



**Alexander Sloan**  
Accountants and Business Advisers

# **Cloch Housing Association Limited**

Report and Financial Statements

For the year ended 31 March 2022

Registered Social Landlord No. HEP91

FCA Reference No. SP1893R(S)

Scottish Charity No. SC013996

# CLOCH HOUSING ASSOCIATION LIMITED

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## REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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# CLOCH HOUSING ASSOCIATION LIMITED

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## BOARD, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2022

### BOARD

Brian Corrigan	Chairperson to 14.06.22
Kelly Ferns	Vice Chair to 14.06.22; Chair from 14.06.02
Heather Thomson	Secretary to 14.06.22; Vice Chair from 14.06.22
Eileen Tamburrini	Secretary from 14.06.22
Eleanor Robertson	
Alan Hutchison	
Ken Robertson	
David Brown	
Julianne Scarlett	Resigned 23.09.21
June McIntosh	Resigned 02.09.21
Susan Skelton	Appointed 23.09.21 -Casual Vacancy from 20.04.21
Jacqueline Smith	Appointed 23.09.21 -Casual Vacancy from 20.04.21
Patrick Marshall	Appointed 23.09.21

### EXECUTIVE OFFICERS

Paul McVey	Director
Andrew Thomson	Housing Services Manager
Paul McColgan	Property Services Manager
Elizabeth Bowden	Corporate Services Manager
Alana Durnin	Finance Director Resigned 28.02.22

### REGISTERED OFFICE

19 Bogle Street  
Greenock  
PA15 1ER

### EXTERNAL AUDITORS

Alexander Sloan  
Accountants and Business Advisers  
180 St Vincent Street  
Glasgow  
G2 5SG

### INTERNAL AUDITORS

TIAA Ltd  
Artillery House  
Fort Fareham  
Newgate Lane  
Fareham  
PO14 1AH

### BANKERS

Bank of Scotland  
The Cross Branch  
Paisley  
PA1 1DD

### SOLICITORS

Patten & Prentice  
2 Ardgowan Square  
Greenock  
PA16 8PP

# CLOCH HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

The Board presents its report and the financial statements for the year ended 31 March 2022.

### Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No. SP1893R(S)), the Scottish Housing Regulator as a registered social landlord (No. HEP91) under the Housing (Scotland) Act 2010 and as is a registered Scottish Charity with the charity number SC013996.

### Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

1. providing, restructuring, improving and managing land, accommodation and associated facilities and providing care;
2. providing or arranging home maintenance, repair and improvement services and providing facilities and services for the benefit of such people either exclusively for them or together with other persons;
3. undertaking any activities which are charitable, allowed under section 58 of the Housing (Scotland) Act 2001, including any statutory amendment or re enactment of the provisions of this section from time to time being in force and;
4. carrying on any other charitable activities permitted to registered social landlords from time to time.

### Review of Business and Future Developments

The year of 2021 -22 was a year spent dealing with the pandemic and trying to return to some sort of normal both in terms of office opening and services resuming to our customers. In addition, a lot of our activity centred around accessing support and financial assistance for tenants during what has been, and continues to be, an extremely difficult time.

The year started in April 2021 with Cloch entering their new status as a wholly independent Registered Social Landlord, following several years as a subsidiary to our neighbours at Oak Tree HA. This was a monumental moment for Cloch, following significant preparatory work including Options Appraisal, tenant consultation and latterly a ballot where over 95% of respondents voted in favour of separation and independence.

April also saw Cloch launching their new Business Plan which covers the period from 2021 – 2026. This was produced with the Board and Staff Team setting ambitious priorities for the years ahead. At the same time, we launched an independent Governance Review to ensure that our approach to governance was fully compliant with regulatory standards and good practice. The outcomes of this were reported in July to the Board with a very positive report and assurance given, along with an associated action plan. At the end of April, the lockdown rules were further eased which allowed Cloch to restart non-essential works to properties which had been put on hold during the height of the pandemic.

# CLOCH HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

### Review of Business and Future Developments (Contd.)

Our community activities included funding, supporting and accessing a range of initiatives during 2021 including Starter Packs, Financial Fitness, Tenancy Support Service, Energy Activators and various funds applied for specifically related to the pandemic – the Social Housing Fuel Support Fund and the Supporting Communities Fund. Our staff reacted to the needs of the communities and highlighted access to the various initiatives and funds on offer.

Recognising all aspects of poverty is crucial for a charitable organisation like Cloch, and this year we carried out research work on the subject of Furniture Poverty. This resulted in the Association setting aside funds, and also attracting funding to support our new initiative Cloch + which will focus on providing furnished tenancies for customers alongside our White Good Replacement Scheme.

In July, we were allowed to provide face-to-face appointments for our customers. While technology has been wonderful to us all and allowed us to continue working and getting through life, there are situations where it is better to meet in person to go through a certain issue or transaction. On 11<sup>th</sup> August, Cloch opened their doors with no appointment required which really did feel like we were returning to a pre-pandemic situation. We were the first Association in Inverclyde to open our doors again to our customers – we were keen to send a message out that we were here for people and while precautions were still required, there was and is no reason why we could not openly engage with customers.

During the summer and into the Autumn our development at Kings Glen came off site and we were able to allocate 57 new homes to applicants, with a wide range of needs and aspirations. The new build development was our first since Maukinhill back in 2012 and was another milestone in our history. The development cost just under £9m and the developer was CCG. Tenants have settled well and enjoying the new estate.

### Operational Activity

Although lockdown continued to restrict some of our maintenance activity, a great deal was still completed during the last financial year. During the year our main contractor McDougall highlighted some issues, which led to the contract being novated to another contractor – McGill.

We have continued this year with the Wellpark Project which has involved significant work in the Wellpark area renewing components. As well as this there has been huge investment carrying out other replacements and improvements across our housing stock, for example –

Kitchens	64 homes
Radiators and Pipework	86 homes
Boiler replacements	97 homes
Full Communal Heating Upgrade (58 Regent Street/5 Trafalgar St)	
Bathrooms	75 homes
Windows	92 homes
Full rewiring	57 homes
Medical Adaptations	41 homes
Painterwork	2 homes & 9 closes
Electrical Installation Checks	381 homes
Smoke Detector Upgrades	513 homes

The above work alone was at a cost of **£1,671,137**

# CLOCH HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

### Review of Business and Future Developments (Contd.)

Although most of our performance continued to suffer due to the events of the year, our rent arrears remained low at 1.4% with a Gross Arrears total of 2.2%. The performance is in the upper quartile in Scotland.

### Supporting Communities

Cloch continued to work closely with the other local Housing Associations on a range of projects, particularly Oak Tree and Larkfield. Last year, Cloch again contributed to Starter Packs to provide household packs for new tenants – in total, 68 Cloch tenants received this service.

The Work Pays project with Financial Fitness was continued which allows our tenants to receive a dedicated advice service with ring-fenced appointments. In the last year alone, they have engaged on a one-to-one basis with 144 Cloch customers securing benefits or financial gains of £138,324.

Our Tenancy Support Service continued being delivered by Simon Community Scotland and funding of this was helped with the Homelessness Prevention Fund supporting 50% of the overall funding. This service supports tenants who are struggling to sustain their tenancy and needing support or interventions to help them.

In Autumn 2020 Cloch led on an application to the Energy Redress Scheme to deliver a project delivering fuel poverty advice and help to reduce household energy consumption. In partnership with Oak Tree and Larkfield, and the Wise Group, an award of £162,613 was made to appoint 2 staff to deliver the project. Delivery outcomes achieved to date

- 854 households have been engaged with in relation to home energy – the majority of engagement has been by telephone
- 163 Wellbeing surveys have been completed to determine impact of project on Housing Association customers
- 26 Advice Events have been held / attended
- £53,751 – actual annual energy bill savings from advice provided
- £218,200 – assumed annual energy bill savings from advice
- £37,863 actual gains from income maximisation / debt write off

The Wise Group are also managing the Social Housing Fuel Support Fund – as of the end of March 2022, 490 households had been supported.

In the last year and in accordance with our charitable status, Cloch donated £1500 to the following charities:

Parklea Branching Out  
Inverclyde Foodbank  
Children in Poverty Inverclyde

# CLOCH HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

### Review of Business and Future Developments (Contd.)

#### Governance

Our 3rd compliant Assurance Statement was delivered supported by self-assessment detail against the regulatory standards of governance and financial management, and the annual review of our Board Members, which was conducted by Arneil Johnston. In addition, a comprehensive Governance Review was also carried out by Arneil Johnston which gave the Board independent assurance that our approach to regulation, governance and self-assessment was fully compliant.

Following our AGM in September, Brian Corrigan remained as Chairperson, and with Julianne Scarlett, our Vice Chair leaving, Kelly Ferns assumed the Vice Chair role. In addition, Heather Thomson was nominated and agreed to remain the Secretary.

The Board invest their own time to commit their skills, experience, and knowledge to ensure that the governance of Cloch is robust and that there is a clear strategic direction for the organisation. This is all in a voluntary capacity and working on behalf of the members, they ensure that Cloch is well managed and controlled and delivering the necessary outputs required and in compliance with legislative and regulatory standards. The Board played a key role in steering Cloch through the pandemic as well as negotiating our separation from our parent, and our newly found independence. The tenants, membership and staff team of Cloch are fortunate to be governed by such a dedicated team.

#### Looking ahead

In March, our Finance Director who is directly employed by Oak Tree HA, left to work in an alternative role with another organisation. The decision has been taken to separate from the Shared Finance arrangement from March 2022, and Cloch will employ a resource to fill that gap in 22/23.

#### Board and Executive Officers

The members of the Board and the Executive officers are listed on page 1.

Each member of the Board holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of directors, they act as executives within the authority delegated by the Board.

The members of the Board are also trustees of the charity. Members of the Board are appointed by the members at the Association's Annual General Meeting.

# CLOCH HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

### Statement of Board's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Board to prepare financial statements for each financial year that 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 period. In preparing those financial statements the Board 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 a going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- prepare a statement on internal financial control.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. It is 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.

### Going Concern

Based on its budgetary and forecasting processes the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

### Statement on Internal Financial Control

The Board 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;
- the safeguarding of assets against unauthorised use or disposition.

It is the Board'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;

# CLOCH HOUSING ASSOCIATION LIMITED

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## REPORT BY THE AUDITORS TO THE MEMBERS OF CLOCH HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed your statement on pages 6 and 7 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 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 reason given for non-compliance.

### **Opinion**

In our opinion the Statement of Internal Financial Control on pages 6 and 7 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

Through enquiry of certain members of the Board and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Board'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 contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

  
**ALEXANDER SLOAN**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
30 August 2022



Alexander Sloan  
Accountants and Business Advisers

# CLOCH HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

### Statement on Internal Financial Control (Contd.)

- forecasts and budgets are prepared which allow the management team and the Board 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 Board;
- the Board receives 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;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year end 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.

### Disclosure of Information to the Auditor

The members of the Board at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

### Auditor

A resolution to reappoint the Auditors, Alexander Sloan, Accountants and Business Advisers, will be proposed at the Annual General Meeting.

### By order of the Board



Secretary  
30 August 2022

# CLOCH HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLOCH HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022

### Opinion

We have audited the financial statements of Cloch Housing Association Limited (the 'Association') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2022 and of the surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

### Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Conclusions relating to going concern

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

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

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

### Other Information

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

# CLOCH HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLOCH HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (continued)

### Other Information (Contd.)

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

We have nothing to report in this regard.

### 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 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of the Board

As explained more fully in the statement of Board's responsibilities as set out on page 6, the Board is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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:

# CLOCH HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLOCH HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (continued)

### The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)

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 Directors 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. The description forms part of our audit report.

### Use of our Report

This report is made solely to the Association's members as a body, in accordance with Part 7 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.

  
**ALEXANDER SLOAN**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
30 August 2022



Alexander Sloan  
Accountants and Business Advisers

# CLOCH HOUSING ASSOCIATION LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLOCH HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (continued)

**The extent to which the audit was considered capable of detecting irregularities including fraud**  
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 engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Association through discussions with management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; 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:

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

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 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;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Association's Assurance Statement and associated supporting information; and
- reviewing correspondence with the Scottish Housing Regulator.

# CLOCH HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2022		2021
		£	£	£
<b>NON-CURRENT ASSETS</b>				
Housing properties - depreciated cost	12		75,035,727	75,473,237
Other tangible assets	12		469,683	486,765
			<u>75,505,410</u>	<u>75,960,002</u>
Receivables	13	298,680	292,942	
Investments	14	908,407	408,082	
Cash and cash equivalents	15	2,984,709	4,688,157	
		<u>4,191,796</u>	<u>5,389,181</u>	
<b>CREDITORS: Amounts falling due within one year</b>	16	(2,945,370)	(3,346,187)	
<b>NET CURRENT ASSETS</b>			<u>1,246,426</u>	<u>2,042,994</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			76,751,836	78,002,996
<b>CREDITORS: Amounts falling due after more than one year</b>	17		(13,476,079)	(14,182,136)
<b>PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES</b>				
Scottish housing association pension scheme	19	-	(799,000)	
			-	(799,000)
<b>DEFERRED INCOME</b>				
Social housing grants	20	(44,958,128)	(46,457,178)	
Other grants	20	(500,722)	(517,791)	
			<u>(45,458,850)</u>	<u>(46,974,969)</u>
<b>NET ASSETS</b>			<u>17,816,907</u>	<u>16,046,891</u>
<b>EQUITY</b>				
Share capital	21		53	56
Revenue reserves			17,816,854	16,845,835
Pension reserves			-	(799,000)
			<u>17,816,907</u>	<u>16,046,891</u>

The financial statements were approved by the Board and authorised for issue and signed on their behalf on 30 August 2022.

  
Board Member

  
Board Member

  
Secretary

The notes on pages 17 to 37 form an integral part of these financial statements.

# CLOCH HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022	2021
		£	£
Revenue	2	8,978,720	8,555,395
Operating costs	2	<u>7,371,833</u>	<u>6,424,355</u>
<b>OPERATING SURPLUS</b>		1,606,887	2,131,040
Gain on sale of housing stock	7	3,300	17,271
Interest receivable and other income		2,760	25,250
Interest payable and similar charges	8	(439,545)	(438,728)
Other Finance income/(charges)	11	<u>(31,383)</u>	<u>(19,891)</u>
		<u>(464,868)</u>	<u>(416,098)</u>
<b>SURPLUS FOR THE YEAR</b>		<b>1,142,019</b>	<b>1,714,942</b>
<b>Other comprehensive income</b>			
Pension Asset not recognised	19	(74,000)	101,000
Actuarial gains/(losses) on defined benefit pension plan	19	702,000	<u>(1,144,000)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u>1,770,019</u></b>	<b><u>671,942</u></b>

The results relate wholly to continuing activities.

The notes on pages 17 to 37 form an integral part of these financial statements.

# CLOCH HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
<b>Surplus for the Year</b>			1,142,019		1,714,942
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets	12	2,782,774		2,503,983	
Amortisation of capital grants	20	(1,637,807)		(1,542,898)	
Loss on disposal of tangible fixed assets		(3,300)		72,463	
Non-cash adjustments to pension provisions		(171,000)		(244,000)	
Share capital written off	21	(5)		(7)	
			970,662		789,541
Interest receivable			(2,760)		(25,250)
Interest payable	8		439,545		438,728
<b>Operating cash flows before movements in working capital</b>			2,549,466		2,917,961
Change in debtors		23,815		84,614	
Change in creditors		(316,747)		737,475	
			(292,932)		822,089
<b>Net cash inflow from operating activities</b>			2,256,534		3,740,050
<b>Investing Activities</b>					
Acquisition and construction of properties		(2,341,557)		(6,570,835)	
Purchase of other fixed assets		(22,325)		(8,099)	
Social housing grant received		161,177		1,618,253	
Social housing grant repaid		(23,135)		(27,965)	
Investment in subsidiaries		-		2	
Other grants received		2,709		-	
Other grants repaid		(12,386)		(5,362)	
Changes on short term deposits with banks		(500,325)		4,214,953	
Proceeds on disposal of housing properties		39,000		17,271	
<b>Net cash outflow from investing activities</b>			(2,696,842)		(761,782)
<b>Financing Activities</b>					
Loan Advances Received		-		2,000,000	
Interest received on cash and cash equivalents		2,760		25,250	
Interest paid on loans		(439,545)		(438,728)	
Loan principal repayments		(826,357)		(1,241,752)	
Share capital issued	21	2		7	
<b>Net cash (outflow) / inflow from financing activities</b>			(1,263,140)		344,777
<b>(decrease)/increase in cash</b>	22		(1,703,448)		3,323,045
<b>Opening cash &amp; cash equivalents</b>			4,688,157		1,365,112
<b>Closing cash &amp; cash equivalents</b>			2,984,709		4,688,157
<b>Cash and cash equivalents as at 31 March</b>					
Cash	22		2,984,709		4,688,157
			2,984,709		4,688,157

The notes on pages 17 to 37 form an integral part of these financial statements.

# CLOCH HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2022

	Share Capital £	Scottish Housing Association Pension reserve £	Revenue Reserve £	Total £
Balance as at 1 April 2020	56	-	15,374,893	15,374,949
Issue of Shares	7	-	-	7
Cancellation of Shares	(7)	-	-	(7)
Other comprehensive income	-	(1,043,000)	-	(1,043,000)
Other movements	-	244,000	(244,000)	-
Surplus for the year	-	-	1,714,942	1,714,942
<b>Balance as at 31 March 2021</b>	<b>56</b>	<b>(799,000)</b>	<b>16,845,835</b>	<b>16,046,891</b>
Balance as at 1 April 2021	56	(799,000)	16,845,835	16,046,891
Issue of Shares	2	-	-	2
Cancellation of Shares	(5)	-	-	(5)
Other comprehensive income	-	628,000	-	628,000
Other movements	-	171,000	(171,000)	-
Surplus for the year	-	-	1,142,019	1,142,019
<b>Balance as at 31 March 2022</b>	<b>53</b>	<b>-</b>	<b>17,816,854</b>	<b>17,816,907</b>

The notes on pages 17 to 37 form an integral part of these financial statements.

# CLOCH HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Statement of Compliance and Basis of Accounting

These financial statements were 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. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2019. They comply with the Determination of Accounting Requirements 2019. A summary of the principal accounting policies is set out below.

#### Revenue

Revenue comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sales of properties built for sale, other services provided, revenue grants receivable and government grants released to income in the period.

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it 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 they relate. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

#### Retirement Benefits

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS) a multi-employer defined benefit scheme. 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 organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

#### Going Concern

On the basis that the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

##### Housing Properties

Housing properties are held for the provision of social housing. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Association depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

<i>Component</i>	<i>Useful Economic Life</i>
Land	Not Depreciated
Structure	Over 50 years
Roof	Over 50 years
Windows	Over 30 years
Rewiring	Over 30 years
Central Heating	Over 30 years
Bathroom	Over 20 Years
Lifts	Over 20 Years
Kitchens	Over 15 Years
Boilers	Over 15 Years

##### Depreciation and Impairment of Other Tangible Assets

Non-current assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected economic useful lives of the assets at the following annual rates:

<i>Asset Category</i>	<i>Depreciation Rate</i>
Office Premises	2%
Furniture and Fittings	20%
Computer Equipment	25%

The carrying values of non-current assets are reviewed for impairment at the end of each reporting period.

##### Social Housing Grants and Other Capital Grants

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 they relate.

Social housing grant attributed to individual components is written off to the statement of comprehensive income when these components are replaced.

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 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.

# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

### Taxation

The Association is a Scottish Charity and is not liable to taxation on its charitable activities.

### Leases

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 or the term of the lease whichever is shorter.

### 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, a material reduction in future maintenance costs, or a significant extension of the life of the property.

### Capitalisation Of Development Overheads

Directly attributable development administration costs relating to ongoing development activities are capitalised.

### Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a non-current asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income.

Property developments that are intended for resale are included in current assets until disposal.

### Housing Property Managed By Agents

Where a third party manages the Association's housing property the accounting treatment reflects the substance of the transactions. The property is only excluded if the rights and obligations associated with the scheme has been transferred to the third party.

### VAT

The Association is de-registered for Value Added Tax (VAT) on 31 March 2021. VAT paid is not recoverable and therefore expenditure as shown inclusive of VAT.

### Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments 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.

### Cash and Liquid Resources

Cash comprises cash at bank and in hand, deposits repayable on demand less overdrafts. Liquid resources are current asset investments that can't be disposed of without penalty and are readily convertible into amounts of cash at their carrying value.

# CLOCH HOUSING ASSOCIATION LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

### **Impairment**

The Association assesses at the end of each accounting period whether there are indications that a non-current asset may be impaired or that an impairment loss previously recognised has fully or partially reversed.

Where the carrying value of non-current assets is less than their recoverable amounts the shortfall is recognised as an impairment loss in the Statement of Comprehensive Income. The recoverable amount is the higher of the fair value less costs to sell and value-in-use of the asset based on its service potential.

Impairment losses previously recognised are reversed if the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income.

# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

### Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Association to exercise judgement in applying the its 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 are disclosed below.

#### Key Judgements

##### *a) Categorisation of Housing Properties*

In the judgement of the Board 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 Board considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

##### *c) Pension Liability*

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method. The Association was informed in May 2022 that the pension liabilities could be higher. No adjustment has been made for this and more details of the circumstances are provided in note 30.

#### Estimation Uncertainty

##### *a) 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.

##### *b) 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.

##### *c) Useful life of properties, plant and equipment*

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

##### *d) 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.

##### *e) Defined pension liability*

In determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

		2022			2021		
	Notes	Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	8,728,079	7,059,388	1,668,691	8,411,993	6,220,761	2,191,232
Other Activities	4	250,641	312,445	(61,804)	143,402	203,594	(60,192)
<b>Total</b>		<b>8,978,720</b>	<b>7,371,833</b>	<b>1,606,887</b>	<b>8,555,395</b>	<b>6,424,355</b>	<b>2,131,040</b>

### 3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	Shared Ownership £	2022 Total £	2021 Total £
<b>Revenue from Lettings</b>					
Rent receivable net of service charges	6,648,867	360,568	41,109	7,050,544	6,741,886
Service charges receivable	75,072	140,195	-	215,267	203,168
<b>Gross income from rent and service charges</b>	<b>6,723,939</b>	<b>500,763</b>	<b>41,109</b>	<b>7,265,811</b>	<b>6,945,054</b>
Less: Rent losses from voids	233,707	-	-	233,707	151,157
<b>Income from rents and service charges</b>	<b>6,490,232</b>	<b>500,763</b>	<b>41,109</b>	<b>7,032,104</b>	<b>6,793,897</b>
Grants released from deferred income	1,574,064	64,936	12,820	1,651,820	1,551,337
Revenue grants from Scottish Ministers	43,790	-	-	43,790	43,057
Other revenue grants	365	-	-	365	23,702
<b>Total turnover from affordable letting activities</b>	<b>8,108,451</b>	<b>565,699</b>	<b>53,929</b>	<b>8,728,079</b>	<b>8,411,993</b>
<b>Expenditure on affordable letting activities</b>					
Management and maintenance administration costs	1,867,869	101,294	11,549	1,980,712	1,810,347
Service costs	69,482	141,078	-	210,560	166,682
Planned and cyclical maintenance, including major repairs	703,490	35,991	-	739,481	761,206
Reactive maintenance costs	1,275,581	69,175	-	1,344,756	931,441
Bad Debts - rents and service charges	25,209	-	-	25,209	33,561
Depreciation of affordable let properties	2,631,332	109,016	18,322	2,758,670	2,517,524
<b>Operating costs of affordable letting activities</b>	<b>6,572,963</b>	<b>456,554</b>	<b>29,871</b>	<b>7,059,388</b>	<b>6,220,761</b>
<b>Operating surplus on affordable letting activities</b>	<b>1,535,488</b>	<b>109,145</b>	<b>24,058</b>	<b>1,668,691</b>	<b>2,191,232</b>
<b>2021</b>	<b>2,017,010</b>	<b>148,723</b>	<b>25,499</b>		

# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
 NOTES TO THE FINANCIAL STATEMENTS (continued)

## 4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants from Scottish Ministers	Other revenue grants	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating surplus / (deficit) 2022	Operating surplus / (deficit) 2021
	£	£	£	£	£	£	£	£
Wider role activities	110,360	92,543	9,910	212,813	-	248,579	(35,766)	(35,391)
Factoring	-	-	27,964	27,964	1,608	24,300	2,056	(829)
Common Housing Register	-	-	9,864	9,864	-	37,958	(28,094)	(23,972)
<b>Total From Other Activities</b>	<b>110,360</b>	<b>92,543</b>	<b>47,738</b>	<b>250,641</b>	<b>1,608</b>	<b>310,837</b>	<b>(61,804)</b>	<b>(60,192)</b>
<b>2021</b>	<b>93,619</b>	<b>15,585</b>	<b>34,198</b>	<b>143,402</b>	<b>1,121</b>	<b>202,473</b>	<b>(60,192)</b>	

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5. OFFICERS' EMOLUMENTS

	2022	2021
	£	£
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board, managers and employees of the Association.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	<u>201,976</u>	<u>200,376</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>34,470</u>	<u>34,197</u>
Emoluments payable to Director (excluding pension contributions)	77,495	76,881
Pension contributions paid on behalf of the Director	<u>13,229</u>	<u>13,124</u>
Total emoluments payable to the Director	<u>90,724</u>	<u>90,005</u>
Total emoluments paid to key management personnel	<u>343,424</u>	<u>342,336</u>

The number of Officers, including the highest paid Officer, who received emoluments, including pension contributions, over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	1	1
£70,001 to £80,000	2	2
£90,001 to £100,000	<u>1</u>	<u>1</u>

### 6. EMPLOYEE INFORMATION

	2022	2021
	No.	No.
Average monthly number of full time equivalent persons employed during the year	<u>27</u>	<u>29</u>
Average total number of employees employed during the year	<u>33</u>	<u>38</u>
Staff costs were:	£	£
Wages and salaries	1,025,360	1,044,739
National insurance costs	102,462	102,013
Pension costs	223,476	164,778
Temporary, agency and seconded staff	<u>12,089</u>	<u>14,387</u>
	<u>1,363,387</u>	<u>1,325,917</u>

Included within Pension Costs above, is an amount of £228,968 (2021 - £222,299) paid towards the past service deficit within the year, £180,508 (2021 - £181,479) for annual pension contributions and (£186,000) (2021- (£239,000)), which relates to adjustments in respect of the pension valuation provided by The Pension Trust to reflect the actual pension cost.

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7. GAIN ON SALE OF HOUSING STOCK

	2022	2021
	£	£
Sales proceeds	39,000	60,000
Cost of sales	<u>35,700</u>	<u>42,729</u>
Gain on sale of housing stock	<u>3,300</u>	<u>17,271</u>

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£	£
On bank loans and overdrafts	<u>439,545</u>	<u>438,728</u>

### 9. SURPLUS FOR THE YEAR

	2022	2021
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	2,712,612	2,503,983
Auditors' remuneration - audit services	9,490	8,960
Auditors' remuneration - other services	-	495
Operating lease rentals - other	<u>3,062</u>	<u>3,062</u>

### 10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

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

	2022	2021
	£	£
Non Utilisation and Loan Set-Up Fees	(16,383)	(24,891)
Net interest on pension obligations	<u>(15,000)</u>	<u>5,000</u>
	<u>(31,383)</u>	<u>(19,891)</u>

# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
<b>COST</b>				
At 1 April 2021	107,049,233	8,388,483	853,350	116,291,066
Additions	1,835,075	506,482	-	2,341,557
Disposals	(491,518)	-	(42,793)	(534,311)
Transfers	8,766,341	(8,766,341)	-	-
At 31 March 2022	<u>117,159,131</u>	<u>128,624</u>	<u>810,557</u>	<u>118,098,312</u>
<b>DEPRECIATION</b>				
At 1 April 2021	40,436,250	-	381,579	40,817,829
Charge for Year	2,654,883	-	18,322	2,673,205
Transfers	-	-	-	-
Disposals	(406,051)	-	(22,398)	(428,449)
At 31 March 2022	<u>42,685,082</u>	<u>-</u>	<u>377,503</u>	<u>43,062,585</u>
<b>NET BOOK VALUE</b>				
At 31 March 2022	<u>74,474,049</u>	<u>128,624</u>	<u>433,054</u>	<u>75,035,727</u>
At 31 March 2021	<u>66,612,983</u>	<u>8,388,483</u>	<u>471,771</u>	<u>75,473,237</u>

	2022		2021	
	<i>Component replacement</i> £	<i>Improvement / Repairs</i> £	<i>Component replacement</i> £	<i>Improvement / Repairs</i> £
<b>Expenditure on Existing Properties</b>				
Amounts capitalised	1,518,535	-	574,171	-
Amounts charged to the statement of comprehensive income	-	2,075,326	-	1,692,646

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carrying value of £47,825,367 (2021 - £51,652,542).

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
 NOTES TO THE FINANCIAL STATEMENTS (continued)

## 12. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Sheltered Housing F&F £	Computer Equipment £	Total £
<b>COST</b>					
At 1 April 2021	1,192,123	60,862	18,374	150,695	1,422,054
Additions	-	319	-	22,006	22,325
Eliminated on disposals	-	-	-	-	-
	<u>1,192,123</u>	<u>61,181</u>	<u>18,374</u>	<u>172,701</u>	<u>1,444,379</u>
At 31 March 2022	1,192,123	61,181	18,374	172,701	1,444,379
<b>DEPRECIATION</b>					
At 1 April 2021	720,850	56,081	18,374	139,984	935,289
Charge for year	23,847	3,397	-	12,163	39,407
Eliminated on disposals	-	-	-	-	-
	<u>744,697</u>	<u>59,478</u>	<u>18,374</u>	<u>152,147</u>	<u>974,696</u>
At 31 March 2022	744,697	59,478	18,374	152,147	974,696
<b>NET BOOK VALUE</b>					
At 31 March 2022	<u>447,426</u>	<u>1,703</u>	<u>-</u>	<u>20,554</u>	<u>469,683</u>
At 31 March 2021	<u>471,273</u>	<u>4,781</u>	<u>-</u>	<u>10,711</u>	<u>486,765</u>

# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 13. RECEIVABLES

	2022	2021
	£	£
Gross arrears of rent and service charges	175,446	155,258
Less: Provision for doubtful debts	(102,807)	(103,881)
Net arrears of rent and service charges	72,639	51,377
Social housing grant receivable	47,753	18,200
Other receivables	178,288	187,653
Amounts due from group undertakings	-	35,712
	<u>298,680</u>	<u>292,942</u>

## 14. CURRENT ASSET INVESTMENTS

	2022	2021
	£	£
Short term deposits	<u>908,407</u>	<u>408,082</u>

## 15. CASH AND CASH EQUIVALENTS

	2022	2021
	£	£
Cash at bank and in hand	<u>2,984,709</u>	<u>4,688,157</u>

# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans	1,092,100	1,212,400
Trade payables	215,520	169,357
Rent received in advance	463,300	427,273
Social housing grant in advance	43,246	7,016
Other taxation and social security	25,647	22,257
Amounts due to group undertakings	-	3,594
Other payables	628,129	670,394
Accruals and deferred income	477,428	833,896
	<u>2,945,370</u>	<u>3,346,187</u>

## 17. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Bank loans	13,476,079	14,182,136

## 18. DEBT ANALYSIS - BORROWINGS

	2022	2021
	£	£
<b>Bank Loans</b>		
Amounts due within one year	1,092,100	1,212,400
Amounts due in one year or more but less than two years	1,038,600	1,315,000
Amounts due in two years or more but less than five years	5,588,900	3,560,600
Amounts due in more than five years	6,848,579	9,306,536
	<u>14,568,179</u>	<u>15,394,536</u>

The Association has a number of bank loans the principal terms of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable or Fixed
Bank of Scotland	172	4.3%	2027	Fixed
Bank of Scotland	59	4.8%	2027	Fixed
Bank of Scotland	124	2.7%	2028	Fixed
Nationwide	113	0.8%	2027	Fixed
Nationwide	13	0.8%	2023	Fixed
Nationwide	142	0.8%	2025	Fixed
Nationwide	32	0.7%	2028	Variable
Nationwide	-	0.7%	2030	Variable
Nationwide	46	0.9%	2025	Variable
Royal Bank of Scotland	80	3.8%	2027	Fixed
Royal Bank of Scotland	58	1.4%	2028	Variable
Energy Savings Trust	-	0.0%	2027	Int Free
Energy Savings Trust	-	0.0%	2028	Int Free
Scot Govt Smoke Alarm Loan	-	0.0%	2025	Int Free

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 19. RETIREMENT BENEFIT OBLIGATIONS

#### Scottish Housing Association Pension Scheme

Cloch Housing Association Limited participates in the Scottish Housing Association 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 pensions schemes in the UK.

The last valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). A recovery plan is in place to eliminate the past service deficit which runs to 30 September 2022.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, then the liability of the withdrawing employer is reapportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

#### Present values of defined benefit obligation, fair value of assets and defined benefit asset / (liability)

	2022	2021	2020
	£	£	£
Fair value of plan assets	9,155,000	8,506,000	7,358,000
Present value of defined benefit obligation	9,081,000	9,305,000	7,257,000
Surplus / (deficit) in plan	74,000	(799,000)	101,000
Unrecognised surplus	(74,000)	-	(101,000)
Defined benefit asset / (liability) to be recognised	-	(799,000)	-

# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
 NOTES TO THE FINANCIAL STATEMENTS (continued)

## 19. RETIREMENT BENEFIT OBLIGATIONS (continued)

### Scottish Housing Association Pension Scheme (continued.)

#### Reconciliation of opening and closing balances of the defined benefit obligation

	2022	2021
	£	£
Defined benefit obligation at the start of period	9,305,000	7,257,000
Current service cost	190,000	118,000
Expenses	7,000	7,000
Interest expense	207,000	171,000
Contributions by plan participants	69,000	58,000
Actuarial losses (gains) due to scheme experience	249,000	41,000
Actuarial losses (gains) due to changes in demographic assumptions	28,000	-
Actuarial losses (gains) due to changes in financial assumptions	(856,000)	1,771,000
Benefits paid and expenses	(118,000)	(118,000)
Defined benefit obligation at the end of period	<u>9,081,000</u>	<u>9,305,000</u>

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

	2022	2021
	£	£
Fair value of plan assets at start of period	8,506,000	7,358,000
Interest income	192,000	176,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	123,000	668,000
Contributions by the employer	383,000	364,000
Contributions by plan participants	69,000	58,000
Benefits paid and expenses	(118,000)	(118,000)
Fair value of plan assets at the end of period	<u>9,155,000</u>	<u>8,506,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £315,000.

# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 19. RETIREMENT BENEFIT OBLIGATIONS (continued)

### Scottish Housing Association Pension Scheme (continued.)

#### Defined benefit costs recognised in the statement of comprehensive income

	2022	2021
	£	£
Current service cost	190,000	118,000
Expenses	7,000	7,000
Net interest expense	15,000	-
	<u>212,000</u>	<u>125,000</u>

#### income

	2022	2021
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	123,000	668,000
Experience gains and losses arising on plan liabilities - gain /(loss)	(249,000)	(41,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	(28,000)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	856,000	(1,771,000)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	702,000	(1,144,000)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	(74,000)	106,000
	<u>628,000</u>	<u>(1,038,000)</u>

# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

### Assets

	2022	2021	2020
	£	£	£
Absolute Return	420,000	419,000	452,000
Alternative Risk Premia	378,000	341,000	590,000
Corporate Bond Fund	579,000	642,000	538,000
Credit Relative Value	294,000	245,000	177,000
Distressed Opportunities	328,000	291,000	134,000
Emerging Markets Debt	341,000	343,000	262,000
Global Equity	1,810,000	1,316,000	1,012,000
Currency Hedging	(34,000)	-	-
Infrastructure	572,000	475,000	434,000
Insurance-Linked Securities	192,000	178,000	197,000
Liability Driven Investment	2,215,000	2,045,000	1,937,000
Long Lease Property	264,000	197,000	180,000
Net Current Assets	29,000	63,000	56,000
Over 15 Year Gilts	4,000	4,000	93,000
Private Debt	230,000	200,000	146,000
Property	237,000	153,000	137,000
Risk Sharing	299,000	304,000	233,000
Secured Income	489,000	467,000	408,000
Opportunistic Liquid Credit	303,000	218,000	179,000
Liquid Credit	59,000	147,000	193,000
High Yield	89,000	223,000	-
Opportunistic Credit	32,000	232,000	-
Cash	25,000	3,000	-
Total assets	<u>9,155,000</u>	<u>8,506,000</u>	<u>7,358,000</u>

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

### Key Assumptions

	2022	2021	2020
Discount Rate	2.8%	2.2%	2.4%
Inflation (RPI)	3.5%	3.2%	2.6%
Inflation (CPI)	3.2%	2.9%	1.6%
Salary Growth	4.2%	3.9%	2.6%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance	75% of maximum allowance

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

	Life expectancy at age 65 years (years)
Male retiring in 2022	21.6
Female retiring in 2022	23.9
Male retiring in 2042	22.9
Female retiring in 2042	<u>25.4</u>

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Total £
<b>Capital grants received</b>			
At 1 April 2021	77,817,859	971,817	78,789,676
Additions in the year	154,500	2,709	157,209
Eliminated on disposal	(428,401)	(12,386)	(440,787)
At 31 March 2022	<u>77,543,958</u>	<u>962,140</u>	<u>78,506,098</u>
<b>Amortisation</b>			
At 1 April 2021	31,360,681	454,026	31,814,707
Amortisation in year	1,618,216	19,591	1,637,807
Eliminated on disposal	(393,067)	(12,199)	(405,266)
At 31 March 2022	<u>32,585,830</u>	<u>461,418</u>	<u>33,047,248</u>
<b>Net book value</b>			
At 31 March 2022	<u>44,958,128</u>	<u>500,722</u>	<u>45,458,850</u>
At 31 March 2021	<u>46,457,178</u>	<u>517,791</u>	<u>46,974,969</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2022 £	2021 £
Amounts due within one year	1,637,808	1,542,899
Amounts due in more than one year	43,821,042	45,432,070
	<u>45,458,850</u>	<u>46,974,969</u>

### 21. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2022 £	2021 £
At 1 April	56	56
Issued in year	2	7
Cancelled in year	(5)	(7)
At 31 March	<u>53</u>	<u>56</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 22. STATEMENT OF CASH FLOWS

### Reconciliation of net cash flow to movement in net funds

	£	2022 £	£	2021 £
(Decrease) / increase in cash	(1,703,448)		3,323,045	
Change in liquid resources	500,325		(4,214,953)	
Cashflow from change in net debt	826,357		(758,248)	
Movement in net debt during the year		(376,766)		(1,650,156)
Net debt at 1st April 2021		(10,298,297)		(8,648,141)
Net debt at 31 March 2022		(10,675,063)		(10,298,297)

	At 01 April 2021 £	Cashflows £	Other Changes £	At 31 March 2022 £
Cash at bank and in hand	4,688,157	(1,703,448)	-	2,984,709
Liquid resources	4,688,157	(1,703,448)	-	2,984,709
Debt: Due within one year	408,082	500,325	-	908,407
Due after more than one year	(1,212,400)	826,357	(706,057)	(1,092,100)
Net Debt	(14,182,136)	-	706,057	(13,476,079)
	(10,298,297)	(376,766)	-	(10,675,063)

## 23. CAPITAL COMMITMENTS

	2022 £	2021 £
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	1,042,086	1,153,339

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

## 24. COMMITMENTS UNDER OPERATING LEASES

	2022 £	2021 £
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
<b>Other</b>		
Expiring in the next year	2,490	3,062
Expiring later than one year and not later than five years	6,185	1,276

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 25. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 19 Bogle Street, Greenock, PA15 1ER.

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

### 26. BOARD MEMBER EMOLUMENTS

Board members received £45 (2021 - £0) in the year by way of reimbursement of expenses. No remuneration is paid to Board members in respect of their duties to the Association.

### 28. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2022 No.	2021 No.
General needs	1,383	1,331
Supported housing	75	63
Shared ownership	15	16
	<u>1,473</u>	<u>1,410</u>

### 29. RELATED PARTY TRANSACTIONS

Members of the Board are related parties of the Association as defined by Financial Reporting Standard 102.

Any transactions between the Association and any entity with which a Board member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Board members (and their close family) were as follows:

	2022 £	2021 £
Rent received from tenants on the Board and their close family members	<u>9,884</u>	<u>3,773</u>

At the year end total rent arrears owed by the tenant members on the Board (and their close family) were £0 (2021 - £331).

Members of the Board who are tenants	1	-
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# CLOCH HOUSING ASSOCIATION LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 30. CONTINGENT LIABILITY

The Trustee of The Pension Trust has completed a review of the changes made to the benefit structures of the Defined Benefit Schemes within the Trust. The result of this review is that, in some cases, it is unclear whether changes were made to scheme benefits in accordance with the Trust's governing documentation.

The Trustee has been advised to seek direction from the Court on the effect of these changes. This process is ongoing and is unlikely to be resolved until late 2024 at the earliest. However, one potential outcome is that scheme members, of which the Association is one, may see their share of scheme liabilities increase.

The Pension Trust have not made their legal advice available and the likelihood of success is currently unknown. For multi-employer schemes, the Trustee is unable to provide the estimated potential additional liability at an individual employer level as this is as yet unknown. Furthermore due to the complexities in relation to back payments, transfers, deaths and orphan liabilities, etc., it may not be possible to ascertain an accurate split by individual employers until after the court ruling, when the scope of any rectification work, should this be required, becomes known. As a result, no provision has therefore been included in the financial statements.

