



CAIRN HOUSING ASSOCIATION LIMITED  
GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

The Scottish Housing Regulator: HEP218  
Scottish Charity Number: SC016647

## CAIRN HOUSING ASSOCIATION LIMITED

### BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

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<b>Board of Management</b>	D Jamieson, Chairperson A Lamont, Vice-Chairperson H Barton N Wood L Casserly L Crawford N Chapman D Reid S Travers (co-optee) S E G Guest (resigned 19 May 2023) E Peveril (resigned 5 December 2022) K Green (appointed 1 April 2022, resigned 30 November 2022) W Gillespie (resigned 29 September 2022)
<b>Executive Officers</b>	J MacGilp, Chief Executive and Secretary D Adam, Director of Finance and People Services (resigned 30 June 2023) M Boyter, Director of Business Services MC Deasley, Director of Property Services S Connor, Director of Customer Services
<b>Secretary</b>	J MacGilp
<b>Head Office</b>	Bellevue House 22 Hopetoun Street Edinburgh EH7 4GH
<b>Auditor</b>	Azets Audit Services Chartered Accountants Titanium 1 King's Inch Place Renfrew PA4 8WF
<b>Bankers</b>	The Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB
<b>Other Lenders</b>	Metlife Investment Management Ltd 34 <sup>th</sup> Floor One Canada Square London E14 5AA
<b>Registration numbers</b>	
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 2023**

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## **CAIRN HOUSING ASSOCIATION LIMITED**

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

#### **FOR THE YEAR ENDED 31 MARCH 2023**

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The Board of Management present their Report and the audited financial statements for the year ended 31 March 2023.

#### **Principal activities**

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

Cairn's mission is to provide high quality, safe, affordable homes and services, with our partners in local communities in Scotland.

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

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

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**

The Cost of Living crisis, with high inflation, energy and food prices as well as rising interest rates has been a major focus as the Group reassessed business priorities, costs from contractors, and projects and made adjustments to financial forecasts. Inflationary pressures have put a significant pressure on customers and staff and a focus has been on providing additional support as well as a consultation on a rent increase that was well below inflation at the time.

All staff, board members and our contractor and supplier partners are thanked for their continued efforts and the last 12 months has shown the strength, skills and core values of Cairn Housing Group and our resilience as a strong, growing social business with a focus on delivery, performance and service quality.

#### **Highlights during the year have included:-**

- Following the very positive Pentland tenant ballot result last year, the final stages of the transfer process took place during the year, and on 1st April 2022, Pentland Housing Association Limited formally transferred their engagements to Cairn Housing Association Limited. The housing stock and tenants of Pentland have now successfully transferred and services to customers in Caithness are being delivered by the new combined team. Operational integration continues and work is well underway to begin to deliver the Tenant Promises including the affordable rent guarantee – including a rent freeze last year, locally based services, and preparation for delivery of the significant £6.2 million stock investment programme. We are continuing to work with the local tenants panel and other customers to agree the priorities for investment;



## CAIRN HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2023

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#### Review of the Group's business (continued)

- From 1st April 2022 in this financial year, the Group now includes Pentland Community Enterprises Limited (PCE) including the significant garage portfolio in Caithness. On 1st April 2023, the trade and assets of Cairn Homes and Services Limited were transferred into PCE. Cairn Homes and Services Limited is no longer trading;
- The Covid-19 restrictions over the year meant that our planned programme of stock improvement was adversely affected, though with delivery partners, we still achieved a substantial investment programme of almost £6 million in Cairn (including ex- Pentland properties) and almost £1 million at ANCHO in our existing homes across Scotland. This has directly improved the quality of life for tenants and included investment in new kitchens, new bathrooms, energy efficiency work and heating systems. The next two years will see a significant increase in the scale of stock improvements;
- As part of our active new build development programme, we completed 92 new homes, including substantial developments at Findrassie in Elgin (28 homes), McGowan Road in Falkirk (40 homes), Spey House in Aviemore (10 homes) and Glascairn in Culbokie (14 homes). Preparation is well advanced to enable us to deliver a further 144 new homes in the coming twelve months to meet local housing needs which will be the highest number of new homes built by the Cairn Group in over 10 years, including a major development of 80 new homes at the Granton Waterfront in Edinburgh, in partnership with Harbour Homes/Port of Leith;
- Work on further integration between Cairn Housing Association and ANCHO has continued with shared IT systems, policies and processes and joint management across the Group, and the two Boards have made a joint commitment to begin a governance integration project and consultation with tenants, with a view to moving towards a full transfer of engagement. This is subject to a tenant ballot, due diligence work and related approvals.
- Business performance on key performance indicators remain satisfactory or good in most areas. Significant improvements have been made in customer contact call responses with all targets met and exceeded during the year, with plans being developed for increases in the proportion of digital enquiries. Void rent loss improved to 2.2% and rent income achieved was 102% which is one of the best in the sector;
- The Tenancy Sustainment team has again secured over £700,000 of direct additional payments to customers through pro-active advice and support on benefit entitlement. This has been particularly important as the wider economic challenges and cost of living crisis begins to impact on tenants and communities;
- The Group continued its work on staff engagement including a programme of learning and development for staff, staff mental health and wellbeing sessions, and access to a range of individual wellbeing support and also delivering the new Equality & Diversity Strategy and a new Procurement Strategy;

## CAIRN HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2023

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#### Review of the Group's business (continued)

- The Group submitted its fourth Annual Assurance Statement to the Scottish Housing Regulator (SHR) in October 2022 setting out confirmation that Cairn Housing Association Limited and ANCHO Limited both comply with all required statutory and regulatory requirements. The Statement committed to a continuous improvement in preparations for next year's statement;
- Compliance with regulatory standards and best practice will continue to drive our governance and management of the Group and our positive working relationship with the Regulator;
- The Group delivered 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 through the global pandemic including support to local foodbanks and we have been successful in securing external funding for a range of welfare support, heating and wellbeing projects across the Group;
- Tenant engagement - digital consultation and planning for new tenants' panels has continued and we have begun to deliver our new Customer Engagement Strategy;
- The Group's Board Development & Succession Policy, including board member training continues to be applied to strengthen and develop our governance and compliance with regulatory and good practice requirements; and
- Work has continued with the Customer Services Review with plans to move towards a new neighbourhood model for the housing teams and a new Independent Living Service in the courts.

#### Financial performance

The Association's operating surplus increased from £2,249,621 in 2021/22 to £3,289,411 in 2022/23. The Association also recognised an accounting gain of £12.4m in respect of the transfer of Pentland Housing Association Limited which contributed to an overall surplus for the year of £13,729,094 (2022: £15,644 deficit).

The Group generated a surplus after taxation of £14,281,251 (2022: £349,241) which included the significant items noted above. ANCHO returned an overall surplus of £630,936 (2022: £395,510) for the full year ended 31 March 2023 with Cairn Homes and Services generating a profit after tax of £nil (2022: £72,149). The new subsidiary, Pentland Community Enterprises Limited, acquired at 1 April 2022 generated a loss after tax of £33,176. The Group surplus for the year has been taken to the Revenue Reserve.

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 2023**

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#### **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 complete the delivery of our significant new build development programme, with decisions to be made on the size and balance of the programme along with the requirements for retrofit of existing stock, and to develop a new Energy & Assets Strategy to contribute to the Scottish Government's national strategic objective of moving to Net Zero by 2045.

#### **Growth & Partnerships**

The transfer of Pentland Housing Association Limited into Cairn Housing Association Limited has further strengthened the Group's financial position, with plans to further improve services and deliver efficiencies, and consolidating our operational presence in Caithness.

Proposals for a full merger of Cairn Housing Association and ANCHO through a possible transfer of engagement are being developed with the business case prepared, and consultation with ANCHO tenants already underway.

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**

The Group has updated its Strategic Risk Register to reflect the recent experiences and ongoing challenges of the current economic environment and changed operational environment. The Cairn Group continues to be a strong and resilient social business. There continue to be a number of opportunities ahead such as growth through new build development and constitutional and service partnership opportunities.

We will continue to robustly identify and manage our risk profile and take mitigating actions as required and to pay close attention to the wider financial, economic and political environments, such as the continuing economic and supply impacts of Brexit, and the constitutional future of the country, which may affect our business and our customers. We will continue to develop our business continuity planning and oversee key risks such as securing income to the organisation and our response to ongoing changes to welfare and social security; the wider financial environment, regulatory compliance and our asset management strategy.

## CAIRN HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2023

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#### 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 the AGM each year. 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 2023**

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#### **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 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 2019 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 2023

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#### Statement on internal financial control

The Board of Management is responsible for the Group's and the Parent 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 Parent 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 timely 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 Parent 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 2023. 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 2023**

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**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:

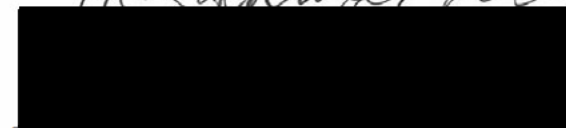
**By order of the Board**



Jason MacGill  
Group Chief Executive & Company Secretary

Date:

14<sup>th</sup> September 2023



Don Jamieson  
Chairperson, CHA Board of Management

Date:

14<sup>th</sup> September 2023

## 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 2023

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#### Opinion

We have audited the financial statements of Cairn Housing Association Limited (the "Parent Association") and its subsidiaries (the "Group") for the year ended 31 March 2023 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 Parent Association's affairs as at 31 March 2023 and of the Group's and the Parent 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 2019 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 Parent 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 Parent 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 2023

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#### 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 Parent Association; or
- the Parent Association has not kept proper accounting records; or
- the Parent 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 6, 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 Parent 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 Parent 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](http://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 2023

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#### 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 2019 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 correspondence with HMRC, the Scottish Housing Regulator, OSCR and the Group's and the Parent 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 2023**

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

We assessed the susceptibility of the Group's and the Parent 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 Parent 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 Parent 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 Parent Association and the Parent Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 18 September 2023

Azets Audit Services is eligible for appointment as auditor of the Group and Parent 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 2023**

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In addition to our audit of the Financial Statements, we have reviewed your statement on page 7 concerning the Group's and the Parent 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 Parent 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 pages 7 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 Parent 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 Parent 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**  
**Statutory Auditor**  
**Chartered Accountants**  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

Date: 18 September 2023

Azets Audit Services is eligible for appointment as auditor of the Group and Parent 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 2023

	Notes	2023 £	2022 £
<b>Turnover</b>	4	<b>25,472,085</b>	21,662,354
Operating expenditure	4	(21,601,056)	(18,637,622)
Operating expenditure - exceptional	4,25	(900,000)	-
<b>Operating surplus</b>	4	<b>2,971,029</b>	3,024,732
Gain on acquisition of Pentland HA	31	12,377,147	-
Gain/(loss) on sale of property, plant and equipment	10	670,097	(5,239)
Interest receivable	11	302,306	37,112
Interest payable and similar charges	12	(3,178,122)	(2,716,388)
Surplus on exit from DB Pension Scheme	23	1,138,794	-
Gain on revaluation of investment properties	14c	-	11,797
<b>Surplus for the year before taxation</b>		<b>14,281,251</b>	352,014
Taxation	13	-	(2,773)
<b>Surplus after taxation</b>		<b>14,281,251</b>	349,241
<b>Other comprehensive income</b>			
Actuarial (loss)/gain in respect of the SHAPS defined benefit pension scheme	23	(1,274,000)	1,483,000
Actuarial gain in respect of the Strathclyde defined benefit pension scheme	23	-	602,000
<b>Total comprehensive income for the year</b>		<b>13,007,251</b>	2,434,241

The results for the year relate wholly to continuing activities.

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

Mr D Jamieson

Chairperson

Mr A Lamont

Vice Chairperson

Mr J MacGilp

Secretary

14th September 2023 and

The notes form part of these financial statements.



## CAIRN HOUSING ASSOCIATION LIMITED

## ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	4	22,741,456	18,796,865
Operating expenditure	4	(19,452,045)	(16,547,244)
<b>Operating surplus</b>	4	<b>3,289,411</b>	<b>2,249,621</b>
Gain on acquisition of Pentland HA	31	12,377,147	-
Gain/(loss) on sale of property, plant and equipment	10	670,097	(5,239)
Interest receivable	11	367,940	88,079
Interest payable and similar charges	12	(2,975,501)	(2,612,022)
Gain on revaluation of investment properties	14d	-	263,917
<b>Surplus/(deficit) for the year before taxation</b>		<b>13,729,094</b>	<b>(15,644)</b>
Taxation	13	-	-
<b>Surplus/(deficit) after taxation</b>		<b>13,729,094</b>	<b>(15,644)</b>
<b>Other comprehensive income</b>			
Actuarial (loss)/gain in respect of the SHAPS defined benefit pension scheme	23	(1,274,000)	1,483,000
<b>Total comprehensive income for the year</b>		<b>12,455,094</b>	<b>1,467,356</b>

The results for the year relate wholly to continuing activities.

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

14th December 2023

and

Mr D Jamieson

Chairperson

Mr A Lamont

Vice Chairperson

Mr J MacGill

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 2023

	Share capital £	Revenue reserve £	Total reserves £
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)
Balance at 31 March 2023	<u>155</u>	<u>79,105,628</u>	<u>79,105,783</u>

AS AT 31 MARCH 2022

	Share capital £	Revenue reserve £	Total reserves £
Balance at 1 April 2021 as restated	88	63,664,136	63,664,224
Total comprehensive income for the year as restated	-	2,434,241	2,434,241
Issue of shares during the year	2	-	2
Cancelled shares during the year	(5)	-	(5)
Balance at 31 March 2022	<u>85</u>	<u>66,098,377</u>	<u>66,098,462</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 2023

	Share capital £	Revenue reserve £	Total reserves £
Balance at 1 April 2022	85	50,233,379	50,233,464
Total comprehensive income for the year	-	12,455,094	12,455,094
Shares acquired in 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>

AS AT 31 MARCH 2022

	Share capital £	Revenue reserve £	Total reserves £
Balance at 1 April 2021 as restated	88	48,766,023	48,766,111
Total comprehensive income for the year	-	1,467,356	1,467,356
Issue of shares during the year	2	-	2
Cancelled shares during the year	(5)	-	(5)
Balance at 31 March 2022	<u>85</u>	<u>50,233,379</u>	<u>50,233,464</u>

The notes form part of these financial statements.

## CAIRN HOUSING ASSOCIATION LIMITED

## GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	£	2023 £	£	2022 £
<b>Tangible fixed assets and investments</b>					
Housing properties	14a		190,982,235		157,349,654
Investment properties	14c		9,794,337		9,246,424
Other fixed assets	14e		1,652,110		1,219,700
			<u>202,428,682</u>		<u>167,815,778</u>
<b>Current assets</b>					
Debtors	16	2,401,762		2,897,288	
Cash and cash equivalents	17a	6,025,440		31,696,991	
Investments	17b	16,112,641		36,917	
Stock		57,325		-	
		<u>24,597,168</u>		<u>34,631,196</u>	
<b>Creditors: amounts falling due within one year</b>	18	(9,335,340)		(8,243,219)	
<b>Net current assets</b>			<u>15,261,828</u>		<u>26,387,977</u>
<b>Total assets less current liabilities</b>			<u>217,690,510</u>		<u>194,203,755</u>
<b>Creditors: amounts falling due after more than one year</b>	19		(136,815,269)		(128,093,632)
SHAPS defined benefit pension scheme	23		(865,496)		(11,661)
Strathclyde defined benefit pension scheme	23		-		-
Deferred taxation	24		(3,962)		-
Provision for liability	25		(900,000)		-
<b>Net assets</b>			<u>79,105,783</u>		<u>66,098,462</u>
<b>Capital and reserves</b>					
Share capital	26a		155		85
Revenue reserves	26b		79,105,628		66,098,377
			<u>79,105,783</u>		<u>66,098,462</u>

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

Mr D Jamieson

Chairperson

Mr A Lament

Vice Chairperson

Mr J MacGill

Secretary

The notes form part of these financial statements.

## CAIRN HOUSING ASSOCIATION LIMITED

## ASSOCIATION STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	£	2023 £	£	2022 £
<b>Tangible fixed assets and investments</b>					
Housing properties	14b		168,724,303		135,036,645
Investment properties	14d		9,089,337		8,911,424
Other fixed assets	14f		1,583,439		1,147,490
Investments	14g		100,002		1
			<u>179,497,081</u>		<u>145,095,560</u>
<b>Current assets</b>					
Debtors due after one year	15	1,830,000		1,460,000	
Debtors within one year	16	2,442,865		3,129,269	
Cash and cash equivalents	17a	4,528,980		30,889,679	
Investments	17b	16,112,641		36,917	
Stock		49,177		-	
		<u>24,963,663</u>		<u>35,515,865</u>	
<b>Creditors: amounts falling due within one year</b>	18	(8,394,036)		(7,077,951)	
<b>Net current assets</b>			<u>16,569,627</u>		<u>28,437,914</u>
<b>Total assets less current liabilities</b>			<u>196,066,708</u>		<u>173,533,474</u>
<b>Creditors: amounts falling due after more than one year</b>	19		(132,512,584)		(123,288,349)
SHAPS defined benefit pension scheme	23		(865,496)		(11,661)
<b>Net assets</b>			<u>62,688,628</u>		<u>50,233,464</u>
<b>Capital and reserves</b>					
Share capital	26a		155		85
Revenue reserves	26b		62,688,473		50,233,379
			<u>62,688,628</u>		<u>50,233,464</u>

Approved and authorised for issue by the Board of Management on 14th September 2023 and signed on its behalf by:

Mr D Jamieson

Chairperson

Mr A Leighton

Vice Chairperson

Mr J MacGill

Secretary

The notes form part of these financial statements.

## CAIRN HOUSING ASSOCIATION LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
<b>Net cash generated from operating activities</b>	27	<b>10,218,490</b>	<b>9,246,755</b>
<b>Cash flow from investing activities</b>			
Payments to acquire and improve housing stock		(23,379,147)	(22,641,246)
Purchase of other fixed assets		(691,902)	(229,918)
HAG and other capital grants received		9,850,876	10,078,436
Proceeds from sale of tangible fixed assets and investment properties		1,531,250	21,009
Movement of cash from/(to) investments	17b	(16,075,724)	10,182,580
Interest received		302,306	37,112
Improvement to investment properties		(184,619)	(69,910)
Cash received on transfer of engagement		1,324,286	-
		<b>(27,322,674)</b>	<b>(2,621,937)</b>
<b>Taxation paid</b>		<b>-</b>	<b>(2,849)</b>
<b>Cash flow from financing activities</b>			
Interest paid		(3,183,122)	(2,667,138)
Housing loans repaid		(4,936,056)	(1,237,420)
Other loans repaid		(21,490)	-
Housing loans received		-	23,000,000
Arrangement fee		-	(220,890)
SHAPS past service deficit payment		(426,699)	(551,754)
Issue of share capital		-	2
		<b>(8,567,367)</b>	<b>18,322,800</b>
<b>Net change in cash and cash equivalents</b>		<b>(25,671,551)</b>	<b>24,944,769</b>
Cash and cash equivalents at beginning of year	17a	<b>31,696,991</b>	<b>6,752,222</b>
Cash and cash equivalents at end of the year	17a	<b>6,025,440</b>	<b>31,696,991</b>

CAIRN HOUSING ASSOCIATION LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

(i) Analysis of changes in net debt

	At 1 April 2022 £	Cash flows £	Other non- cash changes £	At 31 March 2023 £
<b>Cash and cash equivalents</b>				
Cash	31,696,991	(25,671,551)	-	6,025,440
Overdrafts	-	-	-	-
	<u>31,696,991</u>	<u>(25,671,551)</u>	<u>-</u>	<u>6,025,440</u>
<b>Current asset investments</b>	36,917	16,075,724	-	16,112,641
<b>Borrowings</b>				
Debt due within one year	(1,220,051)	4,957,546	(5,031,301)	(1,293,806)
Debt due after one year	(96,992,896)	-	1,145,623	(95,847,273)
	<u>(98,212,947)</u>	<u>4,957,546</u>	<u>(3,885,678)</u>	<u>(97,141,079)</u>
<b>Total</b>	<u>(66,479,039)</u>	<u>(4,638,281)</u>	<u>(3,885,678)</u>	<u>(75,002,998)</u>

The notes form part of these financial statements.



CAIRN HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
<b>Net cash generated from operating activities</b>	27	<b>8,335,977</b>	<b>6,918,060</b>
<b>Cash flow from investing activities</b>			
Payments to acquire and improve housing stock		(22,829,378)	(21,245,541)
Purchase of other fixed assets		(691,902)	(225,811)
HAG and other capital grants received		9,850,876	10,078,436
Proceeds from sale of tangible fixed assets and investment properties		1,531,250	20,316
Movement of cash balance from/(to) investments	17b	(16,075,724)	10,182,580
Interest received		367,940	88,079
Improvement to investment properties		(184,619)	(69,910)
Cash received on transfer of engagement		1,206,316	-
		<u>(26,825,241)</u>	<u>(1,171,851)</u>
<b>Taxation paid</b>		-	-
<b>Cash flow from financing activities</b>			
Interest paid (excluding amortised fees)		(2,980,501)	(2,573,772)
Housing loans repaid		(4,442,745)	(748,723)
Housing loans received		-	23,000,000
Arrangement fee		-	(220,890)
Repayment of other loans		(21,490)	(21,490)
Issue of share capital		-	2
SHAPS past service deficit payment		(426,699)	(551,754)
		<u>(7,871,435)</u>	<u>18,883,373</u>
<b>Net change in cash and cash equivalents</b>		<b>(26,360,699)</b>	<b>24,629,582</b>
Cash and cash equivalents at beginning of year	17a	<u>30,889,679</u>	<u>6,260,097</u>
Cash and cash equivalents at end of the year	17a	<u><b>4,528,980</b></u>	<u><b>30,889,679</b></u>

CAIRN HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

(i) Analysis of changes in net debt

	At 1 April 2022 £	Cash flows £	Other non- cash changes £	At 31 March 2023 £
<b>Cash and cash equivalents</b>				
Cash	30,889,679	(26,360,699)	-	4,528,980
Overdrafts	-	-	-	-
	<u>30,889,679</u>	<u>(26,360,699)</u>	<u>-</u>	<u>4,528,980</u>
<b>Current asset investments</b>	36,917	16,075,724	-	16,112,641
<b>Borrowings</b>				
Debt due within one year	(723,658)	4,464,235	(4,529,235)	(788,658)
Debt due after one year	(92,210,469)	-	643,557	(91,566,912)
	<u>(92,934,127)</u>	<u>4,464,235</u>	<u>(3,885,678)</u>	<u>(92,355,570)</u>
<b>Total</b>	<u>(62,007,531)</u>	<u>(5,820,740)</u>	<u>(3,885,678)</u>	<u>(71,713,949)</u>

The notes form part of these financial statements.

**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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**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 2023, 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 2023 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 2023/24 and 2024/25, 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 2023**

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**(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.

**(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.

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**

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**(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:

<b>Component</b>	<b>Useful Economic Life</b>
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.

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



**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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**2. Principal Accounting policies (continued)**

**(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.

**Strathclyde Pensions Trust**

ANCHO participated in the centralised Strathclyde Pensions Trust defined benefits pension scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the scheme. Payments are made to the Trust in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating employers taken as a whole.

The expected cost to the Association of pensions is charged to Total Comprehensive Income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole.

The difference between the fair value of the assets held in the Association's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognized in the Group's Statement of Financial Position as a pension scheme liability.

ANCHO withdrew from the centralised Strathclyde Pension Fund on 31 December 2022. The surplus at that time was repaid to ANCHO. From the 1st January 2023, ANCHO operates a defined contribution scheme with Aviva.



**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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**2. Principal Accounting policies (continued)**

**(n) Pensions (Note 24) (continued)**

**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.

**(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.

**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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**2. Principal Accounting policies (continued)**

**(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.

**(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 2023**

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**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:

<b><u>Estimate</u></b>	<b><u>Basis of estimation</u></b>
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 and the Strathclyde defined benefit pension schemes	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 2023

4. Particulars of turnover, operating expenditure and operating surplus

Group	Turnover £	Operating Expenditure £	Operating Expenditure - Exceptional £	2023		Turnover £	Operating Expenditure £	Operating Surplus £
				Operating Surplus £	£			
Affordable lettings (note 5a)	23,114,987	19,450,629	900,000	2,764,358		19,515,504	16,761,043	2,754,461
Other activities (note 6a)	1,976,748	2,033,426		(56,678)		1,953,028	1,846,638	106,390
Pentland Community Enterprises Limited*	380,350	117,001	-	263,349		-	-	-
Cairn Homes and Services Limited*	-	-	-	-		193,822	29,941	163,881
	<u>25,472,085</u>	<u>21,601,056</u>	<u>900,000</u>	<u>2,971,029</u>		<u>21,662,354</u>	<u>18,637,622</u>	<u>3,024,732</u>
Association	Turnover £	Operating Expenditure £		2023 Operating Surplus £		Turnover £	Operating Expenditure £	Operating Surplus £
Affordable lettings (note 5b)	20,065,640	17,469,403		2,596,237		16,556,336	14,740,884	1,815,452
Other activities (note 6b)	2,675,816	1,982,642		693,174		2,240,529	1,806,360	434,169
	<u>22,741,456</u>	<u>19,452,045</u>		<u>3,289,411</u>		<u>18,796,865</u>	<u>16,547,244</u>	<u>2,249,621</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 2023

5a. Particulars of turnover, operating expenditure and operating surplus or (deficit) from affordable letting activities	Group	General Needs Housing £	Amenity Housing £	Sheltered Housing £	Supported Housing £	Shared Ownership £	2023 £	2022 £
Rent receivable net of service charges		17,144,240	1,610,082	2,005,981	80,160	83,295	20,923,758	17,550,908
Service charges net of voids		276,911	578,880	1,093,529	29,928	5,153	1,984,401	1,960,272
<b>Gross income from rents and service charges</b>		<b>17,421,151</b>	<b>2,188,962</b>	<b>3,099,510</b>	<b>110,088</b>	<b>88,448</b>	<b>22,908,159</b>	<b>19,511,180</b>
<b>Less: Rental voids</b>		<b>(265,988)</b>	<b>(62,276)</b>	<b>(74,611)</b>	<b>2,572</b>	<b>-</b>	<b>(400,303)</b>	<b>(362,562)</b>
<b>Net income from rents and service charges</b>		<b>17,155,163</b>	<b>2,126,686</b>	<b>3,024,899</b>	<b>112,660</b>	<b>88,448</b>	<b>22,507,856</b>	<b>19,148,618</b>
Release of deferred capital government grant		387,606	-	-	-	-	387,606	249,805
Grants from the Scottish Ministers		78,384	11,245	15,044	127	892	105,692	107,081
Other revenue grants		-	48,691	65,142	-	-	113,833	10,000
<b>Total turnover from affordable letting activities</b>		<b>17,621,153</b>	<b>2,186,622</b>	<b>3,105,085</b>	<b>112,787</b>	<b>89,340</b>	<b>23,114,987</b>	<b>19,515,504</b>
Management and maintenance administration costs		4,988,099	791,061	1,058,336	8,969	62,783	6,909,248	5,958,403
Service costs		304,138	690,972	1,194,652	2,369	6,222	2,198,353	1,959,411
Planned and cyclical maintenance		825,600	99,852	133,588	1,132	7,925	1,068,097	1,118,016
Responsive maintenance costs		3,691,706	469,294	627,853	5,321	37,246	4,831,420	3,491,700
Bad debt provision		114,417	16,255	21,748	366	-	152,786	509,218
Write offs		135,700	16,023	21,437	182	-	173,342	140,324
Impairment		-	-	-	-	-	-	-
Depreciation of affordable housing		3,189,332	389,203	520,703	4,413	13,732	4,117,383	3,583,971
Exceptional expenditure – Riverside Works (ANCHOR) (note 25)		900,000	-	-	-	-	900,000	-
<b>Operating expenditure for affordable letting activities</b>		<b>14,148,992</b>	<b>2,472,660</b>	<b>3,578,317</b>	<b>22,752</b>	<b>127,908</b>	<b>20,350,629</b>	<b>16,761,043</b>
<b>Operating surplus or (deficit) for affordable lettings 2023</b>		<b>3,472,161</b>	<b>(286,038)</b>	<b>(473,232)</b>	<b>90,035</b>	<b>(38,568)</b>	<b>2,764,358</b>	
<i>Operating surplus for affordable lettings – 2022</i>		<i>3,220,357</i>	<i>(226,902)</i>	<i>(438,375)</i>	<i>(25,359)</i>	<i>(30,369)</i>		<i>2,754,461</i>
<b>Number of units in management:</b>								
<b>2023</b>		<b>3,581</b>	<b>441</b>	<b>590</b>	<b>5</b>	<b>35</b>	<b>4,652</b>	
<b>2022</b>		<b>3,001</b>	<b>441</b>	<b>590</b>	<b>5</b>	<b>35</b>		<b>4,072</b>

Included in depreciation of affordable housing is £257,995 (2022: £410,593) relating to the loss on disposal of components.

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

5b. 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 £	2023 £	2022 £
Association							
Rent receivable net of service charges	14,084,090	1,610,082	2,005,981	80,160	83,295	17,863,608	14,582,808
Service charges net of voids	276,911	578,880	1,093,529	29,928	5,153	1,984,401	1,960,272
<b>Gross income from rents and service charges</b>	<b>14,361,001</b>	<b>2,188,962</b>	<b>3,099,510</b>	<b>110,088</b>	<b>88,448</b>	<b>19,848,009</b>	<b>16,543,080</b>
Less: Rental voids	(254,653)	(62,276)	(74,611)	2,572	-	(388,968)	(353,098)
<b>Net income from rents and service charges</b>	<b>14,106,348</b>	<b>2,126,686</b>	<b>3,024,899</b>	<b>112,660</b>	<b>88,448</b>	<b>19,459,041</b>	<b>16,189,982</b>
Release of deferred capital government grant	387,074	-	-	-	-	387,074	249,273
Grants from the Scottish Ministers	78,384	11,245	15,044	127	892	105,692	107,081
Other revenue grants	-	48,691	65,142	-	-	113,833	10,000
<b>Total turnover from affordable letting activities</b>	<b>14,571,806</b>	<b>2,186,622</b>	<b>3,105,085</b>	<b>112,787</b>	<b>89,340</b>	<b>20,065,640</b>	<b>16,556,336</b>
Management and maintenance administration costs							
Service costs	4,397,471	791,061	1,058,336	8,969	62,783	6,318,620	5,310,743
Planned and cyclical maintenance	304,138	690,972	1,194,652	2,369	6,222	2,198,353	1,959,411
Responsive maintenance costs	658,658	99,852	133,588	1,132	7,925	901,155	1,024,790
Bad debt provision	3,095,635	469,294	627,853	5,321	37,246	4,235,349	2,972,870
Write offs	114,417	16,255	21,748	366	-	152,786	509,218
Impairment	112,961	16,023	21,437	182	-	150,603	113,943
Depreciation of affordable housing	-	-	-	-	-	-	-
	2,584,486	389,203	520,703	4,413	13,732	3,512,537	2,849,909
<b>Operating expenditure for affordable letting activities</b>	<b>11,267,766</b>	<b>2,472,660</b>	<b>3,578,317</b>	<b>22,752</b>	<b>127,908</b>	<b>17,469,403</b>	<b>14,740,884</b>
<b>Operating surplus or (deficit) for affordable lettings 2023</b>	<b>3,304,040</b>	<b>(286,038)</b>	<b>(473,232)</b>	<b>90,035</b>	<b>(38,568)</b>	<b>2,596,237</b>	
<i>Operating surplus for affordable lettings – 2022</i>	<i>2,595,304</i>	<i>(275,014)</i>	<i>(575,768)</i>	<i>102,502</i>	<i>(31,572)</i>		<i>1,815,452</i>
<b>Number of units in management:</b>							
<b>2023</b>	<b>2,909</b>	<b>441</b>	<b>590</b>	<b>5</b>	<b>35</b>	<b>3,980</b>	
<b>2022</b>	<b>2,329</b>	<b>441</b>	<b>590</b>	<b>5</b>	<b>35</b>		<b>3,400</b>

Included in depreciation of social housing is £206,244 (2022: £206,809) relating to the loss on disposal of components.



CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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) 2023 £	Operating surplus or (deficit) 2022 £
Care and repair of property	581,525	-	-	63,520	645,045	-	541,922	103,123	64,329
Wider role	84,354	-	-	-	84,354	-	73,352	11,002	341
Commercial rent from investment properties	-	-	-	876,064	876,064	-	577,011	299,053	167,531
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	32,991	-	3,647	-	36,638	-	33,862	2,776	14,688
Care activities	-	-	-	-	-	-	-	-	-
Factoring activities	-	-	-	107,930	107,930	-	50,474	57,456	50,561
Service charge admin recharge	-	-	-	19,377	19,377	-	-	19,377	7,051
Third party recharge	-	-	-	123,702	123,702	-	123,702	-	-
costs	-	-	-	-	-	-	-	-	-
NSSE sales	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	83,638	83,638	-	633,103	(549,465)	(198,111)
<b>Total from other activities 2023</b>	<b>698,870</b>	<b>-</b>	<b>3,647</b>	<b>1,274,231</b>	<b>1,976,748</b>	<b>-</b>	<b>2,033,426</b>	<b>(56,678)</b>	
<b>Total from other activities 2022</b>	<b>469,573</b>	<b>-</b>	<b>5,222</b>	<b>1,478,233</b>	<b>1,953,028</b>	<b>-</b>	<b>1,846,638</b>	<b>106,390</b>	

The other activity headings as noted in The Scottish Housing Regulator's Determination of Accounting Requirements (2019) do not apply.

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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) 2023 £	Operating surplus or (deficit) 2022 £
Care and repair of property	581,525	-	-	63,520	645,045	-	541,922	103,123	64,329
Commercial rent from investment properties	-	-	-	928,486	928,486	-	577,011	351,475	222,367
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	3,647	-	3,647	-	-	3,647	5,222
Care activities	-	-	-	-	-	-	-	-	-
Factoring activities	-	-	-	55,337	55,337	-	43,045	12,292	3,895
Service charge admin recharge	-	-	-	19,377	19,377	-	-	19,377	7,051
Third party recharge costs	-	-	-	187,561	187,561	-	187,561	-	-
NSSE sales	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	836,363	836,363	-	633,103	203,260	131,305
<b>Total from other activities 2023</b>	<b>581,525</b>	<b>-</b>	<b>3,647</b>	<b>2,090,644</b>	<b>2,675,816</b>	<b>-</b>	<b>1,982,642</b>	<b>693,174</b>	
<b>Total from other activities 2022</b>	<b>400,861</b>	<b>-</b>	<b>5,222</b>	<b>1,834,446</b>	<b>2,240,529</b>	<b>-</b>	<b>1,806,360</b>	<b>434,169</b>	

The other activity headings as noted in The Scottish Housing Regulator's Determination of Accounting Requirements (2019) do not apply. Included in other activities is a donation for £40,500, the release of retention for Citypoint, Haymarket of £108,000, recharged payroll costs of £578,493 (2022: £184,132) and recharged IT costs of £54,609 (2022: £47,390) to ANCHO Limited,

**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

<b>7a. Employees – Group</b>	<b>2023 £</b>	<b>2022 £</b>
Staff costs during year:		
Wages and salaries	<b>5,741,985</b>	4,569,025
Social security costs	<b>607,000</b>	445,001
Pension costs	<b>815,898</b>	664,397
Defined benefit pension charge – SHAPs (Note 23) Pension Admin cost	<b>22,738</b>	18,000
Pension costs – Strathclyde Pension Scheme	-	71,000
Death in service	<b>83,583</b>	45,814
Accrued holiday pay	<b>159,212</b>	338,674
Agency costs	<b>16,237</b>	37,917
Redundancy and compensation payments (including NI)	<b>19,845</b>	69,394
Staff recruitment costs	<b>29,047</b>	37,648
	<b>7,495,545</b>	6,289,870

During the year SHAPS past service deficit contributions of £426,699 (2022: £551,753) were paid net of £23K (2022: £18K) of administration expenses.

	<b>2023 Ave No.</b>	<b>2023 FTE No.</b>	<b>2022 Ave No.</b>	<b>2022 FTE No.</b>
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	<b>138</b>	<b>124</b>	109	104
HomeWorks staff	<b>14</b>	<b>12</b>	15	13
Housing managers and other staff	<b>55</b>	<b>45</b>	67	29
	<b>207</b>	<b>181</b>	191	146



CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

7b. Employees –Association	2023 £	2022 £
Staff costs during year:		
Wages and salaries	5,498,475	4,306,180
Social security costs	577,666	418,812
Pension costs	788,621	630,250
Death in service	77,588	45,814
Defined benefit pension charge – SHAPs (Note 23) Pension		
Admin cost	22,738	18,000
Accrued holiday pay	159,176	336,303
Agency costs	16,237	37,917
Redundancy and compensation payments (including NI)	19,845	69,394
Staff recruitment costs	29,047	37,648
	<u>7,189,393</u>	<u>5,900,318</u>

During the year SHAPS past service deficit contributions of £426,699 (2022: £551,753) were paid net of £23K (2022: £18K) of administration expenses.

	2023 Ave No.	2023 FTE No.	2022 Ave No.	2022 FTE 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	138	124	109	104
HomeWorks staff	12	10	13	11
Housing managers and other staff	51	41	61	23
	<u>201</u>	<u>175</u>	<u>183</u>	<u>138</u>

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

8a. Directors' emoluments – Group

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.

	2023 £	2022 £
Aggregate emoluments payable to all the officers earning > £60k) (excluding pension contributions and redundancy payments) amounted to:	<u>672,134</u>	<u>638,891</u>

Total pension payments to officers earning > £60K was £72,633 (2022: £75,726). This does not take into account any past service deficit payments.

Total emoluments paid to key management personnel including Eer NI was £581,666 (2022: £542,317).

Total emoluments payable to the Chief executive (excluding pension contributions) amounted to:	<u>117,473</u>	<u>115,095</u>
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The Chief Executive is an ordinary member of the Group's pension scheme described in Note 23. The Association's contributions for the Chief Executive in the year amounted to £13,522 (2022: £12,979).

The numbers of officers including the highest paid Officer who received emoluments (excluding pension contributions and including redundancy costs) in the following ranges were:

	Number	Number
£60,001 - £70,000	3	3
£80,001 - £90,000	3	4
£90,001 - £100,000	1	-
£110,001 - £120,000	1	1

	2023 £	2022 £
Aggregate emoluments payable to the Chairperson & Vice Chairperson amounted to:	<u>7,847</u>	<u>7,545</u>
	£	£
Total Board of Management expenses reimbursed in so far as not chargeable to United Kingdom Income Tax	<u>1,763</u>	<u>715</u>

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**

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**8b. Directors' emoluments –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.

	2023 £	2022 £
Aggregate emoluments payable to all the officers earning > £60k) (excluding pension contributions and redundancy payments) amounted to:	<u>672,154</u>	<u>638,891</u>

Total pension payments to officers earning > £60k was £72,633 (2022: £75,726). This does not take into account any past service deficit payments.

Total emoluments paid to key management personnel including Eer NI was £581,666 (2022: £542,317).

Total emoluments payable to the Chief executive (excluding pension contributions) amounted to:	<u>117,473</u>	<u>115,095</u>
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The Chief Executive is an ordinary member of the Group's pension scheme described in Note 23. The Association's contributions for the Chief Executive in the year amounted to £13,522 (2022: £12,979).

The numbers of officers including the highest paid Officer who received emoluments (excluding pension contributions and including redundancy costs) in the following ranges were:	Number	Number
£60,001 - £70,000	3	3
£80,001 - £90,000	3	4
£90,001 - £100,000	1	-
£110,001 - £120,000	<u>1</u>	<u>1</u>

	2023 £	2022 £
Aggregate emoluments payable to the Chairperson & Vice Chairperson amounted to:	<u>7,847</u>	<u>7,545</u>
		£
Total Board of Management expenses reimbursed in so far as not chargeable to United Kingdom Income Tax	<u>1,763</u>	<u>651</u>



CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

9. Operating surplus	2023 £	2022 £
Operating surplus is stated after charging:		
<b>Group</b>		
Depreciation:		
- charge	4,101,179	3,428,493
- loss on disposal of components	257,995	410,593
Auditor's remuneration (exc vat):		
- External audit services	49,400	39,863
- non-audit services	7,250	6,750
- internal audit services	13,660	19,699
Operating lease rentals	454,147	742,569
<b>Association</b>		
Depreciation:		
- charge	3,544,545	2,894,161
- loss on disposal of components	206,244	206,809
Auditor's remuneration (exc vat):		
- External audit services	27,400	23,673
- non-audit services	5,550	5,000
- internal audit services	13,660	19,699
Operating lease rentals	434,517	721,573
<b>10. Gain on sale on property, plant and equipment</b>	<b>2023 £</b>	<b>2022 £</b>
<b>Group and association</b>		
Gain on general needs housing	650,753	-
Gain on shared ownership tranches	19,344	(5,239)
Gain on Retirement Court sales	-	-
Gain on other fixed assets	-	-
	<b>670,097</b>	<b>(5,239)</b>

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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<b>11. Interest receivable</b>	<b>2023</b>	<b>2022</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Interest receivable on bank deposits	302,306	37,112
	<u>302,306</u>	<u>37,112</u>
<b>Association</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Interest on group loans to ANCHO	51,100	51,240
Interest on group loans to PCE	16,858	-
Interest receivable on bank deposits	299,982	36,839
	<u>367,940</u>	<u>88,079</u>
<b>12. Interest payable and similar charges</b>	<b>2023</b>	<b>2022</b>
<b>Group</b>	<b>£</b>	<b>£</b>
On bank loans	3,183,122	2,665,233
SHAPS – finance cost (note 23)	(5,000)	38,250
Strathclyde Pension Scheme – finance cost (note 23)	-	11,000
Bank charges	-	1,905
	<u>3,178,122</u>	<u>2,716,388</u>
<b>Association</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
On bank loans	2,980,501	2,573,772
SHAPS – finance cost (note 23)	(5,000)	38,250
	<u>2,975,501</u>	<u>2,612,022</u>
<b>13. Taxation</b>		
<b>Group</b>		
The Association is a Scottish Charity and no liability to Corporation Tax arises on its charitable activities in the year. Corporation tax is due on the profit generated by Cairn Homes and Services Limited in 2022/22.		
	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Corporation Tax due on other activities (Cairn Homes and Services Limited)	-	2,849
Deferred tax movement (Cairn Homes and Services Limited)	-	(76)
Corporation Tax due on other activities (Pentland Community Enterprises Limited)	-	-
Deferred tax movement (Pentland Community Enterprises Limited)	-	-
	<u>-</u>	<u>2,773</u>
<b>Association</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
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 2023

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	159,492,373	779,756	16,883,234	177,155,363
Transfer in on acquisition	14,670,000	35,000	502,772	15,207,772
Additions during year				
- properties	-	-	-	-
- new developments	-	-	18,254,229	18,254,229
- improvements to existing property	5,124,918	-	-	5,124,918
Transfer	14,211,106	-	(14,211,106)	-
Disposals during year				
- properties	(864,912)	(12,800)	-	(877,712)
- replaced components	(395,814)	-	-	(395,814)
At the end of the year	192,237,671	801,956	21,429,129	214,468,756
Depreciation				
At the start of the year	19,701,745	103,964	-	19,805,709
Charge for year	3,839,373	13,307	-	3,852,680
Transfer	-	-	-	-
Disposals during year				
- properties	(32,353)	(1,696)	-	(34,049)
- replaced components	(137,819)	-	-	(137,819)
At the end of the year	23,370,946	115,575	-	23,486,521
Net book value				
At 31 March 2023	168,866,725	686,381	21,429,129	190,982,235
At 31 March 2022	139,790,628	675,792	16,883,234	157,349,654



CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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	133,180,179	779,756	16,883,234	150,843,169
Transfers in on acquisition from Pentland Housing Association Limited on 1 April 2022	14,670,000	35,000	502,772	15,207,772
Additions during year	-	-	-	-
- properties	-	-	-	-
- new developments	-	-	18,254,229	18,254,229
- improvements to existing property	4,575,149	-	-	4,575,149
Transfer	14,211,106	-	(14,211,106)	-
Disposals during year				
- properties	(864,912)	(12,800)	-	(877,712)
- replaced components	(313,992)	-	-	(313,992)
At the end of the year	165,457,530	801,956	21,429,129	187,688,615
Depreciation				
At the start of the year	15,702,560	103,964	-	15,806,524
Charge for year	3,286,278	13,307	-	3,299,585
Disposals during year				
- properties	(32,353)	(1,696)	-	(34,049)
- replaced components	(107,748)	-	-	(107,748)
At the end of the year	18,848,737	115,575	-	18,964,312
Net book value				
At 31 March 2023	146,608,793	686,381	21,429,129	168,724,303
At 31 March 2022	117,477,619	675,792	16,883,234	135,036,645

**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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

**Group**

Total cost of replacement components (capitalised maintenance) for the year amounted to £5,124,918 (2022: £2,651,805). 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 (2022: £nil) and £nil capitalised administration costs (2022: £nil). All housing properties are freehold.

Included in freehold housing properties is land with a historic cost allocation of £24,308,718 (2022: £20,093,444).

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 £4,575,149 (2022: £1,256,100). 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 (2022: £nil) and £nil capitalised administration costs (2022: £nil). All housing properties are freehold.

Included in freehold housing properties is land with a historic cost allocation of £21,303,061 (2022: £17,087,787).

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 2023

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

<b>14 (c) Investment properties Group</b>	<b>2023 £</b>	<b>2022 £</b>
At 1 April	9,246,424	8,187,576
Transfer in on acquisition	370,000	-
Component additions during year	184,619	69,910
Property disposals during year	(6,706)	(2,275)
Transfer from housing properties	-	979,416
Gain on revaluation	-	11,797
	<b>9,794,337</b>	<b>9,246,424</b>

Investment properties are accommodation, offices and garages leased to 3<sup>rd</sup> parties. The turnover and operating expenditure in relation to these properties is disclosed in Note 6a. There are 578 (2022: 344) 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 £1,402,967 (2022: £1,045,853).

<b>14 (d) Investment properties Association</b>	<b>2023 £</b>	<b>2022 £</b>
At 1 April as restated	8,911,424	7,600,456
Component additions during year	184,619	69,910
Property disposals during year	(6,706)	(2,275)
Transfer from housing properties	-	979,416
Gain on revaluation	-	263,917
	<b>9,089,337</b>	<b>8,911,424</b>

Investment properties are accommodation, offices and garages leased to 3<sup>rd</sup> parties. The turnover and operating expenditure in relation to these properties is disclosed in Note 6b. There are 165 (2022: 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 £998,986 (2022: £798,986).



CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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

	Heritable Office Property £	Office Furniture and Equipment £	Fixtures and Fittings £	Other Fixed Assets Total £
<b>14 (e) Other fixed assets Group</b>				
<b>Cost</b>				
At start of year	867,807	2,218,151	-	3,085,958
Additions during year	177,166	514,736	-	691,902
Transfer in on acquisition	-	38,542	3,386	41,928
Disposals	-	(155,791)	-	(155,791)
At end of year	1,044,973	2,615,638	3,386	3,663,997
<b>Depreciation</b>				
At start of year	264,892	1,601,366	-	1,866,258
Provided during year	15,994	232,505	-	248,499
Transfer in on acquisition	-	24,071	3,386	27,457
Disposals	-	(130,327)	-	(130,327)
At end of year	280,886	1,727,615	3,386	2,011,887
<b>Net book value</b>				
At 31 March 2023	764,087	888,023	-	1,652,110
At 31 March 2022	602,915	616,785	-	1,219,700

	Heritable Office Property £	Office Furniture and Equipment £	Other Fixed Assets Total £
<b>14 (f) Other fixed assets Association</b>			
<b>Cost</b>			
At start of year	784,896	2,110,995	2,895,891
Additions during year	177,166	514,736	691,902
Transfer on acquisition	-	38,542	38,542
Disposals	-	(155,791)	(155,791)
At end of year	962,062	2,508,482	3,470,544
<b>Depreciation</b>			
At start of year	241,102	1,507,299	1,748,401
Provided during year	14,106	230,854	244,960
Transfer on acquisition	-	24,071	24,071
Disposals	-	(130,327)	(130,327)
At end of year	255,208	1,631,897	1,887,105
<b>Net book value</b>			
At 31 March 2023	706,854	876,585	1,583,439
At 31 March 2022	543,794	603,696	1,147,490

**CAIRN HOUSING ASSOCIATION LIMITED**

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**FOR THE YEAR ENDED 31 MARCH 2023**

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

<b>14 (g) Investments Association</b>	<b>2023 £</b>	<b>2022 £</b>
Investment in subsidiary undertaking:		
Cairn Homes and Services Limited	1	1
Pentland Community Enterprises Limited	100,001	-
	<u>100,002</u>	<u>1</u>

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 now dormant. Cairn Homes and Services Limited made a profit of £nil (2022: £72,149) for the year ended 31 March 2023 and had net assets of £1 (2022: £22,138).

Cairn Housing Association Limited acquired 100,001 ordinary £1 shares in Pentland Community Enterprises Limited from the transfer of engagement of Pentland Housing Association Limited on 1 April 2022. 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 £33,176 for the year ended 31 March 2023 and had net assets of £43,359.

The Association's other subsidiary is ANCHO Limited. ANCHO Limited made a surplus of £630,936 (2022: £395,510) for the year ended 31 March 2023 and had net assets of £16,473,795 (2022: £15,842,861).

<b>15. Debtors due after more than one year Association</b>	<b>2023 £</b>	<b>2022 £</b>
Amounts owed by subsidiary		
ANCHO Limited	1,460,000	1,460,000
Pentland Community Enterprises Limited	370,000	-
	<u>1,830,000</u>	<u>1,460,000</u>

The loan to ANCHO is a fixed interest loan and is repayable on the 25<sup>th</sup> 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%.

<b>16. Debtors due within one year Group</b>	<b>2023 £</b>	<b>2022 £</b>
Rent arrears	796,109	747,542
Less: provision for bad debts	(502,445)	(437,106)
	<u>293,664</u>	<u>310,436</u>
Prepayments and accrued income	1,772,677	2,400,637
Other debtors	331,856	164,735
Factoring arrears	-	21,480
Trade debtors	3,565	-
	<u>2,401,762</u>	<u>2,897,288</u>

CAIRN HOUSING ASSOCIATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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

Association	2023 £	2022 £
Rent arrears	703,789	629,403
Less: provision for bad debts	(439,310)	(339,987)
	<u>264,479</u>	<u>289,416</u>
Amounts owed by subsidiary	195,903	397,812
Prepayments and accrued income	1,706,616	2,325,286
Other debtors	275,867	116,755
	<u>2,442,865</u>	<u>3,129,269</u>

17a. Cash and cash equivalents  
Group

	2023 £	2022 £
Deposit accounts < 3 months	985,023	3,629,281
Current account	5,040,417	28,067,710
	<u>6,025,440</u>	<u>31,696,991</u>
Overdraft	-	-
	<u>6,025,440</u>	<u>31,696,991</u>

Association	2023 £	2022 £
Deposit accounts < 3 months	-	3,094,582
Current account	4,528,980	27,795,097
	<u>4,528,980</u>	<u>30,889,679</u>

17b. Investments  
Group & Association

	2023 £	2022 £
Deposit accounts > 3 months	16,112,641	36,917
	<u>16,112,641</u>	<u>36,917</u>



CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

<b>18. Creditors: amounts falling due within one year</b>	<b>2023</b>	<b>2022</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Housing loans due in less than 1 year (note 20)	1,207,316	1,198,561
Other loans	86,490	21,490
Trade creditors	2,660,193	2,460,111
Retentions	300,253	185,857
Prepaid rents and service charges	1,074,033	1,010,789
Accruals	2,558,312	2,175,808
Other taxes and social security	9,373	128,301
Deferred Government capital grant (note 22)	387,606	249,805
Corporation tax	-	-
Other creditors	1,051,764	812,497
	<u>9,335,340</u>	<u>8,243,219</u>
Secured creditors	<u>1,207,316</u>	<u>1,198,561</u>
	<b>2023</b>	<b>2022</b>
<b>Association</b>	<b>£</b>	<b>£</b>
Housing loans due in less than 1 year (note 21)	702,168	702,168
Other loans	86,490	21,490
Trade creditors	2,600,162	2,075,263
Retentions	300,253	185,857
Amounts owed to subsidiary	1	1
Prepaid rents and service charges	900,016	840,842
Accruals	2,391,405	2,079,671
Other taxes and social security	9,373	128,301
Deferred Government capital grant (note 22)	387,074	249,273
Other creditors	1,017,094	795,085
	<u>8,394,036</u>	<u>7,077,951</u>
Secured creditors	<u>702,168</u>	<u>702,168</u>

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

19. Creditors: amounts falling due after more than one year	2023 £	2022 £
<b>Group</b>		
Housing loans (note 20)	95,782,719	96,906,852
Deferred Government capital grant (note 22)	40,299,782	30,536,541
Other loans	64,554	86,044
Retentions	629,880	487,045
Other creditors	38,334	77,150
	<u>136,815,269</u>	<u>128,093,632</u>
Secured creditors	<u>95,782,719</u>	<u>96,906,852</u>
<b>Association</b>	2023 £	2022 £
Housing loans (note 21)	91,502,358	92,124,425
Deferred Government capital grant (note 22)	40,277,458	30,513,685
Other loans	64,554	86,044
Retentions	629,880	487,045
Other creditors	38,334	77,150
	<u>132,512,584</u>	<u>123,288,349</u>
Secured creditors	<u>91,502,358</u>	<u>92,124,425</u>

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**

<b>20. Loans Group</b>	<b>2023 £</b>	<b>2022 £</b>
Loans or mortgages secured by charges on the Group's housing properties:		
Loans advanced by:		
Private lenders	<b>96,990,035</b>	<b>98,105,413</b>
Amounts falling due in:		
One year (note 18)	<b>1,207,316</b>	<b>1,198,561</b>
One year or more but less than two years (note 19)	<b>1,237,728</b>	<b>1,207,316</b>
Two years or more but less than five years (note 19)	<b>3,140,066</b>	<b>3,684,841</b>
Five years or more (note 19)	<b>91,404,925</b>	<b>92,014,695</b>
	<b>96,990,035</b>	<b>98,105,413</b>

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 £104,065,449.

<b>21. Loans Association</b>	<b>2023 £</b>	<b>2022 £</b>
Loans or mortgages secured by charges on the Association's housing properties:		
Loans advanced by:		
Private lenders	<b>92,204,526</b>	<b>92,826,593</b>
Amounts falling due in:		
One year (note 18)	<b>702,168</b>	<b>702,168</b>
One year or more but less than two years (note 19)	<b>702,168</b>	<b>702,168</b>
Two years or more but less than five years (note 19)	<b>1,560,703</b>	<b>2,113,236</b>
Five years or more (note 19)	<b>89,239,487</b>	<b>89,309,021</b>
	<b>92,204,526</b>	<b>92,826,593</b>

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 £86,828,009.



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NOTES TO THE FINANCIAL STATEMENTS

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22. Deferred capital grants		2023	2022
		£	£
<b>Group</b>			
Deferred capital grants 1 April		30,786,346	21,095,228
Acquired at start of period (Pentland HA)		437,772	-
Grants received in year		9,850,876	10,078,436
Grant released in year		(387,606)	(249,805)
Disposal in year		-	(137,513)
Deferred capital grants 31 March		40,687,388	30,786,346
Split:			
< 1 year		387,606	249,805
1-2 years		387,606	249,805
2-5 years		1,162,817	749,815
> 5 years		38,749,359	29,536,921
Total		40,687,388	30,786,346
<b>Association</b>			
		2023	2022
		£	£
Deferred capital grants 1 April		30,762,958	21,071,308
Acquired at start of period (Pentland HA)		437,772	-
Grants received in year		9,850,876	10,078,436
Grant released in year		(387,074)	(249,273)
Disposal in year		-	(137,513)
Deferred capital grants 31 March		40,664,532	30,762,958
Split:			
< 1 year		387,074	249,273
1-2 years		387,074	249,273
2-5 years		1,161,221	747,819
> 5 years		38,729,163	29,516,593
Total		40,664,532	30,762,958

**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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**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.

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of the changes. The Trustee is seeking clarification from the Court on these items, and the process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £27m. We note that the estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis.

Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements.

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**

**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**

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	<b>16,528</b>	20,829
Present value of defined benefit obligation	<b>(17,395)</b>	(20,841)
<b>Defined benefit liability to be recognised</b>	<b>(867)</b>	(12)

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

	<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2022</b>
	<b>£'000</b>	<b>£'000</b>
Defined benefit obligation at start of period	<b>(20,841)</b>	(21,875)
Defined benefit obligation acquired at start of period (Pentland HA)	<b>(4,412)</b>	-
Current service cost	-	-
Expenses	<b>(23)</b>	(18)
Interest expense	<b>(696)</b>	(470)
Actuarial gain due to scheme experience	<b>554</b>	-
Actuarial gain due to changes in demographic assumptions	<b>428</b>	-
Actuarial gain due to changes in financial assumptions	<b>6,961</b>	1,100
Benefits paid and expenses	<b>634</b>	422
<b>Defined benefit liability at the end of the period</b>	<b>(17,395)</b>	(20,841)

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

	<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2022</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets at start of the period	<b>20,829</b>	19,866
Fair value of plan assets acquired at start of the period (Pentland HA)	<b>4,400</b>	-
Interest income	<b>701</b>	432
Experience on plan assets (excluding amounts included in interest inc - gain)	<b>(9,217)</b>	383
Contributions by the employer	<b>449</b>	570
Benefits paid and expenses	<b>(634)</b>	(422)
<b>Fair value of plan assets at end of period</b>	<b>16,528</b>	20,829



CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

23. Pension scheme – Group and Association (continued)

Defined benefit costs recognised in the Statement of Comprehensive Income

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Current service cost	-	-
Admin expenses	23	18
Net interest expense	(5)	38
	<hr/>	<hr/>
<b>Defined benefit costs recognised in Statement of Comprehensive Income</b>	<b>18</b>	<b>56</b>
	<hr/>	<hr/>

Defined benefit costs recognised in Other Comprehensive Income

	Period ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
Experience on plan assets (excluding amounts included in net interest cost) – gain/(loss)	(9,217)	383
Experience gains and losses arising on the plan liabilities – gain/(loss)	554	(555)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	428	(72)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	6,961	1,727
	<hr/>	<hr/>
<b>Total amount recognised in other comprehensive income – actuarial (loss)/gain</b>	<b>(1,274)</b>	<b>1,483</b>
	<hr/>	<hr/>

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

23. Pension scheme – Group and Association (continued)

Fund allocation for employer's calculated share of assets

	31 March 2023 £'000	31 March 2022 £'000
Global Equity	436	4,118
Absolute Return	225	955
Distressed Opportunities	508	747
Credit Relative Value	631	668
Alternative Risk Premia	95	860
Emerging Markets Debt	128	775
Risk Sharing	1,205	679
Insurance-Linked Securities	460	437
Property	688	540
Infrastructure	1,781	1,300
Private Debt	738	524
Opportunistic Liquid Credit	731	690
High Yield	84	202
Opportunistic Credit	1	73
Cash	69	58
Corporate Bond Fund	21	1,317
Liquid Credit	1	133
Long Lease Property	554	600
Secured Income	1,105	1,113
Over 15 Year Gilts	-	9
Liability Driven Investment	6,999	5,040
Currency Hedging	31	(76)
Net Current Assets	37	67
<b>Total Assets</b>	<b>16,528</b>	<b>20,829</b>

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

Assumptions as at	31 March 2023 % per annum
Discount rate	4.87
Inflation (RPI)	3.19
Inflation (CPI)	2.75
Salary growth	3.75
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 2023**

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**23. Pension scheme – Group and Association (continued)**

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

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

**Member data summary**

**Active members**

	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	17	745	54
Females	33	1,066	53
<b>Total</b>	<b>50</b>	<b>1,811</b>	<b>53</b>

**Deferred members**

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	36	137	53
Females	66	159	54
<b>Total</b>	<b>102</b>	<b>296</b>	<b>54</b>

**Pensioners**

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	30	167	66
Females	65	344	73
<b>Total</b>	<b>95</b>	<b>510</b>	<b>71</b>

**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 2023**

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**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 2022. As of this date the estimated employer debt for the Association was £6,910,172.

**(iii) Strathclyde Pension Fund**

ANCHO Limited previously contributed to Strathclyde Pension Fund administered by Glasgow Council, a defined benefit scheme, which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The assets of the scheme were held in a separate trustee-administered fund. The pension costs are assessed with the advice of independent qualified actuaries, using the projected unit method.

On exiting the Pension Scheme, ANCHO received a pay out of £1.16m. As part of the exit, settlement payments were made to staff of £21k.

The assumptions and other data that have the most significant effect on the determination of the contribution levels of the scheme are as follows:-

	<b>2023</b>
Inflation / Pension Increase Rate	N/A
Salary scale increases per annum	N/A
Discount rate	N/A

The estimated split of assets in the scheme and expected rate of return were:-

	<b>2023</b>
Equities	N/A
Bonds	N/A
Property	N/A
Cash	N/A

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

23. Pension scheme – Group and Association (continued)

Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males N/A N/A	Females N/A N/A
Current pensioners	2023	2022
Future pensioners	£	£
	-	5,178,000
Estimated employer asset share	-	(5,178,000)
Present value of scheme liabilities	-	-
Present value of unfunded liabilities	-	(5,178,000)
Total value of liabilities	-	-
Net Pension asset	-	-
Analysis of amount charged to operating surplus	2023	2022
	£	£
Service costs	-	(105,000)
Employers' contributions	-	34,000
Total operating charge	-	(71,000)
Analysis of amount credited to other finance income	2023	2022
	£	£
Interest Income on Plan Assets	-	102,000
Interest on pension scheme liabilities	-	(113,000)
Total Net interest	-	(11,000)
Total defined benefit cost in Total Comprehensive Income	-	(82,000)
Analysis of recognised Comprehensive Income	2023	2022
	£	£
Actual return less expected return on pension scheme assets	-	119,000
Experience gains and losses arising on the scheme liabilities	-	(12,000)
Changes in financial assumptions underlying the present	-	463,000
Changes in demographic assumptions	-	32,000
Actuarial gain in pension plan recognised in Other Comprehensive Income	-	602,000

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

23. Pension scheme – Group and Association (continued)

Movement in pension deficit during the year	2023	2022
	£	£
Deficit at the beginning of the year	-	(520,000)
Current service cost	-	(105,000)
Employers' contributions	-	34,000
Net returns on assets	-	(11,000)
Actuarial gain/(loss)	-	602,000
<b>Deficit at the end of the year</b>	<b>-</b>	<b>-</b>

24. Deferred tax	2023	2022
	£	£
At beginning of the year	-	76
Charged to profit or loss (in respect of Cairn Homes and Services Limited)	-	(76)
Transferred from Pentland Community Enterprises Limited	3,962	-
<b>At end of year</b>	<b>3,962</b>	<b>-</b>

The deferred taxation balance is made up as follows:-

	2023	2022
	£	£
Fixed asset timing differences	3,962	-
	<b>3,962</b>	<b>-</b>



**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**

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**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 had been recognised as a contingent liability in the PY financial statements.

However, it is now expected that the works will commence in the next 12-18 months. 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 Association has been advised by 3rd party advisors that a budget of £800k - £1m will be required to cover the cost of providing the shorter-term solution and thus a provision of £900k (the mid-point) has been recognised as at 31 March 2023 as this is considered the minimum cost to the Association of restoring the Riverbank.

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 Association would need financial support from the Scottish Government and relevant agencies via grant funding. The Association will 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 2023.

<b>26a. Share capital</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Group and Association</b>		
Shares of £1 each issued and fully paid		
At 1 April 2022	<b>85</b>	<b>88</b>
Issue of shares during the year	<b>102</b>	<b>2</b>
Cancelled during the year	<b>(32)</b>	<b>(5)</b>
	<hr/>	<hr/>
At 31 March 2023	<b>155</b>	<b>85</b>
	<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 2023

27. Net cash inflow from operating activities Group	2023 £	2022 £
Surplus for the year	14,281,251	349,241
<u>Adjustment for non-cash items</u>		
Taxation charge	-	2,773
Depreciation charges including loss on disposal of components	4,359,174	3,839,086
Gain on acquisition of Pentland HA	(12,377,147)	-
Increase/(decrease) in creditors	614,208	3,867,698
Increase in provisions	900,000	-
Decrease/(increase) in debtors	538,912	(1,258,313)
(Increase) in stock	(57,325)	-
Share capital cancelled	(32)	(5)
Carrying amount of tangible fixed asset disposals and investment properties	875,833	26,248
SPF – Finance cost	-	11,000
SPF – staff costs	-	71,000
Amortisation of RBS arrangement fee	126,656	78,875
Gain on revaluation of investment properties	-	(11,797)
<u>Adjustments for investing or financing activities</u>		
Proceeds from the sale of fixed assets	(1,531,250)	(21,009)
Release of deferred government grants	(387,606)	(387,318)
Interest payable	3,178,122	2,716,388
Interest receivable	(302,306)	(37,112)
Net cash inflow from operating activities	<u>10,218,490</u>	<u>9,246,755</u>

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

27. Net cash inflow from operating activities (continued)

Association	2023 £	2022 £
Surplus/deficit for the year	13,729,094	(15,644)
<u>Adjustment for non-cash items</u>		
Depreciation charges including loss on disposal of components	3,750,789	3,100,970
Gain on acquisition of Pentland HA	(12,377,147)	-
Increase in creditors	860,934	3,612,481
Decrease/(increase) in debtors	729,790	(1,737,096)
(Increase) in stock	(49,177)	-
Share capital cancelled	(32)	(5)
Carrying amount of tangible fixed asset disposals and investment properties	875,833	25,555
Amortisation of RBS arrangement fee	126,656	78,875
Gain on revaluation of investment properties	-	(263,917)
<u>Adjustments for investing or financing activities</u>		
Proceeds from the sale of fixed assets	(1,531,250)	(20,316)
Release of deferred Government Grants	(387,074)	(386,786)
Interest payable	2,975,501	2,612,022
Interest receivable	(367,940)	(88,079)
Net cash inflow from operating activities	<u>8,335,977</u>	<u>6,918,060</u>

28. Payments to members, Board members and Key Management

Group and Association

Remuneration paid to members of the Association during the year were £7,847 (2022: £7,545). Members of the Board of Management were reimbursed for out of pocket travel and accommodation expenses amounting to £1,763 (2022: £715).

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 £2,654 (2022: £nil).

There were no balances owed at the year-end (2022: £nil).

The total remuneration (including pension contributions and benefits in kind) paid to Key Management who are deemed to be the Executive Officers was £581,666 (2022: £542,317). In addition, there were redundancy costs of £nil (2022: £nil).



CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

29. Capital commitments

Group	2023 £	2022 £
Contracted	23,462,812	28,604,921
Approved but not contracted for	10,012,000	1,676,390
	<u>33,474,812</u>	<u>30,281,311</u>
This is to be funded by:		
Private finance	22,954,893	21,999,295
Grants	10,519,919	8,282,016
From reserves	-	-
	<u>33,474,812</u>	<u>30,281,311</u>
Association	2023 £	2022 £
Contracted	22,962,812	27,879,921
Approved but not contracted for	10,012,000	1,676,390
	<u>32,974,812</u>	<u>29,556,311</u>
This is to be funded by:		
Private finance	22,454,893	21,274,295
Grants	10,519,919	8,282,016
From reserves	-	-
	<u>32,974,812</u>	<u>29,556,311</u>

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

30. Revenue commitments

Group

At 31 March 2023 the Association had total future minimum lease commitments under non-cancellable operating leases as set out below:

Group	Land & Buildings 2023 £	Other 2023 £	Land & Buildings 2022 £	Other 2022 £
Within a year	145,116	48,439	108,700	76,519
Within 2-5 years	257,912	1,321	281,148	33,145
After 5 years	1,359	-	63,385	-
	<u>404,387</u>	<u>49,760</u>	<u>453,233</u>	<u>109,664</u>
Association	Land & Buildings 2023 £	Other 2023 £	Land & Buildings 2022 £	Other 2022 £
Within a year	125,486	48,439	89,070	76,109
Within 2-5 years	257,912	1,321	281,148	33,145
After 5 years	1,359	-	63,385	-
	<u>384,757</u>	<u>49,760</u>	<u>433,603</u>	<u>109,254</u>

31. Gain on acquisition of Pentland Housing Association

Group and Association

On 1<sup>st</sup> 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:

<b>Assets:</b>	£
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
<b>Liabilities:</b>	
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)
<b>Gain on acquisition</b>	<u>12,377,147</u>