

CALVAY HOUSING ASSOCIATION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

REGISTERED HOUSING ASSOCIATION NUMBER: HAC80

CHARITY REGISTRATION NUMBER: 2194R(S)

FCA REFERENCE NUMBER: SC039234

CALVAY HOUSING ASSOCIATION LIMITED

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**CALVAY HOUSING ASSOCIATION LIMITED
THE MANAGEMENT COMMITTEE, THE EXECUTIVE OFFICER AND ADVISORS
FOR THE YEAR ENDED 31 MARCH 2023**

Management Committee

James Gourlay	(Chairperson)
Alison A'Hara	(Vice Chair)
Christopher Warwick	(Secretary)
Bryce Wilson	(Treasurer)
Stacy Shaw	(Committee Member [resigned 21/06/23])
Julia Okun	(Committee Member) [joined 01/09/22]
Steve Blomer	(Committee Member) [joined 01/09/22]
Geri Mogan	(Co-opted Member) [joined 01/10/22]
Jim Munro	(Co-opted Member) [joined 01/10/22]
Anna Ellis	(Chairperson [until resignation – 13/05/22])
Sandra McIlroy	(Committee Member) (resigned 18/05/23)
Pauline Barr	(Secretary [until resignation – 15/09/22])
Margaret Lynch	(Committee Member [resigned 09/09/22])

Executive Officer

Nick Dangerfield

Registered numbers

Registered Housing Association Number: HAC80

Charity Registration Number: 2194R(S)

FCA Reference Number: SC039234

Registered office

16 Calvay Road
Glasgow
G33 4RQ

Independent auditor

Azets Audit Services
Chartered Accountants
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Solicitors

TC Young
7 West George Street
Glasgow
G2 1BA

Bankers

The Royal Bank of Scotland
1304 Duke Street
Glasgow
G31 5PZ

Internal Auditor

Wylie & Bissett
168 Bath Street
Glasgow
G2 4TP

**CALVAY HOUSING ASSOCIATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2023**

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

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 2194 (s). The Association is governed under its Rule Book. The Association is a Registered Scottish Charity with the charity number SC039234.

Principal Activities

The principal activity of the Association is the provision of social housing.

Objectives and Strategy

The Association is a Registered Social Landlord and Scottish Charity. The core objects as set out in our rules are to provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care.

Our current strategic objectives (agreed by Committee in January 2023) are:

- *Provide a high-quality housing service*
- *Demonstrate strong performance and compliance*
- *Be a good employer*
- *Invest in and support our community*
- *Practice robust governance*
- *Be responsible, forward-thinking and innovative*

Review of business and future developments

Current Year

This has been a year of significant change for Calvay, in particular the many changes in the Committee structure and the Committee would like to go on record to thank all previous Committee members for their contributions over the year with new members and existing members resigning.

The Committee has updated its strategic objectives and as part of this we have sought support from HR consultants, Gravitate, who have been working with the Committee to update job descriptions and help us develop a performance management framework, which is being implemented based on the findings of external reports. We hope to have this fully embedded as soon as possible.

We have now engaged with TPAS to try and set up a tenants' scrutiny panel to try and encourage tenants to engage with us on performance.

Development Programme

During the year, our 43 unit development programme made significant progress. Throughout the reporting year, work has continued on-site with properties being handed over on a phased basis starting in March 2023 with 9 units being handed over by 31 March 2023 with the final units to be handed over in July. Once this development has been completed the Association has no immediate further development plans.

CALVAY HOUSING ASSOCIATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Financial Review

The Association made a surplus in the year of £807k before pension adjustments (2022: £703k). £599k was spent on new components to the Association's existing housing stock in the year with £263K spent on planned and cyclical maintenance and £439K on reactive repairs. As a social landlord we are committed to keeping our properties in good condition.

Turnover of £4.1 million relates primarily to the income from letting of properties at affordable rents. The rent increase agreed during 2022/23 (for implementation from 1 April 2023) was 5.0%. At 31 March 2023 net assets were £12.3 million.

Risk and Uncertainties

During the year, some building defects became apparent in properties in Calvay Crescent and since the year end further defects were identified in Barlanark Road. Calvay has notified all affected tenants and put measures in place to make safe until a long term plan is agreed to take the corrective action needed. The Association has commissioned a project team to provide all available options to the Committee who will then decide on the most appropriate course of action. The project team is made up of experts in the field. The cost of implementing a permanent solution is currently unknown but will be calculated when the project team have concluded their investigation.

As the Scottish Government's decisions in relation to EESSH2 (energy efficiency measures) have yet to be fully concluded we are not able to determine the cost of meeting EESSH2 but the Committee are aware of this uncertainty and will seek clarity once the decision is made.

Inflation has affected Calvay HA with the rent rises this year (23-24) being significantly (around 5%) below the rate of inflation. Our base case relies on rent being increased by slightly above inflation each year. We also have lending on a variable rate which is tied to SONIA (previously LIBOR). As this rate increases so therefore do our interest costs.

Staff

Several staff left during the year, including the Property Services Manager who retired, and we wish her all the best in her retirement. Following an organisational review, she was replaced by an Operations Manager, who has settled in well and has become part of the leadership team. The organisational review highlighted the need for more resource in the maintenance team and as a result a new post of Senior Maintenance Officer was created and has successfully been filled. The Association applied for funding to facilitate wider action activities, we were successful and secured three years of grant funding which has been used to fund a Wider Role Manager and a Calvay Centre Manager.

Governance

Calvay's Management Committee is the Association's governing body and usually meet at least ten times a year. The Committee can have a minimum of 7 and a maximum of 15 members.

In addition to the Management Committee, the Association has three Sub Committees. During the year under review these were:

- Audit and Risk Sub Committee
- Staffing Sub Committee
- Operations Sub Committee (now known as Property Services Sub Committee)

Following an independent review of the structure it was agreed that the Association will only have an Audit and Risk Sub Committee that will meet quarterly and a staff Sub which will meet on an ad hoc basis.

The Management Committee is currently engaging with the Scottish Housing Regulator on governance matters and commissioned external consultants to assist on these matters. The Committee is committed to addressing the short comings noted within these reports and have formulated a plan of action which will provide the Scottish Housing Regulator with the assurance they seek.

The Management Committee has already looked to strengthen the Committee by advertising for additional members and it is hoped that this will increase the skillset of the Committee in the areas where weaknesses were identified. We have also held training sessions on the Regulatory standards, and this was well supported by staff and Committee.

**CALVAY HOUSING ASSOCIATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

As a matter of good governance, all Committee Members are required to sign the Association's Code of Conduct for Committee Members on an annual basis. Furthermore, Committee Members also sign a declaration of interest form and will declare any relevant interests at the start of each Committee / Sub Committee Meeting or during a meeting if a relevant interest becomes apparent in the course of a meeting.

The Committee would like to thank staff for their diligent work during the year and look forward to continuing to build on what has been achieved to date. The Committee would also like to thank all external consultants who have supported us in what has been a very difficult year for the Association.

Related Party Transactions

Several members of the Management Committee are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their position to their advantage.

Management Committee and Executive Officer

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

Statement of Management Committee's responsibilities

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

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

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

Disclosure of information to the auditor

In so far as the members of the Management Committee are aware:

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

**CALVAY HOUSING ASSOCIATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Statement on Internal Financial Control

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

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

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

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

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

**CALVAY HOUSING ASSOCIATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Auditor

A resolution to re-appoint Azets Audit Services as external auditor for the reporting year 2023 - 2024, will be proposed at the Association's Annual General Meeting in September 2023.

By order of Management Committee



James Gourlay
Chair

Date: 17 August 2023

**CALVAY HOUSING ASSOCIATION LIMITED
REPORT OF THE AUDITOR TO THE MANAGEMENT COMMITTEE OF CALVAY HOUSING ASSOCIATION
LIMITED ON INTERNAL FINANCIAL CONTROLS
FOR THE YEAR ENDED 31 MARCH 2023**

In addition to our audit of the financial statements, we have reviewed your statement on page 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Controls on page 5 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Azets Audit Services

Azets Audit Services
Statutory Auditor
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 18 August 2023

Azets Audit Services is eligible for appointment as auditor of the Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

CALVAY HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALVAY HOUSING ASSOCIATION LIMITED ON THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Opinion

We have audited the financial statements of Calvay Housing Association Limited (the 'Association') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Capital and Reserves and the notes to the financial statements, including 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 income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator.

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 ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

**CALVAY HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALVAY HOUSING ASSOCIATION LIMITED ON
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

Matters on which we are required to report by exception

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

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

Responsibilities of the Management Committee

As explained more fully in the Statement of the Management Committee's Responsibilities set out on page 4 the Management Committee is 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 Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the Association, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the Association is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the Association that were contrary to applicable laws and regulations, including fraud.

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Association through discussions with the Management Committee members and the senior management team, and from our knowledge and experience of the RSL sector;

CALVAY HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALVAY HOUSING ASSOCIATION LIMITED ON
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Auditor's responsibilities for the audit of the financial statements (continued)

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator and taxation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Management Committee and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of the Management Committee and relevant Sub Committees;
- enquiring of the senior management team and the Management Committee as to actual and potential litigation and claims;
- reviewing legal and professional fees paid in the year for indication of any actual and potential litigation and claims; and
- reviewing any correspondence with HMRC, the Scottish Housing Regulator, OSCR and the Association's legal advisors.

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

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

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

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**CALVAY HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALVAY HOUSING ASSOCIATION LIMITED ON
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members, as a body, 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.

Azets Audit Services

Azets Audit Services
Statutory Auditor
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 18 August 2023

Azets Audit Services is eligible for appointment as auditor of the Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

CALVAY HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
REVENUE	2	4,094,290	3,936,036
Operating expenditure	2	(3,255,425)	(3,095,064)
OPERATING SURPLUS	7	838,865	840,972
Gain on disposal of property, plant and equipment		45,936	-
Increase in fair value of investment property		28,608	-
Interest receivable and other similar income		21,741	6,617
Interest payable and other similar charges	8	(128,025)	(137,961)
Other finance charges	9	(264)	(6,264)
		<u>(32,004)</u>	<u>(137,608)</u>
SURPLUS FOR THE YEAR BEFORE TAX		806,861	703,364
Taxation	10	-	-
SURPLUS FOR THE YEAR AFTER TAX		806,861	703,364
OTHER COMPREHENSIVE INCOME			
Actuarial (losses)/ gains in respect of the defined benefit pension scheme	17	(110,000)	228,000
TOTAL COMPREHENSIVE INCOME		<u><u>696,861</u></u>	<u><u>931,364</u></u>

The results for the year relate wholly to continuing activities.

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 17 August 2023 by:



James Gourlay
Chair



Bryce Wilson
Treasurer




Christopher Warwick
Secretary

The notes form part of these financial statements


CALVAY HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £	Restated 2022 £
NON-CURRENT ASSETS			
Housing properties – depreciated cost	11(a)	31,368,902	25,716,822
Other tangible fixed assets	11(b)	624,935	618,078
Investment property	11(c)	100,000	71,392
		<u>32,093,837</u>	<u>26,406,292</u>
CURRENT ASSETS			
Debtors	12	315,300	141,340
Cash and cash equivalents	13a	1,939,774	230,664
Investments	13b	1,000,000	2,529,249
		<u>3,255,074</u>	<u>2,901,253</u>
CREDITORS: amounts due within one year	14	(1,909,553)	(1,405,027)
NET CURRENT ASSETS		<u>1,345,521</u>	<u>1,496,226</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		33,439,358	27,902,518
CREDITORS:			
Amounts due after more than one year	15	(21,047,481)	(16,266,493)
PROVISIONS FOR LIABILITIES			
Pension-defined benefit liability	17	(72,000)	(13,000)
		<u>(21,119,481)</u>	<u>(16,279,493)</u>
		<u>12,319,877</u>	<u>11,623,025</u>
CAPITAL AND RESERVES			
Share capital	18	44	53
Revenue reserve		12,319,833	11,622,972
		<u>12,319,877</u>	<u>11,623,025</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 17 August 2023 by:


James Gourlay
Chair


Bryce Wilson
Treasurer


Christopher Warwick
Secretary

The notes form part of these financial statements

CALVAY HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	£	2023 £	£	Restated 2022 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	19		1,835,386		1,577,802
INVESTING ACTIVITIES					
Acquisition and construction of housing properties		(6,611,048)		(954,491)	
Purchase of other fixed assets		(28,270)		-	
Social Housing Grant received		3,860,021		205,137	
Income received on disposal of housing properties		69,320		-	
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES			(2,709,977)		(749,354)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING			(874,591)		828,448
FINANCING ACTIVITIES					
Movement of ordinary share capital	4			(4)	
Interest received		21,741		6,617	
Interest paid		(128,025)		(137,961)	
Loan principal repayments		(285,268)		(2,973,407)	
Loans drawn down		1,500,000		-	
SHAPS past service deficit contributions		(54,000)		(87,000)	
Transfer from / (to) investments (bank deposits)		1,529,249		(2,529,249)	
NET CASH INFLOW/(OUTFLOW) FROM FINANCING			2,583,701		(5,721,004)
INCREASE/(DECREASE) IN CASH			1,709,110		(4,892,556)
OPENING CASH AND CASH EQUIVALENTS			230,664		5,123,220
CLOSING CASH AND CASH EQUIVALENTS			1,939,774		230,664

CALVAY HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2023

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2022	53	11,622,972	11,623,025
Issue of shares	4	-	4
Cancelled shares	(13)	-	(13)
Surplus for year	-	806,861	806,861
Other comprehensive income	-	(110,000)	(110,000)
Balance as at 31 March 2023	<u>44</u>	<u>12,319,833</u>	<u>12,319,877</u>

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2021	57	10,691,608	10,691,665
Issue of shares	4	-	4
Cancelled shares	(8)	-	(8)
Surplus for year	-	703,364	703,364
Other comprehensive income	-	228,000	228,000
Balance as at 31 March 2022	<u>53</u>	<u>11,622,972</u>	<u>11,623,025</u>

1a. PRINCIPAL ACCOUNTING POLICIES

Legal status

The Association is incorporated under the Co-operative and Community Benefits Societies Act 2014 and is registered by the Financial Conduct Authority.

The Association is a public benefit entity in terms of its compliance with Financial Reporting Standard 102.

Basis of Accounting

These financial statements have been prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', ("FRS102") (United Kingdom generally accepted accounting practice) and the Statement of Recommended Practice for Social Housing Providers 2018 and comply with the requirements of the Determination of Housing Requirements 2019 as issued by the Scottish Housing Regulator.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see below).

As preparation of these financial statements, in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies.

The following principal accounting policies have been applied:

Going Concern

The financial statements have been prepared on a going concern basis after consideration of the future prospects of the Association, its long term financial forecasts and the certainty of cash flow from rental of social housing stock.

Revenue

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

Apportionment of management expenses

Direct employee, administration and operating expenditure have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

Interest receivable and other income

Interest income is recognised in the Statement of Comprehensive Income on an accruals basis.

Interest payable and similar charges

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Development Interest

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

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Fixed assets - Housing properties

Housing properties are stated at cost, less accumulated depreciation. The development cost of housing properties includes: -

1. Cost of acquiring land and buildings; and
2. Development expenditure including administration costs.

These costs are either termed "qualifying costs" by The Scottish Government for approved social housing grant or are considered for mortgage loans by the relevant lending authorities or are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value are included in the financial statements for the year, provided that the dates of issue or valuation are prior to the year end.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated.

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Depreciation

- (i) Housing properties

Each housing unit has been split between its major component parts. Each major component is depreciated on a straight-line basis over its expected economic useful life. The following major components and useful lives have been identified by the Group and Association:

<u>Component</u>	<u>Useful Economic Life</u>
Land	Not depreciated
Structure	50 years
Bathrooms	30 years
Windows	25 years
Kitchens	15 years
Central Heating	15 years

Shared equity properties are depreciated over 50 years.

Other fixed assets

- (ii) Depreciation and Impairment of Other Non-Current Assets

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

Office Premises	Over 50 years
Land	Not depreciated
Fixtures & Fittings	Over 5 years
Office IT & Equipment	Over 4 years

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

Investment Properties

Investment (commercial) properties are valued at their fair value (which is market value) with movement in value recognised in the Statement of Comprehensive Income.

Government Capital Grants

Government Capital Grant at amounts approved by The Scottish Government, is paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred Government capital grant and is released to income over the useful life of the assets it relates to. The accrual model requires the Association to recognise income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

Government Revenue Grants

Government revenue grants are recognised using the accrual model which means the Association recognises the grant in income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

Non-Government Grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Rental Arrears

Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in note 12.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Investments

Bank deposits that have a maturity of more than three months are disclosed as investments.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Loans

Mortgage loans are advanced by Private Lenders under the terms of individual mortgage deeds in respect of each property or housing scheme. Security can only be provided in respect of these loans once approval by The Scottish Government has been obtained.

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Pensions

The Scottish Housing Association Defined Benefits Pension Scheme

The Association participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole. The pension scheme is accounted for as a defined benefit scheme and as such the amount charged to the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

The amount charged to the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each reporting date.

The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the Statement of Financial Position only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the reporting date. A pension scheme liability is recognised to the extent that the Association has a legal or constructive obligation to settle the liability.

Defined benefit schemes are funded, with the assets held separately from the Association in separate trust.

Defined contribution schemes

The Association operates a defined contribution scheme. Employer contributions are charged to the Statement of Comprehensive Income on the accruals basis.

Financial Instruments

The Association only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like rents and other accounts receivable and payable, loans from banks and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest rate method.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a rental arrear deferred beyond normal terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Association has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation, or expiry.

1b. Estimation Uncertainty

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

Rent Arrears - Bad Debt Provision

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

Life Cycle of Components

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

Useful Lives of Other Fixed Assets

The useful lives of other fixed Assets are based on the knowledge of senior management at the Association with reference to expected asset life cycles.

Pension Liabilities

This has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate. Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation.

Valuation of investment properties

The investment properties were valued by an appropriately qualified valuer using market data at the date of valuation.

1c. Key Judgements made in the application of Accounting Policies

The Categorisation of Housing Properties

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

Identification of cash generating units

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

Financial Instruments – Basic

The Association only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like rents, accounts receivable and payable, loans from banks and related parties.

These are recognised in accordance with Section 11 of Financial Reporting Standard 102.

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

2. PARTICULARS OF REVENUE, OPERATING EXPENDITURE AND OPERATING SURPLUS

	Note	2023			2022		
		Revenue £	Operating Expenditure £	Operating surplus/ (deficit) £	Revenue £	Operating Expenditure £	Operating surplus/ (deficit) £
Social letting activities	3	4,015,568	(3,146,990)	868,578	3,869,963	(3,004,325)	865,638
Other activities	4	78,722	(108,435)	(29,713)	66,073	(90,739)	(24,666)
Total		<u>4,094,290</u>	<u>(3,255,425)</u>	<u>838,865</u>	<u>3,936,036</u>	<u>(3,095,064)</u>	<u>840,972</u>

CALVAY HOUSING ASSOCIATION LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTING ACTIVITIES

	General Needs Housing	Shared Ownership Housing	2023 Total	2022 Total
	£	£	£	£
Revenue from lettings				
Gross rents receivable	3,471,448	40,114	3,511,562	3,360,616
Less rent losses from voids	(19,859)	-	(19,859)	(27,287)
Net rents receivable	3,451,589	40,114	3,491,703	3,333,329
Amortisation of Social Housing & Other Grants	484,329	14,866	499,195	506,093
Revenue grants from local authorities and other agencies	24,670	-	24,670	30,541
Total income from social letting activities	<u>3,960,588</u>	<u>54,980</u>	<u>4,015,568</u>	<u>3,869,963</u>
Expenditure on social letting activities				
Management and maintenance administration costs	1,218,876	13,557	1,232,433	1,131,843
Direct Services	275,551	-	275,551	282,968
Planned and cyclical maintenance including major repairs	262,996	-	262,996	312,680
Reactive maintenance costs	439,175	-	439,175	398,063
Bad debts – rents and service charges	1,251	-	1,251	8,472
Depreciation of social housing	927,200	8,384	935,584	870,299
Total expenditure from social letting activities	<u>3,125,049</u>	<u>21,941</u>	<u>3,146,990</u>	<u>3,004,325</u>
Operating surplus on social letting activities - 2023	<u>835,539</u>	<u>33,039</u>	<u>868,578</u>	
Operating surplus on social letting activities - 2022	<u>848,477</u>	<u>17,161</u>		<u>865,638</u>

CALVAY HOUSING ASSOCIATION LIMITED
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 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. PARTICULARS OF INCOME AND EXPENDITURE FROM OTHER ACTIVITIES

	£	£	Operating surplus/ (deficit) £	Operating surplus/ (deficit) £
	Other Income	Other Operating Expenditure	2023	2022
Wider Role activities	42,159	(50,096)	(7,937)	2,049
Development activities	-	-	-	-
Factoring activities	16,909	(16,909)	-	-
Agency income	-	-	-	-
Calvay Centre	19,654	(41,430)	(21,776)	(26,715)
Surplus/deficit from other activities - 2023	<u>78,722</u>	<u>(108,435)</u>	<u>(29,713)</u>	
Surplus/deficit from other activities - 2022	<u>66,073</u>	<u>(90,739)</u>		<u>(24,666)</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. COMMITTEE MEMBERS AND EXECUTIVE OFFICER EMOLUMENTS

The key management personnel (KMP) are determined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, manager and employees of the Association.

No emoluments have been paid to any member of the Management Committee.

	2023	2022
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	70,886	67,772
Emoluments payable to the director (excluding pensions contributions)	70,886	67,662
Pension contributions paid on behalf of the director	9,614	9,235
Total Emoluments paid on behalf of the director	80,500	76,897
	Number	Number
Total number of officers, including the highest paid office, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-		
£60,000 - £70,000	-	1
£70,000 - £80,000	1	-

The total remuneration to key management personnel including employers NI is £88,742 (2022: £84,303).

6. EMPLOYEE INFORMATION

	2023	2022
	£	£
Staff costs during the year:		
Wages and salaries	631,581	633,130
Social security costs	57,794	55,010
Other pension costs	67,305	71,969
	756,680	760,109
	Number	Number
The average number of full time equivalent persons employed during the year was	16	17

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. OPERATING SURPLUS FOR THE YEAR

	2023	2022
	£	£
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	896,831	870,299
Auditor's remuneration – audit services excluding VAT	14,000	11,100
Auditor's remuneration – non audit services	-	-
Loss on disposal of components	60,166	35,559
Amortisation of capital grants	(499,195)	(506,093)
	<u> </u>	<u> </u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2023	2022
	£	£
Bank loan interest	128,025	137,961
	<u> </u>	<u> </u>

9. OTHER FINANCE CHARGES

	2023	2022
	£	£
Net interest expense – defined benefit pension scheme	264	6,264
	<u> </u>	<u> </u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity (charity number 2194R(S)) and is exempt from Corporation Tax on its charitable activities.

No corporation tax (2022:£nil) is due from the Association's other activities.

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting	Housing Properties in the Course of Construction	Shared Ownership Properties Held for Letting	Total
	£	£	£	£
COST				
At start of the year	37,910,971	733,435	588,763	39,233,169
Additions - components	599,115	-	-	599,115
Additions - property	-	6,011,933	-	6,011,933
Disposals - components	(150,280)	-	(36,798)	(187,078)
Transfers	1,729,749	(1,729,749)	-	-
At end of year	<u>40,089,555</u>	<u>5,015,619</u>	<u>551,965</u>	<u>45,657,139</u>
DEPRECIATION				
At start of the year	13,301,723	-	214,624	13,516,347
Charged during year	867,034	-	8,384	875,418
Eliminated on disposal - components	(90,114)	-	(13,414)	(103,528)
Transfers	-	-	-	-
At end of year	<u>14,078,643</u>	<u>-</u>	<u>209,594</u>	<u>14,288,237</u>
NET BOOK VALUE				
At start of the year	<u>24,609,248</u>	<u>733,435</u>	<u>374,139</u>	<u>25,716,822</u>
At end of the year	<u>26,010,912</u>	<u>5,015,619</u>	<u>342,371</u>	<u>31,368,902</u>

Included within housing properties is land of £4,662,595 that is not depreciated (2022 - £4,653,743).

Total expenditure on existing properties in the year amounted to £1,301,286 (2022 - £1,569,007). The amount capitalised is £599,115 (2022 - £858,264), with the balance charged to the Statement of Comprehensive Income with the remainder included within expenditure (see note 3). This amount of £599,115 (2022 - £858,264), capitalised was spent on component replacements.

9 units from the current development came off site at the end of March 2023.

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Other Tangible Assets	Office Premises	Land	Office IT & Equipment	Total
	£	£	£	£
COST				
At start of the year (restated)	717,277	15,060	-	732,337
Additions	-	-	28,270	28,270
Disposals	-	-	-	-
At end of year	<u>717,277</u>	<u>15,060</u>	<u>28,270</u>	<u>760,607</u>
DEPRECIATION				
At start of the year (restated)	114,259	-	-	114,259
Charged during year	14,345	-	7,068	21,413
Disposals	-	-	-	-
At end of year	<u>128,604</u>	<u>-</u>	<u>7,068</u>	<u>135,672</u>
NET BOOK VALUE				
At start of year (restated)	<u>603,018</u>	<u>15,060</u>	<u>-</u>	<u>618,078</u>
At end of year	<u>588,673</u>	<u>15,060</u>	<u>21,202</u>	<u>624,935</u>

c) Investment Property

	Investment Property
	£
At start of the year (restated)	71,392
Increase in valuation	28,608
At end of year	<u>100,000</u>

The investment property is a commercial unit leased out at the Calvay Centre. This was valued by JLL, an independent surveyor on 9 March 2023.

12. DEBTORS

	2023	Restated 2022
	£	£
Arrears of rent & service charges	135,435	109,334
Less: provision for doubtful debts	(51,500)	(61,000)
	<u>83,935</u>	<u>48,334</u>
Other debtors	231,365	93,006
	<u>315,300</u>	<u>141,340</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13a. CASH AND CASH EQUIVALENTS

	2023	<i>Restated</i> 2022
	£	£
Cash and cash equivalents	1,939,774	230,664

13b. INVESTMENTS

	2023	<i>Restated</i> 2022
	£	£
Investments – deposits with a maturity > 90 days	1,000,000	2,529,249

14. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	<i>Restated</i> 2022
	£	£
Housing loans	285,268	285,268
Trade payables	381,155	414,482
Rent in advance	134,471	128,599
Other taxation and social security	19,078	-
Other payable	6,233	8,281
Accruals and deferred income	588,457	53,618
Retention creditor	-	19,005
Deferred Government capital grants (note 16)	494,891	495,774
	<u>1,909,553</u>	<u>1,405,027</u>

15. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	2023	<i>Restated</i> 2022
	£	£
Retention creditor	223,084	-
Housing loans	3,591,963	2,377,231
Deferred government capital grants (note 16)	17,232,434	13,889,262
	<u>21,047,481</u>	<u>16,266,493</u>

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

Loans are secured by specific charges on the Association's properties. The net book value of housing properties secured at the year-end was £12,155,684 (2022: £17,395,277) with the decrease being due to the repayment of a loan at the end of 2022. Loans are repayable at 1.8% plus base (2022 – 1.8% plus base) in instalments as follows:

The Housing loans are repayable as follows:	2023	2022
	£	£
Between one and two years	400,268	285,268
Between two and five years	1,222,803	855,803
In five years or more	1,968,892	1,236,160
	<u>3,591,963</u>	<u>2,377,231</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. DEFERRED GOVERNMENT CAPITAL GRANTS

	2023	2022
	£	£
Social Housing Grants		
Balance as at 1 April 2022	14,385,036	14,685,992
Additions in year	3,860,021	205,137
Released/Repaid as the result of property disposal	(22,841)	(10,319)
Amortisation in Year	(494,891)	(495,774)
	<u>17,727,325</u>	<u>14,385,036</u>

Total deferred grants

This is expected to be released to the Statement of Comprehensive Income as follows:

Amounts released within one year	494,891	495,774
Amounts released in one year or more:		
1-2 years	494,891	495,774
2-5 years	1,484,673	1,487,322
> 5 years	15,252,870	11,906,166
	<u>17,232,434</u>	<u>13,889,262</u>
	<u>17,727,325</u>	<u>14,385,036</u>

17. RETIREMENT BENEFIT OBLIGATIONS

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 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which will run to either 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September each year. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 28 February 2024 inclusive.

The liabilities are compared, at the relevant accounting date, with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus.

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. RETIREMENT BENEFIT OBLIGATIONS(continued)

Pension Scheme Liability movements:

	2023 (£000s)	2022 (£000s)
As at 1 April 2022	13	319
Current Service Cost	-	-
Net Interest expense	-	6
Expenses	3	3
Deficit Contributions Paid	(54)	(87)
Impact of change in assumptions	110	(228)
	<u>72</u>	<u>13</u>
As at 31 March 2023	<u><u>72</u></u>	<u><u>13</u></u>

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION,

FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2023 (£000s)	31 March 2022 (£000s)
Fair value of plan assets	2,043	3,191
Present value of defined benefit obligation	(2,115)	(3,204)
	<u>(72)</u>	<u>(13)</u>
Surplus/(deficit) in plan	(72)	(13)
Unrecognised surplus	-	-
	<u>(72)</u>	<u>(13)</u>
Defined benefit (liability) to be recognised	<u><u>(72)</u></u>	<u><u>(13)</u></u>

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Year ended 31 March 2023 (£000s)	Year ended 31 March 2022 (£000s)
Defined benefit obligation at start of period	3,204	3,357
Current service cost	-	-
Expenses	3	3
Interest expense	85	72
Contributions by plan participants	-	-
Actuarial (gains)/losses due to scheme experience	(12)	74
Actuarial (gains)/losses due to changes in demographic assumptions	(48)	10
Actuarial (gains)/losses due to changes in financial assumptions	(789)	(261)
Benefits paid and expenses	(328)	(51)
	<u>2,115</u>	<u>3,204</u>
Defined benefit obligation at end of period	<u><u>2,115</u></u>	<u><u>3,204</u></u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Year ended 31 March 2023 (£000s)	Year ended 31 March 2022 (£000s)
Fair value of plan assets at start of period	3,191	3,038
Interest income	85	66
Experience on plan assets (excluding amounts included in interest income) – gain/(loss)	(959)	51
Contributions by the employer	54	87
Contributions by plan participants	-	-
Benefits paid and expenses	(328)	(51)
	<u>2,043</u>	<u>3,191</u>
Fair value of plan assets at end of period	<u>2,043</u>	<u>3,191</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was £874,000.

DEFINED BENEFIT COST RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)

	Year ended 31 March 2023 (£000s)	Year ended 31 March 2022 (£000s)
Current service cost	-	-
Expenses	3	3
Interest	-	6
	<u>3</u>	<u>9</u>
Defined benefit costs recognised in statement of comprehensive income (SOCl)	<u>3</u>	<u>9</u>

DEFINED BENEFIT COST RECOGNISED IN STATEMENT OF OTHER COMPREHENSIVE INCOME (SOCl)

	Year ended 31 March 2023 (£000s)	Year ended 31 March 2022 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) – (loss)/gain	(959)	51
Experience gains and losses arising on the plan liabilities – gain/(loss)	12	(74)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	48	(10)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	789	261
	<u>(110)</u>	<u>228</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – (loss)/gain	<u>(110)</u>	<u>228</u>
Total amount recognised in other comprehensive income – (loss)/gain	<u>(110)</u>	<u>228</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

ASSETS

	31 March 2023 (£000s)	31 March 2022 (£000s)
Global Equity	54	631
Absolute Return	28	146
Distressed Opportunities	63	114
Credit Relative Value	78	102
Alternative Risk Premia	12	132
Fund of Hedge Funds	-	-
Emerging Markets Debt	16	119
Risk Sharing	149	104
Insurance Linked Securities	57	67
Property	85	83
Infrastructure	220	199
Private Debt	91	80
Opportunistic Liquid Credit	90	106
High Yield	10	31
Opportunistic Credit	-	11
Cash	9	9
Corporate Bond Fund	3	202
Liquid Credit	-	20
Long Lease Property	68	92
Secured Income	137	171
Over 15 Year Gifts	-	1
Liability Driven Investment	864	773
Currency Hedging	4	(12)
Net Current Assets	5	10
	<u>2,043</u>	<u>3,191</u>

KEY ASSUMPTIONS

	31 March 2023 % per annum	31 March 2022 % per annum
Discount Rate	4.88	2.79
Inflation (RPI)	3.20	3.57
Inflation (CPI)	2.74	3.19
Salary Growth	3.74	4.19
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	2023 Life expectancy at age 65 (Years)	2022 Life expectancy at age 65 (Years)
Male retiring in 2023	20.5	21.6
Female retiring in 2023	23.0	23.9
Male retiring in 2043	21.7	22.9
Female retiring in 2043	24.4	25.4

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

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation.

The Association has been notified by TPT of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2022. As of this date the estimated employer debt for the Association was £942,008.

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items and this process is ongoing and with it being unlikely to be resolved before the end of 2024 at the earliest.

It is estimated that this could potentially increase the value of the full scheme liabilities by £27m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the court direction is received, it is unknown whether the full (if any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

18. SHARE CAPITAL

	2023	2022
	£	£
Share of £1 each issued and fully paid		
At 1 April 2022	53	57
Issued in year	4	4
Cancelled in year	(13)	(8)
As at 31 March 2023	<u>44</u>	<u>53</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends 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 member's meetings.

19. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to cash flow from operating activities	2023	Restated 2022
	£	£
Operating surplus	838,865	840,972
Depreciation	896,831	870,299
Amortisation of capital gains	(494,891)	(495,774)
Change in debtors	(173,960)	27,904
Change in creditors	728,493	306,429
Loss on disposal of components	60,166	35,559
SHAPS expenses	2,736	2,740
Cancelled Shares	(13)	(8)
Social Housing Grant released	(22,841)	(10,319)
Cash inflow from operating activities	<u>1,835,386</u>	<u>1,577,802</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. ANALYSIS OF CHANGES IN NET DEBT

	Restated As at 1 April 2022	Cash Flows	Non Cash Changes	As at 31 March 2023
	£	£	£	£
Cash at bank	230,664	1,709,110	-	1,939,774
Investments	2,529,249	(1,529,249)		1,000,000
Loans falling due within one year	(285,268)	285,268	(285,268)	(285,268)
Loans falling due after more than one year	(2,377,231)	(1,500,000)	285,268	(3,591,963)
TOTAL	<u>97,414</u>	<u>(1,034,871)</u>	<u>-</u>	<u>(937,457)</u>

21. HOUSING STOCK

The number of units of accommodation in management at the year-end was:	2023	2022
	No.	No.
General Needs	834	825
Shared Ownership	15	16
	<u>849</u>	<u>841</u>

9 units from the current development came off site at the end of March 2023.

22. OTHER PROPERTIES

	2023 No.	2022 No.
Office	1	1
Investment property – shop unit	1	1
	<u>2</u>	<u>2</u>

Part of the office is leased to Turning Point, a charity, providing services to the local community including the tenants of the Association. As this is viewed as a furtherance of the Association's own charitable objectives and activities, this part of the office is included on other fixed assets at historical cost and not as an investment property. The rent of £12,000 (2022: £12,000) is included in rental income from general needs units.

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102. The related party relationships of the members of the Management Committee are summarised as:

- 7 Members are tenants of the Association
- Management Committee members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members were as follows:

- Rent Received from Committee members and from close family members of the Committee was £42,757 (2022: £32,724).
- At the year-end total rent arrears owed by Committee members and close family members of the Committee were £nil (2022: £162). Rent prepaid at the year totalled £2,058 (2022: £1,638).

Reimbursed expenses totalling £521 (2022: £4,200) were paid to the Director in the year to 31 March 2023.

24. DETAILS OF THE ASSOCIATION

The Association is a Registered Society registered within the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 16 Calvay Road, Glasgow, G33 4RQ

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

25. CAPITAL COMMITMENTS

	2023	2022
	£	£
Expenditure authorised by the Management committee and contracted for	2,252,425	7,530,923
Expenditure authorised by the Management committee not contracted for	-	-
	<u>2,252,425</u>	<u>7,530,923</u>
Funded by:		
Social Housing Grant	-	4,633,057
External Funding	2,252,425	2,897,866
Reserves	-	-
	<u>2,252,425</u>	<u>7,530,923</u>

26. PRIOR YEAR ADJUSTMENTS

An investment property with a NBV of £71,392 was incorrectly included within other fixed assets in the prior year. This has been reallocated to investment properties and fair valued in the current year. This prior year adjustment did not impact the previously stated surplus of net assets.

Deferred Government Capital grants were previously shown separately at the bottom of the Statement of Financial Position. These are now included within creditors < 1 year and creditors > 1 year with the prior year comparative updated to reflect this (split as per note 16). This does not impact the previously stated surplus or net assets.

In the prior year £2,529,249 of bank deposits with a maturity over > 90 days were incorrectly included in cash and cash equivalents when they should have been included in investments. The comparative has been corrected in the current year. This does not impact the previously stated surplus or net assets.

In the prior year, payments made by tenants at the year via Allpay, were included in debtors. In the current year these have been recognised as cash and cash equivalents given these are in effect outstanding lodgements at the year end. The comparative figure of £44,660 has also been reallocated. This does not impact the previously stated surplus or net assets.

27. CONTINGENT LIABILITY

During the year, some building defects became apparent in properties in Calvay Crescent and since the year end further defects were identified in Barlanark Road. Calvay has notified all affected tenants and put measures in place to make safe until a long term plan is agreed to take the corrective action needed. The Association has commissioned a project team to provide all available options to the Committee who will then decide on the most appropriate course of action. The project team is made up of experts in the field. The cost of implementing a permanent solution is currently unknown but will be calculated when the project team have concluded their investigation.