



**Alexander Sloan**  
Accountants and Business Advisers

# **Cloch Housing Association Limited**

Report and Financial Statements

For the year ended 31 March 2021

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 2021

### Contents

	<b>Page</b>
Members of the Board, Executive and Advisers	1
Report of the Board	2 – 8
Report by the Auditors on corporate governance matters	9
Report of the Auditors	10-13
Statement of comprehensive income	14
Statement of financial position	15
Statement of cash flows	16
Statement of changes in equity	17
Notes to the financial statements	18 - 38

# CLOCH HOUSING ASSOCIATION LIMITED

---

## **BOARD, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2021**

### **BOARD**

Brian Corrigan	Chairperson
Julianne Scarlett	Vice Chair
Heather Thomson	Secretary
Alison Greenhill	Resigned 23.09.2020 (Held position of Secretary)
Eileen Tamburrini	
Eleanor Robertson	
Kelly Ferns	
Alan Hutchison	Appointed 23.09.2020
Ken Robertson	Appointed 23.09.2020
David Brown	Appointed 23.09.2020
June McIntosh	Appointed 23.09.2020
Ronny Lee	Resigned 17.11.2020 (Nominee from OTHA)
Vivienne Hearton	Resigned 31.03.2021 (Nominee from OTHA)

### **EXECUTIVE OFFICERS**

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

### **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 2021

The Board presents its report and the financial statements for the year ended 31 March 2021.

### 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 2020 will forever be remembered for the global pandemic, which affected lives across the world and has permanently changed many aspects of our lives. For Cloch, like many other organisations, there have been many challenges and obstacles during the year, however there have also been numerous successes and opportunities developed. Although the impact of COVID-19 is still being felt and communities are still tackling the virus, it is hoped that we are emerging from sustained lockdown experiences and beginning to return to a world that is more recognisable.

At the beginning of the last financial year in April 2020 we had entered the 1<sup>st</sup> lockdown and were still adapting to providing limited services to our customers and working from home. Little did we know at that time that this would continue until beyond a full 12-month period. Our Business Continuity Plan was put into action and we quickly realised where there were some shortfalls. The previous investment in IT hardware and software proved vital as our IT team ensured staff and Board Members were equipped to work remotely and provide services to our tenants. The one area of weakness was our telephony which was unable to be accessed remotely on multiple devices. Following a rapid procurement exercise this was rectified through the implementation of a “soft phone” system ensuring all staff could make and receive calls instantly on their remote devices. This effectively meant that we could return to our immediate response to customers providing that first time solution which we have prided ourselves on in recent years, and turned off the answer machines to capture messages.

During lockdown Cloch worked with partners to secure funding for communities and help households deal with coping in exceptional circumstances. This included £53,090 from the Supporting Communities Fund to support the local communities’ response to the pandemic, including delivering books and activity packs to tenants and families, Wi-Fi provision to young people in partnership with Belville Community Garden and a grant to HomeStart to support 38 vulnerable families across Inverclyde.

# CLOCH HOUSING ASSOCIATION LIMITED

---

## REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2021

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

The Communities Recovery Fund also provided £34,500 which allowed Cloch to launch a White Goods Replacement Fund across Inverclyde and also a new furniture initiative for homeless households affected by the pandemic.

### Separation

In March 2020, both Cloch and Oak Tree had formally agreed that separation should be pursued following an Options Appraisal to focus on the future direction of both organisations. In April/May 2020 discussions were held with key stakeholders, including the Scottish Housing Regulator to agree on the process moving forward, which consisted of tenant engagement, the appointment of an Independent Tenant Advisor, statutory notices being sent to tenants and then a ballot. All of which would be before the Board approving new Rules and then these being put to a Special General Meeting (SGM).

The consultation with tenants took place over the summer and a business case was developed which was communicated to tenants culminating in notices being served in September seeking further views. An independent Ballot took place over October and November with 36% of households voting and 95.5% in favour of separation. The SGM took place in December 2020 where members adopted the new rules previously approved by the Board, thereby approving the separation.

Notification to SHR, OSCR (Office of the Scottish Charity Regulator) and the FCA (Financial Conduct Authority) took place, with the FCA confirming on 1<sup>st</sup> April 2021 that the new rules were registered and Cloch were officially a fully independent Housing Association.

Through this process 3 members of the Finance Team employed by Oak Tree, transferred to Cloch (all of whom had previously been employed by Cloch) on 1<sup>st</sup> April. Our relationship and partnerships with Oak Tree remain strong, and we are committed to sharing services and work activities where practicable for the tenants' benefit. Our Shared Finance and IT team is a fine example of this collaboration.

### Operational Activity

Although intermittent lockdown has restricted some of our maintenance activity, a great deal was still completed during the last financial year. As noted this time last year, our "new" contractor MPS who had only been with us for around 12 months supplying our reactive and void maintenance services, terminated their contract as a result of the pandemic impact. Cloch were one of many RSLs affected by this decision, and we reacted quickly by firstly securing alternative short term contractors, and secondly arranging for re-procurement of both contracts.

As well as using local contractors, our local neighbours River Clyde Homes assisted us through their subsidiary Home Fix, and they managed to ensure that we could continue providing a level of service to our residents, while we sought new contracts. In August, 2020 our new contractor, The McDougall Group started and have been working closely with us to establish a solid working relationship and providing high quality services to our tenants. Starting such large contracts in the middle of a pandemic has not been straightforward but both Cloch and McDougall's have made significant inroads through performance and digital interfacing to give us both confidence in moving forward positively.

# CLOCH HOUSING ASSOCIATION LIMITED

---

## REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2021

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

In 2020 our focus was turned towards the Wellpark area of Greenock where we had a higher number of empty properties and refusals, and a survey highlighted areas of concern about the area and the properties particularly. Since then we have brought forward a significant amount of investment to improve an initial 30 empty properties and are now working on rotation throughout the area to provide further planned maintenance improvements. A local lettings initiative has been introduced in the area as well as a new partnership with the Richmond Fellowship to provide supported accommodation.

As well as our programme of cyclical maintenance and safety inspections, and including the Wellpark Improvements the following work was carried out:

Kitchens	20 homes
Full Heating Systems (Radiators, pipework & boilers)	26 homes
Boiler replacements	32 homes
Bathrooms	65 homes
Windows	23 homes
Full rewiring	30 homes
Medical Adaptations	33 homes
Painterwork	114 homes & 15 closes
Electrical Installation Checks	314 homes
Smoke Detector Upgrades	408 homes

The above work alone was at a cost of £876k.

Despite delays due to lockdown, our 57-unit development at the former Kings Glen Primary School site in Kilmacolm Road, Greenock has been progressing well and is due to be fully completed by Summer 2021. All properties have been pre-allocated including a specialist HSCP supported housing project and a furnished tenancy pilot initiative geared at homelessness prevention. The development is costing in the region of £9m with £4.5m grant subsidy from Scottish Government through the Affordable Housing Supply Programme.

Although most of our performance suffered due to the events of the year, our rent arrears reduced from 1.48% to 1.29% despite the initial increase due to the pandemic and the suspension of court action. The performance is in the upper quartile in Scotland.

### Supporting Communities

Cloch continued to work closely with the other local Housing Associations on a range of projects, particularly Oak Tree and Larkfield. Last year, Cloch again contributed to Starter Packs to provide household packs for new tenants – in total, 32 Cloch tenants received this service.

The Work Pays project with Financial Fitness was continued which allows our tenants to receive a dedicated advice service with ring-fenced appointments. In the last year alone, they have engaged on a one-to-one basis with 163 Cloch customers securing benefits or financial gains of £157,580.

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

# CLOCH HOUSING ASSOCIATION LIMITED

---

## REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2021

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

In Autumn 2020 Cloch led on an application to the Energy Redress Scheme to deliver a project delivering fuel poverty advice and help to reduce household energy consumption. In partnership with Oak Tree and Larkfield, and the Wise Group, an award of £162,613 was made to appoint 2 staff to deliver the project. The project didn't fully commence until January 2021 but 147 engagements and 265 referrals had been made by the end of March 2021. The Social Housing Fuel Support Fund was also applied to in March 2021 and we secured £54,000 for the staff on the project to engage directly with energy suppliers to credit accounts on non-prepaid/dry meters to help deal with fuel poverty.

In the last year and in accordance with our charitable status, Cloch donated £2,000 to the following charities:

Man on Inverclyde  
Samaritans Inverclyde  
Inverclyde Foodbank  
Inverclyde Womens Aid  
Children in Poverty Inverclyde

### Governance

Our 2nd 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.

Following our AGM in September, Julianne Scarlett, our Chair for 4 years stood down from her position and Brian Corrigan – our Vice Chairperson was nominated and accepted the role of Chairperson. Julianne agreed to continue as Vice-Chairperson, supporting Brian in his new role. Heather Thomson was nominated and agreed to become the Secretary at that time.

During the year we had some Board Members leaving and through a recruitment process we have been really fortunate in attracting new members to the Board, with a broad range of skills, knowledge, experience and tenant insight. As the Oak Tree HA nominee stepped down when Cloch achieved independence, we had observers ready to assume the roles having completed induction and training. We now move into April 2021 with a full complement of 12 Board Members and plans to conduct a full independent Governance Review in 2021/22.

The Board invest their own time to commit their skills, experience, and knowledge to ensure that the governance of Cloch is robust and that there is a clear strategic direction for the organisation. This is all in a voluntary capacity and working on behalf of the members, they ensure that Cloch is well managed and controlled and delivering the necessary outputs required and in compliance with legislative and regulatory standards. This has been never more crucial in the last 12 months and Board Members have shown great resilience and focus during the course of the year. The tenants, membership and staff team of Cloch are fortunate to be governed by such a dedicated team.

# CLOCH HOUSING ASSOCIATION LIMITED

---

## REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2021

### **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 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.



# CLOCH HOUSING ASSOCIATION LIMITED

---

## REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2021

### 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 2021. 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.

### Donations

During the year the Association made charitable donations of £2,000 (2020 - £507).

### 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.

# CLOCH HOUSING ASSOCIATION LIMITED

---

## REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2021

By order of the Board



Heather Thomson  
Secretary  
31 August 2021

# 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**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
31 August 2021



# CLOCH HOUSING ASSOCIATION LIMITED

---

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLOCH HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021

### Opinion

We have audited the financial statements of Cloch Housing Association Limited (the 'Association') for the year ended 31 March 2021 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 2021 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 2021 (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 2021 (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 2021 (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  
31 August 2021



# CLOCH HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021	2020
		£	£
Revenue	2	8,555,395	8,484,629
Operating costs	2	6,424,355	6,478,597
<b>OPERATING SURPLUS</b>		2,131,040	2,006,032
Gain on sale of housing stock	7	17,271	24,352
Interest receivable and other income		25,250	45,944
Interest payable and similar charges	8	(438,728)	(471,181)
Other Finance income/(charges)	11	(19,891)	(66,406)
		(416,098)	(467,291)
<b>SURPLUS FOR THE YEAR</b>		<b>1,714,942</b>	<b>1,538,741</b>
<b>Other comprehensive income</b>			
Pension Asset not recognised	20	101,000	(101,000)
Actuarial gains/(losses) on defined benefit pension plan	20	(1,144,000)	1,412,000
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>671,942</b>	<b>2,849,741</b>

The results relate wholly to continuing activities.

The notes on pages 14 to 38 form an integral part of these financial statements.



# CLOCH HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
<b>NON-CURRENT ASSETS</b>					
Housing properties - depreciated cost	12		75,473,237		71,451,921
Other tangible assets	13		486,765		522,864
Investments	13		-		2
			<u>75,960,002</u>		<u>71,974,787</u>
Receivables	14	292,942		417,176	
Investments	15	408,082		4,623,035	
Cash and cash equivalents	16	4,688,157		1,365,112	
		<u>5,389,181</u>		<u>6,405,323</u>	
<b>CREDITORS: Amounts falling due within one year</b>	17	<u>(3,346,187)</u>		<u>(3,016,312)</u>	
<b>NET CURRENT ASSETS</b>			<u>2,042,994</u>		<u>3,389,011</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			78,002,996		75,363,798
<b>CREDITORS: Amounts falling due after more than one year</b>	18		(14,182,136)		(13,446,288)
<b>PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Scottish housing association pension scheme	20	<u>(799,000)</u>		-	
			(799,000)		-
<b>DEFERRED INCOME</b>					
Social housing grants	21	(46,457,178)		(46,005,038)	
Other grants	21	<u>(517,791)</u>		<u>(537,523)</u>	
			<u>(46,974,969)</u>		<u>(46,542,561)</u>
<b>NET ASSETS</b>			<u><b>16,046,891</b></u>		<u><b>15,374,949</b></u>
<b>EQUITY</b>					
Share capital	22		56		56
Revenue reserves			16,845,835		15,374,893
Pension reserves			<u>(799,000)</u>		<u>-</u>
			<u><b>16,046,891</b></u>		<u><b>15,374,949</b></u>

The financial statements were approved by the Board and authorised for issue and signed on their behalf on 24 August 2021.

**Board Member** **Board Member** **Secretary**

The notes on pages 14 to 38 form an integral part of these financial statements.

# CLOCH HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021	2020
		£	£
<b>Surplus for the Year</b>		1,714,942	1,538,741
<i>Adjustments for non-cash items:</i>			
Depreciation of tangible fixed assets	12	2,503,983	2,507,919
Amortisation of capital grants	21	(1,542,898)	(1,556,991)
Gain on disposal of tangible fixed assets		72,463	(24,352)
Non-cash adjustments to pension provisions		(244,000)	(141,000)
Share capital written off	22	(7)	(4)
		<u>789,541</u>	<u>785,572</u>
Interest receivable		(25,250)	(45,944)
Interest payable	8	438,728	471,181
		<u>2,917,961</u>	<u>2,749,550</u>
<b>Operating cash flows before movements in working capital</b>			
Change in debtors		84,614	(59,078)
Change in creditors		737,475	73,229
		<u>822,089</u>	<u>14,151</u>
<b>Net cash inflow from operating activities</b>		<u>3,740,050</u>	<u>2,763,701</u>
<b>Investing Activities</b>			
Acquisition and construction of properties		(6,570,835)	(2,295,101)
Purchase of other fixed assets		(8,099)	(28,563)
Social housing grant received		1,618,253	2,088,456
Social housing grant repaid		(27,965)	(55,667)
Other grants repaid		(5,362)	(3,394)
Changes on short term deposits with banks		4,214,953	(1,834,460)
Proceeds on disposal of housing properties		17,271	134,787
		<u>(761,782)</u>	<u>(1,993,942)</u>
<b>Net cash outflow from investing activities</b>			
<b>Financing Activities</b>			
Interest received on cash and cash equivalents		25,250	45,944
Interest paid on loans		(438,728)	(471,181)
Loan principal repayments		758,248	(336,830)
Share capital issued	22	7	7
		<u>344,777</u>	<u>(762,060)</u>
<b>Net cash inflow / (outflow) from financing activities</b>			
<b>Increase in cash</b>	23	<u>3,323,045</u>	<u>7,699</u>
<b>Opening cash &amp; cash equivalents</b>		<u>1,365,112</u>	<u>1,357,413</u>
<b>Closing cash &amp; cash equivalents</b>		<u><u>4,688,157</u></u>	<u><u>1,365,112</u></u>
<b>Cash and cash equivalents as at 31 March</b>			
Cash	23	4,688,157	1,365,112
		<u><u>4,688,157</u></u>	<u><u>1,365,112</u></u>

The notes on pages 14 to 38 form an integral part of these financial statements.

# CLOCH HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2021

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
<b>Balance as at 1 April 2019</b>	53	(1,452,000)	13,977,152	12,525,205
Issue of Shares	7	-	-	7
Cancellation of Shares	(4)	-	-	(4)
Other comprehensive income	-	1,311,000	-	1,311,000
Other movements	-	141,000	(141,000)	-
Surplus for the year	-	-	1,538,741	1,538,741
<b>Balance as at 31 March 2020</b>	<b>56</b>	<b>-</b>	<b>15,374,893</b>	<b>15,374,949</b>
<b>Balance as at 1 April 2020</b>	56	-	15,374,893	15,374,949
Issue of Shares	7	-	-	7
Cancellation of Shares	(7)	-	-	(7)
Other comprehensive income	-	(1,043,000)	-	(1,043,000)
Other movements	-	244,000	(244,000)	-
Surplus for the year	-	-	1,714,942	1,714,942
<b>Balance as at 31 March 2021</b>	<b>56</b>	<b>(799,000)</b>	<b>16,845,835</b>	<b>16,046,891</b>

The notes on pages 14 to 38 form an integral part of these financial statements.

# CLOCH HOUSING ASSOCIATION LIMITED

---

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 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 2021 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	33%

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 2021 NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

#### **Taxation**

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

#### **Leases**

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives or the term of the lease whichever is shorter.

#### **Works to Existing Properties**

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property, a material reduction in future maintenance costs, or a significant extension of the life of the property.

#### **Capitalisation Of Development Overheads**

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

#### **Property Development Cost**

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

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

#### **Housing Property Managed By Agents**

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

#### **VAT**

The Association is Value Added Tax (VAT) registered but the substantial proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT. The Association is part of VAT group and as a result no VAT is charged on intra-group transactions.

#### **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 2021  
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 2021 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.

#### 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 an 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 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

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

		2021			2020		
	Notes	Turnover	Operating costs	Operating surplus / (deficit)	Turnover	Operating costs	Operating surplus / (deficit)
		£	£	£	£	£	£
Affordable letting activities	3	8,411,993	6,220,761	2,191,232	8,327,976	6,244,534	2,083,442
Other Activities	4	143,402	203,594	(60,192)	156,653	234,063	(77,410)
<b>Total</b>		<b>8,555,395</b>	<b>6,424,355</b>	<b>2,131,040</b>	<b>8,484,629</b>	<b>6,478,597</b>	<b>2,006,032</b>

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

	General Needs Housing	Supported Housing	Shared Ownership	2021 Total	2020 Total
	£	£	£	£	£
<b>Revenue from Lettings</b>					
Rent receivable net of service charges	6,374,610	322,798	44,478	6,741,886	6,539,662
Service charges receivable	67,344	135,824	-	203,168	189,818
<b>Gross income from rent and service charges</b>	<b>6,441,954</b>	<b>458,622</b>	<b>44,478</b>	<b>6,945,054</b>	<b>6,729,480</b>
Less: Rent losses from voids	151,157	-	-	151,157	45,777
<b>Income from rents and service charges</b>	<b>6,290,797</b>	<b>458,622</b>	<b>44,478</b>	<b>6,793,897</b>	<b>6,683,703</b>
Grants released from deferred income	1,485,986	51,686	13,665	1,551,337	1,564,557
Revenue grants from Scottish Ministers	43,057	-	-	43,057	79,716
Other revenue grants	23,702	-	-	23,702	-
<b>Total turnover from affordable letting activities</b>	<b>7,843,542</b>	<b>510,308</b>	<b>58,143</b>	<b>8,411,993</b>	<b>8,327,976</b>
<b>Expenditure on affordable letting activities</b>					
Management and maintenance administration costs	1,698,705	98,122	13,520	1,810,347	1,790,291
Service costs	59,936	106,746	-	166,682	173,980
Planned and cyclical maintenance, including major repairs	728,535	32,671	-	761,206	830,566
Reactive maintenance costs	889,346	42,095	-	931,441	907,987
Bad Debts - rents and service charges	33,561	-	-	33,561	64,874
Depreciation of affordable let properties	2,416,449	81,951	19,124	2,517,524	2,476,836
<b>Operating costs of affordable letting activities</b>	<b>5,826,532</b>	<b>361,585</b>	<b>32,644</b>	<b>6,220,761</b>	<b>6,244,534</b>
<b>Operating surplus on affordable letting activities</b>	<b>2,017,010</b>	<b>148,723</b>	<b>25,499</b>	<b>2,191,232</b>	<b>2,083,442</b>
<b>2020</b>	<b>1,940,719</b>	<b>113,144</b>	<b>29,579</b>		

# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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) 2021	Operating surplus / (deficit) 2020
	£	£	£	£	£	£	£	£
Wider role activities	93,619	15,585	11,450	120,654	-	156,045	(35,391)	(44,844)
Factoring	-	-	22,748	22,748	1,121	22,456	(829)	14,152
Common Housing Register	-	-	-	-	-	23,972	(23,972)	(46,718)
<b>Total From Other Activities</b>	<b>93,619</b>	<b>15,585</b>	<b>34,198</b>	<b>143,402</b>	<b>1,121</b>	<b>202,473</b>	<b>(60,192)</b>	<b>(77,410)</b>
<b>2020</b>	<b>113,882</b>	<b>2,125</b>	<b>40,646</b>	<b>156,653</b>	<b>(13,653)</b>	<b>247,716</b>	<b>(77,410)</b>	

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5. OFFICERS' EMOLUMENTS

	2021	2020
	£	£
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board, managers and employees of the Association.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	<u>200,376</u>	<u>197,445</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>34,197</u>	<u>24,801</u>
Emoluments payable to Director (excluding pension contributions)	76,881	75,780
Pension contributions paid on behalf of the Director	<u>13,124</u>	<u>9,818</u>
Total emoluments payable to the Director	<u>90,005</u>	<u>85,598</u>
Total emoluments paid to key management personnel	<u>342,336</u>	<u>319,012</u>

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

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

### 6. EMPLOYEE INFORMATION

	2021	2020
	No.	No.
Average monthly number of full time equivalent persons employed during the year	<u>29</u>	<u>33</u>
Average total number of employees employed during the year	<u>38</u>	<u>41</u>
Staff costs were:	£	£
Wages and salaries	1,044,739	1,053,153
National insurance costs	102,013	99,501
Pension costs	164,778	170,243
Temporary, agency and seconded staff	<u>14,387</u>	<u>26,351</u>
	<u>1,325,917</u>	<u>1,349,248</u>

Included within Pension Costs above, is an amount of £222,299 (2020- £203,166) paid towards the past service deficit within the year, £181,479 (2020- £140,698) for annual pension contributions and (£239,000) (2020- (£173,000)), 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 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7. GAIN ON SALE OF HOUSING STOCK

	2021	2020
	£	£
Sales proceeds	60,000	135,500
Cost of sales	42,729	111,148
Gain on sale of housing stock	<u>17,271</u>	<u>24,352</u>

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£	£
On bank loans and overdrafts	<u>438,728</u>	<u>471,181</u>

### 9. SURPLUS FOR THE YEAR

	2021	2020
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	2,503,983	2,507,919
Auditors' remuneration - audit services	8,960	8,170
Auditors' remuneration - other services	495	-
Operating lease rentals - other	<u>3,062</u>	<u>4,840</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)

	2021	2020
	£	£
Non Utilisation and Loan Set-Up Fees	(24,891)	(34,406)
Net interest on pension obligations	5,000	(32,000)
	<u>(19,891)</u>	<u>(66,406)</u>

# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
<b>COST</b>				
At 1 April 2020	106,569,442	2,563,968	902,326	110,035,736
Additions	746,320	5,824,515	-	6,570,835
Disposals	(266,529)	-	(48,976)	(315,505)
Transfers	-	-	-	-
At 31 March 2021	<u>107,049,233</u>	<u>8,388,483</u>	<u>853,350</u>	<u>116,291,066</u>
<b>DEPRECIATION</b>				
At 1 April 2020	38,204,377	-	379,438	38,583,815
Charge for Year	2,440,661	-	19,124	2,459,785
Transfers	-	-	-	-
Disposals	(208,788)	-	(16,983)	(225,771)
At 31 March 2021	<u>40,436,250</u>	<u>-</u>	<u>381,579</u>	<u>40,817,829</u>
<b>NET BOOK VALUE</b>				
At 31 March 2021	<u>66,612,983</u>	<u>8,388,483</u>	<u>471,771</u>	<u>75,473,237</u>
At 31 March 2020	<u>68,365,065</u>	<u>2,563,968</u>	<u>522,888</u>	<u>71,451,921</u>

Expenditure on Existing Properties	2021		2020	
	<i>Component replacement</i> £	<i>Improvement / Repairs</i> £	<i>Component replacement</i> £	<i>Improvement / Repairs</i> £
Amounts capitalised	574,171	-	521,502	-
Amounts charged to the statement of comprehensive income	-	1,692,646	-	1,738,553
	<u>574,171</u>	<u>1,692,646</u>	<u>521,502</u>	<u>1,738,553</u>

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carrying value of £51,652,542 (2020 - £53,287,336).

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 2021  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 12. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Sheltered Housing F&F £	Computer Equipment £	Total £
<b>COST</b>					
At 1 April 2020	1,192,123	60,862	18,374	142,596	1,413,955
Additions	-	-	-	8,099	8,099
Eliminated on disposals	-	-	-	-	-
	<u>1,192,123</u>	<u>60,862</u>	<u>18,374</u>	<u>150,695</u>	<u>1,422,054</u>
At 31 March 2021	1,192,123	60,862	18,374	150,695	1,422,054
<b>DEPRECIATION</b>					
At 1 April 2020	697,003	52,461	15,879	125,748	891,091
Charge for year	23,847	3,620	2,495	14,236	44,198
Eliminated on disposals	-	-	-	-	-
	<u>720,850</u>	<u>56,081</u>	<u>18,374</u>	<u>139,984</u>	<u>935,289</u>
At 31 March 2021	720,850	56,081	18,374	139,984	935,289
<b>NET BOOK VALUE</b>					
At 31 March 2021	<u>471,273</u>	<u>4,781</u>	<u>-</u>	<u>10,711</u>	<u>486,765</u>
At 31 March 2020	<u>495,120</u>	<u>8,401</u>	<u>2,495</u>	<u>16,848</u>	<u>522,864</u>

## 13. FIXED ASSET INVESTMENTS

	2021 £	2020 £
Subsidiary undertakings	-	2

### Subsidiary Undertakings

Cloch Housing Association Limited has the following wholly owned subsidiary undertaking. The registered office of the subsidiary is 19 Bogle Street, Greenock, PA15 1ER.

	2021		2020	
	Reserves £	Profit / (Loss) £	Reserves £	Profit / (Loss) £
Cloch Property Services Limited	<u>nil</u>	<u>nil</u>	<u>2</u>	<u>nil</u>

Cloch Property Services Limited was dissolved on 22 September 2020.

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 14. RECEIVABLES

	2021	2020
	£	£
Gross arrears of rent and service charges	155,258	168,127
<b>Less:</b> Provision for doubtful debts	(103,881)	(107,027)
Net arrears of rent and service charges	51,377	61,100
Social housing grant receivable	18,200	57,820
Other receivables	187,653	276,721
Amounts due from group undertakings	35,712	21,535
	<u>292,942</u>	<u>417,176</u>

### 15. CURRENT ASSET INVESTMENTS

	2021	2020
	£	£
Short term deposits	408,082	4,623,035

### 16. CASH AND CASH EQUIVALENTS

	2021	2020
	£	£
Cash at bank and in hand	4,688,157	1,365,112

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	2021	2020
	£	£
Bank loans	1,212,400	1,190,000
Trade payables	169,357	134,841
Rent received in advance	427,273	350,221
Social housing grant in advance	7,016	437,016
Other taxation and social security	22,257	22,882
Amounts due to group undertakings	3,594	4,368
Other payables	670,394	433,192
Accruals and deferred income	833,896	443,792
	<u>3,346,187</u>	<u>3,016,312</u>

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

	2021	2020
	£	£
Bank loans	14,182,136	13,446,288
	<u>14,182,136</u>	<u>13,446,288</u>

### 19. DEBT ANALYSIS - BORROWINGS

	2021	2020
	£	£
<b>Bank Loans</b>		
Amounts due within one year	1,212,400	1,190,000
Amounts due in one year or more but less than two years	1,315,000	1,204,700
Amounts due in two years or more but less than five years	3,560,600	3,540,600
Amounts due in more than five years	9,306,536	8,700,988
	<u>15,394,536</u>	<u>14,636,288</u>

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

<b>Lender</b>	<b>Number of Properties Secured</b>	<b>Effective Interest Rate</b>	<b>Maturity (Year)</b>	<b>Variable or Fixed</b>
Bank of Scotland	172	4.3%	2027	Fixed
Bank of Scotland	59	4.8%	2027	Fixed
Bank of Scotland	124	2.7%	2028	Fixed
Nationwide	118	0.8%	2027	Fixed
Nationwide	13	0.8%	2023	Fixed
Nationwide	142	0.8%	2025	Fixed
Nationwide	32	0.6%	2028	Variable
Nationwide	-	0.6%	2030	Variable
Nationwide	46	1.0%	2025	Variable
Royal Bank of Scotland	80	3.8%	2027	Fixed
Royal Bank of Scotland	58	1.5%	2028	Variable
Oak Tree Housing Association	23	2.4%	2027	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 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20. RETIREMENT BENEFIT OBLIGATIONS

#### Scottish Housing Association Pension Scheme

Cloch Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pensions schemes in the UK.

The last valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). A recovery plan is in place to eliminate the past service deficit which runs to 28 February 2022.

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

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

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

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

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

	2021 £	2020 £
Defined benefit obligation at the start of period	7,257,000	7,786,000
Current service cost	118,000	159,000
Expenses	7,000	7,000
Interest expense	171,000	184,000
Contributions by plan participants	58,000	44,000
Actuarial losses (gains) due to scheme experience	41,000	239,000
Actuarial losses (gains) due to changes in demographic assumptions	-	(45,000)
Actuarial losses (gains) due to changes in financial assumptions	1,771,000	(937,000)
Benefits paid and expenses	(118,000)	(180,000)
Defined benefit obligation at the end of period	<u>9,305,000</u>	<u>7,257,000</u>

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

	2021 £	2020 £
Fair value of plan assets at start of period	7,358,000	6,334,000
Interest income	176,000	152,000
Experience on plan assets (excluding amounts included in interest income) gain (loss)	668,000	669,000
Contributions by the employer	364,000	339,000
Contributions by plan participants	58,000	44,000
Benefits paid and expenses	(118,000)	(180,000)
Fair value of plan assets at the end of period	<u>8,506,000</u>	<u>7,358,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £844,000.

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

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

	2021	2020
	£	£
Current service cost	118,000	159,000
Expenses	7,000	7,000
Net interest expense	-	32,000
	<u>          </u>	<u>          </u>
Defined benefit costs recognised in statement of comprehensive income	125,000	198,000
	<u>          </u>	<u>          </u>

#### income

	2021	2020
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	668,000	669,000
Experience gains and losses arising on plan liabilities - gain /(loss)	(41,000)	(239,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	-	45,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	(1,771,000)	937,000
	<u>          </u>	<u>          </u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	(1,144,000)	1,412,000
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	106,000	(101,000)
	<u>          </u>	<u>          </u>
Total amount recognised in other comprehensive income - gain (loss)	(1,038,000)	1,311,000
	<u>          </u>	<u>          </u>

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

##### Assets

	2021	2020	2019
	£	£	£
Absolute Return	419,000	452,000	536,000
Alternative Risk Premia	341,000	590,000	354,000
Corporate Bond Fund	642,000	538,000	444,000
Credit Relative Value	245,000	177,000	110,000
Distressed Opportunities	291,000	134,000	108,000
Emerging Markets Debt	343,000	262,000	203,000
Fund of Hedge Funds	-	-	18,000
Global Equity	1,316,000	1,012,000	1,019,000
Infrastructure	475,000	434,000	265,000
Insurance-Linked Securities	178,000	197,000	164,000
Liability Driven Investment	2,045,000	1,937,000	2,253,000
Long Lease Property	197,000	180,000	77,000
Net Current Assets	63,000	56,000	7,000
Over 15 Year Gilts	4,000	93,000	163,000
Private Debt	200,000	146,000	82,000
Property	153,000	137,000	126,000
Risk Sharing	304,000	233,000	184,000
Secured Income	467,000	408,000	221,000
Opportunistic Liquid Credit	218,000	179,000	-
Liquid Credit	147,000	193,000	-
High Yield	223,000	-	-
Opportunistic Credit	232,000	-	-
Cash	3,000	-	-
Total assets	<u>8,506,000</u>	<u>7,358,000</u>	<u>6,334,000</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

	2021	2020	2019
Discount Rate	2.2%	2.4%	2.4%
Inflation (RPI)	3.2%	2.6%	3.3%
Inflation (CPI)	2.9%	1.6%	2.3%
Salary Growth	3.9%	2.6%	3.3%
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 2021 imply the following life expectancies:

	Life expectancy at age 65 years (years)
Male retiring in 2021	21.5
Female retiring in 2021	23.4
Male retiring in 2041	22.8
Female retiring in 2041	<u>25.0</u>

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 21. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Total £
<b>Capital grants received</b>			
At 1 April 2020	76,015,397	977,179	76,992,576
Additions in the year	2,008,633	-	2,008,633
Eliminated on disposal	(206,171)	(5,362)	(211,533)
At 31 March 2021	<u>77,817,859</u>	<u>971,817</u>	<u>78,789,676</u>
<b>Amortisation</b>			
At 1 April 2020	30,010,359	439,656	30,450,015
Amortisation in year	1,523,285	19,613	1,542,898
Eliminated on disposal	(172,963)	(5,243)	(178,206)
At 31 March 2021	<u>31,360,681</u>	<u>454,026</u>	<u>31,814,707</u>
<b>Net book value</b>			
At 31 March 2021	<u>46,457,178</u>	<u>517,791</u>	<u>46,974,969</u>
At 31 March 2020	<u>46,005,038</u>	<u>537,523</u>	<u>46,542,561</u>

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

	2021 £	2020 £
Amounts due within one year	1,542,899	1,556,991
Amounts due in more than one year	45,432,070	44,985,570
	<u>46,974,969</u>	<u>46,542,561</u>

### 22. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2021 £	2020 £
At 1 April	56	53
Issued in year	7	7
Cancelled in year	(7)	(4)
At 31 March	<u>56</u>	<u>56</u>

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

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 23. STATEMENT OF CASH FLOWS

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

	£	2021 £	£	2020 £
Increase in cash	3,323,045		7,699	
Change in liquid resources	(4,214,953)		1,834,460	
Cashflow from change in net debt	<u>(758,248)</u>		<u>336,830</u>	
Movement in net debt during the year		(1,650,156)		2,178,989
Net debt at 1st April 2020		<u>(8,648,141)</u>		<u>(10,827,130)</u>
Net debt at 31 March 2021		<u>(10,298,297)</u>		<u>(8,648,141)</u>

	At 01 April 2020	Cashflows	Other Changes	At 31 March 2021
	£	£	£	£
Cash at bank and in hand	<u>1,365,112</u>	<u>3,323,045</u>	<u>-</u>	<u>4,688,157</u>
	1,365,112	3,323,045	-	4,688,157
Liquid resources	4,623,035	(4,214,953)	-	408,082
Debt: Due within one year	(1,190,000)	(758,248)	735,848	(1,212,400)
Due after more than one year	<u>(13,446,288)</u>	<u>-</u>	<u>(735,848)</u>	<u>(14,182,136)</u>
Net Debt	<u>(8,648,141)</u>	<u>(1,650,156)</u>	<u>-</u>	<u>(10,298,297)</u>

### 24. CAPITAL COMMITMENTS

	2021 £	2020 £
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	<u>1,153,339</u>	<u>5,944,690</u>

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

### 25. COMMITMENTS UNDER OPERATING LEASES

	2021 £	2020 £
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
<b>Other</b>		
Expiring in the next year	3,062	3,062
Expiring later than one year and not later than five years	1,276	4,338
Expiring later than five years	<u>-</u>	<u>-</u>

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 26. 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.

### 27. BOARD MEMBER EMOLUMENTS

Board members received £0 (2020 - £113) in the year by way of reimbursement of expenses. No remuneration is paid to Board members in respect of their duties to the Association.

### 29. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2021 No.	2020 No.
General needs	1,331	1,326
Supported housing	63	64
Shared ownership	16	17
	<u>1,410</u>	<u>1,407</u>

### 30. 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:

	2021 £	2020 £
Rent received from tenants on the Board and their close family members	<u>3,773</u>	<u>9,292</u>
Factoring charges received from factored owners on the Board and their close family members	<u>-</u>	<u>42</u>

At the year end total rent arrears owed by the tenant members on the Board (and their close family) were £331 (2020 - £0).

Members of the Board who are tenants	-	2
Members of the Board who are owner occupiers	-	1

# CLOCH HOUSING ASSOCIATION LIMITED

---

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 32. CONTROLLING ENTITY

At the time of approving the financial statements, the United Kingdom was impacted by the Coronavirus pandemic. The pandemic will impact on the Association's activities and it is monitoring the position and updating its plans accordingly. No adjustment has been made to the financial statements as a result of this post balance sheet event.

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.

### 33. EVENTS AFTER THE BALANCE SHEET DATE

Until 1 April 2021 Cloch Housing Association was a subsidiary of Oak Tree Housing Association and following engagement with its tenants the Association has decided to become an independent organisation.