



Cloch Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2025

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 2025

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CLOCH HOUSING ASSOCIATION LIMITED

BOARD, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2025

BOARD

Kelly Ferns
Ken Robertson
Nicola McLachlan
Eleanor Robertson
David Brown
David McIndoe
Karen Aitken
Elizabeth Simpson
Olufemi Okelade
Jane Cunningham
Erin Kane
Clair Malpas
Laura Quinn
Hristina Tarpanova
Jacqueline Smith

Chairperson
Vice Chair
Secretary

Appointed – 28.05.24
Appointed - 29.10.24
Appointed as Co-optee - 25.03.25
Appointed as Co-optee - 25.03.25
Appointed as Co-optee - 25.03.25
Appointed as Co-optee - 25.03.25
Resigned - 01.09.24
Resigned – 24.09.24
Resigned – 21.02.25

EXECUTIVE OFFICERS

Alana Durnin
Kristina Thrush

Paul McColgan

Michael Monaghan
Robert Pollock
Megan Hughes
Ewan Barr

Chief Executive Officer
Depute Chief Executive Officer – Finance, IT &
Corporate Services - Resigned 01.07.24
Director of Property & Assets – Resigned
01.12.24
Director of Customer Services and Communities
Director of Assets – Appointed 06.01.25
Finance Director – Appointed 24.03.25
Head of IT & Corporate Services

REGISTERED OFFICE

19 Bogle Street
Greenock
PA15 1ER

EXTERNAL AUDITORS

Alexander Sloan LLP
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 2025

The Board presents its report and the financial statements for the year ended 31 March 2025.

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

2024/25 remained a challenging year for the housing sector with grant funding cuts and high costs continuing to impact Cloch - particularly associated with reactive and void repairs, planned maintenance and insurance costs. However, against this backdrop, Cloch has maintained a 22% operating surplus for the year. This has aligned to last year's percentage, with higher costs being offset by value-for-money activities, improved performance in property re-let times, lower turnover of properties, improved rent collection and less bad debts.

Supporting Customers

The cost-of-living crisis continued to affect our customers and to help provide support, Cloch secured £118k of external grant funding (down from £203k in 2023/24). This enabled the team to issue home starter packs, provide energy advice and energy-saving items and equipment and food vouchers to our customers. Part of the funding also supported our Community Support Team (three members of staff) who have engaged with around 10% of our customers providing health and wellbeing support across a range of areas. Cloch also works in partnership with Financial Fitness who provide money advice services for our customers. During the year, this service helped 228 people and generated £482k of savings for them (up from £234k in 2023/24), in areas such as universal credit payments, pension payments, disability and attendance allowances, etc. All customers who received welfare and money advice services also received a free social and wellbeing check. These reviews assess whether any additional, external support could be provided, for example, relating to stress management, medical adaptations, or foodbank referrals. Cloch highly values our partnership arrangements and the benefits this has brought to our customers.

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2025

Review of Business and Future Developments (Contd.)

Cloch not only provides core housing and property maintenance services, as a community anchor, we are also proud of the work undertaken by our Customer Involvement Team. This team includes staff representatives from all departments and throughout the year they have delivered an impressive number of community focused events, in the main funded by our suppliers and contractor donations. Over the past year events have included a Gala Day, the Cloch Cup Football Tournament, Halloween and Christmas Parties, Easter Door Competition, Inverclyde Girls Football Tournament, and Cozy Connections Session. We have also established a new Customer Advisory Panel who will help us focus on continuous improvement. This group of tenants provides us with invaluable feedback on operational business activities and policies.

Improving Performance

We are pleased to reflect on another year where the work of our team has resulted in performance improvements - with 74% of our key performance indicator results being better than the previous year. From benchmarking the Scottish Housing Network's Annual Return on the Charter performance results, (comparing Cloch's results with ninety-seven other Housing Associations), the team delivered better performance against the housing sector averages with 82% of Cloch's results above the Scottish averages.

Investment In Properties

Over the past year we have been working on key projects to improve our property assets. In December 2023, six of our properties were affected by flooding for a second time in nine months. We have been working with Inverclyde Council and Scottish Water on this and together they have introduced flood mitigating measures to the area.

In March 2025, due to the work carried out by our partners, we were able to get the properties re-insured for flooding, and they are in the process of being re-let. During the year we increased the number of houses to 1,482, buying three family homes from the local housing market supported by £115k from the Scottish Government's acquisition fund. We also received £150k from the Scottish Government to fund medical adaptations to homes, supporting 42 customers.

Over the financial year Cloch invested £753k in component upgrades within our properties, e.g., new kitchen, bathroom, and boiler replacements, (up from £702k in 2023/24). The 6.9% rent increase applied in 2024/25 enabled investment in this area to be increased and we have a £4M property investment plan for 2025/26, impacting one third of our properties. During the year we also spent £2.36M on other general improvements and repairs (up from £2.03M in 2023/24).

Funding Services

As a charity the rental income we receive funds operational activities and by the year-end, Cloch's cash balances increased from £3.1M in March 2024 to £4.5M. However, circa £2M of this is ring fenced for the 2025/26 planned maintenance programme, with the remaining cash reserves required for future years investment. With higher cash balances during the year and a focus on treasury management, interest received for cash held also improved with £77k received in income compared to £38k in 2023/24.

Cloch activities are also funded by bank loans. The outstanding balance in March 2025 was £9.7M (down from £10.6M in March 2024) and our average mortgage rate was 4.85% during the year. 88% of our loan funding is based on fixed rate loans mitigating against risk associated with future rises in interest rates.

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2025

Review of Business and Future Developments (Contd.)

Revenue, Operational Costs & Surplus

Our total revenue during the year was £10.53M taking account of other income and grants released from deferred income (£10M in 2023/24). Our operating costs associated with delivering our services were £8.25M resulting in an operational surplus of £2.28M (up from £2.16M in 2023/24). However, after taking account of financial costs such as loan interest, our surplus for the year was £1.89M (up from £1.72M in 2023/24). After adjustments for the pension plan the surplus increased to £2.03M (up from £1.18M in 2023/24) and this will be used to fund our future planned maintenance programme.

In the last year, and in accordance with our charitable status, Cloch donated £350 to the following charities:

- Mind Mosaic - £250
- In-Work Enterprises - £100

Our People

Two new Leadership Team members joined the team in 2024/25 bringing strength in Asset and Financial Management. Our Head of IT & Corporate Services also joined the Leadership Team providing a strategic focus on business efficiency. Over the course of the year, we embedded the redesign of our staffing structure. This took effect from April 2024 where 17 members of staff (out of 39 on average) now have career enhancing roles within the Association. As part of the redesign, we have established a new shared Head of People & Culture role. This person works with Cloch, Barrhead and Dalmuir Park Housing Associations via a joint employment contract.

With 14.8% of our total revenue spent on staffing resources (matching the 2023/24 percentage invested) this innovative approach to partnership working provides a cost-effective solution. This helps Cloch support our team and get the best from our People Strategy and Wellbeing plans – our recent employee survey highlighted high levels of satisfaction and positive feelings about their work and workplace, with an overall score of 85%. We will use the feedback received to focus on continuous improvement in this area.

Durning 2024/25 we established a new graduate position resulting in four graduate roles across the organisation. We were proud that our IT & Cyber Security Graduate won the Rising Star Award in April 2025 at the Share awards. We also brought in a new temporary resource to support our Corporate and Finance teams over the next year, linking to staff development plans and our new Management Information System project, which will improve our efficiency, effectiveness, and customer service.

Governance & Board Members

Our sixth compliant Assurance Statement was confirmed in March 2025, supported by self-assessment against the Regulatory Standards of Governance and Financial Management with an annual review carried out by our Board. In May 2024, the Scottish Housing Regulator visited Cloch to review our Assurance Statement process, and Cloch's approach was recognised as good practice in their case study shared with the housing sector.

As part of our assurance process our internal auditors carried out four internal audits during the year. These focused on Treasury Management, (substantial assurance), Rent Setting, Collection & Arrears, (substantial assurance), Contract Management (reasonable assurance) and Cyber Security (reasonable assurance). We were also pleased to be re-awarded with the Customer Excellence Plus accreditation and Investors in Young People Silver Award, proving assurance to our Board, customers, and team that we are dedicated to continuous improvement in these areas.

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2025

Governance & Board Members (Contd.)

At our AGM in September 2024, Kelly Ferns and Ken Robertson remained in their roles as Chair and Vice Chair with Nicola McLachlan being appointed as the Secretary. During the year, Cloch carried out a successful recruitment campaign for new Board members and we are currently at our full complement of twelve members.

Cloch's Board is exceptional, and our Board members' knowledge and skills are highly valued by the team. The Board provides strategic guidance and has set a clear strategy and business plan priorities to be delivered. The Board invest their own time to ensure the governance of Cloch is robust and forward thinking. The support is given on a voluntary basis, and they ensure Cloch is well managed and delivering the necessary output required in compliance with best practice, legislative and regulatory standards.

Looking ahead

Following our Board's business plan review day in April 2025, we have a refreshed Business Plan for 2025-2027. As a Board and team, we are looking forward to delivering twenty key and significant projects over the next year. This includes:

- Delivering the new management information system project.
- Investing £4M in planned maintenance.
- Continuing to grow by buying properties from the local housing market.
- Reviewing our service charges and lease agreements.
- Relaunching our home visit programme.
- Streamlining our governance structure.
- Developing our Board and Staff succession plans.
- Carrying out a value for money audit and deep dive into areas of health, safety, and compliance, ensuring our processes and practices are the best they can be.

We are also committed and focused on continuing to improve our operational performance and services, driven by our core values – Be Better, Responsible, Positive and Kind.

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2025

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 Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2024. 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.

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2025

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 2025. 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 LLP, Accountants and Business Advisers, will be proposed at the Annual General Meeting.

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2025

By order of the Board

A black rectangular redaction box covering the signature of the Secretary.

Secretary
21 August 2025

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 page 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 page 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 LLP
Accountants and Business Advisers
Statutory Auditors
GLASGOW
21 August 2025



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 2025

Opinion

We have audited the financial statements of Cloch Housing Association Limited (the 'Association') for the year ended 31 March 2025 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 2025 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 2024.

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 2025 (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 2025 (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 2025 (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 LLP
Accountants and Business Advisers
Statutory Auditors
GLASGOW
21 August 2025



CLOCH HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025	2024
		£	£
Revenue	2	10,527,598	9,997,936
Operating costs	2	8,250,713	7,840,216
OPERATING SURPLUS		2,276,885	2,157,720
Exceptional item	26	100,000	90,580
Interest receivable and other income		77,274	38,101
Interest payable and similar charges	7	(489,394)	(513,303)
Other Finance income/(charges)	10	(79,290)	(52,933)
		(391,410)	(437,555)
SURPLUS FOR THE YEAR		1,885,475	1,720,165
Other comprehensive income			
Actuarial gains/(losses) on defined benefit pension plan	18	142,000	(544,000)
TOTAL COMPREHENSIVE INCOME		2,027,475	1,176,165

The results relate wholly to continuing activities.

The notes on pages 18 to 37 form an integral part of these financial statements.

CLOCH HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

	Notes	2025	2024
		£	£
NON-CURRENT ASSETS			
Housing properties - depreciated cost	11	70,361,608	72,188,603
Other tangible assets	11	500,848	461,858
		<u>70,862,456</u>	<u>72,650,461</u>
CURRENT ASSETS			
Receivables	12	376,059	329,911
Investments	13	2,045,834	21,228
Cash and cash equivalents	14	2,433,753	3,112,274
		<u>4,855,646</u>	<u>3,463,413</u>
CREDITORS: Amounts falling due within one year	15	(2,455,898)	(2,593,990)
NET CURRENT ASSETS		<u>2,399,748</u>	<u>869,423</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>73,262,204</u>	<u>73,519,884</u>
CREDITORS: Amounts falling due after more than one year	16	(9,020,584)	(9,732,284)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES			
Scottish housing association pension scheme	18	(649,000)	(766,000)
		<u>(649,000)</u>	<u>(766,000)</u>
DEFERRED INCOME			
Social housing grants	19	(40,703,746)	(42,141,573)
Other grants	19	(442,387)	(461,014)
		<u>(41,146,133)</u>	<u>(42,602,587)</u>
NET ASSETS		<u><u>22,446,487</u></u>	<u><u>20,419,013</u></u>
EQUITY			
Share capital	20	61	62
Revenue reserves		23,095,426	21,184,951
Pension reserves		(649,000)	(766,000)
		<u>22,446,487</u>	<u>20,419,013</u>

The financial statements were approved by the Board and authorised for issue and signed on their behalf on 21 August 2025.

Board Member

Board Member

Secretary

The notes on pages 18 to 37 form an integral part of these financial statements.

CLOCH HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

	Notes	£	2025 £	£	2024 £
Surplus for the Year			1,885,475		1,720,165
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets	11	2,770,856		2,828,086	
Amortisation of capital grants	19	(1,629,808)		(1,631,495)	
Loss on disposal of tangible fixed assets		115,527		-	
Non-cash adjustments to pension provisions		25,000		(47,000)	
Share capital written off	20	(15)		(1)	
			1,281,560		1,149,590
Interest receivable			(77,274)		(38,101)
Interest payable	7		489,394		513,303
Operating cash flows before movements in working capital			3,579,155		3,344,957
Change in debtors		(90,117)		190,458	
Change in creditors		39,032		(237,688)	
			(51,085)		(47,230)
Net cash inflow from operating activities			3,528,070		3,297,727
Investing Activities					
Acquisition and investment in properties		(1,000,858)		(1,364,260)	
Purchase of other fixed assets		(97,520)		(57,695)	
Social housing grant received		203,600		249,047	
Other grants repaid		(146)		-	
Changes on short term deposits with banks		(2,024,606)		805,166	
Net cash outflow from investing activities			(2,919,530)		(367,742)
Financing Activities					
Interest received on cash and cash equivalents		77,274		38,101	
Interest paid on loans		(489,394)		(513,303)	
Loan principal repayments		(874,955)		(1,849,336)	
Share capital issued	20	14		6	
Net cash outflow from financing activities			(1,287,061)		(2,324,532)
(decrease)/increase in cash	21		(678,521)		605,453
Opening cash & cash equivalents			3,112,274		2,506,821
Closing cash & cash equivalents			2,433,753		3,112,274
Cash and cash equivalents as at 31 March					
Cash	21		2,433,753		3,112,274
			2,433,753		3,112,274

The notes on pages 18 to 37 form an integral part of these financial statements.

CLOCH HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2025

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 1 April 2023	57	(269,000)	19,511,786	19,242,843
Issue of Shares	6	-	-	6
Cancellation of Shares	(1)	-	-	(1)
Other comprehensive income	-	(544,000)	-	(544,000)
Other movements	-	47,000	(47,000)	-
Surplus for the year	-	-	1,720,165	1,720,165
Balance as at 31 March 2024	62	(766,000)	21,184,951	20,419,013
Balance as at 1 April 2024	62	(766,000)	21,184,951	20,419,013
Issue of Shares	14	-	-	14
Cancellation of Shares	(15)	-	-	(15)
Other comprehensive income	-	142,000	-	142,000
Other movements	-	(25,000)	25,000	-
Surplus for the year	-	-	1,885,475	1,885,475
Balance as at 31 March 2025	61	(649,000)	23,095,426	22,446,487

The notes on pages 18 to 37 form an integral part of these financial statements.

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 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 2024. A summary of the principal accounting policies is set out below.

Revenue

Revenue comprises rental and service charge income receivable in the period, 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

Up until 31st March 2024, the Association participated 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 2025

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.

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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.

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 cannot 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 2025

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 2025

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 participated 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. From 1st April 2024 the Association no longer participates in the Defined Benefit Scheme. 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 29.

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 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

		2025			2024		
	Notes	Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	10,298,030	7,990,222	2,307,808	9,682,248	7,507,698	2,174,550
Other Activities	4	229,568	260,491	(30,923)	315,688	332,518	(16,830)
Total		10,527,598	8,250,713	2,276,885	9,997,936	7,840,216	2,157,720

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2025 Total £	2024 Total £
Revenue from Lettings					
Rent receivable net of service charges	7,940,666	415,533	44,460	8,400,659	7,801,865
Service charges receivable	105,159	155,670	-	260,829	249,634
Gross income from rent and service charges	8,045,825	571,203	44,460	8,661,488	8,051,499
Less: Rent losses from voids	81,091	-	-	81,091	102,121
Income from rents and service charges	7,964,734	571,203	44,460	8,580,397	7,949,378
Grants released from deferred income	1,618,619	-	11,335	1,629,954	1,631,493
Revenue grants from Scottish Ministers	87,679	-	-	87,679	101,377
Total turnover from affordable letting activities	9,671,032	571,203	55,795	10,298,030	9,682,248
Expenditure on affordable letting activities					
Management and maintenance administration costs	2,465,328	129,010	13,804	2,608,142	2,448,510
Service costs	94,375	91,705	-	186,080	201,055
Planned and cyclical maintenance, including major repairs	835,199	39,511	-	874,710	599,536
Reactive maintenance costs	1,415,822	74,090	-	1,489,912	1,428,526
Bad Debts - rents and service charges	3,522	-	-	3,522	57,619
Depreciation of affordable let properties	2,811,555	-	16,301	2,827,856	2,772,452
Operating costs of affordable letting activities	7,625,801	334,316	30,105	7,990,222	7,507,698
Operating surplus on affordable letting activities	2,045,231	236,887	25,690	2,307,808	2,174,550
2024	1,930,422	220,401	23,727		

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 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) 2025	Operating surplus / (deficit) 2024
	£	£	£	£	£	£	£	£
Wider role activities	116,625	1,488	-	118,113	-	146,137	(28,024)	(28,633)
Factoring	-	-	28,500	28,500	868	28,500	(868)	(6,262)
Contracted out services undertaken for registered social landlords	-	-	82,955	82,955	-	82,955	-	-
Common Housing Register	-	-	-	-	-	2,031	(2,031)	(2,087)
Insurance Income	-	-	-	-	-	-	-	20,152
Total From Other Activities	116,625	1,488	111,455	229,568	868	259,623	(30,923)	(16,830)
2024	189,818	33,200	92,670	315,688	5,099	327,419	(16,830)	

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

	2025	2024
	£	Restated £
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 and life insurance contributions)	286,466	294,026
Pension contributions and life insurance contributions made on behalf on Officers with emoluments greater than £60,000	31,929	33,792
Emoluments payable to Chief Executive Officer (excluding pension contributions and life insurance contributions)	90,041	83,436
Pension contributions paid on behalf of the Chief Executive Officer	8,985	8,325
Total emoluments payable to the Chief Executive Officer	99,026	91,761
Total emoluments paid to key management personnel	341,500	351,529

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

6. EMPLOYEE INFORMATION

	2025 No.	2024 No.
Average monthly number of full time equivalent persons employed during the year	32	31
Average total number of employees employed during the year	39	36
Staff costs were:	£	£
Wages and salaries	1,206,312	1,109,405
National insurance costs	107,983	93,200
Pension costs	237,472	222,987
Temporary, agency and seconded staff	10,653	53,616
	1,562,420	1,479,208

There are no past service deficit payments included within Pension Costs above (2024 - £nil). Pension costs include, £249,472 (2024 - £280,987) annual pension contributions and (£12,000) (2024 - (£58,000)) relating 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 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2025	2024
	£	£
On bank loans and overdrafts	<u>489,394</u>	<u>513,303</u>

8. SURPLUS FOR THE YEAR

	2025	2024
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	2,770,856	2,754,562
Auditors' remuneration - audit services	15,760	10,968
Auditors' remuneration - other services	4,370	6,408
Operating lease rentals - other	<u>1,983</u>	<u>2,082</u>

9. 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.

10. OTHER FINANCE INCOME / (CHARGES)

	2025	2024
	£	£
Non Utilisation and Loan Set-Up Fees	(42,290)	(41,933)
Net interest on pension obligations	<u>(37,000)</u>	<u>(11,000)</u>
	<u>(79,290)</u>	<u>(52,933)</u>

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. 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 2024	119,180,404	-	756,930	119,937,334
Additions	1,000,858	-	-	1,000,858
Disposals	(512,651)	-	-	(512,651)
Transfers	-	-	-	-
At 31 March 2025	119,668,611	-	756,930	120,425,541
DEPRECIATION				
At 1 April 2024	47,359,009	-	389,722	47,748,731
Charge for Year	2,696,025	-	16,301	2,712,326
Transfers	-	-	-	-
Disposals	(397,124)	-	-	(397,124)
At 31 March 2025	49,657,910	-	406,023	50,063,933
NET BOOK VALUE				
At 31 March 2025	70,010,701	-	350,907	70,361,608
At 31 March 2024	71,821,395	-	367,208	72,188,603

	2025		2024	
Expenditure on Existing Properties	<i>Component replacement</i> £	<i>Improvement / Repairs</i> £	<i>Component replacement</i> £	<i>Improvement / Repairs</i> £
Amounts capitalised	752,978	-	702,260	-
Amounts charged to the statement of comprehensive income	-	2,364,622	-	2,028,062

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a historical cost carrying value of £42,890,783 (2024 - £44,491,521).

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 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Sheltered Housing F&F £	Computer Equipment £	Total £
COST					
At 1 April 2024	1,192,123	43,030	18,374	226,692	1,480,219
Additions	-	24,044	-	73,476	97,520
Eliminated on disposals	-	-	-	-	-
At 31 March 2025	1,192,123	67,074	18,374	300,168	1,577,739
DEPRECIATION					
At 1 April 2024	792,391	40,407	18,374	167,189	1,018,361
Charge for year	23,847	5,679	-	29,004	58,530
Eliminated on disposals	-	-	-	-	-
At 31 March 2025	816,238	46,086	18,374	196,193	1,076,891
NET BOOK VALUE					
At 31 March 2025	375,885	20,988	-	103,975	500,848
At 31 March 2024	399,732	2,623	-	59,503	461,858

12. RECEIVABLES

	£	£
Gross arrears of rent and service charges	137,335	165,705
Less: Provision for doubtful debts	(75,417)	(113,808)
Net arrears of rent and service charges	61,918	51,897
Social housing grant receivable	51,677	95,646
Other receivables	262,464	182,368
	376,059	329,911

13. CURRENT ASSET INVESTMENTS

	£	£
Short term deposits	2,045,834	21,228
	2,045,834	21,228

14. CASH AND CASH EQUIVALENTS

	£	£
Cash at bank and in hand	2,433,753	3,112,274

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025	2024
	£	£
Bank loans	711,700	874,955
Trade payables	308,218	249,084
Rent received in advance	464,798	470,281
Social housing grant in advance	7,016	20,885
Other taxation and social security	28,104	25,779
Other payables	263,328	401,015
Accruals and deferred income	672,734	551,991
	<u>2,455,898</u>	<u>2,593,990</u>

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

	2025	2024
	£	£
Bank loans	<u>9,020,584</u>	<u>9,732,284</u>

17. DEBT ANALYSIS - BORROWINGS

	2025	2024
	£	£
Bank Loans		
Amounts due within one year	711,700	874,955
Amounts due in one year or more but less than two years	600,900	711,700
Amounts due in two years or more but less than five years	4,788,900	5,257,300
Amounts due in more than five years	3,630,784	3,763,284
	<u>9,732,284</u>	<u>10,607,239</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	171	6.2%	2033	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	0.0%	2023	Fixed
Nationwide	142	0.8%	2025	Fixed
Nationwide	32	5.0%	2028	Variable
Nationwide	-	5.0%	2030	Variable
Nationwide	46	5.2%	2025	Variable
Royal Bank of Scotland	80	3.8%	2027	Fixed
Royal Bank of Scotland	52	6.0%	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 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Cloch Housing Association Limited participated 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 triennial valuation of the Scheme was performed as at 30 September 2024 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £689.8m. The valuation revealed a shortfall of assets compared with the value of liabilities of £79.5m (equivalent to a past service funding level of 90%). A recovery plan is being put in place to eliminate the past service deficit from 1 April 2026 to 31 March 2030 for the majority of employers.

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)

	2025	2024	2023
	£	£	£
Fair value of plan assets	4,821,000	5,523,000	5,716,000
Present value of defined benefit obligation	5,470,000	6,289,000	5,985,000
Surplus / (deficit) in plan	(649,000)	(766,000)	(269,000)
Unrecognised surplus	-	-	-
Defined benefit asset / (liability) to be recognised	(649,000)	(766,000)	(269,000)

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2025 £	2024 £
Defined benefit obligation at the start of period	6,289,000	5,985,000
Current service cost	(2,000)	68,000
Expenses	10,000	9,000
Interest expense	305,000	287,000
Contributions by plan participants	2,000	30,000
Actuarial losses (gains) due to scheme experience	(64,000)	267,000
Actuarial losses (gains) due to changes in demographic assumptions	-	(36,000)
Actuarial losses (gains) due to changes in financial assumptions	(887,000)	(96,000)
Benefits paid and expenses	(183,000)	(225,000)
Defined benefit obligation at the end of period	5,470,000	6,289,000

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

	2025 £	2024 £
Fair value of plan assets at start of period	5,523,000	5,716,000
Interest income	268,000	276,000
Experience on plan assets (excluding amounts included in interest income) · gain (loss)	(809,000)	(409,000)
Contributions by the employer	20,000	135,000
Contributions by plan participants	2,000	30,000
Benefits paid and expenses	(183,000)	(225,000)
Fair value of plan assets at the end of period	4,821,000	5,523,000

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2025 was (£541,000).

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

	2025	2024
	£	£
Current service cost	(2,000)	68,000
Expenses	10,000	9,000
Net interest expense	37,000	11,000
	<u> </u>	<u> </u>
Defined benefit costs recognised in statement of comprehensive income	45,000	88,000
	<u> </u>	<u> </u>

Defined benefit costs recognised in the other comprehensive income

	2025	2024
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	(809,000)	(409,000)
Experience gains and losses arising on plan liabilities - gain /(loss)	64,000	(267,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	-	36,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	887,000	96,000
	<u> </u>	<u> </u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	142,000	(544,000)
	<u> </u>	<u> </u>
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	-	-
	<u> </u>	<u> </u>
Total amount recognised in other comprehensive income - gain (loss)	142,000	(544,000)
	<u> </u>	<u> </u>

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets

	2025	2024	2023
	£	£	£
Absolute Return	-	248,000	78,000
Alternative Risk Premia	-	199,000	33,000
Corporate Bond Fund	-	-	7,000
Credit Relative Value	-	195,000	218,000
Distressed Opportunities	-	203,000	176,000
Emerging Markets Debt	-	97,000	44,000
Global Equity	559,000	635,000	151,000
Currency Hedging	8,000	(2,000)	11,000
Infrastructure	1,000	529,000	616,000
Insurance-Linked Securities	18,000	34,000	159,000
Liability Driven Investment	1,357,000	1,998,000	2,420,000
Long Lease Property	2,000	41,000	192,000
Net Current Assets	6,000	7,000	13,000
Real Assets	575,000	-	-
Private Debt	-	222,000	255,000
Private Equity	4,000	4,000	-
Property	239,000	234,000	238,000
Risk Sharing	-	331,000	417,000
Secured Income	111,000	184,000	382,000
Investment Grade Credit	221,000	220,000	253,000
Private Credit	601,000	-	-
Liquid Alternatives	888,000	-	-
High Yield	-	1,000	29,000
Opportunistic Credit	205,000	-	-
Cash	26,000	143,000	24,000
Total assets	<u>4,821,000</u>	<u>5,523,000</u>	<u>5,716,000</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

	2025	2024	2023
Discount Rate	5.9%	4.9%	4.8%
Inflation (RPI)	3.1%	3.1%	3.2%
Inflation (CPI)	2.8%	2.8%	2.8%
Salary Growth	3.8%	3.8%	3.8%
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 2025 imply the following life expectancies:

	Life expectancy at age 65 years (years)
Male retiring in 2025	20.2
Female retiring in 2025	22.7
Male retiring in 2045	21.5
Female retiring in 2045	<u>24.2</u>

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Total £
Capital grants received			
At 1 April 2024	77,466,123	947,848	78,413,971
Additions in the year	173,500	-	173,500
Eliminated on disposal	(318,328)	(4,858)	(323,186)
At 31 March 2025	<u>77,321,295</u>	<u>942,990</u>	<u>78,264,285</u>
Amortisation			
At 1 April 2024	35,324,550	486,834	35,811,384
Amortisation in year	1,566,916	18,481	1,585,397
Eliminated on disposal	(273,917)	(4,712)	(278,629)
At 31 March 2025	<u>36,617,549</u>	<u>500,603</u>	<u>37,118,152</u>
Net book value			
At 31 March 2025	<u>40,703,746</u>	<u>442,387</u>	<u>41,146,133</u>
At 31 March 2024	<u>42,141,573</u>	<u>461,014</u>	<u>42,602,587</u>

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

	2025 £	2024 £
Amounts due within one year	1,585,397	1,607,150
Amounts due in more than one year	39,560,736	40,995,437
	<u>41,146,133</u>	<u>42,602,587</u>

20. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2025 £	2024 £
At 1 April	62	57
Issued in year	14	6
Cancelled in year	(15)	(1)
At 31 March	<u>61</u>	<u>62</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 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. STATEMENT OF CASH FLOWS

Reconciliation of net cash flow to movement in net funds

		2025		2024
	£	£	£	£
(Decrease) / increase in cash	(678,521)		605,453	
Change in liquid resources	2,024,606		(805,166)	
Cashflow from change in net debt	874,955		1,849,336	
Movement in net debt during the year		2,221,040		1,649,623
Net debt at 1st April 2024		(7,473,737)		(9,123,360)
Net debt at 31 March 2025		(5,252,697)		(7,473,737)

	At		Other	At
Analysis of changes in net debt	01 April 2024	Cashflows	Changes	31 March 2025
	£	£	£	£
Cash at bank and in hand	3,112,274	(678,521)	-	2,433,753
	3,112,274	(678,521)	-	2,433,753
Liquid resources	21,228	2,024,606	-	2,045,834
Debt: Due within one year	(874,955)	874,955	(711,700)	(711,700)
Due after more than one year	(9,732,284)	-	711,700	(9,020,584)
Net Debt	(7,473,737)	2,221,040	-	(5,252,697)

22. CAPITAL COMMITMENTS

	2025	2024
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	973,221	418,040

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

23. COMMITMENTS UNDER OPERATING LEASES

	2025	2024
	£	£
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
Other		
Expiring in the next year	1,950	1,562
Expiring later than one year and not later than five years	2,438	-

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

24. 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.

25. BOARD MEMBER EMOLUMENTS

Board members received £249 (2024 - £166) in the year by way of reimbursement of expenses. No remuneration is paid to Board members in respect of their duties to the Association.

26. EXCEPTIONAL ITEM

	2025	2024
	£	£
Reconciliation of Service Charge Fund	(100,000)	-
Unvalidated Work In Progress	-	(200,237)
Unrecovered Kilmacolm Flood Costs	-	109,657
	<u>(100,000)</u>	<u>(90,580)</u>

27. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2025 No.	2024 No.
General needs	1,395	1,392
Supported housing	73	73
Shared ownership	14	14
	<u>1,482</u>	<u>1,479</u>

28. 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:

	2025 £	2024 £
Rent received from tenants on the Board and their close family members	<u>5,988</u>	<u>5,602</u>

At the year end total rent arrears owed by the tenant members on the Board (and their close family) were £nil (2024 - £nil).

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

29. CONTINGENT LIABILITY

We have been notified by the Trustee of the Pension Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2025 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until the Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.