

SIGNED



CAIRN HOUSING ASSOCIATION LIMITED
GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

The Scottish Housing Regulator: HEP218
Scottish Charity Number: SC016647

CAIRN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

Board of Management	A Lamont, Chairperson L Crawford, Vice-Chairperson D Jamieson H Barton N Wood L Casserly N Chapman D Reid D Paton (appointed 28 March 2024) A Clark (appointed 28 March 2024) S Travers (co-optee) S E G Guest (resigned 19 May 2023)
Executive Officers	A Simpson, Chief Executive and Secretary (appointed 8 April 2024) J MacGilp, Chief Executive and Secretary (resigned 31 December 2023) K Tudhope, Director of Finance and People Services (appointed 30 August 2023) D Adam, Director of Finance and People Services (resigned 30 June 2023) M Boyter, Director of Business Services MC Deasley, Director of Property Services C Milburn, Director of Customer Services (appointed 10 June 2024) S Connor, Director of Customer Services (resigned 7 December 2023)
Secretary	A Simpson
Head Office	Bellevue House 22 Hopetoun Street Edinburgh EH7 4GH
Auditor	Azets Audit Services Chartered Accountants Titanium 1 King's Inch Place Renfrew PA4 8WF
Bankers	The Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB
Other Lenders	Metlife Investment Management Ltd 34 th Floor One Canada Square London E14 5AA
Registration numbers	
Financial Conduct Authority	2335R(S) HEP218
The Scottish Housing Regulator	SC016647
Registered Scottish Charity	

CAIRN HOUSING ASSOCIATION LIMITED
GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

Contents	Page
Report of the Board of Management (incorporating the Strategic Report)	1-7
Independent Auditor's Report to the members of Cairn Housing Association Limited on the financial statements	8-11
Report of the Auditor to the members of Cairn Housing Association Limited on Internal Financial Control	12
Group Statement of Comprehensive Income	13
Association Statement of Comprehensive Income	14
Group Statement of Changes in Capital and Reserves	15
Association Statement of Changes in Capital and Reserves	16
Group Statement of Financial Position	17
Association Statement of Financial Position	18
Group Statement of Cash Flows	19-20
Association Statement of Cash Flows	21-22
Notes to the Financial Statements	23-61

CAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

The Board of Management present their Report and the audited financial statements for the year ended 31 March 2024.

Principal activities

The principal activity of the Group is the provision of affordable housing for rent and related services for tenants and other parties.

Objectives and Strategy

Our key strategic objectives are informed by our Vision which is shared with all parts of Cairn Housing Group:

Vision, Values & Mission

Our vision is Great Homes, Great Services, Great People.

Our Values are Customers First, Accountability, Excellence, Respect, One Team.

Our mission is to provide quality, safe, affordable homes, and services, with partners in our local communities.

Our objectives are:

- High quality affordable homes and thriving neighbourhoods;
- Customer focussed services, delivered with efficiency and to achieve value for money; and
- Skilled and engaged staff and sound governance.

Cairn Housing Group consists of:-

- Cairn Housing Association Limited (as Group Parent), a registered social landlord incorporated in Scotland;
- ANCHO Limited, which is a subsidiary of Cairn Housing Association Limited, and a registered social landlord incorporated in Scotland and based in North Ayrshire. Its principal activity is the provision of affordable housing for rent and related services for tenants and other parties;
- Pentland Community Services Ltd (PCE) which is the operating commercial subsidiary of the Group. PCE undertakes a range of commercial activities and any non-charitable activities, including management of homes at mid-market rent, full-market rent and garage management services, with future plans for factoring and other commercial projects to benefit the Group; and
- Cairn Homes and Services Limited (Cairn Living), is a registered company but not currently trading. The Board have made the decision to wind up and strike this company off.

Review of the Group's business

Highlights during the year included:

- The completion of 27 brand new homes for social rent in Blackridge featuring one and two-bedroom level-access bungalows for over 55s to provide a safe and spacious environment for those in need of local housing;
- A new housing development in Rosemarkie comprising 9 high-quality homes featuring three-bedroom houses and two-bedroom cottage flats designed to cater to the diverse housing needs of the local community. They were constructed to the innovative 'Firm Foundations' design to meet rigorous standards for quality and sustainability. Each home is highly insulated and heated using efficient air source pumps, resulting in lower energy costs for residents and a reduced environmental footprint;

CAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2024

Review of the Group's business (continued)

- A new housing development in Forres comprising 28 high-quality homes, including a mix of two, three, and four-bedroom semi-detached houses and bungalows, as well as one-bedroom cottage flats, all designed to meet the diverse needs of the local community. These new homes feature state-of-the-art air source heat pumps, ensuring energy efficiency and sustainability for the residents;
- We successfully retrofitted two properties in Wick to EnerPHit standard, a rigorous standard which focuses on retrofitting existing buildings to the high-performance standards expected of Passivhaus. The two retrofitted properties boast the highest levels of insulation, rendering traditional central heating unnecessary. This transformative retrofitting elevated their Energy Performance Certificate ratings from F to A;
- Cairn Housing Group was formally accredited as a Living Wage employer.
- A successful partnership was implemented with Changeworks to give our customers access to energy information, advice, support and advocacy;
- The Group submitted its fourth Annual Assurance Statement to the Scottish Housing Regulator (SHR) in October 2023 setting out confirmation that Cairn Housing Association Limited and ANCHO Limited both comply with all required statutory and regulatory requirements;
- The Group continued to deliver a number of successful Community Development projects in communities across Scotland through the Cairn Community Fund, largely focussed on support for vulnerable customers and communities including support to local foodbanks
- Our welfare benefits advice service continued to provide a range of welfare support to help many of our tenants access additional financial assistance and benefit entitlements;
- Cairn's long-serving Chief Executive, Jason MacGilp, retired at the end of December and following a rigorous recruitment process Audrey Simpson was appointed as the Group's new Chief Executive.

Financial performance

The Association's operating surplus decreased from £3,289,411 in 2022/23 to £3,017,020 in 2023/24. The Association's overall surplus for the year of £441,590 (2023: £13,729,094 following a one-off accounting gain on the acquisition of Pentland Housing Association Limited of £12,377,147).

The Group generated a deficit after taxation of £636,692 (2023: surplus of £14,281,251) which included the significant items noted above. ANCHO returned an overall deficit of £870,044 (2023: surplus of £630,936) for the full year ended 31 March 2024 after recognising a further £1m in respect of the Riverside provision – see note 25. Pentland Community Enterprises Limited generated a loss after tax of £208,228 (2023: £53,312). Cairn Homes and Services Limited was dormant. The Group surplus for the year has been taken to the Revenue Reserve.

During the year the Group invested over £4.5m in replacement of components in our homes along with £14.7m in developing new homes.

The Group acknowledges that effective treasury management supports the achievement of its business and service objectives. The Group maintains an adequate loan portfolio to support its business activities.

CAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2024

Future Developments

The Board and the management team of Cairn Housing Association Limited, in their role as Group parent, actively monitor risks and remain confident about business resilience and the future of the Group as a whole and are focused on delivering our vision of Great Homes, Great Services, and Great People. We will continue our commitment to continue to modernise and change where required - including further delivery of our Digital Strategy and to operate the business in the long-term interests of current and future customers in communities throughout Scotland.

The Group's commercial subsidiary, Pentland Community Enterprises Limited (PCE), will continue to develop and seek out new commercial opportunities to provide new services and generate income for the Group.

As part of our business and financial planning we have the financial capacity to sustain our new build development activity in the coming years. We intend to continue with a new build development programme based on strict financial and strategic criteria which will determine the size and balance of the programme. We will continue to invest in a retrofit programme of existing stock to improve energy efficiency.

Growth & Partnerships

Proposals for the full merger of Cairn Housing Association and ANCHO via a Transfer of Engagements were approved by the respective Boards and will be subject to a tenant vote. If successful the transfer will be effective from 1 April 2025.

We will also continue to explore collaboration and potential organisational and service partnerships with other housing associations, as we look to strengthen business resilience and capacity to have a greater impact on the quality of lives of our customers and communities throughout Scotland.

Risks and Uncertainties

Risks are managed through the Group Risk Register which documents associated controls in place. These are reviewed frequently by management and the Board, and include:

- Impact of labour and materials supply on maintenance service;
- Current and forecast inflation and interest rates;
- Political changes including welfare reform, health & safety legislation, zero carbon targets and funding pressures; and
- Management of cash flows to meet the delivery of the investment programme whilst preserving lender loan covenants.

The Board has a formal risk management process to assess, monitor and manage business risks. This involves identifying the types of risks that the Group faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying controls in place to mitigate these risks. The Board reviews the adequacy of the Group's current internal controls through Risk Register reviews, KPI reporting and a programme of Internal Audit.

CAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2024

Key performance indicators

The Group continues to closely monitor key performance indicators, including those required under the Annual report on The Scottish Social Housing Charter. We also pay particular attention to key financial indicators on gearing and interest cover to ensure ongoing financial stability and to meet our lending covenants.

Governance

Cairn Housing Association Limited has a Board of Management elected by the shareholding members of the Association at each Annual General Meeting. The Board directs the strategy, sets policies, oversees the overall direction, and monitors the business plan of the Association and its subsidiaries.

The Board also ensures appropriate levels of assurance and strategic risk management, including external advice where appropriate, and compliance with regulatory standards. The Chair and Vice-Chair are remunerated whilst the other members of the Board of Management are currently unpaid, other than expenses.

We review the Board Succession & Development Plan each year, following annual personal development meetings, to ensure the appropriate level and mix of skills and experience and keeping up to date with regulatory requirements and best practice standards.

Cairn Housing Association Limited and ANCHO Limited are members of the Scottish Federation of Housing Associations and we continue positive working relationships with our Regulators, (SHR and OSCR), local authorities and other partners. We are also members of Scotland's Housing Network for benchmarking and improvement good practice.

The Group is committed to continuous improvement and the Board sets challenging business targets, which are regularly monitored and reviewed by the Board and Executive Team.

Group governance arrangements include an Audit & Performance Committee, a Remuneration Committee and we also plan to work with new regional tenants' panels to provide an additional level of scrutiny and to support improvement activities. The boards of ANCHO and Cairn Housing Association continue to meet in joint governing bodies meetings to consider Group issues, whilst still maintaining the distinct governance administration and minutes of decisions as required in the regulatory standards.

CAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2024

The Board of Management and Executive Officers

The Board of Management and executive officers of the Association are listed on the first page of the financial statements. Each member of the Board of Management holds one fully paid share of £1 in Cairn Housing Association. The executive officers of the Association 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 Schedule of Delegated Authorities ensures the appropriate balance of enabling operational effectiveness with proper board oversight and decisions making where required.

Statement of the Board of Management's Responsibilities

The Board of Management is responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and the Group and of the income and expenditure of the Association and the Group for that period. In preparing these 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group or Association will continue in business.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements as issued by the Scottish Housing Regulator. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board of Management is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in another jurisdiction.

CAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2024

Statement on internal financial control

The Board of Management is responsible for the Group's and the Association's system of internal financial control.

Internal financial controls are those procedures established by the senior management team, and reviewed by the Group Audit & Performance Committee, in order to provide reasonable assurance on the safeguarding of assets and the maintenance of proper accounting records and the reliability of financial information used within the Group and the Association or for publication. Such a system of controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The approach adopted by the Board of Management to provide effective financial control can be summarised as follows:

- (a) An appropriate control environment has been created by careful recruitment and training of staff and provision of comprehensive guidance on the standards and controls to be applied throughout the Group. A comprehensive programme of internal audit covering over time all the Group's main activities is on-going. Reports are made to the Group Audit & Performance Committee with appropriate action taken where necessary.
- (b) Management information systems have been developed to provide accurate and timeous data on all aspects of the business. Management accounts comparing actual results against budget are presented to the Board of Management quarterly.
- (c) Major business risks and their financial implications are assessed by reference to established criteria.
- (d) The financial implications of major business risks are controlled by means of delegated authorities, which reserve significant matters to the Board of Management for decision, segregation of duties in appropriate areas and physical controls over assets and access to records as detailed in the Financial Regulations.
- (e) The Board of Management monitors the operation of the internal financial control system by considering regular reports from management and the external and internal auditors and ensures appropriate corrective action is taken to address any reported weaknesses.

While retaining overall responsibility for internal financial control, the Board of Management has delegated the day-to-day administration of the Group and the Association to the executive officers.

The Board of Management has reviewed the system of internal financial control in the Group and the Association during the year ended 31 March 2024. No weaknesses were found in internal financial control which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

CAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2024

Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are members of the Board of Management at the time the report is approved:

- So far as the Board members are aware, there is no relevant information of which the Group's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Board member in order to make himself/herself aware of any relevant information, and to establish that the Group's auditor is aware of the information.

Auditor

The auditor, Azets Audit Services, have expressed their willingness to continue in office as auditor and will be proposed for reappointment at the Annual General Meeting.

The Report of the Board of Management (incorporating the Strategic Report) has been approved by the Board of Management:

By order of the Board



Audrey Simpson
Group Chief Executive & Secretary

Date: 22 August 2024



Angus Lamont
Chairperson, CHA Board of Management

Date: 22 August 2024

CAIRN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAIRN HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

Opinion

We have audited the financial statements of Cairn Housing Association Limited (the "Association") and its subsidiaries (the "Group") for the year ended 31 March 2024 which comprise the Group and Association Statements of Comprehensive Income, the Group and Association Statements of Changes in Capital and Reserves, the Group and Association Statements of Financial Position, the Group and Association Statements of Cash Flows and the notes to the financial statements, including 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 Group's and the Association's affairs as at 31 March 2024 and of the Group's and the Association's income and expenditure 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 Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements issued by the Scottish Housing Regulator.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of Management'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 Group's or 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 of Management with respect to going concern are described in the relevant sections of this report.

Other information

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

CAIRN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAIRN HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

Other information (continued)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained by the Association; or
- the Association has not kept proper accounting records; or
- the Association's financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Board of Management

As explained more fully in the Statement of the Board of Management 's Responsibilities set out on page 5, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the Group's and 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 of Management either intend to liquidate the Group or 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 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.

A further description of our responsibilities is available on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

CAIRN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAIRN HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

Auditor's responsibilities for the audit of the financial statements (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the Group and the Association, their activities, their control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the Group and the Association are complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the Group and the Association that were contrary to applicable laws and regulations, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including 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 identified the laws and regulations applicable to the Group and the Association through discussions with the Board members and the senior management team, and from our 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 Group and the Association, including the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements issued by the Scottish Housing Regulator and taxation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Board of Management and inspecting legal correspondence; 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.

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;
- reading the minutes of meetings of the Board of Management and relevant sub-committees;
- enquiring of the senior management team and the Board of Management as to actual and potential litigation and claims;
- reviewing legal and professional fees paid in the year for indication of any actual and potential litigation and claims; and
- reviewing any correspondence with HMRC, the Scottish Housing Regulator, OSCR and the Group's and Association's legal advisors.

CAIRN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAIRN HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

Auditor's responsibilities for the audit of the financial statements (continued)

We assessed the susceptibility of the Group's and the Association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of the senior management team and the Board 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 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members, as a body, 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.

Azets Audit Services

Azets Audit Services
Statutory Auditor
Chartered Accountants
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 11/9/24

Azets Audit Services is eligible for appointment as auditor of the Group and Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

CAIRN HOUSING ASSOCIATION LIMITED

**REPORT OF THE AUDITOR TO THE MEMBERS OF CAIRN HOUSING ASSOCIATION LIMITED
ON INTERNAL FINANCIAL CONTROL**

FOR THE YEAR ENDED 31 MARCH 2024

In addition to our audit of the Financial Statements, we have reviewed your statement on page 6 concerning the Group's and the Association's compliance with the information required by the Regulatory Standards in respect of internal financial control contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Group's and 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 on Internal Financial Control on page 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial control and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through our enquiry of certain members of the Board of Management and Officers of the Group and the Association and examination of relevant documents, we have satisfied ourselves that the Board of Management's Statement on Internal Financial Control appropriately reflects the Group's and the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial control contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial control.

Azets Audit Services

Azets Audit Services
Statutory Auditor
Chartered Accountants
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 11/9/24

Azets Audit Services is eligible for appointment as auditor of the Group and Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

CAIRN HOUSING ASSOCIATION LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	2023 £
Turnover	4	27,660,783	25,472,085
Operating expenditure	4	(24,360,108)	(21,601,056)
Operating expenditure - exceptional	4,25	(1,000,000)	(900,000)
Operating surplus	4	2,300,675	2,971,029
Gain on acquisition of Pentland HA	31	-	12,377,147
Gain/(loss) on sale of property, plant, and equipment	10	-	670,097
Interest receivable	11	352,221	302,306
Interest payable and similar charges	12	(3,289,588)	(3,178,122)
Surplus on exit from DB Pension Scheme	23	-	1,138,794
(Deficit) / surplus for the year before taxation		(636,692)	14,281,251
Taxation	13	-	-
(Deficit) / surplus after taxation		(636,692)	14,281,251
Other comprehensive income			
Actuarial (loss)/gain in respect of the SHAPS defined benefit pension scheme	23	(1,169,000)	(1,274,000)
Total comprehensive income for the year		(1,805,692)	13,007,251

The results for the year relate wholly to continuing activities.

Approved and authorised for issue by the Board of Management on 22 August 2024 and signed on its behalf by:



Mr A Lamont

Chairperson



Ms L Crawford

Vice Chairperson



Ms A Simpson

Secretary

The notes form part of these financial statements.

CAIRN HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	2023 £
Turnover	4	25,016,240	22,741,456
Operating expenditure	4	(21,999,220)	(19,452,045)
Operating surplus	4	3,017,020	3,289,411
Gain on acquisition of Pentland HA	31	-	12,377,147
Gain/(loss) on sale of property, plant and equipment	10	-	670,097
Interest receivable	11	411,998	367,940
Interest payable and similar charges	12	(2,987,428)	(2,975,501)
Surplus/(deficit) for the year before taxation		441,590	13,729,094
Taxation	13	-	-
Surplus/(deficit) after taxation		441,590	13,729,094
Other comprehensive income			
Actuarial (loss)/gain in respect of the SHAPS defined benefit pension scheme	23	(1,169,000)	(1,274,000)
Total comprehensive income for the year		(727,410)	12,455,094

The results for the year relate wholly to continuing activities.

Approved and authorised for issue by the Board of Management on 22 August 2024 and signed on its behalf by:



Mr A Lamont

Chairperson



Ms L Crawford

Vice Chairperson



Ms A Simpson

Secretary

The notes form part of these financial statements.

CAIRN HOUSING ASSOCIATION LIMITED**GROUP STATEMENT OF CHANGES IN CAPITAL AND RESERVES****AS AT 31 MARCH 2024**

	Share capital	Revenue reserve	Total reserves
	£	£	£
Balance at 1 April 2023	155	79,105,628	79,105,783
Total comprehensive income for the year	-	(1,805,692)	(1,805,692)
Issue of shares during the year	3	-	3
Cancelled shares during the year	(20)	-	(20)
	<u>138</u>	<u>77,299,936</u>	<u>77,300,074</u>
Balance at 31 March 2024	<u>138</u>	<u>77,299,936</u>	<u>77,300,074</u>

AS AT 31 MARCH 2023

	<i>Share capital</i>	<i>Revenue reserve</i>	<i>Total reserves</i>
	£	£	£
Balance at 1 April 2022	85	66,098,377	66,098,462
Total comprehensive income for the year	-	13,007,251	13,007,251
Issue of shares during the year	102	-	102
Cancelled shares during the year	(32)	-	(32)
	<u>155</u>	<u>79,105,628</u>	<u>79,105,783</u>
Balance at 31 March 2023	<u>155</u>	<u>79,105,628</u>	<u>79,105,783</u>

The notes form part of these financial statements.

CAIRN HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES

AS AT 31 MARCH 2024

	Share capital £	Revenue reserve £	Total reserves £
Balance at 1 April 2023	155	62,688,473	62,688,628
Total comprehensive income for the year	-	(727,410)	(727,410)
Shares acquired in the year	3	-	3
Cancelled shares during the year	(20)	-	(20)
Balance at 31 March 2024	<u>138</u>	<u>61,961,063</u>	<u>61,961,201</u>

AS AT 31 MARCH 2023

	<i>Share capital £</i>	<i>Revenue reserve £</i>	<i>Total reserves £</i>
Balance at 1 April 2022	85	50,233,379	50,233,464
Total comprehensive income for the year	-	12,455,094	12,455,094
Issue of shares during the year	102	-	102
Cancelled shares during the year	(32)	-	(32)
Balance at 31 March 2023	<u>155</u>	<u>62,688,473</u>	<u>62,688,628</u>

The notes form part of these financial statements.

CAIRN HOUSING ASSOCIATION LIMITED
GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Notes	£	2024 £	£	2023 £
Tangible fixed assets and Investments					
Housing properties	14a		205,514,683		190,982,235
Investment properties	14c		9,857,682		9,794,337
Other fixed assets	14e		1,519,425		1,652,110
			<u>216,891,790</u>		<u>202,428,682</u>
Current assets					
Debtors	16	1,998,032		2,401,762	
Cash and cash equivalents	17a	3,405,542		6,025,440	
Investments	17b	3,000,000		16,112,641	
Stock		44,697		57,325	
		<u>8,448,271</u>		<u>24,597,168</u>	
Creditors: amounts falling due within one year	18	(6,354,438)		(9,335,340)	
Net current assets			<u>2,093,833</u>		<u>15,261,828</u>
Total assets less current liabilities			218,985,623		217,690,510
Creditors: amounts falling due after more than one year	19	(137,709,053)		(136,815,269)	
SHAPS defined benefit pension scheme	23		(2,076,496)		(865,496)
Deferred taxation	24		-		(3,962)
Provision for liability	25		(1,900,000)		(900,000)
Net assets			<u><u>77,300,074</u></u>		<u><u>79,105,783</u></u>
Capital and reserves					
Share capital	26a		138		155
Revenue reserves	26b		77,299,936		79,105,628
			<u><u>77,300,074</u></u>		<u><u>79,105,783</u></u>

Approved and authorised for issue by the Board of Management on 22 August 2024 and signed on its behalf by:


Mr A Lamont

Chairperson


Ms L Crawford

Vice Chairperson


Ms A Simpson

Secretary

The notes form part of these financial statements.

CAIRN HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Notes	£	2024 £	£	2023 £
Tangible fixed assets and investments					
Housing properties	14b		183,487,969		168,724,303
Investment properties	14d		9,152,682		9,089,337
Other fixed assets	14f		1,457,516		1,583,439
Investments	14g		100,002		100,002
			<u>194,198,169</u>		<u>179,497,081</u>
Current assets					
Debtors due after one year	15	1,830,000		1,830,000	
Debtors within one year	16	2,332,012		2,442,865	
Cash and cash equivalents	17a	1,910,533		4,528,980	
Investments	17b	3,000,000		16,112,641	
Stock		42,500		49,177	
		<u>9,115,045</u>		<u>24,963,663</u>	
Creditors: amounts falling due within one year	18	<u>(5,333,150)</u>		<u>(8,394,036)</u>	
Net current assets			<u>3,781,895</u>		<u>16,569,627</u>
Total assets less current liabilities			197,980,064		196,066,708
Creditors: amounts falling due after more than one year	19		<u>(133,942,367)</u>		<u>(132,512,584)</u>
SHAPS defined benefit pension scheme	23		<u>(2,076,496)</u>		<u>(865,496)</u>
Net assets			<u>61,961,201</u>		<u>62,688,628</u>
Capital and reserves					
Share capital	26a		138		155
Revenue reserves	26b		61,961,063		62,688,473
			<u>61,961,201</u>		<u>62,688,628</u>

Approved and authorised for issue by the Board of Management on 22 August 2024 and signed on its behalf by:



Mr A Lamont

Chairperson



Ms L Crawford

Vice Chairperson



Ms A Simpson

Secretary

The notes form part of these financial statements.

CAIRN HOUSING ASSOCIATION LIMITED
GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	2023 £
Net cash generated from operating activities	27	5,024,094	10,091,834
Cash flow from investing activities			
Payments to acquire and improve housing stock		(19,191,285)	(23,379,147)
Purchase of other fixed assets		(159,038)	(691,902)
HAG and other capital grants received		3,020,431	9,850,876
Proceeds from sale of tangible fixed assets and investment properties		-	1,531,250
Movement of cash from/(to) investments	17b	13,112,641	(16,075,724)
Interest received		352,221	302,306
Improvement to investment properties		(71,692)	(184,619)
Cash received on transfer of engagement		-	1,324,286
Transfer of deferred Government grants to other RSL		(180,042)	-
		(3,116,764)	(27,322,674)
Taxation paid		-	-
Cash flow from financing activities			
Interest paid		(3,251,962)	(3,056,466)
Housing loans repaid		(1,253,779)	(4,936,056)
Other loans repaid		(21,490)	(21,490)
Housing loans received		-	-
Arrangement fee		-	-
SHAPS past service deficit payment		-	(426,699)
Issue of share capital		3	-
		(4,527,228)	(8,440,711)
Net change in cash and cash equivalents		(2,619,898)	(25,671,551)
Cash and cash equivalents at beginning of year	17a	6,025,440	31,696,991
Cash and cash equivalents at end of the year	17a	3,405,542	6,025,440

CAIRN HOUSING ASSOCIATION LIMITED
GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

(i) Analysis of changes in net debt

	At 1 April 2023 £	Cash flows £	Other non- cash changes £	At 31 March 2024 £
Cash and cash equivalents				
Cash	6,025,440	(2,619,898)	-	3,405,542
Overdrafts	-	-	-	-
	<u>6,025,440</u>	<u>(2,619,898)</u>	<u>-</u>	<u>3,405,542</u>
Current asset investments	16,112,641	(13,112,641)	-	3,000,000
Borrowings				
Debt due within one year	(1,293,806)	1,275,269	(1,317,967)	(1,336,504)
Debt due after one year	(95,847,273)	-	1,322,341	(94,524,932)
	<u>(97,141,079)</u>	<u>1,275,269</u>	<u>4,374</u>	<u>(95,861,436)</u>
Total	<u>(75,002,998)</u>	<u>(14,457,270)</u>	<u>4,374</u>	<u>(89,455,894)</u>

The notes form part of these financial statements.

CAIRN HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	2023 £
Net cash generated from operating activities	27	3,795,889	8,209,321
Cash flow from investing activities			
Payments to acquire and improve housing stock		(18,828,622)	(22,829,378)
Purchase of other fixed assets		(159,038)	(691,902)
HAG and other capital grants received		3,020,431	9,850,876
Proceeds from sale of tangible fixed assets and investment properties		-	1,531,250
Movement of cash balance from/(to) investments	17b	13,112,641	(16,075,724)
Interest received		411,998	367,940
Improvement to investment properties		(71,692)	(184,619)
Cash received on transfer of engagement		-	1,206,316
Transfer of deferred Government grants to other RSL		(180,042)	-
		(2,694,324)	(26,825,241)
Taxation paid		-	-
Cash flow from financing activities			
Interest paid (excluding amortised fees)		(2,949,802)	(2,853,845)
Housing loans repaid		(748,723)	(4,442,745)
Housing loans received		-	-
Arrangement fee		-	-
Repayment of other loans		(21,490)	(21,490)
Issue of share capital		3	-
SHAPS past service deficit payment		-	(426,699)
		(3,720,012)	(7,744,779)
Net change in cash and cash equivalents		(2,618,447)	(26,360,699)
Cash and cash equivalents at beginning of year	17a	4,528,980	30,889,679
Cash and cash equivalents at end of the year	17a	1,910,533	4,528,980

CAIRN HOUSING ASSOCIATION LIMITED
ASSOCIATION STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

(i) Analysis of changes in net debt

	At 1 April 2023 £	Cash flows £	Other non- cash changes £	At 31 March 2024 £
Cash and cash equivalents				
Cash	4,528,980	(2,618,447)	-	1,910,533
Overdrafts	-	-	-	-
	<u>4,528,980</u>	<u>(2,618,447)</u>	<u>-</u>	<u>1,910,533</u>
Current asset investments	16,112,641	(13,112,641)	-	3,000,000
Borrowings				
Debt due within one year	(788,658)	770,213	(782,499)	(800,944)
Debt due after one year	(91,566,912)	-	786,873	(90,780,039)
	<u>(92,355,570)</u>	<u>770,213</u>	<u>4,374</u>	<u>(91,580,983)</u>
Total	<u>(71,713,949)</u>	<u>(14,960,875)</u>	<u>4,374</u>	<u>(86,670,450)</u>

The notes form part of these financial statements.

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1. General Information

The financial statements have been prepared in accordance with 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) and comply with the requirements of the Determination of Housing Requirements 2019 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018. The principal accounting policies are set out below.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Group's and the Association's accounting policies (note 3).

The Association is defined as a public benefit entity and thus complies with all disclosure requirements relating to public benefit entities.

These financial statements represent the results of the Group and Association and are presented in £GPB.

The Association is a Co-operative and Community Benefit Society Limited by shares and is incorporated in Scotland. The Association is a registered social landlord (HEP218) and a registered charity (SC016647). The registered address of the Group is Bellevue House, 22 Hopetoun Street, Edinburgh EH7 4GH.

2. Principal Accounting policies

(a) Basis of accounting and consolidation

The financial statements are prepared under the historical cost convention, subject to the revaluation of certain fixed assets, and in accordance with applicable accounting standards and statements of recommended practice. The effect of events relating to the year ended 31 March 2024, which occurred before the date of approval of the financial statements by the Board of Management have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2024 and of the results for the year ended on that date.

(b) Going concern

The financial statements have been prepared on a going concern basis by the Board of Management as group surpluses are expected in 2024/25 and 2025/26, maintaining a healthy cash position across the Group. This going concern review includes the Board's assessment of the current inflationary and cost of living pressures on the Group's and the Association's operations and financial performance in the 12 months following the signing of these financial statements. Thus, the Board continues to adopt the going concern basis of accounting in preparing the financial statements.

(c) Turnover

Turnover represents rental and service charge income, fees receivable and revenue grants receivable from local authorities and from the Scottish Government. Also included is any income from first tranche shared ownership disposals and management fees from the factoring of properties for private owners as the provision of factoring services is accounted for on an agency basis.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

2. Principal Accounting policies (continued)

(d) Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of the number of units (excluding garages) relevant to that area of the business.

The costs of cyclical and major repairs are charged to the Statement of Comprehensive Income in the year which they are incurred.

(e) Interest receivable

Interest receivable is recognised in the Statement of Comprehensive Income using the effective interest method.

(f) Interest payable

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

(g) Tangible fixed assets - housing properties

Housing properties are stated at deemed cost based on an Existing Use Value at 1 April 2014. From this date, housing properties have been accounted for under historical cost. The development cost of housing properties includes the following:

- (i) cost of acquiring land and buildings;
- (ii) development expenditure; and
- (iii) internal administrative costs relating to the acquisition and development of housing properties.

These costs are termed "qualifying costs" by the Scottish Government for approved Housing Association Grant. Expenditure on schemes is written off in the year unless it is recognised that the schemes will be developed to completion. Refurbishment expenditure on existing properties is capitalised to the extent that the expenditure represents improvements to the properties or replacement of components.

(h) Shared ownership transactions

First tranche proceeds arising from part-owners' purchase of equity in shared ownership schemes is regarded as sales of assets held for sale and is treated as turnover. The percentage of development costs representing the estimated first tranche percentages to be sold is shown as current assets until sold. Remaining costs are treated as fixed assets and sales taking place after the initial purchase are accounted for as disposals of fixed assets.

(i) Government capital grants

Government capital grants, at amounts approved by The Scottish Government or local authorities, are paid directly to the Group as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Group to recognise income on a systematic basis over the period in which the Group recognises the related costs for which the grant is intended to compensate.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

2. Principal Accounting policies (continued)

(j) Government revenue grants

Government revenue grants are recognised using the accrual model which means the Group recognises the grant in income on a systematic basis over the period in which the Group recognises the related costs for which the grant is intended to compensate

(k) Non-government capital and revenue grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable. A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

(l) Depreciation

Housing properties

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties held for letting on practical completion of construction.

Freehold land is not depreciated.

Housing properties held for letting are considered to comprise the following components which are depreciated over estimated economic lives as follows:

Component	Useful Economic Life
Structure	60 years
Kitchens	20 years
Bathrooms	25 years
Central heating systems (excl boilers)	30 years
Boilers	25 years
Lifts	25 years
Roofs	60 years
Windows and doors	25 years
Rewiring	30 years
LD2	25 years
Fire doors	25 years
Fire stopping	25 years
Solar panels	25 years

In the year of replacement, the Net Book Value of the component being replaced is written off and is included in the depreciation charge for the year in accordance with the RSL SORP.

Shared ownership housing properties

Depreciated over 60 years.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

2. Principal Accounting policies (continued)

Other fixed assets

Depreciation is provided on other fixed assets at rates calculated to write off cost evenly over expected useful lives as follows:

Heritable office properties	Over 60 years
Office furniture and equipment	4 to 10 years

(m) Pensions (Note 23)

Scottish Housing Associations' Pension Scheme (SHAPS)

Up until 1 April 2014, Cairn HA participated in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and retirement benefits to employees are funded by the contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

On 1 April 2014 these employees were transferred to a Defined Contribution Scheme within the Scottish Housing Association Pension Scheme (SHAPS). All new staff members are eligible to participate in a defined contribution scheme provided by Standard Life.

The SHAPS defined benefit is accounted for as a defined benefit scheme and as such the amount charged to the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, with an accounting update prepared by the actuary to reflect current conditions at each reporting date.

The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the Statement of Financial Position only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the reporting date. A pension scheme liability is recognised to the extent that the Group has a legal or constructive obligation to settle the liability.

Standard Life and AVIVA Auto Enrolment scheme

The Association operates these two defined contribution schemes. Employer contributions are charged to the Statement of Comprehensive Income on an accruals basis.

(o) Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

2. Principal Accounting policies (continued)

(p) Investment properties

Investment properties are held at market value with any changes in market value recognised in the Statement of Comprehensive Income.

(q) Investments

Fixed asset investments are stated at cost, less any provisions required where there has been a permanent diminution in their value.

(r) Debtors

Short term debtors are measured at transaction price, less any impairment.

(s) Rental arrears

Rental arrears represent amounts due by tenants for rental of affordable housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in note 17.

(t) Stock

Stock held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

(u) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

(v) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

(w) Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period in which it arises.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

2. Principal Accounting policies (continued)

(x) Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans from banks and financial institutions.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a rental arrear deferred beyond normal Group terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Group has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation, or expiry.

3. Judgements in applying policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The members of the Board of Management consider the following to be critical judgements in preparing the financial statements:

- The categorisation of housing properties as property, plant and equipment in line with the requirements of the SORP;
- The amount disclosed as 'operating surplus' is representative of activities that would normally be regarded as 'operating'; and
- The identification of a cash-generating unit for impairment purposes.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

3. Judgements in applying policies and key sources of estimation uncertainty (continued)

The Board of Management are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

<u>Estimate</u>	<u>Basis of estimation</u>
Valuation of housing properties	Housing Properties are held at deemed cost which is based on an existing use valuation at the date of transition to FRS 102 of 1 April 2014.
Useful lives of property, plant and equipment	The useful lives of property, plant and equipment are based on the knowledge of senior management at the Group, with reference to expected asset life cycles.
The main components of housing properties and their useful lives	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and are based on costing models.
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.
The obligations under the SHAPs defined benefit pension scheme	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.
The valuation of investment properties	The investment properties were valued by an appropriately qualified surveyor using market data at the date of valuation.
The valuation of the riverbank provision (ANCHO)	The provision is the expected costs of repairing the riverbank based on an estimate provided by an independent 3rd party civil engineering firm.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

Group	2024						2023	
	Turnover £	Operating Expenditure £	Operating Expenditure - Exceptional £	Operating Surplus £	Operating Turnover £	Operating Expenditure £	Operating Expenditure - Exceptional £	Operating Surplus £
Affordable lettings (note 5a)	25,362,661	22,568,792	1,000,000	1,793,869	23,114,987	19,948,359	900,000	2,266,628
Other activities (note 6a)	1,905,832	1,511,817	-	394,015	1,976,748	1,535,696	-	441,052
Pentland Community Enterprises Limited*	392,290	279,499	-	112,791	380,350	117,001	-	263,349
	<u>27,660,783</u>	<u>24,360,108</u>	<u>1,000,000</u>	<u>2,300,675</u>	<u>25,472,085</u>	<u>21,601,056</u>	<u>900,000</u>	<u>2,971,029</u>
Association	2024						2023	
	Turnover £	Operating Expenditure £	Operating Surplus £	Operating Turnover £	Operating Expenditure £	Operating Surplus £	Operating Expenditure £	Operating Surplus £
Affordable lettings (note 5b)	22,114,369	19,655,860	2,458,509	20,065,640	17,469,403	2,596,237		
Other activities (note 6b)	2,901,871	2,343,360	558,511	2,675,816	1,982,642	693,174		
	<u>25,016,240</u>	<u>21,999,220</u>	<u>3,017,020</u>	<u>22,741,456</u>	<u>19,452,045</u>	<u>3,289,411</u>		

*this is after removal of intergroup charges for consolidation purposes

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

5a. Particulars of turnover, operating expenditure and operating surplus or (deficit) from affordable letting activities	General Needs Housing £	Amenity Housing £	Sheltered Housing £	Supported Housing £	Shared Ownership £	2024 £	2023 £
Group							
Rent receivable net of service charges	18,591,183	1,701,721	2,127,364	72,498	84,504	22,577,270	20,923,758
Service charges net of voids	329,752	636,849	1,197,411	20,873	5,355	2,190,240	1,984,401
Gross income from rents and service charges	18,920,935	2,338,570	3,324,775	93,371	89,859	24,767,510	22,908,159
Less: Rental voids	(217,849)	(23,420)	(48,910)	(2,696)	-	(292,875)	(400,303)
Net income from rents and service charges	18,703,086	2,315,150	3,275,865	90,675	89,859	24,474,635	22,507,856
Release of deferred capital government grant	580,240	-	-	-	-	580,240	387,606
Grants from the Scottish Ministers	209,007	13,537	18,109	155	1,074	241,882	105,692
Other revenue grants	-	28,190	37,714	-	-	65,904	113,833
Total turnover from affordable letting activities	19,492,333	2,356,877	3,331,688	90,830	90,933	25,362,661	23,114,987
Management and maintenance administration costs	6,205,634	875,582	1,171,413	9,927	69,491	8,332,047	7,406,978
Service costs	545,917	740,895	1,155,939	2,483	4,620	2,449,854	2,198,353
Planned and cyclical maintenance	938,353	86,339	115,510	979	6,852	1,148,033	1,068,097
Responsive maintenance costs	4,432,074	543,793	727,523	6,165	43,158	5,752,713	4,831,420
Bad debt provision	46,528	6,329	8,468	232	-	61,557	152,786
Write offs	124,169	14,147	18,927	160	-	157,403	173,342
Impairment	-	-	-	-	-	-	-
Depreciation of affordable housing	3,630,188	435,579	582,747	4,939	13,732	4,667,185	4,117,383
Exceptional expenditure – Riverside Works (ANCHO) (note 25)	1,000,000	-	-	-	-	1,000,000	900,000
Operating expenditure for affordable letting activities	16,922,863	2,702,664	3,780,527	24,885	137,853	23,568,792	20,848,359
Operating surplus or (deficit) for affordable lettings 2024	2,569,470	(345,787)	(448,839)	65,945	(46,920)	1,793,869	-
Operating surplus for affordable lettings – 2023	2,974,431	(286,038)	(473,232)	90,035	(38,568)	-	2,226,628
Number of units in management:							
2024	3,693	441	590	5	34	4,763	-
2023	3,581	441	590	5	35	-	4,652

Included in depreciation of affordable housing is £247,564 (2023: £257,995) relating to the loss on disposal of components.

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

	General Needs Housing £	Amenity Housing £	Sheltered Housing £	Supported Housing £	Shared Ownership £	2024 £	2023 £
5b. Particulars of turnover, operating expenditure and operating surplus or (deficit) from affordable letting activities							
Association							
Rent receivable net of service charges	15,332,781	1,701,721	2,127,364	72,498	84,504	19,318,868	17,863,608
Service charges net of voids	329,752	636,849	1,197,411	20,873	5,355	2,190,240	1,984,401
Gross income from rents and service charges	15,662,533	2,338,570	3,324,775	93,371	89,859	21,509,108	19,848,009
Less: Rental voids	(207,207)	(23,420)	(48,910)	(2,696)	-	(282,233)	(388,968)
Net income from rents and service charges	15,455,326	2,315,150	3,275,865	90,675	89,859	21,226,875	19,459,041
Release of deferred capital government grant	579,708	-	-	-	579,708	579,708	387,074
Grants from the Scottish Ministers	209,007	13,537	18,109	155	1,074	241,882	105,692
Other revenue grants	-	28,190	37,714	-	-	65,904	113,833
Total turnover from affordable letting activities	16,244,041	2,356,877	3,331,688	90,830	90,933	22,114,369	20,065,640
Management and maintenance administration costs	4,914,484	875,582	1,171,413	9,927	69,491	7,040,897	6,318,620
Service costs	545,917	740,895	1,155,939	2,483	4,620	2,449,854	2,198,353
Planned and cyclical maintenance	597,717	86,339	115,510	979	6,852	807,397	901,155
Responsive maintenance costs	3,764,625	543,793	727,523	6,165	43,158	5,085,264	4,235,349
Bad debt provision	46,528	6,329	8,468	232	61,557	113,180	152,786
Write offs	104,353	14,147	18,927	160	137,587	275,174	150,603
Impairment	-	-	-	-	-	-	-
Depreciation of affordable housing	3,036,307	435,579	582,747	4,939	13,732	4,073,304	3,512,537
Operating expenditure for affordable letting activities	13,009,931	2,702,664	3,780,527	24,885	137,853	19,655,860	17,469,403
Operating surplus or (deficit) for affordable lettings 2024	3,234,110	(345,787)	(448,839)	65,945	(46,920)	2,458,509	
<i>Operating surplus for affordable lettings – 2023</i>	<i>3,304,040</i>	<i>(286,038)</i>	<i>(473,232)</i>	<i>90,035</i>	<i>(38,568)</i>		<i>2,596,237</i>
Number of units in management:							
2024	3,021	441	590	5	34	4,091	
2023	2,909	441	590	5	35		3,980

Included in depreciation of social housing is £206,232 (2023: £206,244) relating to the loss on disposal of components.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

6a. Particulars of turnover, operating expenditure and operating surplus or (deficit) from other activities

Group	Grants from Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total turnover £	Operating Expenditure - bad debts £	Other operating expenditure £	Operating surplus or (deficit) 2024 £	Operating surplus or (deficit) 2023 £
Care and repair of property	575,254	-	-	74,979	650,233	-	555,645	94,588	103,123
Wider role	85,236	-	-	-	85,236	-	15,588	69,648	11,002
Commercial rent from investment properties	-	-	-	949,276	949,276	-	630,605	318,671	299,053
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	24,830	-	3,768	-	28,598	-	28,353	245	2,776
Care activities	-	-	-	41,415	41,415	-	20,238	21,177	-
Factoring activities	-	-	-	-	-	-	-	-	57,456
Service charge admin recharge	-	-	-	-	-	-	-	-	19,377
Third party recharge costs	-	-	-	4,532	4,532	-	4,532	-	-
NSSE sales	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	146,542	146,542	-	256,856	(110,314)	(51,735)
Total from other activities 2024	685,320	-	3,768	1,216,744	1,905,832	-	1,511,817	394,015	
Total from other activities 2023	698,870	-	3,647	1,274,231	1,976,748	-	1,535,696		441,052

The other activity headings as noted in The Scottish Housing Regulator's Determination of Accounting Requirements do not apply.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

6b. Particulars of turnover, operating expenditure and operating surplus or (deficit) from other activities

Association	Grants from Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total turnover £	Operating Expenditure - bad debts £	Other operating expenditure £	Operating surplus or (deficit) 2024 £	Operating surplus or (deficit) 2023 £
Care and repair of property	575,254	-	-	74,979	650,233	-	555,645	94,588	103,123
Commercial rent from investment properties	-	-	-	991,016	991,016	-	630,605	360,411	351,475
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	3,768	-	3,768	-	-	3,768	3,647
Care activities	-	-	-	-	-	-	-	-	-
Factoring activities	-	-	-	51,613	51,613	-	10,026	41,587	12,292
Service charge admin recharge	-	-	-	-	-	-	-	-	19,377
Third party recharge costs	-	-	-	4,532	4,532	-	4,532	-	-
NSSE sales	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	1,200,709	1,200,709	-	1,142,552	58,157	203,260
Total from other activities 2024	575,254	-	3,768	2,322,849	2,901,871	-	2,343,360	558,511	-
Total from other activities 2023	561,525	-	3,647	2,090,644	2,675,816	-	1,982,642	693,174	-

The other activity headings as noted in The Scottish Housing Regulator's Determination of Accounting Requirements do not apply.

Included in other activities is a donation for £923 (2023: £40,500), the release of retention for Citypoint, Haymarket of £nil (2023: £108,000), recharged payroll costs of £885,707 (2023: £578,493), recharged IT costs of £61,716 (2023: £54,609) to ANCHO Limited and recharges to Pentland Community Enterprises Limited of £195,129 (2023: £175,275).

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

7a. Employees – Group	2024	2023
	£	£
Staff costs during year:		
Wages and salaries	6,452,021	5,741,985
Social security costs	646,061	607,000
Pension costs	944,236	815,898
Defined benefit pension charge – SHAPs (Note 23) Pension		
Admin cost	25,402	22,738
Death in service	95,833	83,583
Accrued holiday pay	132,293	159,212
Agency costs	47,964	16,237
Redundancy and compensation payments (including NI)	30,159	19,845
Staff recruitment costs	103,460	29,047
	8,477,429	7,495,545

During the year SHAPS past service deficit contributions of £nil (2023: £426,699) were paid net of £25K (2023: £23K) of administration expenses.

	2024	2024	2023	2023
	Ave	FTE	Ave	FTE
	No.	No.	No.	No.
Average weekly number and the full time equivalent (FTE) employees of the Association including staff on an agency basis during the year was				
Office staff	151	137	138	124
HomeWorks staff	13	13	14	12
Housing managers and other staff	45	20	55	45
	209	170	207	181

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

7b. Employees –Association	2024	2023
	£	£
Staff costs during year:		
Wages and salaries	6,391,758	5,498,475
Social security costs	640,299	577,666
Pension costs	937,055	788,621
Death in service	99,440	77,588
Defined benefit pension charge – SHAPs (Note 23) Pension		
Admin cost	25,402	22,738
Accrued holiday pay	134,345	159,176
Agency costs	47,964	16,237
Redundancy and compensation payments (including NI)	30,159	19,845
Staff recruitment costs	103,460	29,047
	8,409,882	7,189,393

During the year SHAPS past service deficit contributions of £nil (2023: £426,699) were paid net of £25K (2023: £23K) of administration expenses.

	2024	2024	2023	2023
	Ave	FTE	Ave	FTE
	No.	No.	No.	No.
Average weekly number and the full time equivalent (FTE) employees of the Association including staff on an agency basis during the year was				
Office staff	151	137	138	124
HomeWorks staff	12	12	12	10
Housing managers and other staff	44	19	51	41
	207	168	201	175

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

8. Directors' emoluments – Group & Association

The directors are defined as the members of the Board of Management, the Chief Executive and any other person reporting directly to the Chief Executive or the Board of Management. The Association considers key management personnel to be the Board of Management and the senior management team of the Group only.

	2024 £	2023 £
Aggregate emoluments payable to all the officers earning > £60k (excluding pension contributions and redundancy payments) amounted to:	<u>706,879</u>	<u>672,134</u>

Total pension payments to officers earning > £60k was £126,550 (2023: £72,633). This does not take into account any past service deficit payments.

Total emoluments paid to key management personnel including Eer NI was £592,600 (2023: £581,666).

Please note the former Chief Executive resigned on 31 December 2024 and the new Chief Executive started on 8 April 2024.

Total emoluments payable to the former Chief executive (excluding pension contributions) amounted to:	<u>107,579</u>	<u>117,473</u>
---	----------------	----------------

The former Chief Executive was an ordinary member of the Group's pension scheme described in Note 23. The Association's contributions for the former Chief Executive in the year amounted to £26,278 (2023: £13,522).

	Number	Number
The numbers of officers including the highest paid Officer who received emoluments (excluding pension contributions and including redundancy costs) in the following ranges were:		
£60,001 - £70,000	2	3
£70,001 - £80,000	4	-
£80,001 - £90,000	-	3
£90,001 - £100,000	2	1
£100,001 - £110,000	1	1

	2024 £	2023 £
Aggregate emoluments payable to the Chairperson & Vice Chairperson amounted to:	<u>8,398</u>	<u>7,847</u>
		£
Total Board of Management expenses reimbursed in so far as not chargeable to United Kingdom Income Tax	<u>4,430</u>	<u>1,763</u>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

9. Operating surplus	2024	2023
	£	£
Operating surplus is stated after charging:		
Group		
Depreciation:		
- charge	4,702,996	4,101,179
- loss on disposal of components	247,564	257,995
Auditor's remuneration (exc vat):		
- External audit services	49,750	49,400
- non-audit services	7,250	7,250
- internal audit services	20,600	13,660
Operating lease rentals	454,147	454,147
	<u>4,143,685</u>	<u>3,544,545</u>
Association		
Depreciation:		
- charge	4,143,685	3,544,545
- loss on disposal of components	206,232	206,244
Auditor's remuneration (exc vat):		
- External audit services	27,250	27,400
- non-audit services	5,750	5,550
- internal audit services	20,600	13,660
Operating lease rentals	434,517	434,517
	<u>434,517</u>	<u>434,517</u>
10. Gain on sale on property, plant and equipment	2024	2023
	£	£
Group and association		
Gain on general needs housing	-	650,753
Gain on shared ownership tranches	-	19,344
Gain on Retirement Court sales	-	-
Gain on other fixed assets	-	-
	<u>-</u>	<u>670,097</u>
	<u>-</u>	<u>670,097</u>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

11. Interest receivable	2024	2023
Group	£	£
Interest receivable on bank deposits	352,221	302,306
	<u>352,221</u>	<u>302,306</u>
	2024	2023
	£	£
Association		
Interest on group loans to ANCHO	51,240	51,100
Interest on group loans to PCE	26,980	16,858
Interest receivable on bank deposits	333,778	299,982
	<u>411,998</u>	<u>367,940</u>
	2024	2023
	£	£
12. Interest payable and similar charges		
Group		
On bank loans	3,247,588	3,183,122
SHAPS – finance cost (note 23)	42,000	(5,000)
	<u>3,289,588</u>	<u>3,178,122</u>
	2024	2023
	£	£
Association		
On bank loans	2,945,428	2,980,501
SHAPS – finance cost (note 23)	42,000	(5,000)
	<u>2,987,428</u>	<u>2,975,501</u>
	2024	2023
	£	£
13. Taxation		
Group & Association		
The Association is a Scottish Charity and no liability to Corporation Tax arises on its charitable activities in the year.		
Corporation Tax due on other activities	-	-
	<u>-</u>	<u>-</u>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

14a. Tangible fixed assets and investments	Housing Properties held for letting	Shared Ownership held for letting	Housing Properties in the course of construction	Housing Properties Total
	£	£	£	£
(a) Housing properties Group				
Cost or valuation				
At the start of the year	192,237,671	801,956	21,429,129	214,468,756
Additions during year	-	-	-	-
- properties	-	-	-	-
- new developments	-	-	14,687,058*	14,687,058*
- improvements to existing property	4,504,227	-	-	4,504,227
Transfer	17,397,299	-	(17,397,299)	-
Disposals during year	-	-	-	-
- properties	-	-	-	-
- replaced components	(342,319)	-	-	(342,319)
At the end of the year	213,796,876	801,956	18,718,888	233,317,722
Depreciation				
At the start of the year	23,370,946	115,575	-	23,486,521
Charge for year	4,397,966	13,307	-	4,411,273
Transfer	-	-	-	-
Disposals during year	-	-	-	-
- properties	-	-	-	-
- replaced components	(94,755)	-	-	(94,755)
At the end of the year	27,674,157	128,882	-	27,803,039
Net book value				
At 31 March 2024	186,122,721	673,074	18,718,888	205,514,683
At 31 March 2023	168,866,725	686,381	21,429,129	190,982,235

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

14b. Tangible fixed assets and investments	Housing Properties held for letting	Shared Ownership held for letting	Housing Properties in the course of construction	Housing Properties Total
	£	£	£	£
(b) Housing properties Association				
Cost or valuation				
At the start of the year	165,457,530	801,956	21,429,129	187,688,615
Additions during year	-	-	-	-
- properties	-	-	-	-
- new developments	-	-	14,687,058*	14,687,058*
- improvements to existing property	4,141,564	-	-	4,141,564
Transfer	17,397,299	-	(17,397,299)	-
Disposals during year	-	-	-	-
- properties	(275,446)	-	-	(275,446)
- replaced components	-	-	-	-
At the end of the year	186,720,947	801,956	18,718,888	206,241,791
Depreciation				
At the start of the year	18,848,737	115,575	-	18,964,312
Charge for year	3,845,417	13,307	-	3,858,724
Disposals during year	-	-	-	-
- properties	(69,214)	-	-	(69,214)
- replaced components	-	-	-	-
At the end of the year	22,624,940	128,882	-	22,753,822
Net book value				
At 31 March 2024	164,096,007	673,074	18,718,888	183,487,969
At 31 March 2023	146,608,793	686,381	21,429,129	168,724,303

*netted off in additions is £384k of previously recognised costs which were recharged to the Highland Housing Alliance in the year in respect of a scheme which Cairn Housing Association Limited is no longer involved in.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

14 a/b. Tangible fixed assets and investments (cont'd)

Group

Total cost of replacement components (capitalised maintenance) for the year amounted to £4,504,227 (2023: £5,124,918). The amount spent on maintenance of housing properties held for letting can be seen in note 5a.

Additions to Housing Properties during the year includes £nil capitalised interest (2023: £nil) and £nil capitalised administration costs (2023: £nil). All housing properties are freehold.

Included in freehold housing properties is land with a historic cost allocation of £26,928,704 (2023: £24,308,718).

The housing properties were revalued as at 1 April 2014 and 31 March 2022 (stock transferred from Pentland HA), (by Jones Lang LaSalle Limited) on an existing value basis and this value was used as the deemed cost from that date in accordance with FRS 102.

Association

Total cost of replacement components (capitalised maintenance) for the year amounted to £4,141,564 (2023: £4,575,149). The amount spent on maintenance of housing properties held for letting can be seen in note 5b.

Additions to Housing Properties during the year includes £nil capitalised interest (2023: £nil) and £nil capitalised administration costs (2023: £nil). All housing properties are freehold.

Included in freehold housing properties is land with a historic cost allocation of £23,923,047 (2023: £21,303,061).

The housing properties were revalued as at 1 April 2014 and 31 March 2022 (stock transferred from Pentland HA), (by Jones Lang LaSalle Limited) on an existing value basis and this value was used as the deemed cost from that date in accordance with FRS 102.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

14. Tangible fixed assets and investments (cont'd)

14 (c) Investment properties Group	2024 £	2023 £
At 1 April	9,794,337	9,246,424
Transfer in on acquisition	-	370,000
Component additions during year	71,692	184,619
Component disposals during year	(8,347)	(6,706)
	<u>9,857,682</u>	<u>9,794,337</u>

Investment properties are accommodation, offices and garages leased to 3rd parties. The turnover and operating expenditure in relation to these properties is disclosed in Note 6a. There are 578 (2023: 578) investment properties.

The investment properties were revalued as at 17 August 2022 (by Jones Lang LaSalle Limited) in accordance with FRS 102.

The minimum lease payments receivable in respect of leases in relation to investment properties are due within one year. This amounted to £1,070,852 (2023: £1,402,967).

14 (d) Investment properties Association	2024 £	2023 £
At 1 April	9,089,337	8,911,424
Component additions during year	71,692	184,619
Component disposals during year	(8,347)	(6,706)
	<u>9,152,682</u>	<u>9,089,337</u>

Investment properties are accommodation, offices and garages leased to 3rd parties. The turnover and operating expenditure in relation to these properties is disclosed in Note 6b. There are 165 (2023: 165) investment properties.

The investment properties were revalued as at 17 August 2022 (by Jones Lang LaSalle Limited) in accordance with FRS 102.

The minimum lease payments receivable in respect of leases in relation to investment properties are due within one year. This amounted to £1,017,242 (2023: £998,986).

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

14. Tangible fixed assets and investments (cont'd)	Heritable Office Property £	Office Furniture and Equipment £	Fixtures and Fittings £	Other Fixed Assets Total £
14 (e) Other fixed assets Group				
Cost				
At start of year	1,044,973	2,615,638	3,386	3,663,997
Additions during year	-	159,038	-	159,038
Disposals	-	-	(3,386)	(3,386)
At end of year	<u>1,044,973</u>	<u>2,774,676</u>	<u>-</u>	<u>3,819,649</u>
Depreciation				
At start of year	280,886	1,727,615	3,386	2,011,887
Provided during year	17,954	273,769	-	291,723
Disposals	-	-	(3,386)	(3,386)
At end of year	<u>298,840</u>	<u>2,001,384</u>	<u>-</u>	<u>2,300,224</u>
Net book value				
At 31 March 2024	<u>746,133</u>	<u>773,292</u>	<u>-</u>	<u>1,519,425</u>
At 31 March 2023	<u>764,087</u>	<u>888,023</u>	<u>-</u>	<u>1,652,110</u>
14 (f) Other fixed assets Association				
Cost				
At start of year	962,062	2,508,482		3,470,544
Additions during year	-	159,038		159,038
Disposals	-	-		-
At end of year	<u>962,062</u>	<u>2,667,520</u>		<u>3,629,582</u>
Depreciation				
At start of year	255,208	1,631,897		1,887,105
Provided during year	16,066	268,895		284,961
Disposals	-	-		-
At end of year	<u>271,274</u>	<u>1,900,792</u>		<u>2,172,066</u>
Net book value				
At 31 March 2024	<u>690,788</u>	<u>766,728</u>		<u>1,457,516</u>
At 31 March 2023	<u>706,854</u>	<u>876,585</u>		<u>1,583,439</u>

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

14. Tangible fixed assets and investments (cont'd)

14 (g) Investments Association	2024 £	2023 £
Investment in subsidiary undertaking:		
Cairn Homes and Services Limited	1	1
Pentland Community Enterprises Limited	100,001	100,001
	100,002	100,002

Cairn Housing Association Limited owns 1 ordinary £1 share in Cairn Homes and Services Limited (SC341478). The investment is held at cost. This represents a 100% shareholding in Cairn Homes and Services Limited, a company registered in Scotland, which is dormant. Cairn Homes and Services Limited made a profit of £nil (2023: £nil) for the year ended 31 March 2024 and had net assets of £1 (2023: £1). The company is in the process of being struck off.

Cairn Housing Association Limited also owns 100,001 ordinary £1 shares in Pentland Community Enterprises Limited (SC309344). The investment is held at cost. This represents a 100% shareholding in Pentland Community Enterprises Limited, a company registered in Scotland, whose principal activity is the rental of housing units at mid-market rent. Pentland Community Enterprises Limited made a loss of £208,228 (2023: £53,312) for the year ended 31 March 2024 and had net liabilities of £164,869 (2023: £43,359).

The Association's other subsidiary is ANCHO Limited. ANCHO Limited made a deficit of £870,044 (2023: surplus of £630,936) for the year ended 31 March 2024 and had net assets of £15,603,741 (2023: £16,473,795).

15. Debtors due after more than one year Association	2024 £	2023 £
<i>Amounts owed by subsidiary</i>		
ANCHO Limited	1,460,000	1,460,000
Pentland Community Enterprises Limited	370,000	370,000
	1,830,000	1,830,000

The loan to ANCHO is a fixed interest loan and is repayable on the 25th anniversary of the date of the first advance which was 27 September 2018. The interest rate is 3.5% per annum.

The loan to Pentland Community Enterprises Limited is repayable in 2035 and interest is charged at base rate plus a margin of 2.25%.

16. Debtors due within one year Group	2024 £	2023 £
Rent arrears	896,957	796,109
Less: provision for bad debts	(565,624)	(502,445)
	331,333	293,664
Prepayments and accrued income	1,128,316	1,772,677
Other debtors	534,543	331,856
Trade debtors	3,840	3,565
	1,998,032	2,401,762

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

16. Debtors due within one year (cont'd)

Association	2024 £	2023 £
Rent arrears	797,285	703,789
Less: provision for bad debts	(504,318)	(439,310)
	<u>292,967</u>	<u>264,479</u>
Amounts owed by subsidiary	509,019	195,903
Prepayments and accrued income	1,047,562	1,706,616
Other debtors	482,464	275,867
	<u>2,332,012</u>	<u>2,442,865</u>

17a. Cash and cash equivalents
Group

	2024 £	2023 £
Deposit accounts < 3 months	1,219,466	985,023
Current account	2,186,076	5,040,417
	<u>3,405,542</u>	<u>6,025,440</u>
Overdraft	-	-
	<u>3,405,542</u>	<u>6,025,440</u>

Association	2024 £	2023 £
Current account	1,910,533	4,528,980
	<u>1,910,533</u>	<u>4,528,980</u>

17b. Investments
Group & Association

	2024 £	2023 £
Deposit accounts > 3 months	3,000,000	16,112,641
	<u>3,000,000</u>	<u>16,112,641</u>

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

18. Creditors: amounts falling due within one year	2024	2023
Group	£	£
Housing loans due in less than 1 year (note 20)	1,250,014	1,207,316
Other loans	86,490	86,490
Trade creditors	552,749	2,660,193
Retentions	425,286	300,253
Prepaid rents and service charges	1,058,417	1,074,033
Accruals and deferred income	1,637,732	2,558,312
Other taxes and social security	56,711	9,373
Deferred Government capital grant (note 22)	587,862	387,606
Corporation tax	-	-
Other creditors	699,177	1,051,764
	<u>6,354,438</u>	<u>9,335,340</u>
Secured creditors	<u>1,250,014</u>	<u>1,207,316</u>
	2024	2023
	£	£
Association		
Housing loans due in less than 1 year (note 21)	714,454	702,168
Other loans	86,490	86,490
Trade creditors	503,685	2,600,162
Retentions	425,286	300,253
Amounts owed to subsidiary	1	1
Prepaid rents and service charges	883,922	900,016
Accruals and deferred income	1,399,987	2,391,405
Other taxes and social security	56,711	9,373
Deferred Government capital grant (note 22)	587,331	387,074
Other creditors	675,283	1,017,094
	<u>5,333,150</u>	<u>8,394,036</u>
Secured creditors	<u>714,454</u>	<u>702,168</u>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

19. Creditors: amounts falling due after more than one year	2024	2023
	£	£
Group		
Housing loans (note 20)	94,481,868	95,782,719
Deferred Government capital grant (note 22)	42,546,175	40,299,782
Other loans	43,064	64,554
Retentions	590,914	629,880
Other creditors	47,032	38,334
	137,709,053	136,815,269
	<u><u>94,481,868</u></u>	<u><u>95,782,719</u></u>
Secured creditors		
	2024	2023
	£	£
Association		
Housing loans (note 21)	90,736,975	91,502,358
Deferred Government capital grant (note 22)	42,524,382	40,277,458
Other loans	43,064	64,554
Retentions	590,914	629,880
Other creditors	47,032	38,334
	133,942,367	132,512,584
	<u><u>90,736,975</u></u>	<u><u>91,502,358</u></u>
Secured creditors		

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

20. Loans Group	2024 £	2023 £
Loans or mortgages secured by charges on the Group's housing properties:		
Loans advanced by:		
Private lenders	<u>95,731,882</u>	<u>96,990,035</u>
Amounts falling due in:		
One year (note 18)	1,250,014	1,207,316
One year or more but less than two years (note 19)	1,279,974	1,237,728
Two years or more but less than five years (note 19)	2,407,433	3,140,066
Five years or more (note 19)	<u>90,794,461</u>	<u>91,404,925</u>
	<u>95,731,882</u>	<u>96,990,035</u>

The loans are advanced to finance the development and refurbishment of housing properties and are repayable by quarterly instalments of principal and interest. The loans bear interest at rates between 1.49% and 5.87%.

The Group's lenders have standard securities of the Social Housing Units and investment properties with a carrying value of £84,319,909 (2023: £104,065,449)

21. Loans Association	2024 £	2023 £
Loans or mortgages secured by charges on the Association's housing properties:		
Loans advanced by:		
Private lenders	<u>91,451,429</u>	<u>92,204,526</u>
Amounts falling due in:		
One year (note 18)	714,454	702,168
One year or more but less than two years (note 19)	713,235	702,168
Two years or more but less than five years (note 19)	841,430	1,560,703
Five years or more (note 19)	<u>89,182,310</u>	<u>89,239,487</u>
	<u>91,451,429</u>	<u>92,204,526</u>

The loans are advanced to finance the development and refurbishment of housing properties and are repayable by quarterly instalments of principal and interest. The loans bear interest at rates between 2.10% and 5.87%.

The Association's lenders have standard securities of the Social Housing Units and investment properties with a carrying value of £67,180,717 (2023: £86,628,009)

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

22. Deferred capital grants	2024	2023
	£	£
Group		
Deferred capital grants 1 April	40,687,388	30,786,346
Acquired at start of period (Pentland HA)	-	437,772
Reallocated from other creditors	573,531	
Grants received in year	3,020,431	9,850,876
Grant amortised in year	(616,179)	(387,606)
Grant written off in year	(351,092)	-
Transfer to other RSL*	(180,042)	-
	<u>43,134,037</u>	<u>40,687,388</u>
Split: < 1 year	587,862	387,606
1-2 years	587,863	387,606
2-5 years	1,763,588	1,162,817
> 5 years	40,194,724	38,749,359
	<u>43,134,037</u>	<u>40,687,388</u>
	2024	2023
	£	£
Association		
Deferred capital grants 1 April	40,664,532	30,762,958
Acquired at start of period (Pentland HA)	-	437,772
Reallocated from other creditors	573,531	
Grants received in year	3,020,431	9,850,876
Grant amortised in year	(615,647)	(387,074)
Grant written off in year	(351,092)	-
Transfer to other RSL*	(180,042)	-
	<u>43,111,713</u>	<u>40,664,532</u>
Split: < 1 year	587,331	387,074
1-2 years	587,331	387,074
2-5 years	1,761,992	1,161,221
> 5 years	40,175,059	38,729,163
	<u>43,111,713</u>	<u>40,664,532</u>

*Relates to grant received from the Scottish Government which has been transferred to Highland Housing Alliance as Cairn Housing Association Limited is no longer involved in the scheme.

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

23. Pension scheme – Group and Association

(i) Defined Contribution Scheme

On 31 March 2014 the Association moved its pension provision from a defined benefit scheme via the Scottish Housing Associations' Pension Scheme to a defined contribution scheme via the Scottish Housing Associations' Pension Scheme and Standard Life.

61 members of staff are members of the Scottish Housing Association's Defined Contribution Pension Scheme. This scheme was closed to new entrants on 1 April 2014. The assets of the scheme are administered by The Pensions Trust and are independent of the Association.

The contributions paid in respect of the Scottish Housing Association's Defined Contribution Pension Scheme are variable with the maximum employer contribution of 12%.

65 members of staff are members of the Standard Life Group Personal Pension Scheme. This scheme is used for auto enrolment as well as being open to new members. The assets of the scheme are administered by Standard Life and are independent of the Association.

The contributions paid in respect of the Standard Life Group Personal Pension Scheme are variable with the maximum employer contribution of 10%.

(ii) SHAPS defined benefit scheme

Cairn Housing Association Limited participated in the Scottish Housing Association Pension Scheme (the scheme). Cairn Housing Association Limited has elected to operate the Defined Contributions Option for existing members, with this defined benefit scheme closed to new members from 1 April 2014. However, the Association is still required to fund the past service deficit liability.

The scheme is a multi-employer scheme which provides benefits to over 150 non-associated employers. The scheme is a defined benefit scheme in the UK. With effect from 1 April 2022, the pension scheme is accounted for under FRS102 as a defined benefit scheme.

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

The scheme is classified as a 'last man standing arrangement'. Therefore, the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Scheme Benefit Review

The Trustee has carried out a review comparing the benefits provided to Scheme members with the requirements of the Scheme documentation. It has received legal advice that there is sufficient uncertainty regarding the effect of some benefit changes that the Court should be asked to provide clarity, to provide the Trustee with the certainty it needs to properly administer the Scheme.

Preparation for the Court case is progressing to schedule and the Court has provided an expected window for the hearing during February 2025, with the judgment currently expected in Q2 2025.

Should the Court decide that the historic benefit changes need to be applied differently, then some member benefits would need to be increased, which would increase the value placed on Scheme liabilities. No allowance has been made for potential additional liabilities within the estimate provided above.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

23. Pension scheme – Group and Association (continued)

The SHAPS defined benefit pension liability is accounted for as a defined benefit pension scheme. In accordance with FRS 102 section 28, the operating and financing costs of pension and post-retirement schemes (determined by TPT) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	31 March 2024	31 March 2023
	£'000	£'000
Fair value of plan assets	15,626	16,528
Present value of defined benefit obligation	(17,704)	(17,395)
Defined benefit liability to be recognised	<u>(2,078)</u>	<u>(867)</u>

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended	Year ended
	31 March 2024	31 March 2023
	£'000	£'000
Defined benefit obligation at start of period	(17,395)	(20,841)
Defined benefit obligation acquired at start of period (Pentland HA)	-	(4,412)
Current service cost	-	-
Expenses	(25)	(23)
Interest expense	(835)	(696)
Actuarial gain due to scheme experience	(235)	554
Actuarial gain due to changes in demographic assumptions	115	428
Actuarial gain due to changes in financial assumptions	62	6,961
Benefits paid and expenses	609	634
Defined benefit liability at the end of the period	<u>(17,704)</u>	<u>(17,395)</u>

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

	Year ended	Year ended
	31 March 2024	31 March 2023
	£'000	£'000
Fair value of plan assets at start of the period	16,528	20,829
Fair value of plan assets acquired at start of the period (Pentland HA)	-	4,400
Interest income	793	701
Experience on plan assets (excluding amounts included in interest inc – gain/(loss))	(1,111)	(9,217)
Contributions by the employer	25	449
Benefits paid and expenses	(609)	(634)
Fair value of plan assets at end of period	<u>15,626</u>	<u>16,528</u>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

23. Pension scheme – Group and Association (continued)

Defined benefit costs recognised in the Statement of Comprehensive Income

	Year ended 31 March 2024 £'000	<i>Year ended 31 March 2023 £'000</i>
Current service cost	-	-
Admin expenses	25	23
Net interest expense	42	(5)
	<hr/>	<hr/>
Defined benefit costs recognised in Statement of Comprehensive Income	67	18
	<hr/>	<hr/>

Defined benefit costs recognised in Other Comprehensive Income

	Year ended 31 March 2024 £'000	<i>Year ended 31 March 2023 £'000</i>
Experience on plan assets (excluding amounts included in net interest cost) – gain/(loss)	(1,111)	(9,217)
Experience gains and losses arising on the plan liabilities – gain/(loss)	(235)	554
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	115	428
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	62	6,961
	<hr/>	<hr/>
Total amount recognised in other comprehensive income – actuarial (loss)/gain	(1,169)	(1,274)
	<hr/>	<hr/>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

23. Pension scheme – Group and Association (continued)

Fund allocation for employer's calculated share of assets	31 March 2024	31 March 2023
	£'000	£'000
Global Equity	1,797	436
Absolute Return	702	225
Distressed Opportunities	575	508
Credit Relative Value	550	631
Alternative Risk Premia	563	95
Emerging Markets Debt	274	128
Risk Sharing	938	1,205
Insurance-Linked Securities	97	460
Property	661	688
Infrastructure	1,497	1,781
Private Equity	12	-
Private Debt	629	738
Opportunistic Liquid Credit	622	731
High Yield	3	84
Opportunistic Credit	-	1
Cash	405	69
Corporate Bond Fund	-	21
Liquid Credit	-	1
Long Lease Property	116	554
Secured Income	521	1,105
Liability Driven Investment	5,652	6,999
Currency Hedging	(7)	31
Net Current Assets	19	37
Total Assets	15,626	16,528

The main financial assumptions used by the Scheme Actuary, TPT, in their FRS 102 calculations are as follows:

Assumptions as at	31 March 2024
	% per annum
Discount rate	4.90%
Inflation (RPI)	3.15%
Inflation (CPI)	2.78%
Salary growth	3.78%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

23. Pension scheme – Group and Association (continued)

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2024	20.2
Female retiring in 2024	22.7
Male retiring in 2044	21.4
Female retiring in 2044	24.1

Member data summary

Active members

	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	15	679	54
Females	33	1,118	54
Total	48	1,797	54

Deferred members

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	36	152	53
Females	63	150	55
Total	99	302	54

Pensioners

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	32	179	67
Females	68	367	73
Total	100	546	71

Employer debt on withdrawal

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

23. Pension scheme – Group and Association (continued)

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by TPT of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2023. As of this date the estimated employer debt for the Association was £5,655,739.

(iii) Strathclyde Pension Fund

On 31 December 2022, the Group withdrew from the Strathclyde Pension Fund. On exiting the pension fund, the Association received a pay out of £1,160,000. As part of the exit, settlement payments were made to the staff totaling £21,026.

24. Deferred tax	2024	2023
	£	£
At beginning of the year	3,962	-
Reallocated to corporation tax - Pentland Community Enterprises Limited	(3,962)	-
Transferred from Penland Community Enterprises Limited		3,962
	<u>-</u>	<u>3,962</u>
At end of year	<u>-</u>	<u>3,962</u>

The deferred taxation balance is made up as follows:-

	2024	2023
	£	£
Fixed asset timing differences	-	3,962
	<u>-</u>	<u>3,962</u>

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

25. Provision – Riverbank (ANCHO)

ANCHO is the owner of a 207m stretch of the riverbank (into the middle of the riverbed) of the River Annick, behind Annick Drive, North Ayrshire. The gabion retaining structure is in poor condition due to extensive corrosion and the riverbank has experienced significant erosion affecting the stability of the fences and garden structures of the residential units along Annick Drive. There are 24 houses whose gardens back onto the land owned by ANCHO, of which ANCHO owns 1. The remaining 23 houses are privately owned and were disposed of via Right to Buy prior to the land coming into ANCHO's ownership. This land was transferred to ANCHO as part of the original stock transfer from Scottish Homes (in 1999).

This is a complicated project and there are various options available as to the extent of work that could be performed to address the issue. The extent of the work carried out will determine how long the restoration will last. There are options available that are expected to last up to 30 years whilst a more extensive and expensive project could provide a solution that would last up to 150 years. The Group had been advised by 3rd party advisors that a budget of £800k - £1m would be required to cover the cost of providing the shorter-term solution and thus a provision of £900k (the mid-point) had been recognised as at 31 March 2023 as this was considered the minimum cost to the Association of restoring the Riverbank.

The Group has continued to develop the plan for restoration over the last 12 months and based on the current professional advice, the expected cost to the Group is now estimated at £1.9m and as such the provision has been increased by £1m in 2023/24.

The preference of the Board would be to undertake works that provide a longer-term solution (150 years) however for this work to take place, the Group would need financial support from the Scottish Government and relevant agencies via grant funding. The Group will continue to engage with these parties in respect of securing this funding that would cover the additional cost of a longer-term solution. As this additional cost is dependent on securing the funding, this cost has not been incorporated into the year-end provision and is considered a contingent liability as at 31 March 2024.

26a. Share capital	2024	2023
	£	£
Group and Association		
Shares of £1 each issued and fully paid		
At 1 April 2023	155	85
Issue of shares during the year	3	102
Cancelled during the year	(20)	(32)
	<hr/>	<hr/>
At 31 March 2024	138	155
	<hr/> <hr/>	<hr/> <hr/>

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. Called up share capital on the Statement of Financial Position has been adjusted to reflect the number of shares held by active members.

26b. Reserves

The revenue reserve includes all current and prior year retained surpluses or deficits.

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

27. Net cash inflow from operating activities	2024	2023
Group	£	£
(Deficit)/surplus for the year	(636,692)	14,281,251
<u>Adjustment for non-cash items</u>		
Depreciation charges including loss on disposal of components	4,958,907	4,359,174
Gain on acquisition of Pentland HA	-	(12,377,147)
(Decrease)/increase in creditors	(2,684,555)	614,208
Increase in provisions	1,000,000	900,000
Decrease/(increase) in debtors	403,730	(538,912)
Decrease/(increase) in stock	12,628	(57,325)
Share capital cancelled	(20)	(32)
Carrying amount of tangible fixed asset disposals and investment properties	-	875,833
Write off of deferred Government Grants	(351,092)	-
<u>Adjustments for investing or financing activities</u>		
Proceeds from the sale of fixed assets	-	(1,531,250)
Release of deferred government grants	(616,179)	(387,606)
Interest payable	3,289,588	3,178,122
Interest receivable	(352,221)	(302,306)
Net cash inflow from operating activities	<u>5,024,094</u>	<u>10,091,834</u>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

27. Net cash inflow from operating activities (continued)

Association	2024	2023
	£	£
Surplus/deficit for the year	441,590	13,729,094
<u>Adjustment for non-cash items</u>		
Depreciation charges including loss on disposal of components	4,358,264	3,750,789
Gain on acquisition of Pentland HA	-	(12,377,147)
(Decrease)/increase in creditors	(2,730,166)	860,934
Decrease in debtors	110,853	729,790
Decrease/(increase) in stock	6,677	(49,177)
Share capital cancelled	(20)	(32)
Carrying amount of tangible fixed asset disposals and investment properties	-	875,833
Write off of deferred Government Grants	(351,092)	-
<u>Adjustments for investing or financing activities</u>		
Proceeds from the sale of fixed assets	-	(1,531,250)
Release of deferred Government Grants	(615,647)	(387,074)
Interest payable	2,987,428	2,975,501
Interest receivable	(411,998)	(367,940)
Net cash inflow from operating activities	<u>3,795,889</u>	<u>8,209,321</u>

28. Payments to members, Board members and Key Management

Group and Association

Remuneration paid to members of the Association during the year were £8,396 (2023: £7,847). Members of the Board of Management were reimbursed for out of pocket travel and accommodation expenses amounting to £4,429 (2023: £1,763).

Some members of the Board of Management are tenants of the Association. The tenancies of these Board Members are on normal terms and the members cannot use their position to their advantage.

The total rent and service charge payable in the year relating to tenant Board members is £nil (2023: £2,654).

There were no balances owed at the year-end (2023: £nil).

The total remuneration (including pension contributions and benefits in kind) paid to Key Management who are deemed to be the Executive Officers was £592,897 (2023: £581,666).

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

29. Capital commitments

Group	2024 £	2023 £
Contracted	1,868,983	23,462,812
Approved but not contracted for	-	10,012,000
	<u>1,868,983</u>	<u>33,474,812</u>
This is to be funded by:		
Private finance	1,868,983	22,954,893
Grants	-	10,519,919
From reserves	-	-
	<u>1,868,983</u>	<u>33,474,812</u>
	2024 £	2023 £
Association		
Contracted	1,868,983	22,962,812
Approved but not contracted for	-	10,012,000
	<u>1,868,983</u>	<u>32,974,812</u>
This is to be funded by:		
Private finance	1,868,983	22,454,893
Grants	-	10,519,919
From reserves	-	-
	<u>1,868,983</u>	<u>32,974,812</u>

CAIRN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

30. Revenue commitments

Group

At 31 March 2024 the Association had total future minimum lease commitments under non-cancellable operating leases as set out below:

Group	Land & Buildings 2024 £	Other 2024 £	Land & Buildings 2023 £	Other 2023 £
Within a year	192,812	6,396	145,116	48,439
Within 2-5 years	535,084	17,495	257,912	1,321
After 5 years	10,278	-	1,359	-
	<u>738,174</u>	<u>23,891</u>	<u>404,387</u>	<u>49,760</u>

Association	Land & Buildings 2024 £	Other 2024 £	Land & Buildings 2023 £	Other 2023 £
Within a year	173,182	6,396	125,486	48,439
Within 2-5 years	535,084	17,495	257,912	1,321
After 5 years	10,278	-	1,359	-
	<u>718,544</u>	<u>23,891</u>	<u>384,757</u>	<u>49,760</u>

31. Gain on acquisition of Pentland Housing Association in the year end 31 March 2023

Group and Association

On 1st April 2022, Pentland Housing Association Limited formally transferred their engagements to Cairn Housing Association Limited for nil consideration. The assets and liabilities were transferred at fair value as follows:

Assets:	£
Housing properties	15,207,772
Other fixed assets	14,471
Investments in subsidiaries	100,002
Cash and cash equivalents	1,206,316
Debtors falling due within one year	43,281
Debtors falling due out with one year	370,000
Liabilities:	
Creditors falling due within one year	(4,050,389)
Creditors falling due out with one year	(65,000)
Deferred Government Capital Grants	(437,772)
Pension liability	(11,534)
Gain on acquisition	<u><u>12,377,147</u></u>