

**CALVAY HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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 LIMITED
THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2022**

MEMBERS OF THE MANAGEMENT COMMITTEE

Anna Ellis	(Chairperson until resignation on 13 May 2022)
Alison A'Hara	(Vice Chair appointed 16 September 2021)
Pauline Barr	(Secretary appointed 16 September 2021)
Christopher Warwick	(Treasurer appointed 16 September 2021)
Eddie Dunlop	(Committee Member until resignation on 11 June 2021)
John Lyon	(Committee Member, deceased 26 September 2021)
Sandra McIlroy	(Committee Member appointed 9 November 2021)
Julia Okun	(Committee Member until resignation on 2 July 2021)
Laura Sneider	(Committee Member until resignation on 28 April 2021)
James Gourlay	(Committee Member until appointed Chairperson on 26 May 2022)
Margaret Lynch	(Committee Member appointed 24 June 2021)
Bryce Wilson	(Committee Member appointed 25 November 2021)
Stacy Shaw	(Co-opted Member appointed 25 November 2021)

EXECUTIVE OFFICERS

Nick Dangerfield	Director
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REGISTERED OFFICE

16 Calvay Road
Glasgow
G33 4RQ

AUDITOR

French Duncan LLP
Chartered Accountants
Statutory Auditor
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 2022

The Management Committee presents their report and the audited Financial Statements for the year ended 31 March 2022.

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 2022) 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

The year to 31st March 2022 was again significantly impacted by the Covid-19 pandemic, with the majority of staff working at home for at least some of the year, however we were able to continue running the business and delivering those services the Scottish Government's restrictions allowed. As the restrictions eased we implemented a partial return to the office.

The periods of the most stringent restrictions affected our ability to deliver both our day-to-day repairs service and our planned maintenance. On a positive note, our rental income was relatively unaffected with arrears remaining low. Testament to the hard work of all staff involved.

Our most recent Tenant Satisfaction Survey was carried out in April / May 2020. At that point it demonstrated high levels of satisfaction with 96% of respondents stating that they were satisfied with the overall service provided by Calvay HA and 96% also stating their satisfaction with the quality of their home. In relation to value for money, 93% believed that their rent represents good value for money. Setting rent levels will remain a challenge in the current environment due to high levels of inflation but the Committee will always try and balance affordability with the need to cover costs.

Committee would like to express their thanks and gratitude to the staff of Calvay who have supported Committee throughout what has been a difficult year for the committee. This support is very much appreciated.

Development Programme

After lengthy delays which were not of the Association's making, we were able to sign the contract with Crudens in January 2022, to develop a total of 43 properties at our Garvel Crescent and Blyth Road sites. Work finally started on-site at Garvel Crescent in May 2022, with good progress being made. The expected hand over of both

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REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2022

sites is scheduled by the end of July 2023. The development is being funded by a mixture of housing grant and private finance which the Association was able to secure during the year.

Financial Review

The Association made a surplus in the year of £703k before pension adjustments (2021: £650k). £858k was spent on component replacements (which has been capitalised). Due to the Covid pandemic, this is slightly less than we had planned to spend. As a social landlord we are committed to keeping our properties in good condition, therefore we will be spending more over the next few years in order to catch up on the planned maintenance we were unable to deliver due to Covid restrictions.

Turnover of £3.94 million relates mainly to the income from letting of properties at affordable rents. The rent increase agreed during 2021/22 (for implementation from 1st April 2022) was 4.2%.

At 31 March 2022 £11.6 million was held in reserves.

Risk and Uncertainties

Covid and our response to Covid, including keeping our staff and customers safe as well as complying with Scottish Government regulations has been one of the risks we have faced due to the level of uncertainty we have had to deal with during the reporting year.

As restrictions varied throughout the year, Calvay's offices have at times been closed or partly closed, however all office-based staff continued to be able to work using remote access and remote phones linked to the association's phone system. Customers have been able to contact us throughout on the association's usual phone number, by email or by post.

Other significant risks we have identified are:

- Cyber security
- Cost of Living Crisis
- Governance
- Development
- Committee succession planning

The Risk Register is updated, reviewed and reported to Audit and Risk Subcommittee on a quarterly basis.

Staff

Calvay's staff team continues to be stable. While there have been inevitable changes resulting from several staff leaving during the year, the management team remained unchanged. The Association is at present carrying out an operational review of staff resources and will be able to report on this in the very near future. The purpose of this review is to continue to ensure tenants receive a first class, value for money service. Staff continue to be remunerated in line with sector benchmarks. The Association still has obligations to pay deficit funding under the closed defined benefits scheme. This obligation is under a triennial review with results expected later this year.

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 Subcommittee
- Staffing Subcommittee
- Operations Subcommittee (now known as Property Services Subcommittee)

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REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2022**

Anna Ellis was re-elected as Chair at September's AGM and was in post for the whole of the reporting year, however in May 2022 she subsequently resigned from the Committee. The current committee would like to express their gratitude to Anna for her commitment to Calvay over all her years on the Committee. Anna has been replaced by Jim Gourlay who was unanimously elected by his fellow Committee members, and he will seek reappointment at this year's AGM.

The Committee also have to sadly advise the death of committed Committee member, John Lyon, a very sad loss.

The Committee is currently engaged with the Scottish Housing Regulator on governance matters and has commissioned external consultants to assist on these matters. We hope the reports from these consultants and the recommendations from these can provide the Regulator with the assurance they seek. The Committee is committed to ensuring the best outcomes for Calvay and the Regulator.

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.

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 judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on 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

**CALVAY HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2022**

(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 statement of comprehensive income and statement of financial position, 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
- 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;

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- 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.

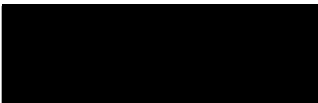
The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2022. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Auditor

A resolution to appoint Azets as Calvay HA's external auditors for the reporting year 2023 - 2024, (replacing French Duncan LLP), will be proposed at the Annual General Meeting in September 2022.

By order of Management Committee

Signature



James Gourlay, Chair

Date: 13.9.22

CALVAY HOUSING ASSOCIATION LIMITED
REPORT BY THE AUDITOR TO THE MEMBERS OF CALVAY HOUSING ASSOCIATION LIMITED ON
CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2022

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 5 and 6 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 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 reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 5 and 6 has provided the disclosures required by the relevant Regulatory Standards within 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 Auditor

GLASGOW

Date: *20 September 2022*

CALVAY HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALVAY HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 31 MARCH 2022

OPINION

We have audited the Financial Statements of Calvay Housing Association Limited for the year ended 31 March 2022 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in capital and reserves and related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including 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 2022 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

In auditing the financial statements, we have concluded that the management committees' 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 contained in the Annual 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 we do not express any form of assurance conclusion thereon.

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

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FOR THE YEAR ENDED 31 MARCH 2022

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 pages 4 and 5, 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 committee members 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

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 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
FOR THE YEAR ENDED 31 MARCH 2022

- 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.

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

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

- the responsible individual 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 management and management committee members and from our sector knowledge;
- we focused on specific laws and regulations, including those specified by the Scottish Housing Regulator, 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 Benefits Societies Act 2014, Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Statement of Recommended Practice for Social Housing Providers 2018 and Determination of Housing Requirements 2019, and data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and management committee members; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

CALVAY HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALVAY HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 31 MARCH 2022

- making enquiries of management and management committee members 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 high level 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.

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 those charged with governance;
- reviewing internal audit reports prepared during the year;
- enquiring of management and management members as to actual and potential litigation and claims; and
- reviewing correspondence with Scottish Housing Regulator.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the management committee and other management and the inspection of regulatory and legal correspondence, if any.

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

**CALVAY HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALVAY HOUSING ASSOCIATION LIMITED
FOR THE YEAR ENDED 31 MARCH 2022**

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

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

Date: *20 September 2022*

**CALVAY HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

		2022	2021
	Notes	£	£
REVENUE	2	3,936,036	3,844,301
Operating costs	2	<u>(3,095,064)</u>	<u>(3,113,075)</u>
OPERATING SURPLUS	8	840,972	731,226
Interest receivable and other similar income		6,617	31,661
Interest payable and other similar charges	7	(137,961)	(109,698)
Other finance charges	10	<u>(6,264)</u>	<u>(3,000)</u>
		<u>(137,608)</u>	<u>(81,037)</u>
SURPLUS FOR THE YEAR		703,364	650,189
OTHER COMPREHENSIVE INCOME			
Actuarial gains / (losses) in respect of pension scheme	22	228,000	(351,000)
TOTAL COMPREHENSIVE INCOME		<u><u>931,364</u></u>	<u><u>299,189</u></u>

The results for the year relate wholly to continuing activities.

The notes on page 17 to 39 form part of these financial statements

CALVAY HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022


		2022	2021
	Notes	£	£
NON-CURRENT ASSETS			
Housing properties - depreciated cost	11(a)	25,716,822	25,647,641
Other tangible fixed assets	11(b)	689,470	710,018
		<u>26,406,292</u>	<u>26,357,659</u>
CURRENT ASSETS			
Debtors	12	186,000	219,004
Cash at bank and in hand		<u>2,715,253</u>	<u>5,073,460</u>
		2,901,253	5,292,464
CREDITORS: amounts due within one year	13	<u>(909,253)</u>	<u>(518,876)</u>
NET CURRENT ASSETS		<u>1,992,000</u>	<u>4,773,588</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>28,398,292</u>	<u>31,131,247</u>
CREDITORS:			
amounts due after more than one year	14	(2,377,231)	(5,434,590)
PROVISIONS FOR LIABILITIES			
Pension - defined benefit liability	22	<u>(13,000)</u>	<u>(319,000)</u>
		(2,390,231)	(5,753,590)
DEFERRED INCOME			
Social Housing Grants	17	<u>(14,385,036)</u>	<u>(14,685,992)</u>
		<u>11,623,025</u>	<u>10,691,665</u>
EQUITY			
Share capital	18	53	57
Revenue reserve		<u>11,622,972</u>	<u>10,691,608</u>
		<u>11,623,025</u>	<u>10,691,665</u>

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



James Gourlay
Chair

Date: 13.9.22



Christopher Warwick
Treasurer

Date: 13.9.22



Pauline Barr
Secretary

Date: 13.9.22

The notes on page 17 to 39 form part of these financial statements.

CALVAY HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	15	<u>1,495,902</u>	<u>1,043,442</u>
INVESTING ACTIVITIES			
Acquisition and construction of housing properties	(954,491)	(488,798)	
Social Housing Grant received	<u>205,137</u>	<u>192,285</u>	
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		<u>(749,354)</u>	<u>(296,513)</u>
NET CASH INFLOW BEFORE FINANCING		746,548	746,929
FINANCING ACTIVITIES			
Movement of ordinary share capital	(4)	1	
Interest received	6,617	31,661	
Interest paid	(137,961)	(109,698)	
Loan principal repayments	<u>(2,973,407)</u>	<u>(194,794)</u>	
NET CASH (OUTFLOW) FROM FINANCING		<u>(3,104,755)</u>	<u>(272,830)</u>
(DECREASE)/INCREASE IN CASH		(2,358,207)	474,099
OPENING CASH AND CASH EQUIVALENTS		5,073,460	4,599,361
CLOSING CASH AND CASH EQUIVALENTS		<u>2,715,253</u>	<u>5,073,460</u>

CALVAY HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2022

	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>

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2020 - as originally stated	57	10,615,609	10,615,666
Prior year adjustment	<u> </u>	<u>(223,190)</u>	<u>(223,190)</u>
Balance as at 1 April 2020 - as restated	57	10,392,419	10,392,476
Issue of Shares	1	-	1
Cancelled shares	(1)	-	(1)
Surplus for Year	-	650,189	650,189
Other comprehensive income	-	(351,000)	(351,000)
Balance as at 31 March 2021	<u>57</u>	<u>10,691,608</u>	<u>10,691,665</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
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.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

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 2022
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Valuation of Housing Properties

Housing Properties are stated at cost less accumulated depreciation and impairment losses. 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 11. 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 2022
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.

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.

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 2022
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 2022 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 2022
NOTES TO THE FINANCIAL STATEMENTS

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

		2022		2021			
Note		Revenue £	Operating Costs £	Operating surplus/ (deficit) £	Revenue £	Operating Costs £	Operating surplus/ (deficit) £
	Social letting activities	3,869,963	(3,004,325)	865,638	3,799,952	(3,044,126)	755,826
4	Other activities	66,073	(90,739)	(24,666)	44,349	(68,949)	(24,600)
	Total	3,936,036	(3,095,064)	840,972	3,844,301	(3,113,075)	731,226

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing	Shared Ownership Housing	2022 Total	2021 Total
	£	£	£	£
Revenue from lettings				
Rent receivable net of identifiable service charges	3,322,227	38,389	3,360,616	3,312,600
Gross rents receivable	<u>3,322,227</u>	<u>38,389</u>	<u>3,360,616</u>	<u>3,312,600</u>
Less rent losses from voids	(27,287)	-	(27,287)	(25,045)
Net rents receivable	<u>3,294,940</u>	<u>38,389</u>	<u>3,333,329</u>	<u>3,287,555</u>
Amortisation of Social Housing & Other Grants	506,093	-	506,093	501,750
Revenue grants from local authorities and other agencies	30,541	-	30,541	10,647
Total income from social letting	<u><u>3,831,574</u></u>	<u><u>38,389</u></u>	<u><u>3,869,963</u></u>	<u><u>3,799,952</u></u>
Expenditure on social letting activities				
Management and maintenance administration costs	1,119,558	12,285	1,131,843	1,053,972
Service costs	282,968	-	282,968	270,419
Planned and cyclical maintenance including major repairs	312,680	-	312,680	639,570
Reactive maintenance	398,063	-	398,063	258,285
Bad debts - rents and service charges	8,472	-	8,472	13,447
Depreciation of social housing	861,356	8,943	870,299	808,433
Operating costs of social letting	<u>2,983,097</u>	<u>21,228</u>	<u>3,004,325</u>	<u>3,044,126</u>
Operating surplus on social letting activities	<u><u>848,477</u></u>	<u><u>17,161</u></u>	<u><u>865,638</u></u>	<u><u>755,826</u></u>
2021	<u><u>738,385</u></u>	<u><u>17,441</u></u>	<u><u>755,826</u></u>	

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

4. PARTICULARS OF INCOME AND EXPENDITURE FROM OTHER ACTIVITIES

	Other income £	Operating costs other £	Operating surplus/ (deficit) 2022 £	Operating surplus/ (deficit) 2021 £
Wider Role Activities	18,509	(16,460)	2,049	-
Development activities	-	-	-	(6,336)
Factoring Services	17,887	(17,887)	-	70
Agency Income	12,453	(12,453)	-	-
Calvay Centre	17,224	(43,939)	(26,715)	(18,334)
TOTAL FROM OTHER ACTIVITIES	<u>66,073</u>	<u>(90,739)</u>	<u>(24,666)</u>	<u>(24,600)</u>
TOTAL FROM OTHER ACTIVITIES FOR 2021	<u>44,349</u>	<u>(68,949)</u>	<u>(24,600)</u>	

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
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.

	2022	2021
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	67,662	66,818
Emoluments payable to the director (excluding pension contributions)	67,662	66,818
Pension contributions paid on behalf of the director	9,235	13,408
	<hr/>	<hr/>
Total Emoluments paid to key management personnel:	<u>76,897</u>	<u>80,226</u>

	Number	Number
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	1
£70,001 - £80,000	-	-
£80,001-£90,000	<hr/>	<hr/>

6. EMPLOYEE INFORMATION

	2022	2021
	£	£
Staff costs during the year:		
Wages and salaries	633,130	600,459
Social security costs	55,010	58,514
Other pension costs	71,969	100,864
	<hr/>	<hr/>
	<u>760,109</u>	<u>759,837</u>
	<hr/>	<hr/>
	Number	Number
The average number of full time equivalent persons employed during the year was	<u>17</u>	<u>16</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£	£
Bank loan interest	<u>137,961</u>	<u>109,698</u>
	<u>137,961</u>	<u>109,698</u>

8. OPERATING SURPLUS FOR THE YEAR

	2022	2021
	£	£
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	870,299	823,691
Auditors' remuneration - audit services	11,100	10,800
Loss on disposal of components	35,559	5,291
Amortisation of capital grants	<u>(506,093)</u>	<u>(499,040)</u>

9. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

10. OTHER FINANCE CHARGES

	2022	2021
	£	£
Net interest expense - defined benefit pension scheme	<u>(6,264)</u>	<u>(3,000)</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

11. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting	Housing Properties in the Course of Construction	Shared Equity Properties Held for Letting	Total
	£	£	£	£
COST				
At start of year	37,349,798	637,208	588,763	38,575,769
Additions	858,264	96,227	-	954,491
Disposals	(297,091)	-	-	(297,091)
Transfers of stock	-	-	-	-
At end of year	<u>37,910,971</u>	<u>733,435</u>	<u>588,763</u>	<u>39,233,169</u>
DEPRECIATION				
At start of year	12,722,447	-	205,681	12,928,128
Charged during year	840,808	-	8,943	849,751
Eliminated on disposal	(261,532)	-	-	(261,532)
At end of year	<u>13,301,723</u>	<u>-</u>	<u>214,624</u>	<u>13,516,347</u>
NET BOOK VALUE				
At end of year	<u>24,609,248</u>	<u>733,435</u>	<u>374,139</u>	<u>25,716,822</u>
At start of year	<u>24,627,351</u>	<u>637,208</u>	<u>383,082</u>	<u>25,647,641</u>

The Association's lenders have standard securities over housing property with a carrying value of £17,395,277 (2021 - £17,337,000)

Total expenditure on existing properties in the year amounted to £1,569,007 (2021 - £1,127,343). The amount capitalised is £858,264 (2021 - £229,488), with the balance charged to the Statement of Comprehensive Income. This amount of £858,264 capitalised was spent on component replacements.

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

b) Other tangible assets	Office	Land	Commercial	Total
	Premises		Premises	
	£	£	£	£
COST				
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>
DEPRECIATION				
At start of year	99,913	-	108,522	208,435
Charged during year	14,346	-	6,203	20,548
Disposals	-	-	-	-
At end of year	<u>114,258</u>	<u>-</u>	<u>114,724</u>	<u>228,983</u>
NET BOOK VALUE				
At end of year	<u>603,019</u>	<u>15,060</u>	<u>71,392</u>	<u>689,470</u>
At start of year	<u>617,364</u>	<u>15,060</u>	<u>77,594</u>	<u>710,018</u>

12. DEBTORS

	2022	2021
	£	£
Arrears of Rent & Service Charges	109,334	118,051
Less: Provision for Doubtful Debts	<u>(61,000)</u>	<u>(67,000)</u>
	48,334	51,051
Other Debtors	<u>137,666</u>	<u>167,953</u>
	<u>186,000</u>	<u>219,004</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

13. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Housing Loans	285,268	201,316
Trade Payables	414,482	105,029
Rent in Advance	128,599	129,435
Other Taxation and Social Security	-	16,102
Other Payables	8,281	4,302
Accruals and Deferred Income	72,623	62,692
	<u>909,253</u>	<u>518,876</u>

14. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	2022	2021
	£	£
Housing loans	<u>2,377,231</u>	<u>5,434,590</u>
	<u>2,377,231</u>	<u>5,434,590</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 1.8% plus base (2021 - 2.005% to 2.405%) in instalments as follows:

The housing loans are repayable as follows:	2022	2021
	£	£
Between one and two years	285,268	208,118
Between two and five years	855,803	675,745
In five years or more	1,236,160	4,550,727
	<u>2,377,231</u>	<u>5,434,590</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

15. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to cash flow from operating activities	2022	2021
	£	£
Operating Surplus	840,972	731,226
Depreciation	870,299	823,691
Amortisation of capital grants	(495,774)	(499,040)
Change in debtors	33,004	203,111
Change in creditors	306,425	(147,126)
Loss on disposal of components	35,559	5,291
Deficit contributions	(87,000)	(114,000)
Movement in Pension Liability	2,740	43,000
Issued Shares	4	-
Cancelled Shares	(8)	(1)
Social Housing Grant released	(10,319)	(2,710)
Cash inflow from operating activities	<u>1,495,902</u>	<u>1,043,442</u>

16. ANALYSIS OF CHANGES IN NET DEBT

	As at 1 April 2021	Cash-flows	Non Cash Changes	As at 31 March 2022
	£	£	£	£
Cash at bank	5,073,460	(2,358,207)	-	2,715,253
Loans falling due within one year	(201,316)	354,788	(438,740)	(285,268)
Loans falling due after more than one year	(5,434,590)	2,618,619	438,740	(2,377,231)
TOTAL	<u>(562,446)</u>	<u>615,200</u>	<u>-</u>	<u>52,754</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

17. DEFERRED INCOME

	2022	2021
	£	£
Social Housing Grants		
Balance as at 1 April 2021	14,685,992	14,995,457
Additions in year	205,137	192,285
SHG Transferred from Creditors	-	-
Released / Repaid as the result of property disposal	(10,319)	(2,710)
Amortisation in Year	(495,774)	(499,040)
Balance as at 31 March 2022	<u>14,385,036</u>	<u>14,685,992</u>
Total deferred grants	<u>14,385,036</u>	<u>14,685,992</u>

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

Amounts released within one year	495,774	499,040
Amounts released in one year or more	<u>13,889,262</u>	<u>14,186,952</u>
	<u>14,385,036</u>	<u>14,685,992</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

18. SHARE CAPITAL AND RESERVES

Share Capital	2022	2021
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2021	57	57
Issued in year	4	1
Cancelled in year	(8)	(1)
At 31 March 2022	<u>53</u>	<u>57</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.

Reserves	2022	2021
	£	£
At 1 April 2021	10,691,608	10,615,609
Prior year adjustment	-	(223,190)
At 1 April 2021	<u>10,691,608</u>	<u>10,392,419</u>
Surplus for year	703,364	650,189
Other comprehensive income	228,000	(351,000)
At 31 March 2022	<u>11,622,972</u>	<u>10,691,608</u>

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2022	2021
	No.	No.
General Needs	825	825
Shared Ownership	16	16
Other	1	1
	<u>842</u>	<u>842</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

20. 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:

- 9 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 £ 32,724
- At the year-end total rent arrears owed by the tenant members of the Committee were £ 162

Reimbursed expenses totalling £4,200 were paid to the Director in the year to 31 March 2022.

21. 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
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

22. 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 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 2022 to 28 February 2023 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.

Pension Scheme Liability movements:

	2022	2021
	(£000s)	(£000s)
As at 1 April 2021	319	36
Current Service Cost	-	43
Net Interest expense	6	3
Expenses	3	-
Deficit Contributions Paid	(87)	(114)
Impact of change in assumptions	(228)	351
As at 31 March 2022	<u>13</u>	<u>319</u>

CALVAY HOUSING ASSOCIATION LIMITED
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22. RETIREMENT BENEFIT OBLIGATIONS (continued)

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION,

FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2022 (£000s)	31 March 2021 (£000s)
Fair value of plan assets	3,191	3,038
Present value of defined benefit obligation	3,204	3,357
Surplus (deficit) in plan	(13)	(319)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(13)	(319)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2022 (£000s)	Period ended 31 March 2021 (£000s)
Defined benefit obligation at start of period	3,357	2,681
Current service cost	-	43
Expenses	3	3
Interest expense	72	64
Contributions by plan participants	-	19
Actuarial losses (gains) due to scheme experience	74	7
Actuarial losses (gains) due to changes in demographic assumptions	10	-
Actuarial losses (gains) due to changes in financial assumptions	(261)	590
Benefits paid and expenses	(51)	(50)
Defined benefit obligation at end of period	3,204	3,357

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22. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	Period ended 31 March 2022 (£000s)	Period ended 31 March 2021 (£000s)
Fair value of plan assets at start of period	3,038	2,645
Interest income	66	64
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	51	246
Contributions by the employer	87	114
Contributions by plan participants	-	19
Benefits paid and expenses	(51)	(50)
Fair value of plan assets at end of period	3,191	3,038

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £117,000.

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

	Period from 31 March 2021 to 31 March 2022 (£000s)	Period from 31 March 2020 to 31 March 2021 (£000s)
Current service cost	-	43
Expenses	3	3
Net interest expense	6	-
Defined benefit costs recognised in statement of comprehensive income (SoCl)	9	46

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22. RETIREMENT BENEFIT OBLIGATIONS (continued)

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2022 (£000s)	Period ended 31 March 2021 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	51	246
Experience gains and losses arising on the plan liabilities - gain (loss)	(74)	(7)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(10)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	261	(590)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	228	(351)
Total amount recognised in other comprehensive income - gain (loss)	228	(351)

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22. RETIREMENT BENEFIT OBLIGATIONS (continued)

ASSETS	31 March 2022 (£000s)	31 March 2021 (£000s)
Global Equity	631	470
Absolute Return	146	150
Distressed Opportunities	114	104
Credit Relative Value	102	88
Alternative Risk Premia	132	122
Fund of Hedge Funds	-	-
Emerging Markets Debt	119	122
Risk Sharing	104	109
Insurance-Linked Securities	67	63
Property	83	54
Infrastructure	199	170
Private Debt	80	72
Opportunistic Illiquid Credit	106	78
High Yield	31	80
Opportunistic Credit	11	83
Cash	9	1
Corporate Bond Fund	202	229
Liquid Credit	20	52
Long Lease Property	92	70
Secured Income	171	167
Over 15 Year Gilts	1	1
Liability Driven Investment	773	730
Currency Hedging	(12)	-
Net Current Assets	10	23
Total assets	3,191	3,038

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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22. RETIREMENT BENEFIT OBLIGATIONS (continued)

KEY ASSUMPTIONS

	31 March 2022	31 March 2021
	% per annum	% per annum
Discount Rate	2.79	2.17
Inflation (RPI)	3.57	3.28
Inflation (CPI)	3.19	2.86
Salary Growth	4.19	3.86
Allowance for commutation of pension for cash at retirement		75% of maximum allowance

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

	Life expectancy at age 65 (Years)
Male retiring in 2022	21.6
Female retiring in 2022	23.9
Male retiring in 2042	22.9
Female retiring in 2042	25.4

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.

CONTINGENT LIABILITY

We have been notified 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 has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

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23. CAPITAL COMMITMENTS

	2022	2021
	£	£
Expenditure authorised by the management committee and contracted for	8,264,358	251,028
Expenditure authorised by the management committee not contracted for	-	8,040,000
	<u>8,264,358</u>	<u>8,291,028</u>
Funded by:		
Social Housing Grant	4,633,057	4,440,000
External funding	3,600,000	3,600,000
Reserves	31,301	251,028
	<u>8,264,358</u>	<u>8,291,028</u>