

**CALVAY HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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 2019**

MEMBERS OF THE MANAGEMENT COMMITTEE

Pauline Barr	(Chairperson until 13.09.18/Secretary until resignation on 31.05.19)
Alison A'Hara	(Secretary from 11.07.19)
Janet Martin	(Treasurer until resignation on 07.01.19)
Anna Ellis	(Secretary until 13.09.18) Vice Chair from 27.09.18
Rosemarie Lindsay	(Committee Member)
Annie Robertson	(Committee Member) resigned 27.09.18 (now deceased)
Sandra McIlroy	(Committee Member)
Wilma Running	(Committee Member) Treasurer from 27.09.18 until resignation on 03.06.19
Peter Howden	(Committee Member) resigned 13.09.18
Rebecca Howden	(Committee Member)
Mima Bell	(Committee Member) resigned 27.09.18
Linda Dick	(Committee Member) Secretary until resignation on 12.04.19
Billy McIlroy	(Committee Member) Chairperson from 27.09.18 until resignation on 30 August 2019
Christopher Warwick	(Committee Member) (Co-opted 8 March 2018/elected 13.09.18)
Sandra Chastey	(Committee Member) (Co-opted 26 April 2018)/resigned 25.07.18
Laura Sneider	(Appointed to fill a casual vacancy 06.12.18)
John Lyon	(Appointed to fill a casual vacancy 06.12.18)

EXECUTIVE OFFICERS

Nick Dangerfield	(Director)	(Appointed 1 October 2018)
Michael Dawson	(Director)	(Retired 13 April 2018)
Brian Gannon	(Interim Director)	(Appointed 10 April 2018/left 30 September 2018)

REGISTERED OFFICE

16 Calvay Road
Glasgow
G33 4RQ

AUDITORS

French Duncan LLP
Chartered Accountants and 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
THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019**

The Management Committee presents their report [including the strategic report] and the audited Financial Statements for the year ended 31 March 2019.

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 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 delivers a good service to its tenants and factored owners and is a financially strong organisation. A business plan was agreed by the Management Committee for the three years from 2019 – 2020 to 2021 – 2022. This plan includes Calvay continuing to deliver significant investment in its properties. Over the lifetime of the plan, Calvay will install interlinked smoke and heat alarms to help make sure our properties are safe and to comply with new legislation.

In April, Michael Dawson who had been the Association's Director for 18 years retired. An interim Director, Brian Gannon was appointed while a Strategic Options Appraisal was carried out. Following consideration of the Strategic Options Appraisal, the Management Committee decided to advertise for a permanent Director and on 1st October Nick Dangerfield started as the Association's new permanent Director.

In addition, the Association's long-standing Chair Pauline Barr also stepped down after serving five years.

During the year, one of our contractors, McGills went in to administration. McGills had been replacing close doors when they entered administration. Although Calvay suffered no direct financial loss, the contract had to be re-tendered to complete the works McGills had begun prior to their failure.

The Association has split its cash reserves between two banks so that there is some protection for its reserves if one bank should find itself in difficulty.

**CALVAY HOUSING ASSOCIATION LIMITED
THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019**

The Future

Calvay continues to develop its plans to build new homes. During the year we purchased the site of the old Social Services building on Blyth Road and continued to negotiate for a site on Barlanark Road. We hope to start developing these sites for around 64 new homes in the near future. The Management Committee have authorised expenditure for this project as disclosed in note 23 and the association continues to progress the proposed development with Glasgow City Council and funders.

By October 2019, Calvay, along with other Scottish RSLs will have to submit its first Assurance Statement to the Scottish Housing Regulator. Calvay is committed to reviewing and strengthening its governance arrangements to ensure continuing compliance and strong leadership for the Association.

Financial review

The Association made a surplus in the year of £789,570 before pension adjustments (2018: £1,150,978). £451,892 was spent on planned maintenance (which has been capitalised).

Turnover of £3.7 million relates to the income from the letting of properties at affordable rents. Rent increases during 2018/19 were 2.9%.

At 31 March 2019 £9.6 million was held in reserves.

Risks and uncertainties

Calvay continues to be committed to improving its governance. Throughout the year, Committee training and development was focussed on ensuring good governance. In October 2019, we will need to submit our first self-assessment to the Scottish Housing Regulator.

There is additional regulatory burden for RSLs in November 2019 when the Freedom of Information Act begins to apply to RSLs. We are putting time and effort in to ensuring that we are prepared and will be compliant.

The introduction of Universal Credit (UC) continues to pose a risk – despite the delays which have affected its roll-out. Calvay currently have a welfare rights officer employed partly to mitigate the risk posed by UC.

Governance

Calvay's Management Committee is the Association's governing body and usually meets around nine 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 (Operations, Corporate and Community Regeneration). This structure is being reviewed, with consideration being given to the establishment of an Audit and Finance sub-committee.

The pay policy for senior personnel is reviewed in line with EVH 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 Member. 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.

**CALVAY HOUSING ASSOCIATION LIMITED
THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019**

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.

Auditors

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

**CALVAY HOUSING ASSOCIATION LIMITED
THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019**

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 - 2014. 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
- 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.

**CALVAY HOUSING ASSOCIATION LIMITED
THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019**

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.

**CALVAY HOUSING ASSOCIATION LIMITED
THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019**

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 2019. 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.

By order of Management Committee

Signature



Alison A'Hara, Secretary

Date: 12/09/2019.

**CALVAY HOUSING ASSOCIATION LIMITED
REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF CALVAY HOUSING ASSOCIATION
LIMITED ON CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2019**

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 8 and 9 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 pages 8 and 9 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

Chartered Accountants
Statutory Auditors

GLASGOW

Date: 24/09/2019.

**CALVAY HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF CALVAY HOUSING
ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2019**

OPINION

We have audited the financial statements of Calvay Housing Association Limited for the year ended 31 March 2019 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.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2019 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 December 2014.

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

**CALVAY HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF CALVAY HOUSING
ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2019**

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

We have nothing to report in this regard.

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 7, 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.

**CALVAY HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF CALVAY HOUSING
ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2019**

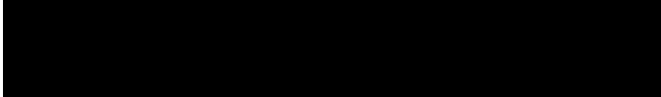
As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- 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 trustees' 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 charitable company'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.

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 auditors' 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

Date: 24/09/2019.

CALVAY HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
REVENUE	2	3,719,440	3,634,847
Operating costs	2	<u>(2,810,458)</u>	<u>(2,343,738)</u>
OPERATING SURPLUS	2, 9	908,982	1,291,109
Gain on sale of housing stock	7	22,328	(806)
Interest receivable and other similar income		14,442	10,380
Interest payable and other similar charges	8	(146,182)	(145,705)
Other Finance Charges	11	(10,000)	(4,000)
		<u>(119,412)</u>	<u>(140,131)</u>
SURPLUS FOR THE YEAR		<u>789,570</u>	<u>1,150,978</u>
OTHER COMPREHENSIVE INCOME			
Initial recognition of multi-employer defined benefit scheme	22	(111,000)	-
Actuarial losses in respect of defined benefit pension scheme	22	<u>(90,000)</u>	-
TOTAL COMPREHENSIVE INCOME		<u>588,570</u>	<u>1,150,978</u>

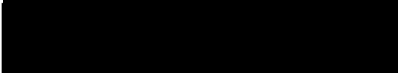
The results for the year relate wholly to continuing activities.

The notes on page 18 to 38 form part of these financial statements.

CALVAY HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Notes	2019 £	2018 £
NON-CURRENT ASSETS			
Housing properties - depreciated cost	12(a)	26,106,494	26,541,420
Other tangible fixed assets	12(b)	<u>751,118</u>	<u>771,668</u>
		26,857,612	27,313,088
CURRENT ASSETS			
Debtors	13	337,066	290,363
Cash at bank and in hand		<u>4,293,555</u>	<u>3,825,810</u>
		4,630,621	4,116,173
CREDITORS: amounts falling due within one year	14	<u>(524,780)</u>	<u>(560,449)</u>
NET CURRENT ASSETS		<u>4,105,841</u>	<u>3,555,724</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		30,963,453	30,868,812
CREDITORS: amounts falling due after more than one year			
housing property loans	15	(5,830,700)	(6,019,660)
PROVISIONS FOR LIABILITIES			
Pension - deficit funding liability		-	(236,000)
Pension - defined benefit liability	22	(443,000)	-
DEFERRED INCOME			
Social Housing Grants	17	<u>(15,127,430)</u>	<u>(15,639,399)</u>
		<u>9,562,323</u>	<u>8,973,753</u>
EQUITY			
Share capital	18	58	58
Revenue reserve	18	<u>9,562,265</u>	<u>8,973,695</u>
		<u>9,562,323</u>	<u>8,973,753</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 12/09/2019.


Rebecca Howden
Committee member


Anna Ellis
Vice Chairperson


Alison A'Hara
Secretary

The notes on page 18 to 38 form part of these financial statements.

CALVAY HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	<u>1,118,506</u>	<u>1,413,150</u>
INVESTING ACTIVITIES			
Acquisition and construction of housing properties	(485,892)	(680,405)	
Purchase of other fixed assets	-	-	
Social Housing Grant received	83,716	-	
Proceeds of disposals	66,484	82,350	
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		<u>(335,692)</u>	<u>(598,055)</u>
NET CASH INFLOW BEFORE FINANCING		782,814	815,095
FINANCING ACTIVITIES			
Issue of ordinary share capital	4	3	
Interest received	14,442	10,380	
Interest paid	(146,182)	(145,705)	
Loan principal repayments	(183,333)	(530,465)	
NET CASH (OUTFLOW) FROM FINANCING		<u>(315,069)</u>	<u>(665,787)</u>
INCREASE IN CASH		467,745	149,308
OPENING CASH AND CASH EQUIVALENTS		<u>3,825,810</u>	<u>3,676,502</u>
CLOSING CASH AND CASH EQUIVALENTS		<u>4,293,555</u>	<u>3,825,810</u>

CALVAY HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2019

	Share Capital	Revenue Reserve	Total
	£	£	£
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)	-
Balance as at 31 March 2019	<u>58</u>	<u>9,562,265</u>	<u>9,763,323</u>

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2017	55	7,822,717	7,822,772
Issue of Shares	8	-	8
Cancelled shares	(5)	-	(5)
Surplus for Year	-	1,150,978	1,150,978
Balance as at 31 March 2018	<u>58</u>	<u>8,973,695</u>	<u>8,973,753</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
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 2014 and comply with the requirements of the Determination of Housing Requirements 2014 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).

Following the introduction of FRED 71 (Draft amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, Multiemployer defined benefit plans), the Association now accounts for the SHAPS pension scheme on a defined benefit basis. Further details are given in the retirement benefits policy below.

The following principal accounting policies have been applied:

Going Concern

The Management Committee have assessed the Association's ability to continue as a going concern and have reasonable expectations that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

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.

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Historically the scheme was accounted for as a defined contribution scheme as there was insufficient information for each social landlord's share of SHAPS to allow for defined benefit accounting. The liability previously recognised for the present value of the social landlord's deficit funding agreement has been derecognised. The difference between the deficit funding agreement liability social landlords historically recognised for SHAPS, and the net DB deficit for SHAPS, has been recognised in other comprehensive income (OCI). This accounting policy change has been accounted for in accordance with FRED 71: Draft Amendments to FRS 102: Multi-employer defined benefit plans as a matter of best practice. FRED 71 is an exposure draft and has not yet been implemented into financial reporting standards.

Further details are disclosed in the notes to the accounts.

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(a). 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.

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

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.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

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.

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.

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

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 scheme in which it manages its housing property for asset management purposes.

c) Pension liability

In May 2019 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.

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.

CALVAY HOUSING ASSOCIATION LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 NOTES TO THE FINANCIAL STATEMENTS

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

	Note	2019		2018		Operating surplus/ (deficit) £
		Revenue £	Operating Costs £	Revenue £	Operating Costs £	
Affordable letting activities	3	3,679,594	(2,696,955)	3,592,844	(2,286,368)	1,306,476
Other activities	4	39,846	(113,503)	42,003	(57,370)	(15,367)
Total		3,719,440	(2,810,458)	3,634,847	(2,343,738)	1,291,109

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Social Housing Accommodation £	Shared Ownership Housing £	2019 Total £	2018 Total £
Revenue from lettings					
Rent receivable net of identifiable service charges	2,984,574	122,291	39,893	3,146,758	3,064,461
Service charges receivable	-	-	-	-	-
Gross rents receivable	2,984,574	122,291	39,893	3,146,758	3,064,461
Less rent losses from voids	(7,382)	(299)	-	(7,681)	(8,148)
Net rents receivable	2,977,192	121,992	39,893	3,139,077	3,056,313
Amortisation of Social Housing & Other Grants	507,913	-	-	507,913	517,323
Revenue grants from local authorities and other agencies	32,604	-	-	32,604	19,208
Other Revenue grants	-	-	-	-	-
Total income from social letting	3,517,709	121,992	39,893	3,679,594	3,592,844
Expenditure on social letting activities					
Management and maintenance administration costs	992,534	38,984	-	1,031,518	882,979
Service costs	174,526	23,511	-	198,037	171,312
Planned and cyclical maintenance including major repairs	348,421	12,362	-	360,783	178,204
Reactive maintenance	256,129	14,511	-	270,640	242,920
Bad debts - rents and service charges	12,949	524	-	13,473	10,556
Depreciation of social housing	781,592	31,965	8,947	822,504	800,397
Direct services	-	-	-	-	-
Operating costs of social letting	2,566,151	121,857	8,947	2,696,955	2,286,368
Operating surplus / (deficit) on social letting activities	951,558	135	30,946	982,639	1,306,476
2018	1,266,488	9,464	30,524	1,306,476	

CALVAY HOUSING ASSOCIATION LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 NOTES TO THE FINANCIAL STATEMENTS

4. PARTICULARS OF INCOME AND EXPENDITURE FROM OTHER ACTIVITIES

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs bad debts	Operating costs other	Operating surplus/ (deficit) 2019	Operating surplus/ (deficit) 2018
	£	£	£	£	£	£	£	£	£
Stage 3 adaptations	-	-	-	-	-	-	-	-	-
Wider Role Activities	-	-	-	11,485	11,485	-	(71,800)	(60,315)	(12,659)
Development activities	-	-	-	-	-	-	(15,615)	(15,615)	(7,334)
Factoring services	-	-	-	16,361	16,361	-	(14,088)	2,273	4,626
Commercial Rents	-	-	-	12,000	12,000	-	(12,000)	-	-
Other income/ (expenditure)	-	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-	-
Rechargeable Repairs	-	-	-	-	-	-	-	-	-
TOTAL FROM OTHER ACTIVITIES	-	-	-	39,846	39,846	-	(113,503)	(73,657)	(15,367)
TOTAL FROM OTHER ACTIVITIES FOR 2018	-	5,275	-	36,728	42,003	-	(57,370)	(15,367)	

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

5. BOARD MEMBERS AND OFFICERS EMOLUMENTS

The officers are defined 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.

No officers of the Association received emoluments greater than £60,000.

	2019	2018
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	-	64,425
Emoluments payable to the director (excluding pension contributions)	37,289	64,425
Pension contributions paid on behalf of the director	4,230	8,090
	<u> </u>	<u> </u>
Amounts payable to key management personnel	<u>40,918</u>	<u>64,425</u>

During the year the Association was invoiced £40,000 in respect of the services of the Interim Director.

	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
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
	<u> </u>	<u> </u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

6. EMPLOYEE INFORMATION

	2019	2018
	£	£
Staff costs during the year:		
Wages and salaries	559,775	521,858
Social security costs	55,955	58,760
Pension costs	48,101	48,860
Other pension costs - impact of change in actuarial assumptions	-	(3,000)
	<u>663,831</u>	<u>626,478</u>
	Number	Number
The average number of full time equivalent persons employed during the year was	<u>19</u>	<u>19</u>

7. GAIN ON SALE OF HOUSING STOCK

	2019	2018
	£	£
Sales proceeds	66,484	82,350
Cost of sales	(44,156)	(83,156)
	<u>22,328</u>	<u>(806)</u>
Gain/(loss) on sale		

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2019	2018
	£	£
Bank loans and overdrafts	<u>146,182</u>	<u>145,705</u>
	<u>146,182</u>	<u>145,705</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

9. OPERATING SURPLUS/(LOSS) FOR THE YEAR

	2019	2018
	£	£
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	843,054	820,947
Auditors' remuneration - audit services	9,000	9,000
- other services	1,000	1,000
Operating lease rentals - land and buildings	-	-
- other	-	-
Gain/(Loss) on sale of fixed assets	22,328	(806)
Amortisation of capital grants	<u>507,913</u>	<u>517,323</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

	2019	2018
	£	£
Unwinding of discounted liabilities	-	4,000
Net interest expense - defined benefit pension scheme	<u>10,000</u>	<u>-</u>
	<u>10,000</u>	<u>4,000</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

12. 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	36,883,316	50,093	662,359	37,595,768
Additions	451,892	34,000	-	485,892
Disposals	(305,503)	-	(73,596)	(379,099)
At end of year	<u>37,029,705</u>	<u>84,093</u>	<u>588,763</u>	<u>37,702,561</u>
DEPRECIATION				
At start of year	10,846,060	-	208,288	11,054,348
Charged during year	813,557	-	8,947	822,504
Eliminated on disposal	(251,345)	-	(29,440)	(280,785)
At end of year	<u>11,408,272</u>	<u>-</u>	<u>187,795</u>	<u>11,596,067</u>
NET BOOK VALUE				
At end of year	<u>25,621,433</u>	<u>84,093</u>	<u>400,968</u>	<u>26,106,494</u>
At start of year	<u>26,037,256</u>	<u>50,093</u>	<u>454,071</u>	<u>26,541,420</u>

Additions to housing properties include capitalised major repairs of £451,892 (2018 - £630,312).

The Association's lenders have standard securities over housing properties with a carrying value of £13,920,000 (2018 - £14,112,500).

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

12. NON-CURRENT ASSETS (continued)

b) Other tangible assets	Office Premises £	Land	Commercial Premises	Total £
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	56,875	-	89,910	146,785
Charged during year	14,346	-	6,204	20,550
Disposals	-	-	-	-
At end of year	<u>71,221</u>	<u>-</u>	<u>96,114</u>	<u>167,335</u>
NET BOOK VALUE				
At end of year	<u>646,056</u>	<u>15,060</u>	<u>90,002</u>	<u>751,118</u>
At start of year	<u>660,402</u>	<u>15,060</u>	<u>96,206</u>	<u>771,668</u>

13. DEBTORS

	2019 £	2018 £
Arrears of Rent & Service Charges	297,906	299,614
Less: Provision for Doubtful Debts	<u>(108,987)</u>	<u>(108,987)</u>
	188,919	190,627
Other Debtors	<u>148,147</u>	<u>99,736</u>
	<u>337,066</u>	<u>290,363</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

14. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Housing Loans	188,960	183,333
Trade Payables	95,914	44,390
Rent in Advance	14,526	12,644
Other Taxation and Social Security	15,036	14,021
Other Payables	10,576	40,840
Liability for Past Service Contribution Arrangements	-	79,000
Accruals and Deferred Income	<u>199,768</u>	<u>186,221</u>
	<u>524,780</u>	<u>560,449</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2019	2018
	£	£
Housing loans	<u>5,830,700</u>	<u>6,019,660</u>
	<u>5,830,700</u>	<u>6,019,660</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 0.93% to 9.2% (2018 - 0.93% to 9.2%) in instalments as follows:

	2019	2018
	£	£
Between one and two years	194,795	188,960
Between two and five years	606,904	588,518
In five years or more	<u>5,029,001</u>	<u>5,242,182</u>
	<u>5,830,700</u>	<u>6,019,660</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

16. STATEMENT OF CASH FLOWS

	2019	2018
	£	£
Reconciliation of operating surplus to balance as at 31 March 2019		
Operating Surplus	908,982	1,291,109
Depreciation	843,054	820,947
Amortisation of Capital Grants	(507,913)	(517,323)
Change in debtors	(46,703)	(21,502)
Change in creditors	37,704	(10,824)
Loss on scrapping components	54,157	-
Deficit contributions	(115,000)	(77,000)
Movement in Pension Liability	32,000	(3,000)
Cancelled Shares	(4)	-
Social Housing Grant released	(87,771)	(69,257)
	<u>1,118,506</u>	<u>1,413,150</u>
Balance as at 31 March 2019		

17. DEFERRED INCOME

	2019	2018
	£	£
Social Housing Grants		
Balance as at 1 April 2018	15,639,399	16,225,979
Additions in year	83,716	-
Released / Repaid as the result of property disposal	(87,772)	(69,257)
Amortisation in Year	(507,913)	(517,323)
	<u>15,127,430</u>	<u>15,639,399</u>
Balance as at 31 March 2019		

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

Amounts due within one year	507,913	517,323
Amounts due in one year or more	<u>14,619,517</u>	<u>15,122,076</u>
	<u>15,127,430</u>	<u>15,639,399</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

18. RESERVES

	2019	2018
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2018	58	55
Issued in year	4	8
Cancelled in year	(4)	(5)
At 31 March 2019	<u>58</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.

Reserves	2019	2018
	£	£
At 1 April 2018	8,973,695	7,822,717
Surplus for year	<u>588,570</u>	<u>1,150,978</u>
At 31 March 2019	<u>9,562,265</u>	<u>8,973,695</u>

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2019	2018
	No.	No.
General Needs - New Build	796	796
Shared Ownership	16	18
Supported Housing	30	30
Other	<u>1</u>	<u>1</u>
	<u>843</u>	<u>845</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
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:

- Members are tenants of the Association
- Members are factored owners
- 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 – £29,723.
- Factoring income received from Owner Occupiers in the Committee - £1,342.
- At the year-end total rent arrears owed by the tenant members of the Committee were – £NIL.
- At the year-end total rent arrears owed by Owner Occupiers of the Committee were - £NIL.

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.

22. RETIREMENT BENEFIT OBLIGATIONS

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 2015. This valuation revealed a deficit of £198m. A Recovery Plan has been put in place to eliminate the deficit which runs to 28 February 2022 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.

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS (continued)

For financial years ending on or before 28 February 2019, it has not been possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined contribution 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, two actuarial valuations for the Scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus at the accounting period start and end dates.

Pension Scheme Liability movements:

	2019	2018
	(£000s)	(£000s)
As at 1 April 2018	315	391
De-recognition of deficit funding liability	(315)	-
Adjustment for FRS 102 remeasurement	426	-
Recognition of defined benefit obligation	-	-
Current Service Cost	29	-
Net Interest expense	10	4
Expenses	3	-
Deficit Contributions Paid	(115)	(77)
Impact of change in assumptions	90	(3)
As at 31 March 2019	<u>443</u>	<u>315</u>

As a result of the pension remeasurement basis during the year the movement in the opening pension liability of £111,000 is shown separately in the Statement of Comprehensive Income.

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

	31 March 2019	31 March 2018
	(£000s)	(£000s)
Fair value of plan assets	2,684	2,541
Present value of defined benefit obligation	3,127	2,967
Surplus (deficit) in plan	(443)	(426)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(443)	(426)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	<u>-</u>	<u>-</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS (continued)

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period ended 31 March 2019 (£000s)
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2019 (£000s)
Defined benefit obligation at start of period	2,967
Current service cost	29
Expenses	3
Interest expense	75
Contributions by plan participants	27
Actuarial losses (gains) due to scheme experience	(46)
Actuarial losses (gains) due to changes in demographic assumptions	8
Actuarial losses (gains) due to changes in financial assumptions	188
Benefits paid and expenses	(124)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	3,127

CALVAY HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	Period ended 31 March 2019 (£000s)
Fair value of plan assets at start of period	2,541
Interest income	65
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	60
Contributions by the employer	115
Contributions by plan participants	27
Benefits paid and expenses	(124)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	2,684

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £125,000.

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

	Period from 31 March 2018 to 31 March 2019 (£000s)
Current service cost	29
Expenses	3
Net interest expense	10
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCl)	42

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22. RETIREMENT BENEFIT OBLIGATIONS (continued)

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

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

ASSETS

	31 March 2019 (£000s)	31 March 2018 (£000s)
Global Equity	432	457
Absolute Return	227	302
Distressed Opportunities	46	12
Credit Relative Value	47	-
Alternative Risk Premia	150	96
Fund of Hedge Funds	7	73
Emerging Markets Debt	86	87
Risk Sharing	78	23
Insurance-Linked Securities	70	70
Property	53	100
Infrastructure	112	46
Private Debt	35	24
Corporate Bond Fund	188	177
Long Lease Property	33	-
Secured Income	94	93
Over 15 Year Gilts	69	82
Index Linked All Stock Gilts	-	-
Liability Driven Investment	954	894
Net Current Assets	3	5
Total assets	2,684	2,541

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 2019	31 March 2018
	% per annum	% per annum
Discount Rate	2.31	2.56
Inflation (RPI)	3.29	3.19
Inflation (CPI)	2.29	2.19
Salary Growth	3.29	3.19
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2019	21.7
Female retiring in 2019	23.4
Male retiring in 2039	23.1
Female retiring in 2039	24.7

23. CAPITAL COMMITMENTS

	2019	2018
	£	£
Expenditure authorised by the management committee not contracted for	<u>9,000,000</u>	<u>-</u>
Funded by:		
Social Housing Grant	5,700,000	-
External funding	<u>3,300,000</u>	<u>-</u>
	<u>9,000,000</u>	<u>-</u>