of fixed assets – Housing Properties' (Note 7), at year-end an assessment was made to write off seven uniquely built properties on a single street, where RAAC panels had been incorporated into both the walls and roof, as it was considered that these properties were no longer viable as income-generating units. The immaterial net written down value of £66,295 for these units is incorporated into the above figures (Note 12b) with £141,560 under 'Cost: Disposals – components' and £75,265 within 'Depreciation: Released on disposal'.

NOTES TO THE FINANCIAL STATEMENTS

12b TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (CONTINUED)

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	<u>2024</u>	<u>2023</u>
	£	£
Enhanced component spends capitalised	1,204,737	1,690,074
Amounts charged to income and expenditure	3,075,258	2,118,580
	<u>4,279,995</u>	<u>3,808,654</u>

12c TANGIBLE FIXED ASSETS – OTHER

	<u>Freehold office</u>	<u>Furniture, fixtures and fittings</u>	<u>Computers and office equipment</u>	<u>Total</u>
	£	£	£	£
Cost				
At 1 April 2023	3,126,878	97,226	102,462	3,326,566
Additions	-	-	6,119	6,119
Disposals	-	-	-	-
At 31 March 2024	<u>3,126,878</u>	<u>97,226</u>	<u>108,581</u>	<u>3,332,685</u>
Depreciation				
At 1 April 2023	1,300,120	71,939	55,834	1,427,893
Charge in the year	55,454	6,456	24,821	86,731
Released on disposal	-	-	-	-
At 31 March 2024	<u>1,355,574</u>	<u>78,395</u>	<u>80,655</u>	<u>1,514,624</u>
Net book value				
At 31 March 2024	<u>1,771,304</u>	<u>18,831</u>	<u>27,926</u>	<u>1,818,061</u>
At 31 March 2023	<u>1,826,758</u>	<u>25,287</u>	<u>46,628</u>	<u>1,898,673</u>

NOTES TO THE FINANCIAL STATEMENTS

13 TRADE AND OTHER DEBTORS: amounts falling due within one year

	<u>2024</u>	<u>2023</u>
	£	£
Rent and service charges receivable	415,749	302,439
Less: provision for bad and doubtful debts	(278,628)	(198,083)
	<u>137,121</u>	<u>104,356</u>
Social housing grant receivable	644,421	29,221
Other debtors	52,128	56,652
Prepayments and accrued income	535,609	353,167
	<u>1,369,279</u>	<u>543,396</u>
	<u><u>1,369,279</u></u>	<u><u>543,396</u></u>

‘Social housing grant receivable’ includes £603,147 of Scottish Government charitable bonds entered into with Scottish Ministers and Allia Social Impact Investments Ltd and relates to matched spending thus far on our new Blackburn development.

This year, the Association has provided £85,638 of accrued income (2023: £Nil) in relation to insurance proceeds due following the fire at Katherine Street. The recovery equals the cost incurred for the ongoing remediation work, and the funds were received in April 2024 in line with the terms of our fire insurance policy at Protector Forsikring ASA.

14 CREDITORS: amounts falling due within one year

	<u>2024</u>	<u>2023</u>
	£	£
Debt (note 16)	1,163,950	1,155,531
Trade creditors	1,639,243	1,509,773
Rent and service charges received in advance	384,201	381,634
Amounts owed to subsidiary undertaking	10,861	16,871
Deferred grant income (note 17)	667,127	666,729
Other taxation and social security	69,276	61,251
Other creditors	24,982	28,161
Accruals and deferred income	1,644,543	1,421,182
	<u>5,604,183</u>	<u>5,241,132</u>
	<u><u>5,604,183</u></u>	<u><u>5,241,132</u></u>

15 CREDITORS: Amounts falling due after more than one year

	<u>2024</u>	<u>2023</u>
	£	£
Debt (note 16)	23,589,981	24,739,152
Deferred capital grant (note 17)	24,303,905	24,326,792
	<u>47,893,886</u>	<u>49,065,944</u>
	<u><u>47,893,886</u></u>	<u><u>49,065,944</u></u>

NOTES TO THE FINANCIAL STATEMENTS

16 DEBT ANALYSIS – BORROWINGS	<u>2024</u>	<u>2023</u>
	£	£
Bank loan instalments due within one year (note 14)	1,163,950	1,155,531
Bank loan instalments due after more than one year (note 15)	23,589,981	24,739,152
	<u>24,753,931</u>	<u>25,894,683</u>

The bank loans are secured by a first charge over specific properties of the Association. Interest is payable at LIBOR plus varying margins of between 0.33% and 1.85% for all facilities held with RBS. Interest Rate Swaps have been embedded within our loan agreements, to mitigate the exposure to interest rate risk and details of these Swaps are contained in the table below.

The Nationwide B.S. £9.8million Business Term Loan had interest charged at the fixed rate of LIBOR + 0.375% on £0.6Million, with the remaining £9.2million at the fixed rate of 2.705%. The fixed rate loans are all currently at rates between 3.79% and 5.66% (2023: 3.79% and 5.66%). The average fixed rate of interest was 4.07% (2023: 4.07%).

	£	<u>Repayment date</u>
Business Term Loan	1,516,569	28 June 2029
Business Term Loan	2,200,000	28 March 2034
Business Term Loan	60,000	28 June 2029
Business Term Loan	3,000,000	30 March 2034
Business Term Loan	2,166,400	21 April 2029
Business Loan Facility	1,000,000	2 April 2036
Business Loan Facility	2,000,000	2 April 2036
Business Loan Facility	3,000,000	30 March 2035
Business Term Loan (Nationwide B.S)	614,084	1 November 2046
Business Term Loan (Nationwide B.S)	9,196,878	1 November 2046
	<u>24,753,931</u>	

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	<u>2024</u>	<u>2023</u>
	£	£
Bank loans:		
Due less than 1 year	1,163,950	1,155,531
Due within 1 to 2 years	1,171,327	1,163,950
Due within 2 to 5 years	4,899,207	3,537,208
Due after five years or more	17,519,447	20,037,994
Bank loan instalments due after more than one year (note 15)	23,589,981	24,739,152
	<u>24,753,931</u>	<u>25,894,683</u>

At 31 March 2024, the Association had undrawn loan facilities of £Nil (2023: £Nil).

NOTES TO THE FINANCIAL STATEMENTS

16 DEBT ANALYSIS – BORROWINGS (CONTINUED)

The Association's activities expose it to interest rate risk and uses interest rate derivatives to hedge these exposures. The financial instruments are not used for speculative purposes. The Association has several interest rate swaps in place which set a limit on the interest payable on £7.20million of the bank borrowings. The banks' valuation of the fair value of these loans (inclusive of breakage gains/costs), is £7.08m (2023: £7.06m). The rate payable is fixed where applicable at rates between 3.47% and 3.81%. The terms of the agreements are as follows:

Loan Facility	Amount	SWAP Rate	Term
Facility –A-	£3,000,000	3.63%	22/01/2014 - 22/01/2034
Facility –B-	£2,200,000	3.47%	22/01/2013 - 22/01/2033
Facility –C-	£2,000,000	3.81%	02/01/2015 – 02/01/2035

17 DEFERRED CAPITAL GRANT INCOME

	<u>2024</u>	<u>2023</u>
	£	£
At 1 April	24,993,521	25,650,400
Grant received in the year – Retained developments	669,597	-
Released to income in the year	(667,562)	(656,879)
Recycling of grant on disposals, transferred to Accruals and deferred income	(24,524)	-
At 31 March	<u>24,971,032</u>	<u>24,993,521</u>
	<u>2024</u>	<u>2023</u>
	£	£
Amounts to be released within one year (note 14)	667,127	666,729
Amounts to be released in more than one year (note 15)	24,303,905	24,326,792
	<u>24,971,032</u>	<u>24,993,521</u>

The balance on Deferred Grant Income shown above is net of amortised grant already released to the Statement of Consolidated Income and reserves. For information purposes, the Gross Capital Grant received and amortised as shown below.

	<u>2024</u>	<u>2023</u>
	£	£
Grant (at cost)		
At 1 April	33,336,468	33,336,468
Received in year	669,597	-
Eliminated on disposals	(46,594)	-
At 31 March	<u>33,959,471</u>	<u>33,336,468</u>
Grant released to income (cumulative)		
At 1 April	(8,342,947)	(7,686,068)
Released in year	(667,562)	(656,879)
Eliminated on disposals	22,070	-
At 31 March	<u>(8,988,439)</u>	<u>(8,342,947)</u>
Grant Net Book Value	<u>24,971,032</u>	<u>24,993,521</u>

NOTES TO THE FINANCIAL STATEMENTS

18 RETIREMENT BENEFIT SCHEMES

The Pensions Trust – Scottish Housing Associations’ Pension Scheme (SHAPS)

The Association participates in the Scottish Housing Associations’ Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK. The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2021. This valuation revealed a deficit of £27m. A Recovery Plan was put in place to eliminate the deficit which ran to 30 September 2022. The Scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive. The latest accounting valuation was carried out with an effective date of 30 September 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 inclusive. The liabilities are compared, at the relevant accounting date, with the Association’s fair share of the Scheme’s total assets to calculate the Association’s net deficit or surplus.

Almond Housing Association closed the Final Salary Scheme to future accrual from 30 September 2015 and now offers only a defined contribution pension scheme option.

Fair value of plan assets, present value of defined benefit obligation, and defined benefit liability.

	<u>2024</u>	<u>2023</u>
	£	£
Fair value of plan assets	3,752,444	4,020,000
Present value of defined benefit obligation	4,379,444	4,646,000
Net defined benefit liability to be recognised	<u>(627,000)</u>	<u>(626,000)</u>

Reconciliation of opening and closing balances of the fair value of the defined benefit obligation

	<u>2024</u>
	£
Defined benefit obligation at start of period	4,646,000
Expenses	6,444
Interest expense	209,000
Actuarial losses due to scheme experience	50,000
Actuarial (gains) due to changes in demographic assumptions	(119,000)
Actuarial (gains) due to changes in financial assumptions	(239,000)
Benefits paid and expenses	(174,000)
Defined benefit obligation at end of period	<u>4,379,444</u>

NOTES TO THE FINANCIAL STATEMENTS

18 RETIREMENT BENEFIT SCHEMES (CONTINUED)

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

	<u>2024</u>
	£
Fair value of plan assets at start of period	4,020,000
Interest income	180,000
Experience on plan assets (excluding amounts within interest income) – (loss)	(280,000)
Employer contributions – including scheme expenses	6,444
Benefits paid and expenses	(174,000)
	<hr/>
Fair value of plan assets at end of period	3,752,444
	<hr/> <hr/>

The actual return on plan assets (including any changes in share of assets) during the year to 31 March 2024 was a loss of £166,638 (-4%). This decline was attributed to market volatility.

Defined benefit costs recognised in Statement of Comprehensive Income

	<u>2024</u>
	£
Expenses	6,444
Net interest expense	29,000
	<hr/>
Defined benefit costs recognised in Statement of Comprehensive Income	35,444
	<hr/> <hr/>

Defined benefit costs recognised in Other Comprehensive Income

	<u>2024</u>
	£
Experience on plan assets (excluding amounts within net interest cost) – (loss)	(280,000)
Experience losses arising on the plan liabilities	(50,000)
Effects of changes in the demographic assumptions underlying the plan – gain	119,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	239,000
	<hr/>
Total amount recognised in other comprehensive income – gain	28,000
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

18 RETIREMENT BENEFIT SCHEMES (CONTINUED)

Pension - defined benefit liability

	<u>2024</u>	<u>2023</u>
	£	£
At 1 April	(626,000)	(208,000)
Net interest expense	(29,000)	(4,730)
Employer contributions -net of scheme expenses	-	89,730
Defined benefit income/(costs) recognised in other comprehensive income	28,000	(503,000)
At 31 March	<u>(627,000)</u>	<u>(626,000)</u>

Key Assumptions

	<u>2024</u>	<u>2023</u>
	% per annum	% per annum
Discount rate	4.90%	4.57%
Inflation (RPI)	3.45%	3.49%
Inflation (CPI)	3.08%	3.05%
Salary Growth	3.78%	4.75%
Allowance of commutation of pension for cash or retirement (as a % of maximum allowance)	75%	75%
Life expectancy for a male currently age 65	20.2 years	21.5 years

19 CALLED UP SHARE CAPITAL

	<u>2024</u>	<u>2023</u>
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April	90	91
Shares issued during the year	2	4
Shares cancelled during the year	(8)	(5)
At 31 March	<u>84</u>	<u>90</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.

NOTES TO THE FINANCIAL STATEMENTS

20 CAPITAL COMMITMENTS

	<u>2024</u>	<u>2023</u>
	£	£
Authorised and contracted for	7,617,929	1,738,460
	=====	=====
Authorised not contracted for – fire damage restitution	1,579,456	1,989,305
	=====	=====

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

21 RELATED PARTY TRANSACTIONS

One member of the Board of Management is also a tenant of the Association (2023: 1). Their tenancy is on normal commercial terms. During the year £6,144 (2023: £5,801) of rent was receivable from tenant members. At the year-end there was £Nil (2023: £Nil), of rent arrears due from tenant members.

Almond Enterprises Limited, a wholly owned subsidiary of the Association, continues to manage cleaning and clearance contracts for the Association which amounted to £315,962 of turnover this year (2023: £299,893), with a year-end net trade creditor balance of £10,861 (2023: £16,871). Almond Enterprises Limited made a Gift Aid payment of £30,000 during 2023/24 (2023: £13,500) to the Association, in accordance with the Association's policies and procedures.

22 LEASE OBLIGATIONS

The Association is committed to make the following payments during the year ending 31 March 2024 in relation to operating leases:

	Land & Buildings	
	<u>2024</u>	<u>2023</u>
	£	£
Within one year	-	12,951
Between two and five years	301	-
	-----	-----
	301	12,951
	=====	=====

	Plant & Machinery	
	<u>2024</u>	<u>2023</u>
	£	£
Within one year	17,965	18,032
Between two and five years	9,392	25,499
	-----	-----
	27,357	43,531
	=====	=====

The obligations under operating leases are repayable by equal instalments in less than five years. Operating leases relate to vehicles and equipment used by the Association. A purchase option is available at the end of each three-year lease.

NOTES TO THE FINANCIAL STATEMENTS

23 AVERAGE RENTS	<u>2024</u>	<u>2023</u>
Average weekly rent for housing accommodation	£96.99	£91.66
Increase	5.8%	2.6%
 <u>Number of Unit at the end of the year:</u>		
General needs social housing	2,541	2,546
Supported Social Housing Accommodation	10	10
	<hr/> 2,551	<hr/> 2,556
	<hr/> <hr/>	<hr/> <hr/>

24 CONTINGENT LIABILITIES

Almond Housing Association Limited – Pension Scheme – debt on withdrawal

The Pensions Trust has notified the Association of the latest estimate of the debt on withdrawal potentially due by the Association based on the 30 September 2023 actuarial valuation of the Scheme. This contingent liability, crystallisation of which is considered remote due to the continued membership of the Scheme, was estimated at £1.4million. To mitigate this potential debt, the Association is making ongoing contributions towards reducing the past service deficit over the deficit recovery period.

Almond Housing Association Limited – Pension Scheme – Scheme benefit review update

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme’s benefit, comparing the changes made to the benefits provided to members, with the requirements of the scheme documentation. The Trustee has received legal advice that there is uncertainty about how members benefits should be calculated and has been advised to seek clarification from the Court on these items. A decision from the Court is not expected until late 2024 at the earliest, but should they decide that historic benefit changes need to be applied differently, then some member benefits will need to be increased, which will increase scheme liabilities. The scheme actuary has estimated the potential increased liabilities at £39.3m for the scheme as a whole, or 3.2% of liabilities.

Reinforced Autoclaved Aerated Concrete (RAAC)

Following a review of its properties the Association discovered RAAC Planks in some of its housing stock. An options appraisal for the affected housing is now underway, which will consider mitigation options such as remedial works, demolition and/or redevelopment. At this stage of the appraisal process, the recommended option or eventual future costs are undecided.

Our most recent short and long-term budgets have assessed multiple future outcomes and include prudent provision for all contractors costs for access and major works, further specialist consultant fees, rehoming costs, utility disconnections, etc. We have engaged with the RSL on our RAAC Risk Management Action Plan and conclude that the remediation work is tenable, and the financial risk is manageable and within the capacity of our current financial reserves.

NOTES TO THE FINANCIAL STATEMENTS

25 CASH FLOW STATEMENT

(a) RECONCILIATION OF SURPLUS TO NET CASH GENERATED FROM/ (USED IN) OPERATIONS

	<u>2024</u>	<u>2023</u>
	£	£
Operating Surplus for the year	1,805,298	2,052,336
<u>Adjustments for non-cash items:</u>		
Amortisation of intangible fixed assets	6,406	7,386
Depreciation/impairment of tangible fixed assets	2,537,528	2,484,270
Government grants utilised in the year	(667,562)	(656,879)
Defined benefit pension schemes	-	(89,730)
(Increase)/Decrease in trade and other debtors	(209,345)	217,368
Increase in trade and other creditors	757,360	564,105
(Surplus)/Deficit on disposal of tangible fixed assets	(146,753)	233,785
Net cash generated from operating activities	<u>4,082,932</u>	<u>4,812,641</u>

(b) ANALYSIS OF CHANGES IN NET DEBT

	As at <u>01/04/23</u>	Cash <u>Flow</u>	Other <u>Changes</u>	As at <u>31/03/24</u>
	£	£	£	£
Cash at bank and in hand	13,095,662	(92,619)	-	13,003,043
Debt due within one year	(1,155,531)	-	(8,419)	(1,163,950)
Debt due after one year	(24,739,152)	1,140,752	8,419	(23,589,981)
	<u>(12,799,021)</u>	<u>1,048,133</u>	<u>-</u>	<u>(11,750,888)</u>