



Alexander Sloan
Accountants and Business Advisers

Cloch Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2023

Registered Social Landlord No. HEP91

FCA Reference No. SP1893R(S)

Scottish Charity No. SC013996

CLOCH HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Contents

	Page
Members of the Board, Executive and Advisers	1
Report of the Board	2 – 7
Report by the Auditors on corporate governance matters	8
Report of the Auditors	9-12
Statement of comprehensive income	13
Statement of financial position	14
Statement of cash flows	15
Statement of changes in equity	16
Notes to the financial statements	17 - 36

CLOCH HOUSING ASSOCIATION LIMITED

BOARD, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2023

BOARD

Brian Corrigan	Chairperson to 14.06.22- Resigned 21.09.22
Kelly Ferns	Chair from 14.06.22
Heather Thomson	Vice Chair from 14.06.22
Eileen Tamburrini	Secretary
Eleanor Robertson	
Ken Robertson	
David Brown	
Jacqueline Smith	
Hristina Tarpanova	Appointed 11.10.22
Victoria Weir	Appointed 11.10.22
David McIndoe	Appointed 21.02.23
Nicola McLachlan	Appointed 25.04.23
Alan Hutchison	Resigned 21.09.22
Susan Skelton	Resigned 30.08.22
Patrick Marshall	Resigned 06.12.22

EXECUTIVE OFFICERS

Alana Durnin	Chief Executive Officer – Appointed 27.10.22
Louise Carlin	Head of Housing Services – Appointed 01.06.22
Paul McColgan	Head of Property Services
Valerie Wilson	Depute CEO – Appointed 21.11.22
Paul McVey	Director – Resigned 11.09.22
Andrew Thomson	Housing Services Manager – Resigned 01.05.22
Elizabeth Bowden	Head of Corporate Services – Resigned 12.05.23

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

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2023

The Board presents its report and the financial statements for the year ended 31 March 2023.

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 2022/23 was a challenging year, particularly for our customers impacted by soaring energy and food costs. The annual rate of inflation reached 11.1% in October 2022, which was a 41-year high, before easing slightly to 10.1% by March 2023. High inflation affects the affordability of goods and services for households and as a social landlord we felt the cost pressures impacting our own operating costs, in particular housing maintenance, property insurance and loan funding. However, in consultation with our customers, we were able to deliver a lower than inflation rent increase in 2022/23 with an average 2.5% uplift applied resulting in £7,421,313 income from rents and services charges, (2021/22 £7,032,104).

Wider action activity and support to our customers was a high priority during the year to help mitigate the impact of the cost-of-living crisis. During the year, we secured circa £100k of grant funding and other income which enabled us to provide additional welfare benefits advice and support, issue energy vouchers, food vouchers and warm packs to many of our customers. We also worked in partnership with Financial Fitness, who are Inverclyde's independent welfare benefit and money advice charity, setting up a new appointment service from our offices.

This service secured £276,941 additional benefits over the year, helping 163 of our customers and we will continue to provide this service to help maximise income for our households, (2021/22 £138,324 and 144 Cloch customers supported).

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2023

Review of Business and Future Developments (Contd.)

At the start of the year, we also launched a new service called Cloch+, which is a furnished tenancy service, aimed to combat furniture poverty by helping people to furnish their homes. In March 2023, we also received the fantastic news that we had been successful in securing grant funding from The Scottish Government's Investing In Communities Fund. The 3 year, £325k grant funding will allow us to expand the Cloch+ project, focussing on mental health and wellbeing, ensuring this is prioritised at a community and local level. We are also delighted that this project financially supports our partner, Starter Packs, who provide home essential start up packs to those setting up a new home and 65 of our customers benefited from this service in 2022/23.

Our suppliers were also impacted by factors within the external environment, with material and labour shortages being a challenge at times during the year. However, we worked closely with our contractors to ensure continuity of service with £3,227,327 spent on repairs and planned maintenance during the year, (2021/22 £3,593,861).

With loan funding of £12,456,575 as at March 2023, our loan interest costs of £473,578, were impacted by the Bank of England Base rate increasing from 0.75% in April 2022 to 4.25% by March 2023, (2021/22 £14,568,180 loan funding and £439,545 interest costs). Our Treasury Management activity during the year has been significant to mitigate the impact of higher interest rates and in January 2023 we re-negotiated loan terms, with projected savings of circa £870k over the next 5 years. This involved transferring a traditional loan to a revolving loan credit facility and incurring non utilisation fees rather than paying high loan interest costs. In addition, reduced bank margins for some of our loan funding was also agreed, based on extending loan terms. Our relationship with our lenders is strong and their support during this period was excellent and highly customer focussed.

During the year we also concentrated on our acquisition strategy, where we purchased 5 properties from the open market. The Scottish Government, provided grant funding to assist with this, helping us to provide more homes for the residents of Inverclyde. However, this was offset by the sale of 6 properties at Killearn Road, as we were unable to complete our planned maintenance programme for these properties linking with owner occupier decisions to invest in common areas. The sale of these properties resulted in a £207,806 gain for the Association, and this will be re-invested into further property purchases during 2023/24 to increase the number of houses we own and manage from 1,472 as at March 2023.

Internally there have been personnel changes within the Association, with our previous Finance Director taking on the role of Chief Executive in October 2022 and two new Leadership Team members in 2022, with a new Depute CEO and Head of Housing Services. Our Board membership and roles have also changed with a new Chair and new members joining the Board who have brought ideas, new perspectives and skills to our existing strong and committed Board.

During quarter 4, Cloch started working on a refresh of our Business Plan, taking account of all the changes and challenges in the operating environment. This was produced with the Board and Staff Team setting ambitious priorities for the next 3 years, with a sharper focus on the impact of the cost-of-living crisis, tenant safety and compliance, customer insight and support and staff wellbeing.

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2023

Operational Activity & Surplus

Our operating costs associated with our core services were £7,002,136, (2021/22 £7,059,388), resulting in an operational surplus on affordable letting activities of £2,241,117, (2021/22 £1,668,691). However, after taking account of other activities and financial costs such as loan interest, our surplus for the year was £1,834,932, (2021/22 £1,142,019). After adjustments for the pension plan the surplus reduced further to £1,425,932, (2021/22 £1,770,019) and this will be used to fund our future planned maintenance programme.

In addition to the annual operating costs noted above, we invested in component replacements and improvements across our housing stock, which was valued at £73,599,699 on the 31/3/2023 after annual depreciation, (2021/22 £75,035,727).

Our component replacement and improvement activity during the year focussed on delivering:

Kitchens	28 homes
Radiators and Pipework	26 homes
Boiler replacements	71 homes
Bathrooms	29 homes
Windows	111 homes
Full rewiring	30 homes

The above work alone had a total cost of £1,215,250, (2021/22 £1,518,535). However, our 2022/23 programme of work was stalled during the year due to one of our main contractors going into administration and the work due to be undertaken by this company has now been reprocured and is due to start in quarter 1 of 2023/24.

Our operational performance linking with our repairs and maintenance service was impacted by challenges within the construction industry and during 2022/23 we worked on a new procurement framework, which should see performance improve in 2023/24 by increasing capacity from working with a single contractor to multiple contractors for our reactive repairs and void contracts. In terms of rent arrears, our gross rent arrears remained low at 1.55%, (2021/22 2.20%) and performance is in the upper quartile in Scotland.

In the last year and in accordance with our charitable status, Cloch donated £1,500 across the following charities:

- Underheugh Ark Rescue
- Greenock Otters
- Friends4Ever
- Broomhill Community Hub

Governance

Our 4th 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, 4 internal audits were complete during the year which focussed on Budgetary Control, (substantial assurance), Equality and Diversity, (substantial assurance), Procurement, (substantial assurance), Planned & Cyclical, (reasonable assurance). We were also delighted to be awarded with the Customer Excellence Plus accreditation, highlighting to our Board and customers that we are dedicated to the continuous improvement of our customer services.

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2023

Governance (Contd.)

In the summer of 2022, Brian Corrigan stood down as Chairperson and Kelly Ferns assumed the role of Chair, with Heather Thomson being nominated as Vice Chair from the previous role of Secretary and Eileen Tamburini nominated as the new Secretary.

The Board invest their own time, committing their skills, experience, and knowledge to ensure that the governance of Cloch is robust and there is a clear strategic direction for the organisation. This support is given 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 in compliance with legislative and regulatory standards. The tenants, membership and staff team of Cloch are fortunate to be governed by such a strong and dedicated team.

Looking ahead

As a Staff Team and Board, we are looking forward to seeing the benefits of delivering the priorities within our new Business Plan, in particular the on boarding of our new reactive and void contractors over the summer months and the expansion of our Cloch+ project to help and support our customers and communities within Inverclyde. We will also be carrying out a satisfaction survey and our newly formed Customer Involvement Team are planning various events to help supplement this information to gain insight into what is important for customers to help shape the future services.

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.

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

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2023

Statement of Board's Responsibilities (Contd.)

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;
- 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 2023. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2023

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



Eileen Tamburrini
Secretary
22 August 2023

CLOCH HOUSING ASSOCIATION LIMITED

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
22 August 2023



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 2023

Opinion

We have audited the financial statements of Cloch Housing Association Limited (the 'Association') for the year ended 31 March 2023 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 2023 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLOCH HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLOCH HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLOCH HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (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
22 August 2023



Alexander Sloan
Accountants and Business Advisers

CLOCH HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022
		£	£
Revenue	2	9,375,416	8,978,720
Operating costs	2	7,180,388	7,371,833
OPERATING SURPLUS		2,195,028	1,606,887
Gain on sale of housing stock	7	207,806	3,300
Interest receivable and other income		17,623	2,760
Interest payable and similar charges	8	(473,578)	(439,545)
Other Finance income/(charges)	11	(111,947)	(31,383)
SURPLUS FOR THE YEAR		1,834,932	1,142,019
Other comprehensive income			
Pension Asset not recognised	19	-	(74,000)
Actuarial gains/(losses) on defined benefit pension plan	19	(409,000)	702,000
TOTAL COMPREHENSIVE INCOME		1,425,932	1,770,019

The results relate wholly to continuing activities.

The notes on pages 17 to 36 form an integral part of these financial statements.

CLOCH HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2023		2022	
		£	£	£	£
NON-CURRENT ASSETS					
Housing properties - depreciated cost	12		73,599,699		75,035,727
Other tangible assets	12		456,893		469,683
			<u>74,056,592</u>		<u>75,505,410</u>
CURRENT ASSETS					
Receivables	13	461,930		298,680	
Investments	14	826,394		908,407	
Cash and cash equivalents	15	2,506,821		2,984,709	
		<u>3,795,145</u>		<u>4,191,796</u>	
CREDITORS: Amounts falling due within one year	16	(3,034,537)		(2,945,370)	
NET CURRENT ASSETS			<u>760,608</u>		<u>1,246,426</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			74,817,200		76,751,836
CREDITORS: Amounts falling due after more than one year	17		(11,399,775)		(13,476,079)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish housing association pension scheme	19	(269,000)		-	
			(269,000)		-
DEFERRED INCOME					
Social housing grants	20	(43,424,453)		(44,958,128)	
Other grants	20	(481,129)		(500,722)	
		<u>(43,905,582)</u>		<u>(45,458,850)</u>	
NET ASSETS			<u>19,242,843</u>		<u>17,816,907</u>
EQUITY					
Share capital	21		57		53
Revenue reserves			19,511,786		17,816,854
Pension reserves			(269,000)		-
			<u>19,242,843</u>		<u>17,816,907</u>

The financial statements were approved by the Board and authorised for issue and signed on their behalf on 22 August 2023.


Board Member


Board Member


Secretary

The notes on pages 17 to 36 form an integral part of these financial statements.

CLOCH HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023		2022	
		£	£	£	£
Surplus for the Year			1,834,932		1,142,019
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets	12	2,781,541		2,782,774	
Amortisation of capital grants	20	(1,625,382)		(1,637,807)	
Gain on disposal of tangible fixed assets		(207,806)		(3,300)	
Non-cash adjustments to pension provisions		(140,000)		(171,000)	
Share capital written off	21	(5)		(5)	
			808,348		970,662
Interest receivable			(17,623)		(2,760)
Interest payable	8		473,578		439,545
Operating cash flows before movements in working capital			3,099,235		2,549,466
Change in debtors		(173,796)		23,815	
Change in creditors		125,814		(316,747)	
			(47,982)		(292,932)
Net cash inflow from operating activities			3,051,253		2,256,534
Investing Activities					
Acquisition and construction of properties		(1,427,250)		(2,341,557)	
Purchase of other fixed assets		(25,667)		(22,325)	
Social housing grant received		114,199		161,177	
Social housing grant repaid		(32,810)		(23,135)	
Other grants received		-		2,709	
Other grants repaid		(76)		(12,386)	
Changes on short term deposits with banks		82,013		(500,325)	
Proceeds on disposal of housing properties		328,000		39,000	
Net cash outflow from investing activities			(961,591)		(2,696,842)
Financing Activities					
Interest received on cash and cash equivalents		17,623		2,760	
Interest paid on loans		(473,578)		(439,545)	
Loan principal repayments		(2,111,604)		(826,357)	
Share capital issued	21	9		2	
Net cash outflow from financing activities			(2,567,550)		(1,263,140)
Decrease in cash	22		(477,888)		(1,703,448)
Opening cash & cash equivalents			2,984,709		4,688,157
Closing cash & cash equivalents			2,506,821		2,984,709
Cash and cash equivalents as at 31 March					
Cash	22		2,506,821		2,984,709
			2,506,821		2,984,709

The notes on pages 17 to 36 form an integral part of these financial statements.

CLOCH HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2023

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
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
Balance as at 31 March 2022	53	-	17,816,854	17,816,907
Balance as at 1 April 2022	53	-	17,816,854	17,816,907
Issue of Shares	9	-	-	9
Cancellation of Shares	(5)	-	-	(5)
Other comprehensive income	-	(409,000)	-	(409,000)
Other movements	-	140,000	(140,000)	-
Surplus for the year	-	-	1,834,932	1,834,932
Balance as at 31 March 2023	57	(269,000)	19,511,786	19,242,843

The notes on pages 17 to 36 form an integral part of these financial statements.

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 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 2023 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 2023 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 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

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

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

	Notes	2023			2022		
		Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	9,243,253	7,002,136	2,241,117	8,728,079	7,059,388	1,668,691
Other Activities	4	132,163	178,252	(46,089)	250,641	312,445	(61,804)
Total		9,375,416	7,180,388	2,195,028	8,978,720	7,371,833	1,606,887

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2023 Total £	2022 Total £
Revenue from Lettings					
Rent receivable net of service charges	6,944,889	376,621	41,753	7,363,263	7,050,544
Service charges receivable	87,760	127,780	-	215,540	215,267
Gross income from rent and service charges	7,032,649	504,401	41,753	7,578,803	7,265,811
Less: Rent losses from voids	157,490	-	-	157,490	233,707
Income from rents and service charges	6,875,159	504,401	41,753	7,421,313	7,032,104
Grants released from deferred income	1,557,352	64,936	12,820	1,635,108	1,651,820
Revenue grants from Scottish Ministers	186,832	-	-	186,832	43,790
Other revenue grants	-	-	-	-	365
Total turnover from affordable letting activities	8,619,343	569,337	54,573	9,243,253	8,728,079
Expenditure on affordable letting activities					
Management and maintenance administration costs	1,877,226	101,802	11,286	1,990,314	1,980,712
Service costs	114,614	131,181	-	245,795	210,560
Planned and cyclical maintenance, including major repairs	687,282	30,279	-	717,561	739,481
Reactive maintenance costs	1,227,926	66,590	-	1,294,516	1,344,756
Bad Debts - rents and service charges	6,189	-	-	6,189	25,209
Depreciation of affordable let properties	2,747,761	-	-	2,747,761	2,758,670
Operating costs of affordable letting activities	6,660,998	329,852	11,286	7,002,136	7,059,388
Operating surplus on affordable letting activities	1,958,345	239,485	43,287	2,241,117	1,668,691
2022	1,535,488	109,145	24,058		

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
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) 2023	Operating surplus / (deficit) 2022
	£	£	£	£	£	£	£	£
Wider role activities	46,213	43,961	11,766	101,940	-	149,075	(47,135)	(35,766)
Factoring	-	-	24,431	24,431	(2,197)	25,905	723	2,056
Common Housing Register	-	-	1,702	1,702	-	5,469	(3,767)	(28,094)
Insurance Income	-	-	4,090	4,090	-	-	4,090	-
Total From Other Activities	46,213	43,961	41,969	132,163	(2,197)	180,449	(46,089)	(61,804)
2022	110,360	92,543	47,738	250,641	1,608	310,837	(61,804)	

CLOCH HOUSING ASSOCIATION LIMITED

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

5. OFFICERS' EMOLUMENTS

	2023 £	2022 £
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)	61,833	201,976
Pension contributions made on behalf on Officers with emoluments greater than £60,000	31,423	34,470
Emoluments payable to Director (excluding pension contributions)	59,831	77,495
Pension contributions paid on behalf of the Director	21,164	13,229
Total emoluments payable to the Director	80,995	90,724
Total emoluments paid to key management personnel	320,074	343,424

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
£70,001 to £80,000	2	2
£90,001 to £100,000	-	1

6. EMPLOYEE INFORMATION

	2023 No.	2022 No.
Average monthly number of full time equivalent persons employed during the year	26	27
Average total number of employees employed during the year	33	33
Staff costs were:	£	£
Wages and salaries	1,093,512	1,025,360
National insurance costs	110,943	102,462
Pension costs	167,400	223,476
Temporary, agency and seconded staff	-	12,089
	1,371,855	1,363,387

Included within Pension Costs above, is an amount of £117,919 (2022 - £228,968) paid towards the past service deficit within the year, £189,481 (2022 - £180,508) for annual pension contributions and (£140,000) (2022- (£186,000)), 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 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

7. GAIN ON SALE OF HOUSING STOCK

	2023	2022
	£	£
Sales proceeds	328,000	39,000
Cost of sales	<u>120,194</u>	<u>35,700</u>
Gain on sale of housing stock	<u>207,806</u>	<u>3,300</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2023	2022
	£	£
On bank loans and overdrafts	<u>473,578</u>	<u>439,545</u>

9. SURPLUS FOR THE YEAR

	2023	2022
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	2,740,001	2,712,612
Auditors' remuneration - audit services	10,716	9,490
Auditors' remuneration - other services	2,142	-
Operating lease rentals - other	<u>2,490</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)

	2023	2022
	£	£
Non Utilisation and Loan Set-Up Fees	(111,947)	(16,383)
Net interest on pension obligations	-	(15,000)
	<u>(111,947)</u>	<u>(31,383)</u>

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 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 £
COST				
At 1 April 2022	117,159,131	128,624	810,557	118,098,312
Additions	1,427,250	-	-	1,427,250
Disposals	(583,679)	-	(53,627)	(637,306)
Transfers	-	-	-	-
At 31 March 2023	<u>118,002,702</u>	<u>128,624</u>	<u>756,930</u>	<u>118,888,256</u>
DEPRECIATION				
At 1 April 2022	42,685,082	-	377,503	43,062,585
Charge for Year	2,684,618	-	16,926	2,701,544
Transfers	-	-	-	-
Disposals	(453,944)	-	(21,628)	(475,572)
At 31 March 2023	<u>44,915,756</u>	<u>-</u>	<u>372,801</u>	<u>45,288,557</u>
NET BOOK VALUE				
At 31 March 2023	<u>73,086,946</u>	<u>128,624</u>	<u>384,129</u>	<u>73,599,699</u>
At 31 March 2022	<u>74,474,049</u>	<u>128,624</u>	<u>433,054</u>	<u>75,035,727</u>

	2023		2022	
	<i>Component replacement</i> £	<i>Improvement / Repairs</i> £	<i>Component replacement</i> £	<i>Improvement / Repairs</i> £
Expenditure on Existing Properties				
Amounts capitalised	1,215,250	-	1,518,535	-
Amounts charged to the statement of comprehensive income	-	2,012,077	-	2,075,326
	<u>-</u>	<u>2,012,077</u>	<u>-</u>	<u>2,075,326</u>

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carrying value of £46,259,189 (2022 - £47,825,367).

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 2023 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 £
COST					
At 1 April 2022	1,192,123	61,181	18,374	172,701	1,444,379
Additions	-	3,657	-	22,010	25,667
Eliminated on disposals	-	(22,184)	-	(25,338)	(47,522)
At 31 March 2023	1,192,123	42,654	18,374	169,373	1,422,524
DEPRECIATION					
At 1 April 2022	744,697	59,478	18,374	152,147	974,696
Charge for year	23,847	1,585	-	13,025	38,457
Eliminated on disposals	-	(22,184)	-	(25,338)	(47,522)
At 31 March 2023	768,544	38,879	18,374	139,834	965,631
NET BOOK VALUE					
At 31 March 2023	423,579	3,775	-	29,539	456,893
At 31 March 2022	447,426	1,703	-	20,554	469,683

13. RECEIVABLES

Gross arrears of rent and service charges	£ 165,166	£ 175,446
Less: Provision for doubtful debts	(99,758)	(102,807)
Net arrears of rent and service charges	65,408	72,639
Social housing grant receivable	37,207	47,753
Other receivables	359,315	178,288
Amounts due from group undertakings	-	-
	461,930	298,680

14. CURRENT ASSET INVESTMENTS

Short term deposits	£ 826,394	£ 908,407
Listed Investments	-	-
	826,394	908,407

15. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	£ 2,506,821	£ 2,984,709
--------------------------	-------------	-------------

CLOCH HOUSING ASSOCIATION LIMITED

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

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Bank loans	1,056,800	1,092,100
Trade payables	262,599	215,520
Rent received in advance	479,378	463,300
Social housing grant in advance	41,899	43,246
Other taxation and social security	29,862	25,647
Other payables	521,594	628,129
Accruals and deferred income	642,405	477,428
	<u>3,034,537</u>	<u>2,945,370</u>

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

	2023	2022
	£	£
Bank loans	11,399,775	13,476,079
	<u>11,399,775</u>	<u>13,476,079</u>

18. DEBT ANALYSIS - BORROWINGS

	2023	2022
	£	£
Bank Loans		
Amounts due within one year	1,056,800	1,092,100
Amounts due in one year or more but less than two years	897,000	1,038,600
Amounts due in two years or more but less than five years	6,631,100	5,588,900
Amounts due in more than five years	3,871,675	6,848,579
	<u>12,456,575</u>	<u>14,568,179</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 Variable or (Year) Fixed
Bank of Scotland	171	5.5%	2033 Variable
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	4.5%	2028 Variable
Nationwide	-	4.5%	2030 Variable
Nationwide	46	4.7%	2025 Variable
Royal Bank of Scotland	80	3.8%	2027 Fixed
Royal Bank of Scotland	58	5.6%	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 2023 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 2021 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £1,173m. The valuation revealed a shortfall of assets compared with the value of liabilities of £27m (equivalent to a past service funding level of 98%).

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)

	2023	2022	2021
	£	£	£
Fair value of plan assets	5,716,000	9,155,000	8,506,000
Present value of defined benefit obligation	5,985,000	9,081,000	9,305,000
Surplus / (deficit) in plan	(269,000)	74,000	(799,000)
Unrecognised surplus	-	(74,000)	-
Defined benefit asset / (liability) to be recognised	(269,000)	-	(799,000)

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
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

	2023	2022
	£	£
Defined benefit obligation at the start of period	9,081,000	9,305,000
Current service cost	122,000	190,000
Expenses	7,000	7,000
Interest expense	253,000	207,000
Contributions by plan participants	57,000	69,000
Actuarial losses (gains) due to scheme experience	(352,000)	249,000
Actuarial losses (gains) due to changes in demographic assumptions	(129,000)	28,000
Actuarial losses (gains) due to changes in financial assumptions	(2,880,000)	(856,000)
Benefits paid and expenses	(174,000)	(118,000)
Defined benefit obligation at the end of period	<u>5,985,000</u>	<u>9,081,000</u>

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

	2023	2022
	£	£
Fair value of plan assets at start of period	9,155,000	8,506,000
Interest income	257,000	192,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(3,848,000)	123,000
Contributions by the employer	269,000	383,000
Contributions by plan participants	57,000	69,000
Benefits paid and expenses	(174,000)	(118,000)
Fair value of plan assets at the end of period	<u>5,716,000</u>	<u>9,155,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was £(3,591,000).

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 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

	2023	2022
	£	£
Current service cost	122,000	190,000
Expenses	7,000	7,000
Net interest expense	-	15,000
	<u> </u>	<u> </u>
Defined benefit costs recognised in statement of comprehensive income	129,000	212,000
	<u> </u>	<u> </u>

income

	2023	2022
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	(3,848,000)	123,000
Experience gains and losses arising on plan liabilities - gain /(loss)	352,000	(249,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	129,000	(28,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	2,880,000	856,000
	<u> </u>	<u> </u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	(487,000)	702,000
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	78,000	(74,000)
	<u> </u>	<u> </u>
Total amount recognised in other comprehensive income - gain (loss)	(409,000)	628,000
	<u> </u>	<u> </u>

CLOCH HOUSING ASSOCIATION LIMITED

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

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets

	2023	2022	2021
	£	£	£
Absolute Return	78,000	420,000	419,000
Alternative Risk Premia	33,000	378,000	341,000
Corporate Bond Fund	7,000	579,000	642,000
Credit Relative Value	218,000	294,000	245,000
Distressed Opportunities	176,000	328,000	291,000
Emerging Markets Debt	44,000	341,000	343,000
Global Equity	151,000	1,810,000	1,316,000
Currency Hedging	11,000	(34,000)	-
Infrastructure	616,000	572,000	475,000
Insurance-Linked Securities	159,000	192,000	178,000
Liability Driven Investment	2,420,000	2,215,000	2,045,000
Long Lease Property	192,000	264,000	197,000
Net Current Assets	13,000	29,000	63,000
Over 15 Year Gilts	-	4,000	4,000
Private Debt	255,000	230,000	200,000
Property	238,000	237,000	153,000
Risk Sharing	417,000	299,000	304,000
Secured Income	382,000	489,000	467,000
Opportunistic Liquid Credit	253,000	303,000	218,000
Liquid Credit	-	59,000	147,000
High Yield	29,000	89,000	223,000
Opportunistic Credit	-	32,000	232,000
Cash	24,000	25,000	3,000
	<u>5,716,000</u>	<u>9,155,000</u>	<u>8,506,000</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

	2023	2022	2021
Discount Rate	4.8%	2.8%	2.2%
Inflation (RPI)	3.2%	3.5%	3.2%
Inflation (CPI)	2.8%	3.2%	2.9%
Salary Growth	3.8%	4.2%	3.9%
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 2023 imply the following life expectancies:

	Life expectancy at age 65 years (years)
Male retiring in 2023	20.5
Female retiring in 2023	23.0
Male retiring in 2043	21.7
Female retiring in 2043	<u>24.4</u>

CLOCH HOUSING ASSOCIATION LIMITED

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

20. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Total £
Capital grants received			
At 1 April 2022	77,543,958	962,140	78,506,098
Additions in the year	105,000	-	105,000
Eliminated on disposal	(354,487)	(8,670)	(363,157)
At 31 March 2023	<u>77,294,471</u>	<u>953,470</u>	<u>78,247,941</u>
Amortisation			
At 1 April 2022	32,585,830	461,418	33,047,248
Amortisation in year	1,605,865	19,517	1,625,382
Eliminated on disposal	(321,677)	(8,594)	(330,271)
At 31 March 2023	<u>33,870,018</u>	<u>472,341</u>	<u>34,342,359</u>
Net book value			
At 31 March 2023	<u>43,424,453</u>	<u>481,129</u>	<u>43,905,582</u>
At 31 March 2022	<u>44,958,128</u>	<u>500,722</u>	<u>45,458,850</u>

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

	2023 £	2022 £
Amounts due within one year	1,625,382	1,637,808
Amounts due in more than one year	42,280,200	43,821,042
	<u>43,905,582</u>	<u>45,458,850</u>

21. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2023 £	2022 £
At 1 April	53	56
Issued in year	9	2
Cancelled in year	(5)	(5)
At 31 March	<u>57</u>	<u>53</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 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

22. STATEMENT OF CASH FLOWS

Reconciliation of net cash flow to movement in net funds

	2023	2022
	£	£
Decrease in cash	(477,888)	(1,703,448)
Change in liquid resources	(82,013)	500,325
Cashflow from change in net debt	2,111,604	826,357
Movement in net debt during the year	1,551,703	(376,766)
Net debt at 1st April 2022	(10,675,063)	(10,298,297)
Net debt at 31 March 2023	<u>(9,123,360)</u>	<u>(10,675,063)</u>

	At 01 April 2022	Cashflows	Other Changes	At 31 March 2023
	£	£	£	£
Cash at bank and in hand	2,984,709	(477,888)	-	2,506,821
	2,984,709	(477,888)	-	2,506,821
Liquid resources	908,407	(82,013)	-	826,394
Debt: Due within one year	(1,092,100)	2,111,604	(2,076,304)	(1,056,800)
Due after more than one year	(13,476,079)	-	2,076,304	(11,399,775)
Net Debt	<u>(10,675,063)</u>	<u>1,551,703</u>	<u>-</u>	<u>(9,123,360)</u>

23. CAPITAL COMMITMENTS

	2023	2022
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	458,702	1,042,086

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

	2023	2022
	£	£
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
Other		
Expiring in the next year	1,562	2,490
Expiring later than one year and not later than five years	<u>1,562</u>	<u>6,185</u>

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 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 £126 (2022 - £16) 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:-	2023 No.	2022 No.
General needs	1,383	1,383
Supported housing	75	75
Shared ownership	14	15
	<u>1,472</u>	<u>1,473</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:

	2023 £	2022 £
Rent received from tenants on the Board and their close family members	<u>-</u>	<u>9,884</u>

At the year end total rent arrears owed by the tenant members on the Board (and their close family) were £nil (2022 - £nil).

Members of the Board who are tenants	-	1
--------------------------------------	---	---

CLOCH HOUSING ASSOCIATION LIMITED

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

30. CONTINGENT LIABILITY

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £27m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.