ALMOND HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

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SCOTTISH HOUSING REGULATOR	**HAL 285**
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SCOTTISH PROPERTY FACTOR NUMBER	**PF000181**

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

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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 2023.

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 accounts, 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 2023 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.

In January 2022, a fire broke out in our block of flats at Katherine Street, Livingston though fortunately all residents were safely evacuated without any injuries. Following emergency works and a satisfactory building assessment, 10 of the 25 homes evacuated were classified as undamaged and safe, with these tenants promptly relocated back into their respective homes. The remaining fifteen households were relocated to suitable alternative accommodation, primarily within the Association's existing housing stock

We have made significant progress this year in preparatory works to the structure of the main building and have completed procurement documentation for the next stage of the project. We also extended our works programme to include the 10 flats in the adjacent end blocks, as by incorporating modern energy-efficient materials and installing AirSource Heat Pumps, we can not only enhance the structural integrity but also significantly improve the building's environmental sustainability.

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 (EESSH2): guidance for social landlords. Furthermore, these programmes are guided by an Asset Management Strategy and supported by the 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 supplied carpets and curtains worth £107,197 to help reduce energy costs and assist our customers with the challenges posed by soaring energy bills and the cost of living crisis. The Scottish Federation of Housing Associations (SFHA) contributed £67,970 towards this initiative.

The Association provided £5,835 (2022: £80,690), directly to several good 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 21 (2022: 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	Mr J Hewer*
Mr A Turner* (Chairman)	Mr C Boyle
Mrs A Gault	Ms V Bluck*
Ms T Hill (appointed 1 Sept 2022)	Mr D Lewis (appointed 1 Sept 2022)
Ms J Riley (appointed 1 Sept 2022)	

* Member of the Audit and Finance Sub-Committee at 27th July 2023.

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), 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.

Staffing 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 staff, 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 staff. For further details regarding the remuneration of key management personnel, please refer to note 8 in the financial statements.

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

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 staff members. We prioritise equal opportunities, and our recruitment and retention practices support the development of a diverse workforce. We closely monitor staff turnover, sickness absence, ethnic representation, and gender and age demographics, which form essential components of our annual report to the Scottish Housing Regulator.

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.

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 staff being automatically enrolled as well.

The defined benefit liability as of 31st March 2023 was £626K, reflecting an unfavourable increase of £418K. This rise can be attributed to lower than anticipated returns on assets held within the plan, as a result of adverse market conditions. Further details in relation to this pension scheme are included in the accounting policy on page 28 and note 18 to the financial statements.

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 staff 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 13 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 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 2023. 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 2019. 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 7th September 2023.

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
Chiene + Tait were appointed on a five-year contract subject to annual reappointment at the AGM in September 2022. A resolution proposing their appointment for 2023/24 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:

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

Secretary

Date: 3/8/23

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 aim since has been to provide Homes, People and Communities to be proud, 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 2023 there were 90 active members.

In addition to maintaining 2,556 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.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

OBJECTIVES AND STRATEGY

This year, as Almond continues on its journey to become a more dynamic, successful, and resilient organisation, we have actively engaged with our valued customers, dedicated employees, and the broader community. Our goal has been to enhance the quality of our services and achieve excellence in all aspects of our operations. In March 2022, our Board of Management thoroughly reviewed and approved our new Business Strategy for the period 2022 to 2025. We firmly believe that everyone who works at the Association is personally responsible for supporting our ongoing vision, strategies, and values

Our key strategic priorities for 2022-23 are summarised as follows:

HOMES	**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.	**Improve the Energy Efficiency of our Homes:** To develop an EESSH2 delivery strategy to ensure we know and can plan the work required to make our stock as energy efficient as possible by 2032.	**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.
CUSTOMER EXCELLENCE (SERVICES)	**Knowing our customers:** To utilise customer insights and thereby deliver proactive and personalised service delivery.	**Accessing our services:** To ensure our customers are able to access our services at all times and with minimal effort.	**Removing barriers:** To identify and remove any barriers to effective service delivery for specific customer groups.
PEOPLE	**Engagement:** To create a workplace that is inspiring, innovative and fulfilling, encouraging all colleagues to engage as One Team.	**Development:** To provide learning experiences which support the development of high performing individuals and teams.	**Wellbeing: T**o ensure all our colleagues are resilient and have the tools and support needed to overcome challenges and excel in in their roles.
DIGITAL	**Improvements in Data Management:** To assist with the data quality, information management and improvement processes, utilising training and open communications.	**Digitally enhance our services**: To improve our customer and colleagues digital experiences with efficient interactions and seamless integration.	**ICT governance improvements**: To improve our infrastructures security, controlling risks and updating and moving technology solutions to cloud-based products.
SUSTAINABILITY	**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.	**Organisation:** To be an organisation that leads by example by reducing carbon emissions and waste generated by our contractors, colleagues and office operations.	**Communities:** To work with our partners in our local communities to create local growing, recycling and carbon reducing projects.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

PERFORMANCE AND DEVELOPMENT

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 £0.7 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 £0.8 million. The variance occurred due to an underspend on planned maintenance, primarily resulting from procurement delays, plus delays in spending on ICT and other strategic initiatives. This underspend was significantly reduced by a £0.5 million actuarial loss on the pension scheme, a consequence of ongoing market volatility.

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 complete the spending requirements of EESSH2, as profiled within our 30-year financial projections.

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 91% of our planned programme investing £3.8million in property improvements this year. We maintained our focus on increasing the thermal efficiency of our stock by investing £0.2 million in modern render, £0.6 million in new windows and doors, and a further £0.5 million in upgrading heating systems. To meet tenant expectations and maintain housing quality, we also invested £0.3 million in new kitchens, £0.4 million in bathrooms, and £0.5 million on roofing.

In July 2022, our comprehensive Stock Condition Survey software was successfully implemented, enabling us to conduct 512 Stock Condition Surveys (SCS) and Scottish Housing Quality Standard (SHQS) surveys on-site this year. We will ensure the data remains accurate and accessible to help target future investment in our properties, ensuring they remain in a satisfactory state of repair, energy efficient, modern, safe and secure. This live data will 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 review of the Standard is completed . At the year-end almost 100% of our properties met the previous EESSH target.

Homes – improving energy efficiency
To improve the energy efficiency of our homes, we conducted surveys of typical house types and compiled a comprehensive report to establish the actual thermal resistance of our external walls. We are aware of the anticipated review of the Energy Efficiency Standard for Social Housing (EESSH) and its current suspension. Therefore, we are focusing on a fabric-first approach, which prioritises improving the building envelope to enhance energy efficiency.

Sustainability
We are pleased to announce that our grant application for the Scottish Government's Net Zero funding was successful and as a result, the upcoming (non-insurance) works at Katherine Street, will include measures specifically designed to reduce carbon emissions, improve the energy efficiency of our homes, and move us ever closer to a net zero future.

As part of our Sustainability Strategy, we aim to achieve net-zero carbon in new and existing homes by 2045 and in our day-to-day business activities by 2030. As part of our commitment to reducing carbon emissions and waste from our offices, contractors, and colleagues, we actively promote hybrid working to encourage sustainable travel options and reduce office energy consumption. This approach not only aligns with our environmental goals but also enhances employee well-being and broadens our recruitment opportunities.

To prioritise energy efficiency and minimise the impact of rising energy costs on our customers, we are developing an EESSH2 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 for potential future implementation.

We applied for and were granted £63k of grant from the Scottish Government to expand the Community Growing Project in the Craigshill community. Initially designed for small groups, this project grew into a larger community food initiative during the pandemic, providing organic food and meals to those most in need. 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)

New Developments
We completed our Polbeth Farm development in May 2022, with residents confirming a high level of satisfaction. These 25 new properties feature high levels of insulation, photovoltaic solar cells, modern heating systems, and water-saving fixtures, resulting in reduced running costs for tenants.

Repair response times
We are pleased to report that emergency repairs, most 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 principally 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 7,037 reactive repairs (as per the ARC definition).

We are pleased to report that satisfaction has remained high with 88% of those receiving a repair in the last year reporting they were satisfied (per the ARC definition). The time taken to complete emergency and non-essential repairs has noticeably increased and we are actively working towards making improvements. Our repairs contractors like many other in the sector, have struggled to recruit and retain tradesmen which has had a significant impact on their capacity. We are working on improving communication methods between our asset management team and external contractors going forward, to ensure our customers are continuously informed about the status and progress of their repairs.

Our performance in repair terms is as follows:

Key Performance Indicator: Average length of time to complete		Target
Emergency repair	2.9 hours (2022: 2.9 hours)	4 hours
Other repair	12.8 days (2022: 10.7 days)	5 days
Right First Time	75% (2022: 83%)	90%

Rent losses and arrears
The pandemic left a traumatic impact on our tenants, a significant proportion of whom are elderly and vulnerable or at risk from unemployment or unforeseen financial detriment. As our customers continue to battle with financial hardship, we have adopted a flexible and supportive arrears management approach, to ensure that they receive as much support as needed.

Having previously invested heavily in smarter systems and additional staff resources, we have been well-prepared to prevent the rise of arrears through early intervention and the introduction of 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.

In line with difficult economic conditions and the ongoing cost of living crisis, rent losses, including bad debts and voids, rose to 1.0% of rental income receivable (2022: 0.4%). Although gross rent arrears (including former tenant arrears), also increased, our housing team worked closely with tenants and by the year-end had lowered arrears to 2.2% (2022: 1.8%). 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 (2022: 0.3%).

OPERATING AND FINANCIAL REVIEW (CONTINUED)

PERFORMANCE AND DEVELOPMENT (CONTINUED)

Housing properties
At 31 March 2023 the Association owned 2,556 housing properties (2022: 2,531), which are carried in the balance sheet at a cost (after depreciation), of £65.3million (2022: £66.2million). Our total investment in housing improvements and developments this year of £3.8million 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.

Capital structure and treasury policy
By the year end Association borrowings amounted to £25.9million (2022: £27.0million), 61% of which is due to mature by 2036, with the remaining 39% maturing fully by 2046. Interest was fixed long term (at 3.46% on average) for two thirds of our total borrowings, with the remaining third being variable rate, at a margin of 1.05% 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 arise.

Cash flows
Net cash inflows during the year amounted to £1.2million (2022: £0.6million outflows), details of which are shown in the cash flow statement (page 23). Cash inflows comprised £4.8million from operating activities. Gross cash outflows included £1.1million of loans repaid and £0.9million of interest payable, with a further £1.8million outflow on developments and housing improvements

Customer Excellence (Services)
Excellence in customer service is at the very heart of what we do. This year, in order to further enhance service delivery and address individual needs, we implemented a tenant profiling exercise. The purpose was to gather specific information about our customers, and subsequently, we reached out to anyone who reported difficulties to offer additional support.

To enable customer access to our services at all times and with minimal effort, we have improved customer feedback systems and gone live with our Anti-Social Behaviour auto survey. We have also implemented an automated survey on services and payments, along with surveys on capital works, local updates (such as Katherine Street), and tenant consultation. Furthermore, we are currently in the process of setting up a first-call resolution service, to assess how helpful and friendly we are perceived to have been.

In April 2023, we conducted a thorough tenant survey to evaluate our performance and while the initial findings show an overall high level of satisfaction, it is evident that our responsive maintenance services have fallen short of tenants' expectations. We acknowledge this is a reflection of the prevailing challenges within the building sector, and believe that by enhancing our future communication channels, we can provide faster and more effective solutions for our tenants.

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 2022/23, we improved recording, reporting and understanding of the indicators and working closely with our external consultants 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.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

PERFORMANCE AND DEVELOPMENT (CONTINUED)

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 £32k in staff training, which included professional housing qualifications, leadership development and cultural transformation coaching, all of which will help empower our staff and further our mission, vision and organisational goals. Diversity Scotland also conducted a Diversity, Equity & Inclusion (DEI) survey, and we are actively developing a DEI Strategy and Action Plan, which we aim to implement by December 2023.

We have welcomed new staff to nearly all our teams this year, allowing us to focus on improving our tenants support services, future planned maintenance programme and upgrade our digital engagement and support network. To enhance employee engagement further, we have also expanded our software infrastructure with tools like Culture AMP, People HR, and our intranet, promoting superior development and teamwork. We prioritise employee welfare by providing additional mental health and well-being support platforms, which have also received very positive feedback.

Our innovative office re-model was successfully completed in April 2023, consolidating all colleagues onto the first floor, while creating extra space for collaborative projects and incorporating environmental features to support flexible working, enhance working conditions and facilitate seamless communication.

Tenant engagement and Community Empowerment
Our Community Engagement team, tenant volunteers, community groups, and local charities have helped us foster a culture of continuous improvement where we actively identify areas for growth and implement lasting changes, benefiting both the community and our customers. This year, we provided further support to those in need, with the provision of hundreds of Starter Packs for all our tenants in need of extra assistance and Winter Wellbeing packs comprising essential items, gifted to all our elderly and vulnerable tenant as part of a winter home visit to check they are OK.

In November 2022, we repurposed our reception area to create 'The Big Living Room,' a warm and comfortable space for the community to use free of charge. This initiative has enabled our partner organisations to support local people by running sessions that provide energy advice, income management support, welfare benefits guidance, teach digital skills, and provide budget-friendly cooking classes. The 'Big Living Room' has also been repurposed as the Craigshill distribution centre for the West Lothian Foodbank, thereby simplifying and enhancing the food collection process. The response to this evolving neighbourhood hub has been very positive and has enhanced our reputation in the local community.

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.

Our strategy for delivering on our digital priorities this year involved upgrading online servers, reviewing options for a Customer Relationship Management (CRM) system, and finalising the structure of our project team as we work towards selecting a new housing system. This system will be 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 positive one

This year we went all out to support tenants facing financial uncertainty/poverty, strengthening 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.

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.

Area of risk	Description and examples of mitigating activity
Failure to fully deliver reactive or planned maintenance, due to supply chain issues, recognised labour shortages, price inflation, or contractor insolvency.	Comprehensive pre-contract financial checks are conducted in accordance with the Insolvency Procedure, along with continuous monitoring throughout the contract period as per the Contract Management Procedure. 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 an annual basis.
Failure to maintain, secure and develop ICT systems, networks and support, resulting in delays, loss of data and/or the Association's staff and customers not achieving optimum efficiency.	The ICT department implements measures to enhance cybersecurity and safeguard the company's IT infrastructure, which include frequent team cyber awareness events. IT systems and hardware are further safeguarded through inbuilt protection, timely security updates and continuous monitoring. Additionally, backups are performed twice daily, and cloud providers offer robust security measures along with an alternative backup system. Our Digital Strategy provides clear objectives for the digitalisation of our services, encompassing the development of internal processes and customer interactions. 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.
Loss of control over income or expenditure, resulting in an inability to maintain affordable rents, meet business needs or fund strategic objectives.	We are acutely aware of the persistent price inflation and supply chain challenges and continuously assess their financial impact, to ensure the viability and resilience of our long-term investment strategy, projects and projections. 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.

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 a harsher operating environment and worsening economic outlook

Sustainable homes and places to be proud of

Our Sustainability Strategy is due for augmentation, to 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 aim 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.

To meet the EESSH2 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 £1.2million is budgeted for general replacements and upgrades, mostly bathrooms, kitchens and roofing.

New technologies have been installed in a growing number of our properties and this year we are formulating new environmental pilot projects incorporating the latest materials and technology, to improve the energy resilience of our communities. To effectively monitor delivery progress towards energy efficiency objectives, we will implement a comprehensive 30-year investment plan, establish a stock appraisal model, and develop an EESSH2 delivery strategy. Furthermore, we will collaborate with our customers to create an Almond Standard that surpasses the SHQS and ensures that our homes are modernised in a manner that is consistent, desirable, and ergonomically fit for the future.

Development and growth

Providing 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 two years we plan to complete a £4.1million strategic new development in West Lothian, partially financed via £2.5million of public subsidy.

Restoration work for the fire-damaged interior of our flats at Katherine Street is set to be completed in 2024/25 and is fully covered by insurance. Remedial works to the two end blocks will be completed within the same timeframe and is estimated at £1.2 million, less the £0.4 million grant we have successfully secured from the 'Net Zero Heat Fund'. We plan to deploy extensive energy efficiency measures alongside the fire reinstatement works, which will optimise thermal efficiency, maximise the benefits of new heat pumps, and future-proof the building.

We have completed all necessary fire risk assessments and commenced fortification against future risks, by installing £73k of fire alarms and detection equipment during the year, with a further £108k budgeted for in 2023/24. We have identified four additional blocks that require significant fire remediation works and have scheduled them for adaption within the next few years. We are working with contractors and external experts to ensure a thorough assessment and consensus on the optimal course of action for these schemes. In the meantime, we will continue to carry out interim works and provide additional safety precautions to ensure the safety of our residents. These measures are envisaged to include fire alarms, compartmentation remediation, and the replacement of fire doors and equipment.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FUTURE DEVELOPMENTS (CONTINUED)

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 organization-wide training and development initiatives to equip our workforce with the necessary skills.

We are also planning to make significant strides in redefining the well-being support we can provide to our staff as our project group further evaluates the feasibility of implementing a four-day working week. In conjunction with our 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 by clear goals, 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 spaces will significantly enhance morale and foster collaboration. Moreover, our innovative hub, home, and roam model 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.

Customer service excellence & digital transformation
The cost-of-living crisis has had a devasting 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. The Association's Tenancy Sustainment Officer will continue to work full time and has adapted their services to include doorstep deliveries of essential items. We will also continue to work with our partners to deliver our Money Advice and Welfare Benefits project, which have been invaluable in helping our tenants overcome income insecurity.

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 2023/24 we plan to modernise our IT capabilities and procure a new Housing Management System to enhance our focus on our customer needs, improve 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 staff 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.

Community impact
This year we will utilise £121k 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, cooking and sharing the fruits of their labour. 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.

During 2023/24 we aim to carry out 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. As a key element of our recently approved Community Impact Strategy, it is envisaged that this scheme will initially deliver fencing apprenticeships, but eventually expand to provide local employment delivering void property decorating, landscaping and grass cutting services. This programme will not only reduce our maintenance overheads, but also improve the lives of our tenants, the quality of our community environment and reduce social isolation.

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 begin exploring alternative 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 resources.

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	**2023**	**2022**	**2021**	**2020**	**2019**
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Statement of Comprehensive Income					
Total turnover	13,634	13,121	12,857	12,489	12,169
Income from lettings	12,454	12,015	11,790	11,530	11,185
Operating surplus	2,052	2,179	2,767	2,496	2,664
Surplus for the year transferred to reserves	752	1,530	1,419	2,069	1,363
Statement of financial Position					
Housing properties, net of depreciation					
HAG and other capital grants	65,350	66,195	65,890	65,383	65,217
Other fixed assets	1,908	1,965	2,041	2,019	2,096
Fixed assets net of depreciation	67,258	68,160	67,931	67,402	67,313
Net currents assets/ (liabilities)	8,398	8,168	8,897	9,341	5,674
Total assets less current liabilities	**75,656**	**76,328**	**76,828**	**76,743**	**72,987**
Long term loans and liabilities and Reserves					
Creditors (due over one year)	(49,066)	(50,909)	(52,595)	(54,283)	(52,015)
Pension liability	(626)	(208)	(552)	(198)	(779)
Revenue reserves	(25,964)	(25,211)	(23,681)	(22,262)	(20,193)
Long term loans and liabilities and Reserves	**(75,656)**	**(76,328)**	**(76,828)**	**(76,743)**	**(72,987)**
Accommodation figures					
Total housing stock owned at year end *(number of dwellings)*: Social housing	**2,556**	**2,531**	**2,529**	**2,514**	**2,510**
Statistics					
Surplus for the year as % of turnover	5.5%	11.7%	11.0%	16.6%	11.2%
Surplus for the year as % of income from lettings	6.0%	12.7%	12.0%	17.9%	12.2%
Rent losses *(voids and bad debts as % of rent and service charges receivable)*	1.0%	0.4%	0.4%	0.9%	0.6%
Rent arrears *(gross arrears as % of rent and service charges receivable)*	2.2%	1.8%	2.1%	2.5%	2.2%
Interest cover *(surplus before interest payable divided by interest payable)*	2.2	2.6	3.2	2.7	2.6
Liquidity *(current assets / current liabilities)*	2.6	2.8	3.1	3.4	2.5
Total reserves per home owned	£10,158	£9,961	£9,364	£8,855	£8,045

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

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.

CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

Date: 9.8.2023

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 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2023 and of 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 2019.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

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

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

We have nothing to report in this regard.

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

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 Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the 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.

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

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

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

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

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

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

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

CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

9.8.2023

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2023 £	2022 £
TURNOVER	2	13,633,816	13,121,080
Operating expenditure	2	(11,581,480)	(10,941,839)
OPERATING SURPLUS	6	2,052,336	2,179,241
Interest receivable	10a	136,020	18,107
Interest and financing costs	10b	(933,115)	(846,943)
SURPLUS FOR THE YEAR		1,255,241	1,350,405

OTHER COMPREHENSIVE INCOME

		2023 £	2022 £
Surplus for the year		1,255,241	1,350,405
Actuarial (loss)/gain on pension scheme	18	(503,000)	180,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		752,241	1,530,405

The results relate wholly to continuing activities.

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

STATEMENT OF FINANCIAL POSITION

	Notes		2023		2022
		£	£	£	£
FIXED ASSETS					
Intangible fixed assets	12a		9,477		16,863
Housing properties	12b		65,349,598		66,195,355
Other tangible fixed assets	12c		1,898,673		1,947,883
Investment in subsidiary	11		1		1
			67,257,749		68,160,102
CURRENT ASSETS					
Trade and other debtors	13	543,396		760,180	
Cash and cash equivalents		13,095,662		11,925,265	
		13,639,058		12,685,445	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	14	(5,241,132)		(4,517,471)	
NET CURRENT ASSETS			8,397,926		8,167,974
TOTAL ASSETS LESS CURRENT LIABILITIES			75,655,675		76,328,076
LONG TERM LIABILITIES					
Creditors: amounts falling due after more than one year	15		(49,065,944)		(50,908,585)
Pension - defined benefit liability	18		(626,000)		(208,000)
TOTAL NET ASSETS			25,963,731		25,211,491
RESERVES					
Share capital	19		90		91
Revenue reserves (Page 24)			25,963,641		25,211,400
TOTAL RESERVES			25,963,731		25,211,491

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: 3/8/23

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

STATEMENT OF CASHFLOWS

	Notes	2023 £	2022 £
CASH FLOW FROM OPERATING ACTIVITIES			
Net cash inflow from operating activities	25	4,812,641	3,971,845
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(1,753,342)	(2,777,259)
Grants (reallocated)/received		(10,251)	150,994
Interest received		131,052	18,107
Net cash (outflow)/inflow from investing activities		(1,632,541)	(2,608,158)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(892,407)	(827,067)
New secured loans		-	-
Repayments of borrowings		(1,117,300)	(1,164,652)
Proceeds from issue of shares		4	-
Net cash (outflow)/inflow from financing activities		(2,009,703)	(1,991,719)
NET INCREASE/(DECREASE)IN CASH		1,170,397	(628,032)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		11,925,265	12,553,297
CASH AND CASH EQUIVALENTS AT END OF YEAR		13,095,662	11,925,265

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

STATEMENT OF CHANGES IN RESERVES

	Share Capital	Revenue Reserves	Total Reserves
	£	£	£
Balance at 1 April 2021	99	23,680,995	23,681,094
Total comprehensive income for the year	-	1,530,405	1,530,405
Shares issued during the year	-	-	-
Cancelled shares during the year	(8)	-	(8)
Balance at 31 March 2022	91	25,211,400	25,211,491
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	90	25,963,641	25,963,731

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 group 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 2023 was £626k (2022: £208k).

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 £77,908 (Investing in Communities Fund), £55,670 (SFHA-Social Housing Fuel Support Fund), £12,300 (SFHA-Winter Hardship Fund) and £3,693 (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 stablished 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.

Annually housing properties are assessed for impairment indicators. 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 2023, the net defined benefit pension deficit liability was £626k (2022: £208k).

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 reinstated by 2024/25. Insurance income (settlements) and matching insurance work expenditure for this year of £646,301 are netted off under the heading 'Reactive maintenance costs' in note 3. The total spend (and insurance income) to date equals £867,915.

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.

Derecognition of financial liabilities
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) 2023 £	Operating surplus/ (loss) 2022 £
Affordable letting activities	3	13,194,355	(11,001,939)	2,192,416	2,300,090
Other activities	4	439,461	(579,541)	(140,080)	(120,849)
Total		13,633,816	(11,581,480)	2,052,336	2,179,241
Total for previous period of account		13,121,080	(10,941,839)	2,179,241	

NOTES TO THE FINANCIAL STATEMENTS

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

	General Needs Housing	Supported Housing	Total 2023	2022
	£	£	£	£
Rent receivable net of service charges	12,407,673	46,347	12,454,020	12,015,022
Service charges receivable	114,504	1,579	116,083	115,578
Gross income from rent and service charges	12,522,177	47,926	12,570,103	12,130,600
Less Voids	(32,627)	-	(32,627)	(41,138)
Net income from rents and service charges	12,489,550	47,926	12,537,476	12,089,462
Grants released from deferred income	655,562	1,317	656,879	626,190
Other grants	-	-	-	-
Total turnover from affordable letting activities	13,145,112	49,243	13,194,355	12,715,652
Management & Maintenance administration costs	3,391,638	12,717	3,404,355	3,231,406
Service costs	95,939	360	96,299	95,411
Planned & cyclical maintenance	2,378,753	2,109	2,380,862	2,102,552
Reactive maintenance costs	2,391,195	3,881	2,395,076	2,540,168
Bad debts – rents and service charges	87,766	-	87,766	7,655
Depreciation of affordable let properties	2,396,139	7,657	2,403,796	2,323,396
Loss on disposal of plant and equipment (note 7)	233,785	-	233,785	114,974
Operating costs for affordable letting activities	10,975,215	26,724	11,001,939	10,415,562
Operating surplus/(loss) for affordable letting activities	2,169,897	22,519	2,192,416	2,300,090
Operating surplus or deficit for affordable letting activities for previous reporting period	2,289,262	10,828	2,300,090	

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 2023 £**	Operating (deficit) or surplus 2022 £
Wider role activities	77,908	67,970	3,693	-	**149,571**	-	(264,881)	**(115,310)**	**(181,258)**
Care and repair of property	109,850	-	-	115,824	**225,674**	-	(231,433)	**(5,759)**	**(4,997)**
Investment property activities	-	-	-	-	**-**	-	-	**-**	**-**
Factoring	-	-	-	41,482	**41,482**	-	(24,553)	**16,929**	**10,147**
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	-	-	-	-	**-**	-	(58,674)	**(58,674)**	**(58,758)**
Other activities (includes £14k Gift Aid in 2023, (2022: £106k Gift Aid))	-	-	-	22,734	**22,734**	-	-	**22,734**	**114,017**
Total from other activities	187,758	67,970	3,693	180,040	439,461	-	(579,541)	(140,080)	**(120,849)**
Total from other activities for the previous period of account	139,591	26,835	-	239,002	**405,428**	-	(526,277)	**(120,849)**	

NOTES TO THE FINANCIAL STATEMENTS

5 ACCOMMODATION IN MANAGEMENT

The number of units in Management at 31 March was as follows:	2023	2022
General needs housing – units owned and managed	2,546	2,520
Supported housing – units, owned and managed	10	11
Total	2,556	2,531

6 OPERATING SURPLUS

	2023	2022
	£	£
The operating surplus is arrived at after charging/(crediting):		
Depreciation of housing properties (note 12b)	2,403,796	2,323,396
Depreciation of other tangible fixed assets (note 12c)	80,474	79,791
Amortisation of intangible fixed assets (note 12a)	7,386	9,500
Operating lease rentals	23,418	40,717
Audit services - statutory audit of the Association	16,200	16,983

7 DEFICIT / SURPLUS ON DISPOSAL OF FIXED ASSETS – HOUSING PROPERTIES

	2023	2022
	£	£
Carrying value of fixed assets	-	(959)
Deficit on disposal of replaced components	(233,785)	(114,015)
	(233,785)	(114,974)

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:

	2023	2022
£70,001 to £80,000	1	2
£80,001 to £90,000	2	1
£100,001 to £110,000	1	1

NOTES TO THE FINANCIAL STATEMENTS

8 KEY MANAGEMENT PERSONNEL (CONTINUED)

	2023	2022
	£	£
Aggregate emoluments for key management personnel (excluding pension contributions)	339,645	396,158
Aggregate pension contributions in relation to key management personnel	38,774	47,580
The emoluments of the Chief Executive (excluding pension contributions)	106,575	102,115
Total emoluments paid to key management personnel	415,236	483,459

Last year, a departmental restructure led to the inclusion of an immaterial provision within our Creditors (note 14) to cover the expenses associated with an employee's redundancy, compensation for loss of office, and other related expenditure. All termination costs incurred during this year were fully covered by this provision.

None of the Board of Management received any emoluments during the year (2022: £Nil). During the year the Board of Management were reimbursed expenses of £Nil (2022: £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):

	2023	2022
Housing, support and care	16	16
Maintenance	12	11
Office and management/Administration	14	14
Development	1	1
	43	42

The actual average weekly number of persons employed by the Association was 45 (2022: 44).

Staff costs for the above persons:

	2023	2022
	£	£
Wages and salaries	1,880,761	1,814,220
Social security costs	197,769	187,946
Defined contribution (current service) pension costs	211,806	223,700
Defined benefit (past service) pension costs: -		
Scheme expenses	5,632	5,632
	2,295,968	2,231,498

NOTES TO THE FINANCIAL STATEMENTS

10a INTEREST RECEIVABLE AND SIMILAR INCOME

	2023	2022
	£	£
Interest on bank deposits	136,020	18,107

10b INTEREST PAYABLE AND SIMILAR CHARGES

	2023	2022
	£	£
Interest arising on bank loans and overdrafts	928,385	836,709
Net interest expense on defined benefit pension liabilities	4,730	10,234
	933,115	846,943

11 FIXED ASSET INVESTMENTS

	2023	2022
	£	£
Subsidiary company (Cost as at 31 March 2023 and 31 March 2022)	1	1

The subsidiary company as at 31 March 2023 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:

	2023	2022
	£	£
Profit on ordinary activities after taxation	29,996	87,421
Net assets	229,483	212,987

NOTES TO THE FINANCIAL STATEMENTS

12a INTANGIBLE FIXED ASSETS

	Computer Software £
Cost	
At 1 April 2022	175,508
Additions	-
At 31 March 2023	175,508
Depreciation	
At 1 April 2022	158,645
Charge in the year	7,386
At 31 March 2023	166,031
Net book value	
At 31 March 2023	9,477
At 31 March 2022	16,863

NOTES TO THE FINANCIAL STATEMENTS

12b TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

	Social housing properties held for letting	Housing properties in course of construction	Total
	£	£	£
Cost			
At 1 April 2022	93,049,169	3,592,220	96,641,389
Additions – housing units	-	101,750	101,750
Additions – components	1,690,073	-	1,690,073
Disposals – components	(878,759)	-	(878,759)
Schemes completed	3,615,885	(3,615,885)	-
At 31 March 2023	97,476,368	78,085	97,554,453
Depreciation and impairment			
At 1 April 2022	30,446,034	-	30,446,034
Depreciation charged in year	2,403,796	-	2,403,796
Released on disposal	(644,975)	-	(644,975)
At 31 March 2023	32,204,855	-	32,204,855
Net book value			
At 31 March 2023	65,271,513	78,085	65,349,598
At 31 March 2022	62,603,135	3,592,220	66,195,355

Land comprises £9,249,622 of social housing properties held for letting (2022: £8,989,622) and £Nil of Housing properties in course of construction (2022: £255,380).

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 assessment of the building was carried out. Of the 25 homes evacuated, the 'middle section' comprising 15 flats requires 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, however due to the need to renew the middle section and comply with future EESSH2 standards, the Association chose to pilot improvements in thermal efficiency for the entire building. This decision was also driven by the goal of reducing costs for our customers and aligning with our Net Zero commitment, so this project includes the installation of air source heat pumps and advanced insulation solutions.

While the land value has been retained, none of the existing components within the 10 flats were deemed economically viable to salvage and were scrapped at the year-end, resulting in a loss on disposal of £76,087 (note 7). The indicative costs for the energy efficiency upgrades and component replacements are estimated at £1.2million, with £78,085 incurred so far and disclosed within 'Housing properties in course of construction' (note 12b). The project is due to complete during 2024-25.

NOTES TO THE FINANCIAL STATEMENTS

12b TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (CONTINUED)

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	2023 £	2022 £
Enhanced component spends capitalised	1,690,074	1,106,329
Amounts charged to income and expenditure	2,118,580	1,858,434
	3,808,654	2,964,763

12c TANGIBLE FIXED ASSETS –OTHER

	Freehold office £	Furniture, fixtures and fittings £	Computers and office equipment £	Total £
Cost				
At 1 April 2022	3,126,878	117,648	100,273	3,344,799
Additions	-	25,825	5,439	31,264
Disposals	-	(46,247)	(3,250)	(49,497)
At 31 March 2023	3,126,878	97,226	102,462	3,326,566
Depreciation				
At 1 April 2022	1,244,667	117,648	34,601	1,396,916
Charge in the year	55,453	538	24,483	80,474
Released on disposal	-	(46,247)	(3,250)	(49,497)
At 31 March 2023	1,300,120	71,939	55,834	1,427,893
Net book value				
At 31 March 2023	1,826,758	25,287	46,628	1,898,673
At 31 March 2022	1,882,211	-	65,672	1,947,883

NOTES TO THE FINANCIAL STATEMENTS

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

	2023	2022
	£	£
Rent and service charges receivable	302,439	241,258
Less: provision for bad and doubtful debts	(198,083)	(153,580)
	104,356	87,678
Social housing grant receivable	29,221	33,605
Other debtors	56,652	78,615
Prepayments and accrued income	353,167	560,282
	543,396	760,180

This year the Association provided £Nil of accrued income (2022: £221k) in relation to insurance proceeds due following the fire at Katherine Street. The recovery for the previous year was determined by the cost incurred for the ongoing remediation work, and the funds were received in April 2022, as per the terms of our fire insurance policy with Protector Forsikring ASA.

14 CREDITORS: amounts falling due within one year

	2023	2022
	£	£
Debt (note 16)	1,155,531	1,126,509
Trade creditors	1,509,773	836,367
Rent and service charges received in advance	381,634	368,565
Amounts owed to subsidiary undertaking	16,871	25,209
Deferred grant income (note 17)	666,729	627,289
Other taxation and social security	61,251	58,694
Other creditors	28,161	26,502
Accruals and deferred income	1,421,182	1,448,336
	5,241,132	4,517,471

15 CREDITORS: Amounts falling due after more than one year

	2023	2022
	£	£
Debt (note 16)	24,739,152	25,885,474
Deferred capital grant (note 17)	24,326,792	25,023,111
	49,065,944	50,908,585

16 DEBT ANALYSIS – BORROWINGS

	2023	2022
	£	£
Bank loan instalments due within one year (note 14)	1,155,531	1,126,509
Bank loan instalments due after more than one year (note 15)	24,739,152	25,885,474
	25,894,683	27,011,983

NOTES TO THE FINANCIAL STATEMENTS

16 DEBT ANALYSIS – BORROWINGS (CONTINUED)

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. £10.1million Business Term Loan had interest charged at the fixed rate of LIBOR + 0.375% on £0.6Million, with the remaining £9.5million at the fixed rate of 2.705%. The fixed rate loans are all currently at rates between 3.79% and 5.66% (2022: 3.79% and 6.32%). The average fixed rate of interest was 4.07% (2022: 4.52%).

	£	Repayment date
Business Term Loan	1,836,569	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	2,683,100	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)	627,854	1 November 2046
Business Term Loan (Nationwide B.S)	9,487,160	1 November 2046
	25,894,683	

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

	2023 £	2022 £
Bank loans:		
Due less than 1 year	1,155,531	1,126,509
Due within 1 to 2 years	1,163,950	1,155,531
Due within 2 to 5 years	3,537,208	3,514,849
Due after five years or more	20,037,994	21,215,094
Bank loan instalments due after more than one year (note 15)	24,739,152	25,885,474
	25,894,683	27,011,983

The Association's activities expose it to interest rate risk. The Association 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 £7.06m (2022: £10.77m). 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

At 31 March 2023, the Association had undrawn loan facilities of £Nil (2022: £Nil).

NOTES TO THE FINANCIAL STATEMENTS

17 DEFERRED CAPITAL GRANT INCOME

	2023	2022
	£	£
At 1 April	25,650,400	26,210,140
Grant received in the year – Retained developments	-	66,450
Released to income in the year	(656,879)	(626,190)
At 31 March	24,993,521	25,650,400

	2023	2022
	£	£
Amounts to be released within one year (note 14)	666,729	627,289
Amounts to be released in more than one year (note 15)	24,326,792	25,023,111
	24,993,521	25,650,400

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 is shown below.

	2023	2022
	£	£
Grant (at cost)		
At 1 April	33,336,468	33,270,018
Received in year	-	66,450
At 31 March	33,336,468	33,336,468
Grant released to income (cumulative)		
At 1 April	(7,686,068)	(7,059,878)
Released in year	(656,879)	(626,190)
At 31 March	(8,342,947)	(7,686,068)
Grant Net Book Value	24,993,521	25,650,400

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 company 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 financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit 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 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 29 February 2024 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

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.

	2023 £	2022 £
Fair value of plan assets	4,020,000	6,303,000
Present value of defined benefit obligation	4,646,000	6,511,000
Net defined benefit liability to be recognised	(626,000)	(208,000)

NOTES TO THE FINANCIAL STATEMENTS

18 RETIREMENT BENEFIT SCHEMES (CONTINUED)

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

	2023
	£
Defined benefit obligation at start of period	6,511,000
Expenses	5,632
Interest expense	179,368
Actuarial (gains) due to scheme experience	(481,000)
Actuarial (gains) due to changes in demographic assumptions	(10,000)
Actuarial (gains) due to changes in financial assumptions	(1,397,000)
Benefits paid and expenses	(162,000)
Defined benefit obligation at end of period	4,646,000

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

	2023
	£
Fair value of plan assets at start of period	6,303,000
Interest income	174,638
Experience on plan assets (excluding amounts within interest income) – (loss)	(2,391,000)
Employer contributions – including scheme expenses	95,362
Benefits paid and expenses	(162,000)
Fair value of plan assets at end of period	4,020,000

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was a loss of £2,216,000. This decline was primarily attributed to an unprecedented drop in the underlying value of low-yielding bonds.

Defined benefit costs recognised in Statement of Comprehensive Income

	2023
	£
Expenses	5,632
Net interest expense	4,730
Defined benefit costs recognised in Statement of Comprehensive Income	10,362

Defined benefit costs recognised in Other Comprehensive Income

	2023
	£
Experience on plan assets (excluding amounts within net interest cost) – (loss)	(2,391,000)
Experience gains and losses arising on the plan liabilities - gain	481,000
Effects of changes in the demographic assumptions underlying the plan – gain	10,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	1,397,000
Total amount recognised in other comprehensive income – (loss)	(503,000)

NOTES TO THE FINANCIAL STATEMENTS

18 RETIREMENT BENEFIT SCHEMES (CONTINUED)

Pension - defined benefit liability

	2023 £	2022 £
At 1 April	(208,000)	(552,000)
Net interest expense	(4,730)	(10,234)
Employer contributions -net of scheme expenses	89,730	174,234
Defined benefit (costs)/income recognised in other comprehensive income	(503,000)	180,000
At 31 March	(626,000)	(208,000)

Key Assumptions

	2023 % per annum	2022 % per annum
Discount rate	4.57%	2.79%
Inflation (RPI)	3.49%	3.84%
Inflation (CPI)	3.05%	3.47%
Salary Growth	4.75%	4.23%
Allowance of commutation of pension for cash or retirement (as a % of maximum allowance)	75%	75%
Life expectancy for a male currently age 65	21.5 years	21.6 years

19 CALLED UP SHARE CAPITAL

	2023 £	2022 £
Shares of £1 each Issued and Fully Paid		
At 1 April	91	99
Shares issued during the year	4	-
Shares cancelled during the year	(5)	(8)
At 31 March	90	91

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

	2023	2022
	£	£
Authorised and contracted for	1,011,606	2,797,702
Authorised not contracted for – fire damage restitution	1,989,305	2,628,386

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 (2022: 1). Their tenancy is on normal commercial terms. During the year £5,801 (2022: £5,605) of rent was receivable from tenant members. At the year-end there was £nil (2022: £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 £299,893 of turnover this year (2022: £324,772), with a year-end net trade creditor balance of 16,871 (2022: £25,209). Almond Enterprises Limited made a Gift Aid payment of £13,500 during 2022/23 (2022: £106,000) 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 2023 in relation to operating leases:

	Land & Buildings	
	2023	2022
	£	£
Within one year	12,951	12,951
Between two and five years	-	11,252
	12,951	24,203

	Plant & Machinery	
	2023	2022
	£	£
Within one year	18,032	22,901
Between two and five years	25,499	41,816
	43,531	64,717

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

	2023	2022
Average weekly rent for housing accommodation	£91.74	£89.36
Increase	2.7%	1.5%
Number of Unit at the end of the year:		
General needs social housing	2,546	2,521
Supported Social Housing Accommodation	10	10
	2,556	2,531

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 2022 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 £1.7million. 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 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.

NOTES TO THE FINANCIAL STATEMENTS

25 CASH FLOW STATEMENT

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

	2023	2022
	£	£
Operating Surplus for the year	2,052,336	2,179,241
Adjustments for non-cash items:		
Amortisation of intangible fixed assets	7,386	9,500
Depreciation/impairment of tangible fixed assets	2,484,270	2,403,187
Government grants utilised in the year	(656,879)	(626,190)
Defined benefit pension schemes	(89,730)	(174,234)
Decrease/(Increase) in trade and other debtors	217,368	(277,396)
Increase in trade and other creditors	564,105	342,763
Loss on disposal of plant and equipment	233,785	114,974
Net cash generated from operating activities	4,812,641	3,971,845

(b) ANALYSIS OF CHANGES IN NET DEBT

	As at 01/04/22	Cash Flow	Other Changes	As at 31/03/23
	£	£	£	£
Cash at bank and in hand	11,925,265	1,170,397	-	13,095,662
Debt due within one year	(1,126,509)	-	29,022	(1,155,531)
Debt due after one year	(25,885,474)	1,117,300	(29,022)	(24,739,152)
	(15,086,718)	2,287,697	-	(12,799,021)