

**CALVAY HOUSING ASSOCIATION LIMITED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

Registered Housing Association Number: HAC 80  
Charity Registration Number: 2194R (S)  
FCA Reference Number: SC039234

**CALVAY HOUSING ASSOCIATION LIMITED**

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**CALVAY HOUSING ASSOCIATION  
THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS  
FOR THE YEAR ENDED 31 MARCH 2020**

**MEMBERS OF THE MANAGEMENT COMMITTEE**

|                     |  |
|---------------------|--|
| Anna Ellis          | (Vice Chair until appointed Chairperson on 19/09/2019)                             |
| Alison A'Hara       | (Secretary from 11/07/2019 until appointed Vice Chair on 19/09/2019)               |
| Christopher Warwick | (Secretary from 19/09/2019)  |
| Rebecca Howden      | (Treasurer from 19/09/2019)  |
| Pauline Barr        | (Secretary until resignation on 31/05/2019/ Committee Member appointed 12/12/2019) |
| Linda Dick          | (Committee Member until resignation on 12/04/2019)                                 |
| Eddie Dunlop        | (Committee Member appointed 12/12/2019)  |
| Rosemarie Lindsay   | (Committee Member)   |
| John Lyon           | (Committee Member from 12/09/2019)   |
| Margaret Lynch      | (Committee Member appointed 12/12/2019)  |
| Billy McIlroy       | (Chairperson until resignation on 30/08/2019)                                      |
| Sandra McIlroy      | (Committee Member)   |
| Julia Okun          | (Committee Member appointed 12/12/2019)  |
| Wilma Running       | (Treasurer until resignation on 06/06/2019)  |
| Laura Sneider       | (Committee Member from 12/09/2019)   |

**EXECUTIVE OFFICERS**

|                  |          |
|------------------|----------|
| Nick Dangerfield | Director |
|------------------|----------|

**REGISTERED OFFICE**

16 Calvay Road  
Glasgow  
G33 4RQ

**AUDITOR**

French Duncan LLP  
Chartered Accountants  
Statutory Auditors  
133 Finnieston Street  
Glasgow  
G3 8HB

**BANKERS**

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

**SOLICITORS**

TC Young  
7 West George Street  
Glasgow  
G2 1BA

**CALVAY HOUSING ASSOCIATION LIMITED  
REPORT FROM THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2020**

The Management Committee presents their report and the audited Financial Statements for the year ended 31 March 2020.

**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 (updated by the Management Committee in January 2019) are:

- To govern effectively
- To provide a high quality housing service
- To enhance our asset base
- To engage effectively
- To enhance community capacity

**Review of business and future developments**

**Current Year**

Calvay HA continued to deliver a good service to its tenants and factored owners and is a financially strong organisation. The 2019-2022 business plan was refreshed for 2020-2021 focussing on updating the action plan.

During the year we have begun to install interlinked smoke and heat alarms.

**The Future**

Calvay has continued to develop its plans to build new homes and we anticipate site start at Garvel Crescent in the autumn of 2020.

**Financial Review**

The Association made a surplus in the year of £675,344 before pension adjustments (2019: £789,570). £426,197 was spent on planned maintenance (which has been capitalised).

Turnover of £3.8 million relates to the income from letting of properties at affordable rents. The rent increase agreed during 2019/20 (for implementation from 1<sup>st</sup> April 2020) was 2.0%.

At 31 March 2020 £10.6 million was held in reserves.

**CALVAY HOUSING ASSOCIATION LIMITED  
REPORT FROM THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2020**

**Risk and Uncertainties**

Welfare reform, and in particular the introduction of Universal Credit (UC), as was the case last year, continues to pose a risk. Calvay has a full-time permanent welfare rights officer employed partly to mitigate the risk posed by UC.

Towards the end of the period these accounts cover, the COVID-19 pandemic had reached the UK and resulted in government advice to stay at home. This resulted in the closure of Calvay's offices however all office-based staff continued to be able to work using remote access and remote phones linked to the association's phone system.

Our service to our tenants / factored owners was changed significantly in order to ensure we could keep our staff, customers and contractors safe. In particular, we were unable to deliver day-to-day repairs and our ability to let void properties was adversely affected.

Due to the anticipated effect of COVID-19 on the employment of our customers, we expect that in 2020/2021 arrears will increase. However, while the Management Committee will monitor arrears closely, it will not be known for some time the extent to which we are able to recover arrears, and therefore the extent to which these increased arrears will need to be written off.

We also anticipate increased irrecoverable losses from voids.

The Management Committee review the updated Risk Register on a quarterly basis.

**Staff**

Calvay's staff team continues to be stable. During the year, the Welfare Rights post was made permanent reflecting the Association's views that our customers benefit from the specialist advice Welfare Rights Officer can provide, and that maximising customer's income helps to ensure rent due to the Association is paid.

The Association currently offers two SHAPS pension schemes – SHAPS Defined Contribution and SHAPS Defined Benefit. Both schemes are open to all employees. During the year the Committee agreed to review the Association's pension arrangements. This review is due to be concluded by autumn 2020 with an implementation date for any changes of December 2020.

**Governance**

Calvay's Management Committee is the Association's governing body and met 11 times in the financial year. The Committee can have a minimum of 7 and a maximum of 15 members.

In addition to the Management Committee Association has sub-committees. During the year under review these were:

- Operations
- Corporate
- Community Regeneration

Following a review of Standing Orders, in the future there will only be two sub-committees meeting regularly :

- Operations
- Audit and Risk

Governance changes during the year included the election of a new Chair, Anna Ellis and the recruitment of two new non-tenant co-optees Margaret Lynch and Eddie Dunlop who were chosen in order to strengthen the overall knowledge and skills of the Committee.

**CALVAY HOUSING ASSOCIATION LIMITED  
REPORT FROM THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2020**

The pay policy for senior personnel is reviewed in line with EVH's pay scales.

All Committee Members must agree to and sign the Association's Code of Conduct for Committee Members before they can sit as a Committee Members. Committee Members must also sign a declaration of interest form and in addition 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.

**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.

**Committee of Management and Executive Officers**

The members of the Management Committee and the Executive Officers 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 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;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- Prepare a statement on Internal Financial Control.

The 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.

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

In so far as 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 are unaware, and

**CALVAY HOUSING ASSOCIATION LIMITED  
REPORT FROM THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2020**

- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

**Statement on Internal Financial Control**

The 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 2020. 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 FROM THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2020**

**Auditors**

A resolution to re-appoint the auditors, French Duncan LLP, Chartered Accountants, will be proposed at the Annual General Meeting.

**By order of Management Committee**

Signature

A solid black rectangular box redacting the signature of the Chair.

Anna Ellis, Chair

Date: 23 July 2020



**CALVAY HOUSING ASSOCIATION LIMITED**  
**REPORT BY THE AUDITOR TO THE MANAGEMENT COMMITTEE OF CALVAY HOUSING ASSOCIATION**  
**ON CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2020**

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 in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. 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 reasons given for non-compliance.

**Opinion**

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

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

*French Duncan LLP*

French Duncan LLP

Chartered Accountants  
Statutory Auditors

GLASGOW

*14* October 2020

**CALVAY HOUSING ASSOCIATION LIMITED  
INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE OF CALVAY HOUSING  
ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2020**

**OPINION**

We have audited the Financial Statements of Bridgewater Housing Association Limited for the year ended 31 March 2020 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in reserves and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2020 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 properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements February 2019.

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the housing association in accordance with the ethical requirements that are relevant to our audit of 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**

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 committee members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the committee members have 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 other information comprises the information contained in the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

**CALVAY HOUSING ASSOCIATION LIMITED  
INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE OF CALVAY HOUSING  
ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2020**

inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

**RESPONSIBILITIES OF COMMITTEE MEMBERS**

As explained more fully in the management committee's responsibilities statement set out on page 4, the committee members 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 trustees 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 are responsible for assessing the housing association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee members either intend to liquidate the housing association or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 the basis for our opinion. The risk of not detecting a material

**CALVAY HOUSING ASSOCIATION LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE OF CALVAY HOUSING**  
**ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2020**

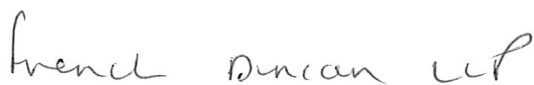
misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the housing association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee members.
- Conclude on the appropriateness of the committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the housing association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**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 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.



**French Duncan LLP**  
Chartered Accountants and Statutory Auditors  
133 Finnieston Street  
GLASGOW  
G3 8HB

14 October 2020

**CALVAY HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2020**

|  | Notes | 2020<br>£               | 2019<br>£             |
|--|-------|-------------------------|-----------------------|
| <b>REVENUE</b>   | 2     | 3,826,149               | 3,719,440             |
| Operating costs  | 2     | <u>(3,030,444)</u>      | <u>(2,810,458)</u>    |
| <b>OPERATING SURPLUS</b>                                     | 9     | 795,705                 | 908,982               |
| Gain on sale of housing stock                                | 7     | -                       | 22,328                |
| Interest receivable and other similar income                 |       | 33,621                  | 14,442                |
| Interest payable and other similar charges                   | 8     | (143,982)               | (146,182)             |
| Other finance charges  | 11    | <u>(10,000)</u>         | <u>(10,000)</u>       |
|  |       | <u>(120,361)</u>        | <u>(119,412)</u>      |
| <b>SURPLUS FOR THE YEAR</b>                                  |       | 675,344                 | 789,570               |
| <b>OTHER COMPREHENSIVE INCOME</b>                            |       |                         |                       |
| Initial recognition of multi-employer defined benefit scheme |       | -                       | (111,000)             |
| Actuarial losses in respect of pension scheme                | 23    | 378,000                 | (90,000)              |
| <b>TOTAL COMPREHENSIVE INCOME</b>                            |       | <u><u>1,053,344</u></u> | <u><u>588,570</u></u> |

The results for the year relate wholly to continuing activities.

The notes on page 15 to 37 form part of these financial statements

**CALVAY HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

|  | Notes | 2020<br>£           | 2019<br>£           |
|--|-------|---------------------|---------------------|
| <b>NON-CURRENT ASSETS</b>                                      |       |                     |                     |
| Housing properties - depreciated cost                          | 12(a) | 25,967,275          | 26,106,494          |
| Other tangible fixed assets                                    | 12(b) | <u>730,568</u>      | <u>751,118</u>      |
|  |       | 26,697,843          | 26,857,612          |
| <b>CURRENT ASSETS</b>  |       |                     |                     |
| Debtors  | 13    | 562,498             | 337,066             |
| Cash at bank and in hand                                       |       | <u>4,599,361</u>    | <u>4,293,555</u>    |
|  |       | 5,161,859           | 4,630,621           |
| <b>CREDITORS: amounts falling due within one year</b>          | 14    | <u>(576,674)</u>    | <u>(524,780)</u>    |
| <b>NET CURRENT ASSETS</b>                                      |       | <u>4,585,185</u>    | <u>4,105,841</u>    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |       | <u>31,283,028</u>   | <u>30,963,453</u>   |
| <b>CREDITORS: amounts falling due after more than one year</b> |       |                     |                     |
| housing property loans   | 15    | (5,635,905)         | (5,830,700)         |
| <b>PROVISIONS FOR LIABILITIES</b>                              |       |                     |                     |
| Pension - defined benefit liability                            | 23    | <u>(36,000)</u>     | <u>(443,000)</u>    |
|  |       | (5,671,905)         | (6,273,700)         |
| <b>DEFERRED INCOME</b>   |       |                     |                     |
| Social Housing Grants  | 18    | <u>(14,995,457)</u> | <u>(15,127,430)</u> |
|  |       | <u>10,615,666</u>   | <u>9,562,323</u>    |
| <b>EQUITY</b>  |       |                     |                     |
| Share capital  | 19    | 57                  | 58                  |
| Revenue reserve  |       | <u>10,615,609</u>   | <u>9,562,265</u>    |
|  |       | <u>10,615,666</u>   | <u>9,562,323</u>    |

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 23 July 2020



Anna Ellis  
Chair



Christopher Warwick  
Secretary



Rebecca Howden  
Treasurer

The notes on page 15 to 37 form part of these financial statements.

**CALVAY HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

|   | Notes     | 2020<br>£        | 2019<br>£        |
|---|-----------|------------------|------------------|
| <b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>    | 16        | <u>1,033,227</u> | <u>1,118,506</u> |
| <b>INVESTING ACTIVITIES</b>                         |           |                  |                  |
| Acquisition and construction of housing properties  | (720,002) | (485,892)        |                  |
| Social Housing Grant received                       | 291,899   | 83,716           |                  |
| Proceeds of disposals of housing properties         | -         | 66,484           |                  |
| <b>NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES</b> |           | <u>(428,103)</u> | <u>(335,692)</u> |
| <b>NET CASH INFLOW BEFORE FINANCING</b>             |           | 605,124          | 782,814          |
| <b>FINANCING ACTIVITIES</b>                         |           |                  |                  |
| Loan advance received                               | -         |                  |                  |
| Issue of ordinary share capital                     | 3         | 4                |                  |
| Interest received                                   | 33,621    | 14,442           |                  |
| Interest paid                                       | (143,982) | (146,182)        |                  |
| Loan principal repayments                           | (188,960) | (183,333)        |                  |
| <b>NET CASH (OUTFLOW) FROM FINANCING</b>            |           | <u>(299,318)</u> | <u>(315,069)</u> |
| <b>INCREASE IN CASH</b>                             |           | 305,806          | 467,745          |
| <b>OPENING CASH AND CASH EQUIVALENTS</b>            |           | 4,293,555        | 3,825,810        |
| <b>CLOSING CASH AND CASH EQUIVALENTS</b>            |           | <u>4,599,361</u> | <u>4,293,555</u> |

**CALVAY HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF CHANGES IN CAPITAL AND RESERVES**  
**FOR THE YEAR ENDED 31 MARCH 2020**

|                             | <b>Share<br/>Capital</b> | <b>Revenue<br/>Reserve</b> | <b>Total</b>      |
|-----------------------------|--------------------------|----------------------------|-------------------|
|                             | <b>£</b>                 | <b>£</b>                   | <b>£</b>          |
| Balance as at 1 April 2019  | 58                       | 9,562,265                  | 9,562,323         |
| Issue of Shares             | 3                        | -                          | 3                 |
| Cancelled shares            | (4)                      | -                          | (4)               |
| Surplus for Year            | -                        | 675,344                    | 675,344           |
| Other comprehensive income  | -                        | 378,000                    | 378,000           |
| Balance as at 31 March 2020 | <u>57</u>                | <u>10,615,609</u>          | <u>10,615,666</u> |

|                             | <b>Share<br/>Capital</b> | <b>Revenue<br/>Reserve</b> | <b>Total</b>     |
|-----------------------------|--------------------------|----------------------------|------------------|
|                             | <b>£</b>                 | <b>£</b>                   | <b>£</b>         |
| Balance as at 1 April 2018  | 58                       | 8,973,695                  | 8,973,753        |
| Issue of Shares             | 4                        | -                          | 4                |
| Cancelled shares            | (4)                      | -                          | (4)              |
| Surplus for Year            | -                        | 789,570                    | 789,570          |
| Other comprehensive income  | -                        | (201,000)                  | (201,000)        |
| Balance as at 31 March 2019 | <u>58</u>                | <u>9,562,265</u>           | <u>9,562,323</u> |



**CALVAY HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. 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' 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).

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.

The Association has taken into account the Covid-19 outbreak in its consideration and is satisfied that the Association has adequate resources to manage the impact of the pandemic on an ongoing basis.

**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.

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

**Retirement Benefits**

The Association participates in the Scottish Housing Association Defined Benefits Pension Scheme 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 Association accounts for the pension scheme on a defined benefit basis based on its share of scheme assets and liabilities as determined by the actuary. Defined benefit costs are recognised in the Statement of Comprehensive Income within operating costs. Actuarial gains and losses are recognised in Other Comprehensive Income. Further details are disclosed in the notes to the accounts.

**CALVAY HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

**Valuation of Housing Properties**

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

| Component       | Useful Economic Life |
|-----------------|----------------------|
| Land            | Not depreciated      |
| Structure       | 50 years             |
| Bathrooms       | 30 years             |
| Windows         | 25 years             |
| Kitchens        | 15 years             |
| Central Heating | 15 years             |

Shared ownership properties are depreciated over 50 years.

**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 |
| Commercial premises | Over 30 years   |
| Fixtures & Fittings | Over 5 years    |

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

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

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same year as the expenditure to which it relates.

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

**CALVAY HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

**Sales of Housing Properties**

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

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

**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. Since the year end there has been volatility in market assumptions given the Covid 19 pandemic and , in particular, discount rates have fallen which would increase scheme liabilities. However stock market performance has improved which would help to offset any increase in liabilities.

**Costs of Shared Ownership**

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

**Leases/Leased Assets**

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

**Works to Existing Properties**

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

**CALVAY HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

**Development Interest**

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

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

**a) 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.

**b) 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.

**c) 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.

**d) Pension liability**

In May 2020 the Association received details from the Pension Trust of its share of assets, liabilities and scheme deficit. The Association has used this information as the basis of the pension defined benefit liability as disclosed in these accounts. The Board consider this is the best estimate of their scheme liability.

CALVAY HOUSING ASSOCIATION LIMITED  
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020  
 NOTES TO THE FINANCIAL STATEMENTS

2. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

|                           | 2020             |                    |                              | 2019             |                    |                              |
|---------------------------|------------------|--------------------|------------------------------|------------------|--------------------|------------------------------|
|                           | Revenue          | Operating Costs    | Operating surplus/ (deficit) | Revenue          | Operating Costs    | Operating surplus/ (deficit) |
| Note                      | £                | £                  | £                            | £                | £                  | £                            |
| Social letting activities | 3,784,860        | (2,943,824)        | 841,036                      | 3,679,594        | (2,696,955)        | 982,639                      |
| Other activities          | 41,289           | (86,620)           | (45,331)                     | 39,846           | (113,503)          | (73,657)                     |
| <b>Total</b>              | <u>3,826,149</u> | <u>(3,030,444)</u> | <u>795,705</u>               | <u>3,719,440</u> | <u>(2,810,458)</u> | <u>908,982</u>               |

**CALVAY HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS**

|  | General<br>Needs<br>Housing<br>£ | Supported<br>Housing<br>£ | Shared<br>Ownership<br>Housing<br>£ | 2020<br>Total<br>£      | 2019<br>Total<br>£      |
|--|----------------------------------|---------------------------|-------------------------------------|-------------------------|-------------------------|
| <b>Revenue from lettings</b>                             |                                  |                           |                                     |                         |                         |
| Rent receivable net of identifiable service charges      | 3,088,796                        | 123,564                   | 37,184                              | 3,249,544               | 3,146,758               |
| Service charges receivable                               | -                                | -                         | -                                   | -                       |                         |
| <b>Gross rents receivable</b>                            | <b>3,088,796</b>                 | <b>123,564</b>            | <b>37,184</b>                       | <b>3,249,544</b>        | <b>3,146,758</b>        |
| Less rent losses from voids                              | (6,307)                          | (249)                     | -                                   | (6,556)                 | (7,681)                 |
| <b>Net rents receivable</b>                              | <b>3,082,489</b>                 | <b>123,315</b>            | <b>37,184</b>                       | <b>3,242,988</b>        | <b>3,139,077</b>        |
| Amortisation of Social Housing & Other Grants            | 522,852                          | -                         | -                                   | 522,852                 | 507,913                 |
| Revenue grants from local authorities and other agencies | 19,020                           | -                         | -                                   | 19,020                  | 32,604                  |
| <b>Total income from social letting</b>                  | <b><u>3,624,361</u></b>          | <b><u>123,315</u></b>     | <b><u>37,184</u></b>                | <b><u>3,784,860</u></b> | <b><u>3,679,594</u></b> |
| <b>Expenditure on social letting activities</b>          |                                  |                           |                                     |                         |                         |
| Management and maintenance administration costs          | 1,014,544                        | 40,346                    | -                                   | 1,054,890               | 1,031,518               |
| Service costs  | 191,572                          | 26,205                    | -                                   | 217,777                 | 198,037                 |
| Planned and cyclical maintenance including major repairs | 545,558                          | 7,492                     | -                                   | 553,050                 | 360,783                 |
| Reactive maintenance                                     | 258,970                          | 15,132                    | -                                   | 274,102                 | 270,640                 |
| Bad debts - rents and service charges                    | 17,260                           | 682                       | -                                   | 17,942                  | 13,473                  |
| Depreciation of social housing                           | 785,709                          | 31,411                    | 8,943                               | 826,063                 | 822,504                 |
| Housing costs  | -                                | -                         | -                                   | -                       |                         |
| <b>Operating costs of social letting</b>                 | <b><u>2,813,613</u></b>          | <b><u>121,268</u></b>     | <b><u>8,943</u></b>                 | <b><u>2,943,824</u></b> | <b><u>2,696,955</u></b> |
| <b>Operating surplus on social letting activities</b>    | <b><u>810,748</u></b>            | <b><u>2,047</u></b>       | <b><u>28,241</u></b>                | <b><u>841,036</u></b>   | <b><u>982,639</u></b>   |
| <b>2019</b>  | <b><u>951,558</u></b>            | <b><u>135</u></b>         | <b><u>30,946</u></b>                | <b><u>982,639</u></b>   |                         |

**CALVAY HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**4. PARTICULARS OF INCOME AND EXPENDITURE FROM OTHER ACTIVITIES**

|   | Other<br>income<br>£ | Total<br>Turnover<br>£ | Operating<br>costs<br>other<br>£ | Operating<br>surplus/<br>(deficit)<br>2020<br>£ | Operating<br>surplus/<br>(deficit)<br>2019<br>£ |
|---|----------------------|------------------------|----------------------------------|---|---|
| -   | -                    | -                      | -                                | -   | -   |
| Stage 3 adaptations                             | -                    | -                      | -                                | -   | -   |
| Wider Role Activities                           | 11,681               | 11,681                 | (43,049)                         | (31,368)  | (60,315)  |
| Development activities                          | -                    | -                      | (17,442)                         | (17,442)  | (15,615)  |
| Factoring Services                              | 17,608               | 17,608                 | (14,129)                         | 3,479   | 2,273   |
| Commercial Rents                                | 12,000               | 12,000                 | (12,000)                         | -   | -   |
| <b>TOTAL FROM OTHER<br/>ACTIVITIES</b>          | <u>41,289</u>        | <u>41,289</u>          | <u>(86,620)</u>                  | <u>(45,331)</u>                                 | <u>(73,657)</u>                                 |
| <b>TOTAL FROM OTHER<br/>ACTIVITIES FOR 2019</b> | <u>39,846</u>        | <u>39,846</u>          | <u>(113,503)</u>                 | <u>(73,657)</u>                                 | -   |

**CALVAY HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**5. BOARD MEMBER AND OFFICERS EMOLUMENTS**

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

No emoluments have been paid to any member of the management committee.

|   | <b>2020</b>   | <b>2019</b>   |
|---|---------------|---------------|
|   | <b>£</b>      | <b>£</b>      |
| Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions) | 65,127        | -             |
| Emoluments payable to the director (excluding pension contributions)  | 65,127        | 37,289        |
| Pension contributions paid on behalf of the director  | 8,154         | 4,230         |
|   | <hr/>         | <hr/>         |
| Total Emoluments paid to key management personnel:  | <u>73,281</u> | <u>41,519</u> |

During the year the Association was invoiced £nil (2019: £40,000) in respect of the services of the Interim Director.

|   | <b>Number</b> | <b>Number</b> |
|---|---------------|---------------|
| Total number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges: |               |               |
| £60,001 - £70,000   | 1             | -             |
| £70,001 - £80,000   | -             | -             |
| £80,001-£90,000   | -             | -             |
|   | <hr/>         | <hr/>         |



**CALVAY HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**6. EMPLOYEE INFORMATION**

|                              | 2020           | 2019           |
|------------------------------|----------------|----------------|
|                              | £              | £              |
| Staff costs during the year: |                |                |
| Wages and salaries           | 577,155        | 559,775        |
| Social security costs        | 54,058         | 55,955         |
| Other pension costs          | 87,980         | 48,101         |
|                              | <u>719,193</u> | <u>663,831</u> |

|   | Number    | Number    |
|---|-----------|-----------|
| The average number of full time equivalent persons employed during the year was | <u>16</u> | <u>16</u> |

**7. GAIN ON SALE**

|                | 2020     | 2019          |
|----------------|----------|---------------|
|                | £        | £             |
| Sales proceeds | -        | 66,484        |
| Cost of sales  | -        | (44,156)      |
| Gain on sale   | <u>-</u> | <u>22,328</u> |

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

|                           | 2020           | 2019           |
|---------------------------|----------------|----------------|
|                           | £              | £              |
| Bank loans and overdrafts | <u>143,982</u> | <u>146,182</u> |
|                           | <u>143,982</u> | <u>146,182</u> |

**CALVAY HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**9. OPERATING SURPLUS/(LOSS) FOR THE YEAR**

|   | <b>2020</b>    | <b>2019</b>    |
|---|----------------|----------------|
|   | <b>£</b>       | <b>£</b>       |
| Surplus is stated after charging:           |                |                |
| Depreciation of tangible owned fixed assets | 846,613        | 843,054        |
| Auditors' remuneration                      |                |                |
| - audit services                            | 9,000          | 9,000          |
| - other services                            | 1,000          | 1,000          |
| Gain on sale of fixed assets                | -              | 22,328         |
| Loss on disposal of components              | 33,158         | -              |
| Amortisation of capital grants              | <u>522,852</u> | <u>507,913</u> |

**10. TAX ON SURPLUS/(LOSS) ON ORDINARY ACTIVITIES**

The Association is a Registered Scottish Charity and is exempt from Corporation Tax on its charitable activities.

**11. OTHER FINANCE INCOME/(CHARGES)**

|   | <b>2020</b>     | <b>2019</b>     |
|---|-----------------|-----------------|
|   | <b>£</b>        | <b>£</b>        |
| Net interest expense - defined benefit pension scheme | <u>(10,000)</u> | <u>(10,000)</u> |

**CALVAY HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**12. NON-CURRENT ASSETS**

**a) Housing Properties**

|                        | Housing<br>Properties<br>Held for<br>Letting | Housing<br>Properties in<br>the Course of<br>Construction | Shared Equity<br>Properties<br>Held for<br>Letting | Total             |
|------------------------|--|---|--|-------------------|
|                        | £  | £   | £  | £                 |
| <b>COST</b>            |  |   |  |                   |
| At start of year       | 37,029,705                                   | 84,093  | 588,763  | 37,702,561        |
| Additions              | 426,197                                      | 293,805   | -  | 720,002           |
| Disposals              | (297,741)                                    | -   | -  | (297,741)         |
| Transfers of stock     |  | -   | -  | -                 |
| At end of year         | <u>37,158,161</u>                            | <u>377,898</u>  | <u>588,763</u>                                     | <u>38,124,822</u> |
| <b>DEPRECIATION</b>    |  |   |  |                   |
| At start of year       | 11,408,272                                   | -   | 187,795  | 11,596,067        |
| Charged during year    | 817,120                                      | -   | 8,943  | 826,063           |
| Eliminated on disposal | (264,583)                                    | -   | -  | (264,583)         |
| At end of year         | <u>11,960,809</u>                            | <u>-</u>  | <u>196,738</u>                                     | <u>12,157,547</u> |
| <b>NET BOOK VALUE</b>  |  |   |  |                   |
| At end of year         | <u>25,197,352</u>                            | <u>377,898</u>  | <u>392,025</u>                                     | <u>25,967,275</u> |
| At start of year       | <u>25,621,433</u>                            | <u>84,093</u>   | <u>400,968</u>                                     | <u>26,106,494</u> |

Additions to housing properties includes capitalised major repairs of £426,197 (2019 - £451,892).

The Association's lenders have standard securities over housing property with a carrying value of £14,008,000 (2019 -£13,920,000)

**CALVAY HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

| b) Other tangible assets | Office         |               | Commercial     |                |
|--------------------------|----------------|---------------|----------------|----------------|
|                          | Premises       | Land          | Premises       | Total          |
|                          | £              | £             | £              | £              |
| <b>COST</b>              |                |               |                |                |
| At start of year         | 717,277        | 15,060        | 186,116        | 918,453        |
| Additions                | -              | -             | -              | -              |
| Disposals                | -              | -             | -              | -              |
| At end of year           | <u>717,277</u> | <u>15,060</u> | <u>186,116</u> | <u>918,453</u> |
| <b>DEPRECIATION</b>      |                |               |                |                |
| At start of year         | 71,221         | -             | 96,114         | 167,335        |
| Charged during year      | 14,346         | -             | 6,204          | 20,550         |
| Disposals                | -              | -             | -              | -              |
| At end of year           | <u>85,567</u>  | <u>-</u>      | <u>102,318</u> | <u>187,885</u> |
| <b>NET BOOK VALUE</b>    |                |               |                |                |
| At end of year           | <u>631,710</u> | <u>15,060</u> | <u>83,798</u>  | <u>730,568</u> |
| At start of year         | <u>646,056</u> | <u>15,060</u> | <u>90,002</u>  | <u>751,118</u> |

**13. DEBTORS**

|                                    | 2020           | 2019           |
|------------------------------------|----------------|----------------|
|                                    | £              | £              |
| Arrears of Rent & Service Charges  | 305,652        | 297,906        |
| Less: Provision for Doubtful Debts | (114,068)      | (108,987)      |
|                                    | <u>191,584</u> | <u>188,919</u> |
| Other Debtors                      | <u>370,914</u> | <u>148,147</u> |
|                                    | <u>562,498</u> | <u>337,066</u> |

**CALVAY HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**14. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                    | 2020           | 2019           |
|------------------------------------|----------------|----------------|
|                                    | £              | £              |
| Housing Loans                      | 194,795        | 188,960        |
| Trade Payables                     | 297,385        | 95,914         |
| Rent in Advance                    | 14,594         | 14,526         |
| Other Taxation and Social Security | 14,632         | 15,036         |
| Other Payables                     | 10,579         | 10,576         |
| Accruals and Deferred Income       | 44,689         | 199,768        |
|                                    | <u>576,674</u> | <u>524,780</u> |

**15. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR**

|               | 2020             | 2019             |
|---------------|------------------|------------------|
|               | £                | £                |
| Housing loans | <u>5,635,905</u> | <u>5,830,700</u> |
|               | <u>5,635,905</u> | <u>5,830,700</u> |

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

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. Loans are repayable at current rates of interest ranging from 2.225% to 2.405% (2019 - 2.225% to 2.405%) in instalments as follows:

The Bank loans are repayable as follows:

|                            | 2020             | 2019             |
|----------------------------|------------------|------------------|
|                            | £                | £                |
| Between one and two years  | 203,316          | 194,795          |
| Between two and five years | 633,385          | 606,904          |
| In five years or more      | 4,799,204        | 5,029,031        |
|                            | <u>5,635,905</u> | <u>5,830,730</u> |

**CALVAY HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**16. STATEMENT OF CASH FLOWS**

|  |                  |                  |
|--|------------------|------------------|
| Reconciliation of operating surplus to balance as at 31 March 2020 | <b>2020</b>      | <b>2019</b>      |
|  | <b>£</b>         | <b>£</b>         |
| Operating Surplus  | 795,705          | 908,982          |
| Depreciation   | 846,613          | 843,054          |
| Amortisation of Capital Grants                                     | (522,852)        | (507,913)        |
| Change in debtors  | (225,432)        | (46,703)         |
| Change in creditors  | 178,197          | 37,704           |
| Loss on disposal of components                                     | 33,158           | 54,157           |
| Deficit contributions  | (101,000)        | (115,000)        |
| Movement in Pension Liability                                      | 61,997           | 32,000           |
| Issued Shares  | 3                |                  |
| Cancelled Shares   | (4)              | (4)              |
| Social Housing Grant released                                      | (33,158)         | (87,771)         |
| Balance as at 31 March 2020  | <u>1,033,227</u> | <u>1,118,506</u> |

**17. ANALYSIS OF CHANGES IN NET DEBT**

|  | As at 1<br>April 2019 | Cash-flows     | As at 31<br>March<br>2020 |
|--|-----------------------|----------------|---------------------------|
|  | £                     | £              | £                         |
| Cash at bank                               | 4,293,555             | 305,806        | 4,599,361                 |
| Loans falling due within one year          | (188,960)             | (5,835)        | (194,795)                 |
| Loans falling due after more than one year | (5,830,730)           | 194,825        | (5,635,905)               |
| <b>TOTAL</b>                               | <u>(1,726,135)</u>    | <u>494,796</u> | <u>(1,231,339)</u>        |

**CALVAY HOUSING ASSOCIATION LIMITED**  
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**18. DEFERRED INCOME**

|  | 2020              | 2019              |
|--|-------------------|-------------------|
|  | £                 | £                 |
| <b>Social Housing Grants</b>                         |                   |                   |
| Balance as at 1 April 2019                           | 15,127,430        | 15,639,399        |
| Additions in year                                    | 291,899           | 83,716            |
| SHG Transferred from Creditors                       | 132,138           | -                 |
| Released / Repaid as the result of property disposal | (33,158)          | (87,772)          |
| Amortisation in Year                                 | (522,852)         | (507,913)         |
| Balance as at 31 March 2020                          | <u>14,995,457</u> | <u>15,127,430</u> |
| <b>Total deferred grants</b>                         | <u>14,995,457</u> | <u>15,127,430</u> |

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

|                                      |                   |                   |
|--------------------------------------|-------------------|-------------------|
| Amounts released within one year     | 522,852           | 507,913           |
| Amounts released in one year or more | <u>14,472,605</u> | <u>14,619,517</u> |
|                                      | <u>14,995,457</u> | <u>15,127,430</u> |

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**19. SHARE CAPITAL AND RESERVES**

| <b>Share Capital</b>                           | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| <b>Shares of £1 each Issued and Fully Paid</b> |             |             |
| At 1 April 2019                                | 58          | 58          |
| Issued in year                                 | 3           | 4           |
| Cancelled in year                              | (4)         | (4)         |
| At 31 March 2020                               | <u>57</u>   | <u>58</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 members' meetings.

| <b>Reserves</b>            | <b>2020</b>       | <b>2019</b>      |
|----------------------------|-------------------|------------------|
|                            | <b>£</b>          | <b>£</b>         |
| At 1 April 2019            | 9,562,265         | 8,973,695        |
| Surplus for year           | 675,344           | 789,570          |
| Other comprehensive income | 378,000           | (201,000)        |
| At 31 March 2020           | <u>10,615,609</u> | <u>9,562,265</u> |

**20. HOUSING STOCK**

| <b>The number of units of accommodation in management at the year end was:-</b> | <b>2020</b> | <b>2019</b> |
|---|-------------|-------------|
|   | <b>No.</b>  | <b>No.</b>  |
| General Needs - New Build   | 796         | 796         |
| Shared Ownership  | 16          | 16          |
| Supported Housing   | 30          | 30          |
| Other   | 1           | 1           |
|   | <u>843</u>  | <u>843</u>  |



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**21. 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:

- 10 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 Tenants on the Committee – £ 31,721
- At the year-end total rent arrears owed by the tenant members of the Committee were – £ 332

**22. DETAILS OF 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.

**CALVAY HOUSING ASSOCIATION LIMITED**  
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**23. 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 financial years ending on or before 28 February 2019, it was not possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Association has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 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. Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019.

Pension Scheme Liability movements:

|   | <b>2020</b>    | <b>2019</b>    |
|---|----------------|----------------|
|   | <b>(£000s)</b> | <b>(£000s)</b> |
| As at 1 April 2019                          | 443            | 315            |
| De-recognition of deficit funding liability | -              | (315)          |
| Adjustment for FRS 102 remeasurement        | -              | 426            |
| Recognition of defined benefit obligation   | -              | -              |
| Current Service Cost                        | 60             | 29             |
| Net Interest expense                        | 10             | 10             |
| Expenses                                    | 2              | 3              |
| Deficit Contributions Paid                  | (101)          | (115)          |
| Impact of change in assumptions             | (378)          | 90             |
| As at 31 March 2020                         | <u>36</u>      | <u>443</u>     |

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**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
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**23. RETIREMENT BENEFIT OBLIGATIONS (continued)**

**PRESENT VALUES OF DEFINED BENEFIT OBLIGATION,  
FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)**

|  | 31 March<br>2020<br>(£000s) | 31 March<br>2019<br>(£000s) |
|--|-----------------------------|-----------------------------|
| Fair value of plan assets                          | 2,645                       | 2,684                       |
| Present value of defined benefit obligation        | 2,681                       | 3,127                       |
| Surplus (deficit) in plan                          | (36)                        | (443)                       |
| Unrecognised surplus                               | -                           | -                           |
| Defined benefit asset (liability) to be recognised | (36)                        | (443)                       |

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION**

|  | Period<br>ended 31<br>March<br>2020<br>(£000s) | Period<br>ended 31<br>March<br>2019<br>(£000s) |
|--|--|--|
| Defined benefit obligation at start of period                      | 3,127  | 2,967  |
| Current service cost   | 60   | 29   |
| Expenses   | 2  | 3  |
| Interest expense   | 71   | 75   |
| Contributions by plan participants                                 | 24   | 27   |
| Actuarial losses (gains) due to scheme experience                  | (49)   | (46)   |
| Actuarial losses (gains) due to changes in demographic assumptions | (17)   | 8  |
| Actuarial losses (gains) due to changes in financial assumptions   | (326)  | 188  |
| Benefits paid and expenses   | (211)  | (124)  |
| Defined benefit obligation at end of period                        | 2,681  | 3,127  |

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**23. RETIREMENT BENEFIT OBLIGATIONS (continued)**

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

|   | Period<br>ended 31<br>March<br>2020<br>(£000s) | Period<br>ended 31<br>March<br>2019<br>(£000s) |
|---|--|--|
| Fair value of plan assets at start of period  | 2,684  | 2,541  |
| Interest income   | 61   | 65   |
| Experience on plan assets (excluding amounts included in interest income) - gain (loss) | (14)   | 60   |
| Contributions by the employer   | 101  | 115  |
| Contributions by plan participants  | 24   | 27   |
| Benefits paid and expenses  | (211)  | (124)  |
| Fair value of plan assets at end of period  | 2,645  | 2,684  |

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was (£64,000).

**DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)**

|  | Period<br>from 31<br>March<br>2019 to 31<br>March<br>2020<br>(£000s) | Period<br>from 31<br>March<br>2019 to 31<br>March<br>2019<br>(£000s) |
|--|--|--|
| Current service cost   | 60   | 29   |
| Expenses   | 2  | 3  |
| Net interest expense   | 10   | 10   |
| Defined benefit costs recognised in statement of comprehensive income (SoCl) | 72   | 42   |

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**23. RETIREMENT BENEFIT OBLIGATIONS (continued)**

**DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME**

|  | Period<br>ended 31<br>March<br>2020<br>(£000s) | Period<br>ended 31<br>March<br>2019<br>(£000s) |
|--|--|--|
| Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)                                      | (14)   | 60   |
| Experience gains and losses arising on the plan liabilities - gain (loss)  | 49   | 46   |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss) | 17   | (8)  |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)   | 326  | (188)  |
| Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)          | 378  | (90)   |
| Total amount recognised in other comprehensive income - gain (loss)  | 378  | (90)   |

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**23. RETIREMENT BENEFIT OBLIGATIONS (continued)**

| <b>ASSETS</b>                 | 31 March<br>2020<br>(£000s) | 31 March<br>2019<br>(£000s) |
|-------------------------------|-----------------------------|-----------------------------|
| Global Equity                 | 364                         | 432                         |
| Absolute Return               | 162                         | 227                         |
| Distressed Opportunities      | 48                          | 46                          |
| Credit Relative Value         | 64                          | 47                          |
| Alternative Risk Premia       | 212                         | 150                         |
| Fund of Hedge Funds           | -                           | 7                           |
| Emerging Markets Debt         | 94                          | 86                          |
| Risk Sharing                  | 84                          | 78                          |
| Insurance-Linked Securities   | 71                          | 70                          |
| Property                      | 49                          | 53                          |
| Infrastructure                | 156                         | 112                         |
| Private Debt                  | 52                          | 35                          |
| Opportunistic Illiquid Credit | 64                          | -                           |
| Corporate Bond Fund           | 193                         | 188                         |
| Liquid Credit                 | 69                          | -                           |
| Long Lease Property           | 65                          | 33                          |
| Secured Income                | 147                         | 94                          |
| Over 15 Year Gilts            | 34                          | 69                          |
| Liability Driven Investment   | 697                         | 954                         |
| Net Current Assets            | 20                          | 3                           |
| <b>Total assets</b>           | <b>2,645</b>                | <b>2,684</b>                |

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

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**23. RETIREMENT BENEFIT OBLIGATIONS (continued)**

**KEY ASSUMPTIONS**

|   | 31 March<br>2020               | 31 March<br>2019               |
|---|--------------------------------|--------------------------------|
|   | % per<br>annum                 | % per<br>annum                 |
| Discount Rate   | 2.38                           | 2.31                           |
| Inflation (RPI)   | 2.62                           | 3.29                           |
| Inflation (CPI)   | 1.62                           | 2.29                           |
| Salary Growth   | 2.62                           | 3.29                           |
| Allowance for commutation of pension for cash at retirement | 75% of<br>maximum<br>allowance | 75% of<br>maximum<br>allowance |

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

|                         | Life<br>expectancy<br>at age 65<br>(Years) |
|-------------------------|--|
| Male retiring in 2020   | 21.5                                       |
| Female retiring in 2020 | 23.2                                       |
| Male retiring in 2040   | 22.8                                       |
| Female retiring in 2040 | 24.5                                       |

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. Since the year end there has been volatility in market assumptions given the Covid 19 pandemic and , in particular, discount rates have fallen which would increase scheme liabilities. However stock market performance has improved which would help to offset any increase in liabilities.

**24. CAPITAL COMMITMENTS**

|   | 2020<br>£        | 2019<br>£        |
|---|------------------|------------------|
| Expenditure authorised by the management committee not contracted for | <u>7,800,000</u> | <u>9,000,000</u> |
| Funded by:  |                  |                  |
| Social Housing Grant  | 4,200,000        | 5,700,000        |
| External funding  | <u>3,600,000</u> | <u>3,300,000</u> |
|   | <u>7,800,000</u> | <u>9,000,000</u> |