

# **Caledonia Housing Association Limited**

## **Report of the Management Board and Consolidated Financial Statements Year ended 31 March 2022**

### **Registration Particulars:**

Financial Conduct Authority

Registered Number 2343 R (S)

Scottish Housing Regulator

Registered Number HEP 224

The Scottish Charity Register

Charity Number SC013988

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE MANAGEMENT BOARD AND CONSOLIDATED FINANCIAL**  
**STATEMENTS**

**For the year ended 31 March 2022**

**Contents**

Advisers	1
Report of the Management Board	2 – 11
Independent Auditor's Report	12 – 14
Report by the Auditors on Corporate Governance Matters	15
Statement of Comprehensive Income	16 – 17
Statement of Financial Position	18
Statement of Changes in Reserves	19
Statement of Cash flows	20 – 21
Accounting Policies and Notes to the Financial Statements	22 – 52

# CALEDONIA HOUSING ASSOCIATION LIMITED

## ADVISERS

**For the year ended 31 March 2022**

<b>Registered Office:</b>	Suite 4 Saltire House 3 Whitefriars Crescent Perth PH2 0PA
<b>Auditors:</b>	RSM UK Audit LLP Third Floor 2 Semple Street Edinburgh EH3 8BL
<b>Bankers:</b>	The Royal Bank of Scotland plc 12 Dunkeld Road Perth PH1 5RB
<b>Solicitors:</b>	Harper Macleod The Ca'd'oro 45 Gordon Street Glasgow G1 3PE  Thorntons WS Whitehall House 33 Yeaman Shore Dundee DD1 4BJ
<b>Internal Auditors:</b>	MHA Henderson Loggie Unit 8, The Vision Building 20 Greenmarket Dundee DD1 4QB

# CALEDONIA HOUSING ASSOCIATION LIMITED

## REPORT OF THE MANAGEMENT BOARD

### Caledonia Housing Association Limited

#### The Management Board and Executive Officers

The Members of the Management Board of the Association during the year to 31 March 2022 and up to the date of signing of these Financial Statements were as follows:

Alan Nairn	Chair
Andrew Richmond	Vice-Chair
Katherine Burke	(Elected 21 September 2021)
Tim Goddard	
Allan Jones	(Elected 21 September 2021)
Graham Logan	
Douglas McLaren	
Derek Robertson	
Lorna Williamson	
Mary Clark	(Retired 9 April 2021)
Ian Gray	(Retired 21 September 2021)
Alex McDougall	(Retired 21 September 2021)
Thomas Davis	(From 21 September 2021 to 22 February 2022)

#### Key Management Personnel:

Julie Cosgrove	Chief Executive
Tim Calderbank	Director of Customer Services
Leigh Grubb	Director of Finance & Governance
Barry Johnstone	Director of People
Andrew Kilpatrick	Director of Assets
Garry Savage	Director of Strategy & Innovation

#### PRINCIPAL ACTIVITY

The principal activity of the Association is to build, improve and manage affordable housing and related amenities for those in need by reason of age, ill-health, disability, financial hardship or other disadvantage.

#### THE MANAGEMENT BOARD, CHIEF EXECUTIVE AND DIRECTORS

Each member of the Management Board holds one fully paid share of £1 in the Association. The Chief Executive and other Directors of the Association hold no interest in the Association's share capital, do not have the legal status of Directors, and act within the authority delegated by the Board. The members of the Management Board are currently unpaid though consideration is being given to introducing remuneration for key Office bearers. The governance arrangements include a Management Board with additional Committees for Audit & Risk Management, Health & Safety and Remuneration, and occasional working groups to progress matters of strategic importance to the Association and the Group.

#### RECRUITMENT AND TRAINING OF BOARD MEMBERS

Vacancies on the Management Board are filled from members of the community who have a commitment to the furtherance of social housing and the aims and objectives of the Association. Members are drawn from a wide range of backgrounds and experience to maintain the necessary mix of skills required to govern and control a complex organisation.

All Board members receive initial induction training and are eligible to attend internal and external training events which not only build on existing experience but provide an opportunity to develop new skills.

# **CALEDONIA HOUSING ASSOCIATION LIMITED**

## **REPORT OF THE MANAGEMENT BOARD**

### **Caledonia Housing Association Limited**

#### **STATEMENT OF MANAGEMENT BOARD'S RESPONSIBILITIES**

The Co-operative and Community Benefits Societies Act 2014 and Registered Social Housing Association legislation requires the Management Board to prepare Financial Statements for each Financial Year which give a true and fair view of the state of affairs of the Group and Association and of the income and expenditure of the Association for that period. In preparing those Financial Statements, the Management Board are required to:

- i) select suitable accounting policies and then apply them consistently;
- ii) make judgements and estimates that are reasonable and prudent;
- iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- iv) prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Management Board is responsible for instituting adequate systems of internal control and for:

- i) safeguarding assets;
- ii) taking reasonable steps for the prevention and detection of fraud and other irregularities; and
- iii) the maintenance and integrity of the corporate and financial information included on the Association's website.

The Management Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing Scotland Act 2010 and the Registered Social Landlords Determination of Accounting Requirements February 2019 and the Statement of Recommended Practice for Registered Social Landlords 2018. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **STATEMENT ON INTERNAL FINANCIAL CONTROLS**

The Management Board acknowledges its' ultimate responsibility for ensuring that the Group has in place a system of controls that is appropriate to the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- (i) the reliability of financial information used within the Group or for publication;
- (ii) the maintenance of proper accounting records; and
- (iii) the safeguarding of assets against unauthorised use or disposal.

It is the Management Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of our internal financial control system are described below.

- (i) Formal policies and procedures are in place including the documentation of key systems and rules relating to the delegation of authorities which allow the monitoring of controls and which restrict the unauthorised use of the Group's assets.
- (ii) Experienced and suitably qualified staff take responsibility for important business functions. The Group has appraisal procedures and training & development programmes in place to maintain standards of performance.
- (iii) Cash flow forecasts and budgets are prepared which allow the Board and management to monitor the key financial risks with quarterly management accounts prepared promptly, providing relevant, reliable and up-to-date financial and other information. Significant variances from budgets are investigated as appropriate. Long term financial plans are considered by the Management Board as part of its annual business planning cycle, and further reviewed during each financial year as required.
- (iv) All significant new initiatives, major commitments and investment projects are subject to formal appraisal techniques and authorisation procedures as set out in the scheme of delegated authorities.

## CALEDONIA HOUSING ASSOCIATION LIMITED

### REPORT OF THE MANAGEMENT BOARD

#### Caledonia Housing Association Limited

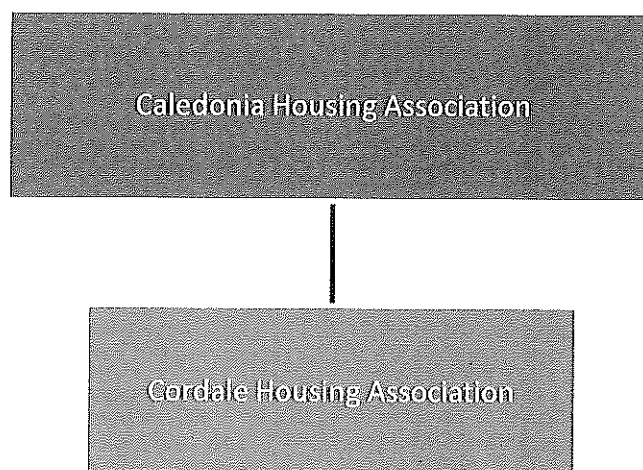
- (v) The Audit & Risk Management Committee has the responsibility of reviewing the internal financial and other controls of the Group and reviews reports from management, from the internal auditors and from the external auditors. In addition, the Audit & Risk Management Committee reviews the Group's corporate risk map at each meeting to monitor and mitigate assessed key risks, and to consider emerging new risks.
- (vi) Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Management Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2022. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the Financial Statements or in the auditor's report on the Financial Statements.

As far as the Board is aware:

- there is no relevant audit information (information needed by the Group's auditors in connection with preparing their report) of which the Association's auditors are unaware; and
- the Board members have taken all the steps that they ought to have taken to make themselves aware of the relevant audit information and to establish that the Association's auditors are aware of that information.

#### GROUP STRUCTURE



The Caledonia Group comprises:

##### 1. Caledonia Housing Association

A registered social landlord registered under the Co-operative and Community Benefits Societies Act 2014 and a Scottish charity and one of Scotland's leading providers of high quality affordable homes for people in housing need. With over 5,000 homes owned and managed across Tayside, Fife, West & East Dunbartonshire and the Highlands, it is also one of Scotland's largest Housing Associations.

# CALEDONIA HOUSING ASSOCIATION LIMITED

## REPORT OF THE MANAGEMENT BOARD

### Caledonia Housing Association Limited

#### 2. Cordale Housing Association

A registered social landlord and a Scottish charity owning and managing over 500 high quality affordable homes in Renton, West Dunbartonshire for people in housing need. The Association became a wholly owned subsidiary of Caledonia on 1 April 2014.

#### 3. Changes in group structure during the year

The following entities were voluntarily wound up during the financial year :

- **Caledonia Ventures** – which had been a dormant subsidiary of Caledonia Housing Association
- **Servite Solutions** – which had been a dormant subsidiary of Caledonia Housing Association
- **Cordale Property Services** – which had been a dormant subsidiary of Cordale Housing Association

## REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

### Financial Review

The Caledonia Group (“Caledonia” or the “Group”) achieved an operating surplus for the year of £5.8m (2021: £7.5m) in a year where the provision of services continued to be hampered by the ongoing impacts of both the global coronavirus pandemic, and the economic and supply chain challenges impacting the sector.

The Group’s net income from rent and service charges, after allowing for void loss, increased by 2.7% to £25.5m (2021: £24.8m). Though partly driven by a rent increase of 0.5%, income levels have also been boosted through the development and letting of new homes, with the Group’s Housing stock increasing by almost 250 new homes during the year. The Group has also benefitted from an improving arrears / bad debts position, with costs in this area being over 60% lower than the previous year.

The Group’s turnover from other activities increased to £7.8m (2021: £2.7m) boosted by shared equity sales in the period of £3.3m (2021: £1.0m) and developments for sale to other organisations of £2.5m (2021: £nil). Some elements of the Group’s other activities continued their gradual return to pre-pandemic levels, with income from our Care and Repair service increasing to £1.1m (2021: 0.8m).

Operating costs include expenditure on reactive, cyclical and planned maintenance totalling £5.3m (2021: £3.8m), with an additional spend of £5.0m (2021: £1.1m) being treated as capital expenditure. The level of spend on reactive repairs increased by 32.8% to £2.8m (2021 : £2.1m) reflecting the Group’s resumption of its day-to-day repairs service and a catch up of repairs which had been delayed in the previous financial years due to Covid restrictions. The level of investment in the Group’s planned maintenance programme has also included a significant proportion of investments which were originally intended to take place in the 2020-21 financial year. It is intended that these delayed investments will be completed in full by the end of the 2022-23 financial year.

The total comprehensive income for the Group was £3.5m (2021: £3.2m). This incorporates an actuarial gain of £1.1m (2021: loss of £1.9m), in respect of the Scottish Housing Association Pension Scheme (SHAPS). The actuarial gain or loss on the pension scheme is calculated by the pension trustee, and adopts the independent actuary’s central assumptions in each reporting period.

At 31 March 2022, the Group’s total reserves amounted to £61.8m (2021: £58.3m), an increase of £3.5m (2021: £3.2m) from 31 March 2021. The increase in reserves is attributed to the surpluses achieved by the Group in the year to 31 March 2022.

# CALEDONIA HOUSING ASSOCIATION LIMITED

## REPORT OF THE MANAGEMENT BOARD

### Caledonia Housing Association Limited

#### Going Concern

The Group undertakes at least annual stress testing and scenario planning, to give consideration as to the financial and operating implications for the Group of a range of different scenarios. These scenarios have, in recent years, considered different impacts of the coronavirus pandemic, as well as the emerging economic challenges impacting the Group and the communities in which it operates. UK domestic inflation has risen sharply over recent months as a result of a series of political and economic events, which have in particular resulted in significant energy price inflation. Our business plan projections reflect these political and economic circumstances and incorporate prudent assumptions on levels of rent voids and rent arrears which negatively impact the Group's budgeted income. The Group's expenditure budgets and longer term investment plans are managed accordingly to ensure the continuing financial strength of the Group and compliance with all lenders' financial covenants. The Management Board is satisfied, on the basis of the stress testing and scenario planning undertaken, that it remains appropriate to prepare the financial statements on a going concern basis.

#### Treasury Management

Caledonia has a comprehensive Treasury Management Strategy and Policy in place. The main aim of the strategy is to ensure that the Group has access, at all times, to sufficient funding to meet all of its operational commitments and the capital commitments it enters into in respect of the Group's housing development programme, as well as any required debt refinancing. The policy ensures there are appropriate controls in place to mitigate treasury risk whilst also ensuring cost-effective and efficient access to sources of funding. At 31 March 2022, Caledonia had fixed rate debt of £56.4m (2021: £59.6m) and variable rate debt of £42.6m (2021: £34.5m) which were used to fund housing development. At the year end, the Group had £34.0m (2021: £39.0m) undrawn revolving credit facilities in place to finance its ongoing development programme. The Association has also secured additional sources of long term funding through a £75m private placement which will be drawn down over the next four financial years. It is intended that these funds will be used to fund future housing development projects and to refinance some existing debt as it matures.

#### Risk Management

Caledonia has a comprehensive group risk management policy in place which details how corporate risks are identified, assessed in terms of impact and likelihood, and how these risks are controlled and mitigated. The resultant risk map is reviewed in detail by the Audit & Risk Management Committee on a quarterly basis to assess the effective management of risks and to give consideration to changes in the risk environment. The work of this Committee is reported to the Management Board and informs the annual internal audit programme.

The Group Audit & Risk Management Committee has determined that the key risks facing the Group are as set out in the following table.



# CALEDONIA HOUSING ASSOCIATION LIMITED

## REPORT OF THE MANAGEMENT BOARD

### Caledonia Housing Association Limited

Risk	Mitigation
The failure of financial controls	<ul style="list-style-type: none"> <li>- Comprehensive rent setting policy and procedures</li> <li>- Budget monitoring processes in place</li> <li>- Detailed sensitivity analysis carried out on long term projections</li> <li>- Detailed Treasury Management Policy</li> <li>- Regular internal audit review of financial controls</li> </ul>
Failure to deliver on strategy and business plan as a result of economic and social challenges in our operating environment	<ul style="list-style-type: none"> <li>- Strategic planning processes and scenario planning</li> <li>- Development and monitoring of a suite of KPIs, with regular discussions and corrective action planning</li> <li>- Business plan implementation tracking via quarterly updates to Board.</li> <li>- Economic outlook and forecasts obtained from reputable third parties</li> <li>- Environment scanning and appraising the Board of key developments within the sector and economy</li> </ul>
Failure of the Group's Health & Safety Procedures	<ul style="list-style-type: none"> <li>- Group Health and Safety Policy and procedure manuals in place.</li> <li>- Risk assessments in place for key areas of activity across the Group and reviewed on a rolling programme basis.</li> <li>- All new homes designed and constructed to current Building Standards at the time of construction</li> <li>- Continuous monitoring of changes of legislation and regulation</li> <li>- Fire Risk Assessment programme in place</li> </ul>
Cyber attack	<ul style="list-style-type: none"> <li>- Detailed cyber security arrangements are in place and subject to ongoing review and enhancement</li> <li>- Development and ongoing review of ICT strategy</li> <li>- Regular reporting on this risk area to the Group's Audit and Risk Management Committee</li> </ul>
Failure to apply the Asset Management Strategy	<ul style="list-style-type: none"> <li>- Asset Management Report prepared for specific projects prior to significant investment and re-modelling</li> <li>- Asset Management Strategy approved by Management Board</li> <li>- Planned investment, including any stock re-modelling and works to comply with EESSH, based on analysis of stock condition information and built into five year budget projections</li> <li>- Phased investment programme to maximise investment whilst recognising risks to income in the current environment</li> </ul>
Failure of Group's ICT systems	<ul style="list-style-type: none"> <li>- All data and processing held and carried out at an off-site tier 3 data centre.</li> <li>- Fully independent links established between area offices and the data centre</li> <li>- Comprehensive back-up and system monitoring procedures</li> <li>- ICT team supported by third party specialist ICT service providers</li> <li>- ICT Strategy implementation supported by specialist ICT consultants</li> </ul>
Failure to comply with the legal and regulatory requirements relating to information governance and to effectively manage information risks	<ul style="list-style-type: none"> <li>- Comprehensive staff training on the requirements of the legislation</li> <li>- Data Protection Officer services provided by external consultant.</li> <li>- Data held within a tier 3 data centre and subject to high levels of security and virus protection</li> <li>- Data Protection policies and procedures in place to respond to requests for information</li> <li>- Implementation of Group electronic document management system.</li> </ul>
Failure to address the risk of Climate Change and Scottish Government mitigation targets	<ul style="list-style-type: none"> <li>- Climate Change Working Group has developed a group wide action plan and Climate Change Statement.</li> <li>- Dedicated resource being recruited to drive key actions</li> <li>- Assessment under way of the risk profile of existing housing stock in relation to the effects of climate change, after which planned investment programme will incorporate work required to mitigate impact</li> <li>- Existing carbon footprint has been assessed by third party.</li> </ul>

# CALEDONIA HOUSING ASSOCIATION LIMITED

## REPORT OF THE MANAGEMENT BOARD

### Caledonia Housing Association Limited

#### Performance

The Group monitors corporate performance in terms of finance, operations, business services and asset management. A range of financial and non-financial ratios and indicators are produced on a quarterly basis which are used to monitor how the organisation is performing and more importantly initiate corrective action in under-performing areas. In addition to this departmental monthly performance indicators are produced for the whole Association and reviewed by the operational management team.

Indicators for Caledonia Housing Association	Target	2021/22 Actual	20/21 Actual
• Void Loss	< 1.0%	0.9%	0.8%
• Arrears Performance	< 5.5%	5.3%	5.5%
• Profitability – Operating surplus	> 17.0%	14.5%	22.9%
• Financial Covenant - Interest Cover	> 120%	124%	187%
• Financial Covenant – Gearing	< 30%	23.9%	23.9%

Indicators for Cordale Housing Association	Target	2021/22 Actual	20/21 Actual
• Void Loss	<1.0%	2.1%	1.7%
• Arrears Performance	<6%	4.6%	6.3%
• Profitability – Operating surplus	>17%	31.6%	33.5%
• Financial Covenant - Interest Cover	>120%	358.7%	398.9%
• Financial Covenant – Gearing	<30%	11.5%	12.1%

The performance tables above demonstrate a mixed picture of performance in what has been a challenging year of recovery, with services resuming to more normal levels following successive periods of lockdown restrictions. The governing bodies of Caledonia and Cordale have taken a prudent approach to managing the Associations during these uncertain times and this is borne out in the strong financial covenant compliance of each Association. We have also been encouraged by continued low levels of arrears and the performance figures show an improving picture here.

Operational performance has been more challenging in other areas, most noticeably in respect of the deteriorating performance measures for void loss, with performance in this area particularly impacted by the coronavirus restrictions in place in the early part of the financial year.

The operating surplus reported for both Caledonia and Cordale is lower than the previous period, and to a large extent this demonstrates the return to a more normal operating environment, enabling the Associations to invest more heavily in the repairs and maintenance programmes which had been particularly impacted by both lockdown restriction and supply chain challenges in the previous financial year. Each Association has delivered a strong net surplus for the year which has been retained within the reserves of each entity.

#### Faifley Housing Association Partnership

In June 2021, Faifley Housing Association ('Faifley') selected Caledonia Housing Association as its preferred transfer partner following a competitive selection process. Faifley operates in the West Dunbartonshire area, and owns and manages over 330 properties. The two associations have completed all appropriate due diligence processes and achieved tenant approval to conclude the transfer. The transfer of engagements has subsequently been concluded with an effective date of 1 April 2022.

#### Future Plans

The Caledonia Management Board approved a business plan in February 2022 which reaffirmed its commitment to the four strategic priorities detailed below.

# CALEDONIA HOUSING ASSOCIATION LIMITED

## REPORT OF THE MANAGEMENT BOARD

### Caledonia Housing Association Limited

#### 1. Achieving Excellence

##### *Customer Service Improvement*

Over the course of the business plan, our customer service priorities will focus on how we support customers and communities to thrive and strengthen resilience as we begin to exit the Covid pandemic. We will develop a stronger understanding of our customer service offering from a customer's perspective and the breadth and range of services required to support their tenancy. To strengthen tenant participation we will implement our recently reviewed Group Tenant Participation strategy and deliver its three-year action plan. We will increase engagement and participation, in particular with underrepresented groups, and ensure there is greater and more diverse participation in all aspects of the Group's operations.

#### 2. Building Success

##### *Developing more than 500 New Homes*

We will continue to be an active developer of new homes to increase the provision of quality housing, address homelessness and strengthen local communities. Over our 5-year business plan we will build more than 500 new homes. These new developments will be located across many of the communities where we operate, and include the continued development of the Bellsmyre (West Dunbartonshire) regeneration, where we will be providing a further 150 new homes and plan to complete the regeneration in the next 5 years. We are currently developing a Zero Energy homes project in Dundee and the insight gained from this innovative pilot programme will inform how we design and build homes in the future.

##### *Group Asset Management Strategy*

In the next 5 years we aim to invest over £36m through planned maintenance in our existing homes. Our focus is to maintain the quality of Caledonia Group homes and deliver the investment commitments provided to tenants in Bellsmyre, Antonine and Faifley. We will also review our Asset Management strategy to support national strategies to reduce carbon emissions and improve the energy efficiency of housing and minimise fuel poverty amongst residents.

##### *Climate Change / Net Zero*

We recognise the critical need to play our part in addressing climate change and reducing carbon emissions. We have developed a Climate Change strategy that relates to our role as a business, employer and landlord and the influence that we can have to inform positive environmental change. The strategy outlines the actions we will take towards becoming a carbon neutral organisation and how we will use our scale and influence to promote responsible environmental behaviours.

##### *Treasury Management*

Effective treasury management is vital to the achievement of our business aims whilst also maintaining long term financial viability. During 2021 we completed a strategic review of the Group's funding options and future funding requirements. Our immediate treasury management objectives have been to complete a £75m sustainable private placement which, together with existing sources of finance, will fund Caledonia's development and refinancing commitments over the period of the business plan.

# CALEDONIA HOUSING ASSOCIATION LIMITED

## REPORT OF THE MANAGEMENT BOARD

### Caledonia Housing Association Limited

#### *Faifley Integration Plan*

Caledonia was successful during the 2021/22 financial year in progressing a transfer of engagements from Faifley Housing Association, which takes effect from the beginning of the 2022/23 financial year. This transfer brings an additional 332 homes to the Group with commitments made to tenants in respect of an accelerated investment programme to enhance the quality of this housing and the surrounding community. The first year of the business plan will focus on integrating the former Faifley homes and services into the Group and beginning to deliver the service and investment improvements that were part of the offer to Faifley tenants.

### 3. Creating Innovation

#### *Group Governance Review*

We will progress our strategic review of governance and examine where our governance framework can be strengthened and streamlined. A key focus of this review will be to ensure that the experience and insight of residents is embedded in the governance structure and informs decision-making. We will also review the Group governance arrangements in relation to parent and subsidiary roles and ensure that they remain effective and continue to deliver the best outcomes for customers.

#### *ICT Strategy Roadmap*

Over the coming year, the Group's ICT Strategy Roadmap will focus on reviewing the ICT Strategy and developing our information management systems to improve service delivery and business efficiency. Our review of the ICT Strategy will examine how we best use existing and new technology to benefit customers and staff. Meanwhile the development of our information management systems will include a new website, continuing to invest in the development of our Connect online self-service portal and supporting agile and mobile working for staff.

### 4. Developing People

Our priority will be to progress the key themes in our People strategy to support the achievement of business plan objectives. This will include introducing a new agile working model to enhance the customer and employee experience; engaging staff in driving continued transformation and growth; maximising the health, safety and wellbeing of our people; growing the skills and behaviours that make the Caledonia Group a great place to work and ensure the Group continues to thrive.

#### **Rental Income and Service Charges**

Rents and services charges are set at a level to recover current and future costs, whilst ensuring that the Associations continue to achieve moderate growth in reserves each year to ensure future financial viability and resilience. Any proposed increases are subject to tenant consultation, and it is the Group's policy to cap the annual rent increase at no more than 1% over CPI. The headline rent increase applied by the Group in the 2021/22 financial year was 0.5%.

#### **Credit Payment Policy**

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is 30 days (2021: 30 days).

# **CALEDONIA HOUSING ASSOCIATION LIMITED**

## **REPORT OF THE MANAGEMENT BOARD**

### **Caledonia Housing Association Limited**

#### **Maintenance Policy**

The Group's policies encompass reactive, cyclical and planned maintenance. Reactive repairs are carried out by contractors who have been subject to a selection process which examines cost, experience and capacity. Subsequent repairs are then monitored in terms of contractor and Association performance and tenant satisfaction. Planned and cyclical maintenance is carried out in accordance with our life cycle programme modified where necessary by inspection and supplemented by the inclusion of enhancements required by relevant regulatory authorities. The resultant works are normally awarded after formal tendering procedures have been applied in accordance with the Group's Procurement policies and practices which ensure compliance with all relevant legislation.

#### **Reserves Policies**

The Association is committed to generating sufficient reserves to pursue its core objectives and to meet the following requirements.

- keeping rents as affordable as possible;
- maintaining the Association's properties in a good state of repair;
- financing loan repayments;
- providing a cushion against risk and future uncertainties; and
- establishing new services or developments.

#### **Revenue Reserves**

The Association has determined that it is appropriate to hold revenue reserves equivalent to a minimum of six months recurring turnover to minimise future financial risk. The current level of undesignated revenue reserves is £61.8m following the addition of a £3.5m revenue surplus in the year to 31 March 2022.

#### **Human Resources**

##### **Equality and Diversity re Employment**

All applicants for employment are given full and fair consideration for all vacancies in accordance with their aptitudes and abilities. We will ensure respect, fairness and understanding and at all times value and embrace diversity and eliminate discrimination.

##### **Employee Involvement and Health & Safety**

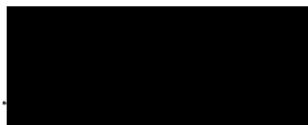
The Association takes seriously its responsibilities to employees and provides employees with information on matters of concern to them. The Association consults employees or their representatives on a range of issues related to their terms and conditions of employment, including health and safety, so that their views may be taken into account in making decisions likely to affect their interests.

#### **AUDITORS**

A resolution for the reappointment of RSM UK Audit LLP as auditors of the Association will be proposed at the Annual General Meeting.

By order of the Management Board

Alan Nairn (Chair).....



30 August 2022

# CALEDONIA HOUSING ASSOCIATION LIMITED

## Independent Auditor's report to the members of Caledonia Housing Association Limited

### Opinion

We have audited the financial statements of Caledonia Housing Association Limited (the 'Association') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, Housing Association Statement of Comprehensive Income, Consolidated and Housing Association Statement of Financial Position, Consolidated and Housing Association Statement of Changes in Reserves, Consolidated Statement of Cashflow, Housing Association Statement of Cashflow and 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 FRS 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 Association's affairs as at 31 March 2022 and of the income and expenditure of the Group and the income and expenditure of the Association for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

### 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 other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board 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 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.

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.

## **CALEDONIA HOUSING ASSOCIATION LIMITED**

### **Independent Auditor's report to the members of Caledonia Housing Association Limited**

We have nothing to report in this regard.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

#### **Responsibilities of the Board**

As explained more fully in the Board's responsibilities statement on page 3, the Board 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 determines 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 is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and the Association operate in and how the group and the Association are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;

## CALEDONIA HOUSING ASSOCIATION LIMITED

### Independent Auditor's report to the members of Caledonia Housing Association Limited

- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019 and the Housing (Scotland) Act 2010. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are the Housing (Scotland) Acts 2006 and 2014, the Co-operative and Community Benefit Societies Act 2014, the Data Protection Act 2018, and the Scottish Housing Regulator's Regulatory Framework (published 2019). We performed audit procedures to inquire of management and those charged with governance whether the Association is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities, including a search on publicly available registers for any indications of breaches.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

**RSM UK Audit LLP**  
Statutory Auditor  
Chartered Accountants  
Third Floor  
2 Semple Street  
Edinburgh  
EH3 8BL

Date 13/09/22



## **CALEDONIA HOUSING ASSOCIATION LIMITED**

### **Report by the Auditors to the Members of Caledonia Housing Association on Corporate Governance Matters**

In addition to our audit of the Financial Statements, we have reviewed your statement on Pages 3 and 4 concerning the Association's compliance with the information required by the Regulatory Standards for systemically important RSLs in respect of internal financial controls 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 to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

#### **Opinion**

In our opinion the Statement on Internal Financial Control on pages 3 and 4 has provided the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.



#### **RSM UK AUDIT LLP**

Statutory Auditor  
Chartered Accountants  
Third Floor  
2 Semple Street  
Edinburgh  
EH3 8BL

Date: 13/09/22

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 31 March 2022**

	<i>Note</i>	2022 £	2021 £
<b>Turnover</b>	2,3a,4a	37,639,141	32,572,428
Operating expenditure	2,3a,4a	(31,595,793)	(24,775,007)
Loss on disposal of fixed assets		<u>(291,801)</u>	<u>(312,440)</u>
Operating surplus	2	5,751,547	7,484,981
Business combination – excess of Fair Value over Book Value		<u>-</u>	<u>1,367,159</u>
		5,751,547	8,852,140
Interest receivable	8	218,991	226,056
Interest payable and financing costs	9	<u>(3,575,845)</u>	<u>(4,012,263)</u>
<b>Surplus for the year</b>		<u>2,394,693</u>	<u>5,065,933</u>
<b>Other Comprehensive Income</b>			
Actuarial gains / (losses) in respect of pension scheme	29	<u>1,134,270</u>	<u>(1,879,000)</u>
<b>Total comprehensive income for the year</b>		<u>3,528,963</u>	<u>3,186,933</u>

All figures relate to continuing operations.

The accompanying notes on pages 22 to 52 form part of these Financial Statements.

**CALEDONIA HOUSING ASSOCIATION LIMITED**

**HOUSING ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 31 March 2022**

	<i>Note</i>	2022 £	2021 £
<b>Turnover</b>	2,3b,4b	34,159,094	27,640,025
Operating costs	2,3b,4b	(28,931,570)	(21,052,609)
Loss on disposal of fixed assets		<u>(290,513)</u>	<u>(261,833)</u>
<b>Operating surplus</b>	2	4,937,011	6,325,583
Business combination – Excess of fair value of assets over the fair value of liabilities acquired		-	10,634,408
Interest receivable	8	218,699	223,667
Interest payable	9	<u>(3,316,549)</u>	<u>(3,697,309)</u>
<b>Surplus for the year</b>		<u>1,839,161</u>	<u>13,486,349</u>
<b>Other Comprehensive Income</b>			
Actuarial gains / (losses) in respect of pension scheme	29	<u>1,134,270</u>	<u>(1,546,000)</u>
<b>Total comprehensive income for the year</b>		<u>2,973,431</u>	<u>11,940,349</u>

All figures relate to continuing operations.

The accompanying notes on pages 22 to 52 form part of these Financial Statements.

CALEDONIA HOUSING ASSOCIATION LIMITED

CONSOLIDATED AND HOUSING ASSOCIATION  
STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022		2021	
		GROUP £	ASSOCIATION £	GROUP £	ASSOCIATION £
<b>Fixed assets</b>					
Housing properties	11, 12	345,610,742	311,465,297	329,331,111	293,933,725
Other fixed assets	13, 14	2,869,914	1,205,129	2,807,974	1,102,103
Investment property	15	1,309,305	354,305	1,309,305	354,305
Investments in subsidiaries	16	-	-	4	4
		<u>349,789,961</u>	<u>313,024,731</u>	<u>333,448,394</u>	<u>295,390,137</u>
<b>Current assets</b>					
Stock and work in progress	17	953,287	953,287	6,080,384	6,080,384
Trade and other debtors	18	2,303,718	2,457,524	1,321,794	1,327,067
Cash and cash equivalents		6,847,692	4,913,382	8,921,498	5,572,443
		<u>10,104,697</u>	<u>8,324,193</u>	<u>16,323,676</u>	<u>12,979,894</u>
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	19	(27,976,740)	(26,016,938)	(13,408,760)	(11,480,171)
<b>Net current (liabilities) / assets</b>		<u>(17,872,043)</u>	<u>(17,692,745)</u>	<u>2,914,916</u>	<u>1,499,723</u>
<b>Total assets less current liabilities</b>		<b>331,917,918</b>	<b>295,331,986</b>	<b>336,363,310</b>	<b>296,889,860</b>
Creditors: amounts falling due after more than one year	20	(270,106,263)	(240,785,634)	(276,556,747)	(243,792,980)
Defined benefit pension liability	29	-	-	(1,523,939)	(1,523,939)
<b>Net assets</b>		<u><b>61,811,655</b></u>	<u><b>54,546,352</b></u>	<u><b>58,282,624</b></u>	<u><b>51,572,941</b></u>
<b>Capital and reserves</b>					
Share capital	23	311	243	243	263
Revenue reserve	24	61,811,344	54,546,109	58,282,381	51,572,678
		<u><b>61,811,655</b></u>	<u><b>54,546,352</b></u>	<u><b>58,282,624</b></u>	<u><b>51,572,941</b></u>

These Financial Statements were approved and authorised for issue by the Management Board on 30 August 2022 and were signed on their behalf:

Chair

Board Member

Secretary

**CALEDONIA HOUSING ASSOCIATION LIMITED**

**CONSOLIDATED AND HOUSING ASSOCIATION  
STATEMENT OF CHANGES IN RESERVES**

**For the year ended 31 March 2022**

<b>Group</b>	<b>Share Capital £</b>	<b>Income and expenditure reserve £</b>	<b>Total £</b>
<b>Balance at 1 April 2020</b>	<b>311</b>	<b>55,095,448</b>	<b>55,095,759</b>
Issued in the year	4	-	4
Cancelled in the year	(72)	-	(72)
Total Comprehensive income for the year	-	3,186,933	3,186,933
<b>Balance as at 31 March 2021</b>	<b>243</b>	<b>58,282,381</b>	<b>58,282,624</b>
Issued in the year	-	-	-
Cancelled in the year	(32)	-	(32)
Investment in subsidiary cancelled	100	-	100
Total Comprehensive income for the year	-	3,528,963	3,528,963
<b>Balance at 31 March 2022</b>	<b>311</b>	<b>61,811,344</b>	<b>61,811,655</b>

<b>Association</b>	<b>Share Capital £</b>	<b>Income and expenditure reserve £</b>	<b>Total £</b>
<b>Balance at 1 April 2020</b>	<b>221</b>	<b>39,632,329</b>	<b>39,632,550</b>
Issued in the year	58	-	58
Cancelled in the year	(16)	-	(16)
Total Comprehensive income for the year	-	11,940,349	11,940,349
<b>Balance as at 31 March 2021</b>	<b>263</b>	<b>51,572,678</b>	<b>51,572,941</b>
Issued in the year	-	-	-
Cancelled in the year	(20)	-	(20)
Total Comprehensive income for the year	-	2,973,431	2,973,431
<b>Balance at 31 March 2022</b>	<b>243</b>	<b>54,546,109</b>	<b>54,546,352</b>

**CALEDONIA HOUSING ASSOCIATION LIMITED**

**CONSOLIDATED STATEMENT OF CASHFLOW**

**For the year ended 31 March 2022**

	<i>Notes</i>	<b>2022</b> £	<b>2021</b> £
Net cash generated from operating activities	27	<u>12,099,426</u>	<u>10,295,956</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		(24,704,530)	(22,246,856)
Proceeds from sale of tangible fixed assets		421,247	84,736
Grants received		10,483,261	9,594,619
Grants repaid		(2,015,279)	-
Interest received		<u>218,991</u>	<u>226,056</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<u>(15,596,310)</u>	<u>(12,341,445)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest paid		(3,546,845)	(4,012,263)
New secured loans		7,660,000	10,005,268
Repayments of borrowings		<u>(2,690,077)</u>	<u>(2,324,759)</u>
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<u>1,423,078</u>	<u>3,668,246</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(2,073,806)</u>	<u>1,622,757</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u>8,921,498</u>	<u>7,298,741</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	27	<u><u>6,847,692</u></u>	<u><u>8,921,498</u></u>

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**HOUSING ASSOCIATION STATEMENT OF CASHFLOW**  
**For the year ended 31 March 2022**

	<i>Notes</i>	2022 £	2021 £
Net cash generated from operating activities	27	<u>10,769,548</u>	<u>8,337,876</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		(24,504,084)	(22,001,200)
Proceeds from sale of tangible fixed assets		350,000	84,736
Grants received		10,483,261	9,594,619
Interest received		218,699	223,667
Cash acquired on business combination		<u>-</u>	<u>2,167,892</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<u>(13,452,124)</u>	<u>(9,930,286)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest paid		(3,287,549)	(3,697,309)
New secured loans		7,660,000	10,000,000
Repayments of borrowings		<u>(2,348,936)</u>	<u>(1,990,842)</u>
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<u>2,023,515</u>	<u>4,311,849</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(659,061)</u>	<u>2,719,439</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u>5,572,443</u>	<u>2,853,004</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	27	<u><u>4,913,382</u></u>	<u><u>5,572,443</u></u>

# CALEDONIA HOUSING ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 1. Accounting policies – Disclosures

#### Legal status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 with the Financial Conduct Authority and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. Its registered office is in Perth as detailed on page 1.

The Association's principal activities are to build, improve and manage affordable housing and related amenities for those in need by reason of age, ill-health, disability, financial hardship or other disadvantage.

Caledonia Housing Association Limited is a Public Benefit Entity.

#### Basis of preparation

These Financial Statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention.

The Financial Statements are prepared in Sterling (£) and rounded to the nearest whole pound unless where otherwise stated.

#### Critical accounting estimates and areas of judgement

Preparation of the Financial Statements requires management to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included below.

- Useful lives of housing property- see depreciation and impairment
- Components of housing properties - see depreciation and impairment
- The measurement of the recoverable amount of assets for impairment reviews - see depreciation and impairment
- Recoverable amount of rent arrears and other debtors - see financial instruments
- Government grants – see government grants
- Defined benefit pension obligation – see defined benefit pension scheme

#### Valuation of investment property

Investment properties consist of commercial properties and properties not held for social benefit. These properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available. Changes in fair value are recognised in income and expenditure.



# CALEDONIA HOUSING ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

### Pension

#### Obligations under a defined benefit pension scheme

The Association participates in a funded multi-employer defined benefit scheme, the Scottish Housing Association Pension Scheme (SHAPS). The Association is able to identify its share of the scheme assets and scheme liabilities and therefore applies full defined benefit accounting for this scheme under FRS 102 Section 28. The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high-quality corporate bond rates. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income.

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses. Full details of the accounting treatment of the Association and Group's interest in the SHAPS defined benefit scheme, including information on critical assumptions, is set out in note 29.

#### Defined contribution plans

For defined contribution schemes the amount charged to income and expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### Government grants

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) on a pro-rata basis under the accruals model.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant a liability is included in the Statement of Financial Position to recognise this obligation.

#### Other grants

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

#### Basis of consolidation

The Group Financial Statements consolidate the results of Caledonia Housing Association Limited and Cordale Housing Association Limited using the acquisition method. Both Associations are registered under the Co-operative and Benefit Societies Act 2014 and are registered with the Scottish Housing Regulator. Whilst the Associations adopt consistent policy on the depreciation of housing properties, each Association determines and applies different expected economic useful lives in its depreciation charges. In the previous year, the results and balances of Cordale Property Services Limited, a limited company and subsidiary of Cordale Housing Association, were also consolidated within the Group Financial Statements. Cordale Property Services was dormant in the year and has been dissolved.

#### Going concern

The Association's business activities, together with the factors likely to affect its future development, performance and position are set out within the Review of Business and Future Developments and Financial Review. The Review of Business and Future Developments and Financial Review also includes a review of the financial position of the Association, its cash flows, liquidity position and borrowing facilities. It also reports on the Association's response and resilience in respect of the current economic challenges.

The Association's financial projections demonstrate that the Association has sufficient financial resources to ensure that it meets its commitments in the short, medium and longer term. Therefore, the Management Board believes that the Association is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Management Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future which is defined as 12 months after the date of these financial statements. For this reason, the going concern basis has been adopted in these Financial Statements.

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

**Business combination**

Assets and liabilities acquired through a business combination are recognised at fair value. Combinations which are for £nil consideration are treated as a public benefit entity combination that is in substance a gift with any excess of fair value of the assets received over the fair value of the liabilities acquired being recognised as income within the Statement of Comprehensive Income.

**Turnover & revenue recognition**

Turnover represents rents, service charges and revenue grants receivable in respect of tenanted properties, amounts receivable from the sale of housing accommodation and amounts invoiced in respect of the provision of services.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Grant income is recognised when any associated performance conditions have been met.

**Fixed Assets – housing land and buildings**

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent and shared ownership.

Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses.

Works to existing properties will generally be capitalised under the following circumstances:

- (i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Income and Expenditure account.

The major components are deemed to be Land, Structure, Roofs, Windows, Kitchens, Bathrooms, Lifts, Warden Call/Fire Alarm and Central Heating. Each component has a substantially different economic life and is depreciated over this individual life. Depreciation rates are shown in Note 1.

**Capitalised development overheads and borrowing costs**

Costs which are directly attributable to bringing housing properties into working condition are included in housing properties cost. Directly attributable costs include direct labour cost of the Association and incremental costs which would have been avoided only if the property had not been constructed or acquired. All other development costs are written off to the Income and Expenditure Account in the period in which it occurs.

Interest charges incurred on the financing of housing properties are capitalised up to the date of practical completion and then amortised thereafter over the remaining loan term. Interest charges arising after that date are charged to the Income and Expenditure Account.

**Impairment of fixed assets**

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the RSL estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the income and expenditure account.

# CALEDONIA HOUSING ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

### Sales of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, and grants relating to the share of property sold are removed from the Financial Statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the Financial Statements.

### Depreciation of housing properties

Depreciation is charged by each Association on a straight-line basis over the expected economic useful lives of each major component that makes up the housing property. Whilst each Association has a consistent policy on depreciating each of the identified components, the Associations have determined different expected economic useful lives as detailed below:

	Caledonia HA	Cordale HA
Land	Not depreciated	Not depreciated
Structure	75 years	50 years
Roof	65 years	50 years
Windows	35 years	25 years
Central Heating Systems	35 years	20 years
Kitchen	20 years	15 years
Bathroom	30 years	30 years
Central Heating- Individual Boilers	20 years	Not applicable
Central Heating- Common Plant	30 years	Not applicable
Lifts	20 years	Not applicable
Warden Call/ Fire Alarm	20 years	Not applicable

### Depreciation of other fixed assets

Scheme plant and equipment is depreciated at 10% per annum on cost.

Office Furniture and Equipment is depreciated at 10% per annum on cost, with the exception of computer equipment which is depreciated at 33.3% per annum on cost, and photocopiers which are depreciated at 20% per annum.

Motor Vehicles are depreciated at 25% per annum on cost.

Office Premises are depreciated on a straight line basis over the expected remaining useful life. It is assumed to have an estimated useful life of 75 years. The Association has carried out the necessary impairment review to ensure properties are not shown at an amount exceeding their recoverable amount.

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

In accordance with FRS 102, (i) it is the Group's policy that investment properties are revalued annually by persons holding a recognised professional qualification and at least every five years by an external valuer; and the aggregate surplus or deficit is transferred to a revaluation reserve, and (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties.

### Cash and cash equivalents

Cash comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

### Housing loans

Mortgage loans on housing land and properties are advanced under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of these developments that have been given approval for Housing Association Grant by Scottish Housing Regulator. Mortgage loans in the balance sheet include amounts due but not received.

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

**Revenue Reserves**

The Association has determined that it is appropriate to hold revenue reserves equivalent to a minimum of six months turnover net of LIFT property sales to minimise future financial risk.

**Operating lease commitments**

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

**VAT**

Whilst being VAT Registered, most of the Association's income is exempt for VAT purposes. Expenditure is therefore shown inclusive of VAT.

**Low-cost Initiative for First-Time Buyers – LIFT (formally undertaken under Homestake)**

During the development of LIFT properties the costs and HAG received are shown in the Balance Sheet as a Current Asset, once sold the cost is reported as a Fixed Asset Investment and the related grant is shown as deferred income. The Current Asset treatment reflects the risks to the Association until a sale is achieved. LIFT income received from sales is included within turnover and the expenses are included as Cost of Sales to reflect the level of activity undertaken.

**Shared ownership**

Proceeds from, and cost of sales of, first tranche disposals of shared ownership properties are accounted for in the Income and Expenditure account of the period in which the disposal occurred. The balance of the costs of shared ownership properties are recorded within fixed assets and subsequent disposals are accounted for through the disposal of fixed assets.

**Stock and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Shared Equity units in progress and Developments in Progress for other Associations are included in WIP at cost, net of any related HAG.

**Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

Employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when Caledonia is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**Financial instruments**

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument, and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Financial assets**

**Debtors**

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade or other debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in income and expenditure for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

***Financial liabilities***

***Trade creditors***

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

***Borrowings***

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

***Provisions***

Provisions are recognised when Caledonia has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

**2. Particulars of turnover, operating costs and operating surplus for the financial period by class of business**

<b>Group:</b>	<b>Turnover £</b>	<b>Operating costs £</b>	<b>Loss on sale of Fixed Assets £</b>	<b>Operating surplus 2022 £</b>	<b>Operating surplus 2021 £</b>
Social lettings (note 3a)	29,835,318	(23,909,543)	-	5,925,775	7,698,947
Other activities (note 4a)	7,803,823	(7,686,250)	-	117,573	98,474
Loss on sale of fixed assets	-	-	(291,801)	(291,801)	(312,440)
<b>Total – 2022</b>	<b>37,639,141</b>	<b>(31,595,793)</b>	<b>(291,801)</b>	<b>5,751,547</b>	<b>7,484,981</b>
<i>Total – 2021</i>	<i>32,572,428</i>	<i>(24,775,007)</i>	<i>(312,440)</i>	<i>7,484,981</i>	

<b>Housing Association:</b>	<b>Turnover £</b>	<b>Operating costs £</b>	<b>Loss on sale of Fixed Assets £</b>	<b>Operating surplus 2022 £</b>	<b>Operating surplus 2021 £</b>
Social lettings (note 3b)	26,450,464	(21,280,591)	-	5,169,873	6,549,752
Other activities (note 4b)	7,708,630	(7,650,979)	-	57,651	37,664
Loss on sale of fixed assets	-	-	(290,513)	(290,513)	(261,833)
<b>Total – 2022</b>	<b>34,159,094</b>	<b>(28,931,570)</b>	<b>(290,513)</b>	<b>4,937,011</b>	<b>6,325,583</b>
<i>Total – 2021</i>	<i>27,640,025</i>	<i>(21,052,609)</i>	<i>(261,833)</i>	<i>6,325,583</i>	

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

**3a. Particulars of turnover, operating costs and operating surplus from social letting activities**

<b>Group</b>	<b>General Needs Housing £</b>	<b>Supported Social Housing £</b>	<b>Shared Ownership Housing £</b>	<b>Total 2022 £</b>	<b>Total 2021 £</b>
Rent receivable net of service charges	18,418,541	2,937,504	977,583	22,333,628	21,719,575
Service charges	1,211,427	1,936,431	271,331	3,419,189	3,316,314
<b>Gross income from rents and service charges</b>	<b>19,629,968</b>	<b>4,873,935</b>	<b>1,248,914</b>	<b>25,752,817</b>	<b>25,035,889</b>
Less Voids	(145,482)	(105,805)	(5,234)	(256,521)	(207,234)
Net income from rents and service charges	19,484,486	4,768,130	1,243,680	25,496,296	24,828,655
Grants released from deferred income	3,704,399	399,325	184,571	4,288,295	4,944,987
Other revenue grants	50,727	-	-	50,727	50,479
<b>Total turnover from social letting activities</b>	<b>23,239,612</b>	<b>5,167,455</b>	<b>1,428,251</b>	<b>29,835,318</b>	<b>29,824,121</b>
Management and maintenance administration costs	6,032,260	1,334,757	380,319	7,747,336	7,644,872
Service costs	1,172,335	2,095,481	242,573	3,510,389	3,323,935
Planned and cyclical maintenance including major repairs costs	2,200,192	188,047	83,059	2,471,298	1,621,261
Reactive maintenance costs	2,305,112	505,080	34,938	2,845,130	2,141,620
Bad debts	109,473	1,957	1,394	112,824	289,819
Depreciation of affordable let properties	6,056,671	895,710	226,147	7,178,528	6,813,502
Impairment of affordable let properties	-	44,038	-	44,038	290,165
<b>Operating costs for affordable letting activities</b>	<b>17,876,043</b>	<b>5,065,070</b>	<b>968,430</b>	<b>23,909,543</b>	<b>22,125,174</b>
<b>Operating surplus for affordable letting activities</b>	<b>5,363,569</b>	<b>102,385</b>	<b>459,821</b>	<b>5,925,775</b>	<b>7,698,947</b>
Operating surplus / (deficit) for affordable letting activities for previous accounting period	7,609,592	(364,472)	453,827	7,698,947	

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

**3b. Particulars of turnover, operating costs and operating surplus from social letting activities (continued)**

Association	General Needs Housing £	Supported Social Housing £	Shared Ownership Housing £	Total 2022 £	Total 2021 £
Rent receivable net of service charges	16,495,044	2,741,342	953,262	20,189,648	18,308,489
Service charges	1,185,401	1,765,137	271,331	3,221,869	3,085,646
<b>Gross income from rents and service charges</b>	17,680,445	4,506,479	1,224,593	23,411,517	21,394,135
Less Voids	(139,418)	(63,618)	(4,632)	(207,668)	(157,044)
Net income from rents and service charges	17,541,027	4,442,861	1,219,961	23,203,849	21,237,091
Grants released from deferred income	2,732,093	290,142	173,653	3,195,888	3,737,524
Other revenue grants	50,727	-	-	50,727	50,479
<b>Total turnover from social letting activities</b>	20,323,847	4,733,003	1,393,614	26,450,464	25,025,094
Management and maintenance administration costs	5,451,190	1,269,469	373,790	7,094,449	6,616,852
Service costs	1,023,809	2,057,590	242,573	3,323,972	3,096,896
Planned and cyclical maintenance including major repairs costs	2,036,388	188,047	83,059	2,307,494	1,474,318
Reactive maintenance costs	2,039,818	479,949	34,938	2,554,705	1,827,533
Bad debts	151,304	1,957	1,394	154,655	211,444
Depreciation of affordable letting properties	4,823,551	760,344	217,383	5,801,278	4,958,134
Impairment of affordable letting properties	-	44,038	-	44,038	290,165
<b>Operating costs for affordable letting activities</b>	15,526,060	4,801,394	953,137	21,280,591	18,475,342
<b>Operating surplus / (deficit) for affordable letting activities</b>	4,797,787	(68,391)	440,477	5,169,873	6,549,752
Operating surplus / (deficit) for affordable letting activities for previous accounting period	6,568,899	(453,076)	433,929	6,549,752	



**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

**4a. Particulars of turnover, operating costs and operating surplus/(deficit) from other activities**

<b>Group:</b>	<b>Grants from Scottish Ministers £</b>	<b>Other revenue grants £</b>	<b>Supporting Income £</b>	<b>Other Income £</b>	<b>Total turnover £</b>	<b>Operating costs – bad debts £</b>	<b>Other operating costs £</b>	<b>Operating (deficit) / surplus 2022 £</b>	<b>Operating (deficit) / surplus 2021 £</b>
Factoring	-	-	-	<b>104,480</b>	<b>104,480</b>	-	(98,829)	5,651	(9,925)
Other services – owner occupiers	-	-	-	<b>14,720</b>	<b>14,720</b>	-	(24,018)	(9,298)	1,059
Care and repair property	1,069,348	-	-	-	<b>1,069,348</b>	-	(1,009,725)	59,623	60,574
Stage 3 Adaptations	381,783	-	-	-	<b>381,783</b>	-	(366,717)	15,066	116,860
Support activities	-	-	122,946	-	<b>122,946</b>	-	(124,206)	(1,260)	(7,149)
Commercial rents	-	-	-	<b>59,375</b>	<b>59,375</b>	-	-	59,375	59,375
Tenant participation	-	-	-	-	-	-	(278)	(278)	(409)
Care activities (Home Help)	-	-	-	-	-	-	-	-	(98,749)
Dundee Voluntary Action	-	-	-	<b>71,700</b>	<b>71,700</b>	-	(66,931)	4,769	(1,332)
Income from Office Lease	-	-	-	<b>47,472</b>	<b>47,472</b>	-	-	47,472	52,689
Agency management services	-	-	-	<b>91,194</b>	<b>91,194</b>	-	(82,075)	9,119	9,278
Shared equity sales	-	-	-	<b>3,298,850</b>	<b>3,298,850</b>	-	(3,298,850)	-	-
Properties for other Associations	-	-	-	<b>2,492,867</b>	<b>2,492,867</b>	-	(2,444,640)	48,227	-
Other Activities	-	-	-	<b>45,718</b>	<b>45,718</b>	-	(41,146)	4,572	3,897
HMRC Furlough Grant	-	3,370	-	-	<b>3,370</b>	-	-	3,370	41,141
Impairment of office property	-	-	-	-	-	-	(128,835)	(128,835)	(128,835)
<b>Total from other activities</b>	<b>1,451,131</b>	<b>3,370</b>	<b>122,946</b>	<b>6,226,376</b>	<b>7,803,823</b>	-	<b>(7,686,250)</b>	<b>117,573</b>	<b>98,474</b>
<b>Total from other activities – 2021</b>	<b>1,155,093</b>	<b>41,141</b>	<b>120,816</b>	<b>1,431,257</b>	<b>2,748,307</b>	<b>(12,978)</b>	<b>(2,636,855)</b>	<b>98,474</b>	

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 March 2022

4b. Particulars of turnover, operating costs and operating surplus/(deficit) from other activities

Association:	Grants from Scottish Ministers £	Supporting Income £	Other Income £	Total turnover £	Operating costs – bad debts £	Other operating costs £	Operating (deficit) / surplus 2022 £	Operating (deficit) / surplus 2021 £
Factoring	-	-	95,662	95,662	-	(90,011)	5,651	(10,019)
Other services – owner occupiers	-	-	14,720	14,720	-	(24,018)	(9,298)	1,769
Care and repair property	1,069,348	-	-	1,069,348	-	(1,009,725)	59,623	60,574
Stage 3 Adaptations	354,783	-	-	354,783	-	(340,542)	14,241	114,400
Support activities	-	122,946	-	122,946	-	(124,206)	(1,260)	(7,149)
Care activities	-	-	-	-	-	-	-	(98,749)
Dundee Voluntary Action	-	-	71,700	71,700	-	(66,931)	4,769	(1,332)
Income from Office Lease	-	-	47,472	47,472	-	-	47,472	52,689
Agency management services	-	-	91,194	91,194	-	(82,075)	9,119	9,278
Other Activities	-	-	45,718	45,718	-	(41,146)	4,572	3,897
Shared equity sales	-	-	3,298,850	3,298,850	-	(3,298,850)	-	-
Properties for other Associations	-	-	2,492,867	2,492,867	-	(2,444,640)	48,227	-
HMRC Furlough grant	-	-	3,370	3,370	-	-	3,370	41,141
Impairment of office property	-	-	-	-	-	(128,835)	(128,835)	(128,835)
<b>Total from other activities</b>	<b>1,424,131</b>	<b>122,946</b>	<b>6,161,553</b>	<b>7,708,630</b>		<b>(7,650,979)</b>	<b>57,651</b>	<b>37,664</b>
<b>Total from other activities – 2021</b>	<b>1,129,630</b>	<b>120,816</b>	<b>1,364,485</b>	<b>2,614,931</b>	<b>(12,978)</b>	<b>(2,564,289)</b>	<b>37,664</b>	

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

**5. Number of units in Management at the year end**

	2022 No.	2021 No.
<b>a) Housing stock (group)</b>		
General needs	5,281	5,028
Shared ownership	394	400
Supported housing	40	40
	<u>5,715</u>	<u>5,468</u>
<b>b) Investment properties (Group)</b>		
Office	1	1
Other	3	3
Total	<u>4</u>	<u>4</u>
<b>c) Housing stock (Association)</b>		
New build	4,815	4,562
Shared ownership	384	389
Total	<u>5,199</u>	<u>4,951</u>
<b>d) Investment properties (Association)</b>		
Office	1	1
Total	<u>1</u>	<u>1</u>

**6. Key Management Personnel (Group and Association)**

Key management personnel are defined as the Chief Executive and any other senior staff reporting directly to the Chief Executive.

The number of key management personnel who received emoluments (excluding employers' pension contributions) in excess of £60,000 during the reporting period fell within the following bands:

	No.	No.
£60,000 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	5	5
£90,001 - £100,000	-	-
£100,001 - £110,000	-	-
£110,001 - £120,000	1	1
	<u>2022</u>	<u>2021</u>
	£	£
Aggregate emoluments for the above key management personnel (excluding pension contributions)	<u>538,529</u>	<u>533,495</u>
Compensation for loss of office	<u>-</u>	<u>-</u>
Aggregate pension contributions in relation to the above key management personnel	<u>61,002</u>	<u>60,398</u>
The emoluments of the Chief Executive (excluding pension contributions)	<u>113,790</u>	<u>112,706</u>
Aggregate pension contributions made on behalf of the Chief Executive	<u>13,139</u>	<u>13,009</u>

No payment or fees or other remuneration was made to the Board members during the year.

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

**7. Employees**

The average monthly number of full time equivalent including key management personnel persons employed (excluding board members) in the year, analysed by category, was as follows:

Group	Number of employees	
	2022	2021
Office, administrative and management	107	103
Development	5	6
Housing Support and Care	44	50
	<u>156</u>	<u>159</u>

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£	£
Wages and salaries	5,393,386	5,118,081
Social security costs	520,685	488,426
Other pension costs and current service costs (note 29)	896,836	815,882
Temporary staffing	97,062	212,094
	<u>6,907,969</u>	<u>6,634,483</u>

Severance Costs totalling £72,918 (2021: £69,618) are included in wages and salaries. This was due to staff members opting for voluntary severance as part of a staffing restructure.

**Association**

The average monthly number of full time equivalent including key management personnel persons employed (excluding board members) in the year, analysed by category, was as follows:

	Number of employees	
	2022	2021
Office, administrative and management	107	103
Development	5	6
Housing Support and Care	44	50
	<u>156</u>	<u>159</u>

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£	£
Wages and salaries	5,393,386	5,033,320
Social security costs	520,685	480,209
Other pension costs and current service costs (note 29)	896,836	806,874
Temp agency seconded staff	97,062	212,094
	<u>6,907,969</u>	<u>6,532,497</u>

Severance Costs totalling £72,918 (2021: £69,618) were recognised in the Financial Statements to 31 March 2022. This was due to staff members opting for voluntary severance as part of a staffing restructure.

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

<b>8. Interest receivable</b>	<b>2022 Group £</b>	<b>2022 Association £</b>	<b>2021 Group £</b>	<b>2021 Association £</b>
Bank and Building Society interest	218,991	218,699	222,056	219,667
Defined benefit pension interest	-	-	4,000	4,000
	<u>218,991</u>	<u>218,699</u>	<u>226,056</u>	<u>223,667</u>
 <b>9. Interest payable and financing costs</b>	 <b>2022 Group £</b>	 <b>2022 Association £</b>	 <b>2021 Group £</b>	 <b>2021 Association £</b>
Interest arising on:				
Housing Accommodation bank loans	3,767,196	3,507,900	3,887,542	3,572,588
Shared Ownership bank loans	272,611	272,611	272,611	272,611
Defined benefit pension charge	29,000	29,000	-	-
	<u>4,068,807</u>	<u>3,809,511</u>	<u>4,160,153</u>	<u>3,845,199</u>
Less: interest capitalised on housing properties under construction	<u>(492,962)</u>	<u>(492,962)</u>	<u>(147,890)</u>	<u>(147,890)</u>
	<u>3,575,845</u>	<u>3,316,549</u>	<u>4,012,263</u>	<u>3,697,309</u>

**10. Taxation**

**Group**

The Associations both have charitable status for taxation purposes and all income falls within the charitable exemptions.

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

**11. Tangible fixed assets - housing properties (Group)**

	Held for letting £	Under Construction £	Completed Shared Ownership £	Total £
<i><b>Cost</b></i>				
At 1 April 2021	378,524,259	36,506,848	17,229,609	432,260,716
Works to existing properties	4,987,465	-	-	4,987,465
Additions	-	19,813,880	-	19,813,880
Disposals	(1,953,215)	(272,450)	(212,960)	(2,438,625)
Transfers	31,154,738	(31,154,738)	-	-
At 31 March 2022	<u>412,713,247</u>	<u>24,893,540</u>	<u>17,016,649</u>	<u>454,623,436</u>
<i><b>Depreciation</b></i>				
At 1 April 2021	98,070,862	-	4,858,743	102,929,605
Provided during year	6,961,145	-	217,383	7,178,528
Eliminated on disposals	(1,065,097)	-	(74,380)	(1,139,477)
Impairment	44,038	-	-	44,038
At 31 March 2022	<u>104,010,948</u>	<u>-</u>	<u>5,001,746</u>	<u>109,012,694</u>
<i><b>Net book value</b></i>				
At 31 March 2022	<u>308,702,299</u>	<u>24,893,540</u>	<u>12,014,903</u>	<u>345,610,742</u>
At 31 March 2021	<u>280,453,397</u>	<u>36,506,848</u>	<u>12,370,866</u>	<u>329,331,111</u>

Additions to housing properties included capitalised development administration costs of £674,716 (2021: £601,177) of which development allowances of £nil (2021: £nil) were received in respect of these costs and capitalised. Additions in the year also include an amount of capitalised interest of £492,962 (2021: £147,890). Interest is capitalised at a rate of 3.5%.

Major repairs in the year amounted to £6,222,305 (2021: £2,290,735). Of the total £4,987,465 (2021: £1,056,440) was capitalised and related to replacement of components. The remaining £1,234,840 (2021: £633,118) was charged to the statement of comprehensive income.

The total cost of land included above is £50,386,543 (2021: £44,865,278).

During the financial year, consideration has been given to the Group's retirement properties at Priory Court which are currently vacant. After depreciation charges and amortisation of capital grant during the year to 31 March 2022, the net carrying value of this property was £44,038. The Board consider it prudent to write down the net carrying values of the properties to £nil as at 31 March 2022 and have therefore recognised an impairment loss in the year of £44,038. This loss has been recognised within Operating Expenditure.

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

**12. Tangible fixed assets - housing properties (Association)**

	Held for letting £	Under Construction £	Completed Shared Ownership £	Total £
<i>Cost</i>				
At 1 April 2021	312,363,350	36,158,683	16,603,714	365,125,747
Works to existing properties	4,805,354	-		4,805,354
Additions	-	19,798,147	-	19,798,147
Disposals	(1,789,433)	(272,450)	(156,060)	(2,217,943)
Transfers	31,154,738	(31,154,738)	-	-
At 31 March 2022	<u>346,534,009</u>	<u>24,529,642</u>	<u>16,447,654</u>	<u>387,511,305</u>
<i>Depreciation</i>				
At 1 April 2021	66,601,703	-	4,590,319	71,192,022
Provided during year	5,583,895	-	217,383	5,801,278
Eliminated on disposals	(942,992)	-	(48,338)	(991,330)
Impairment	44,038	-	-	44,038
At 31 March 2022	<u>71,286,644</u>	<u>-</u>	<u>4,759,364</u>	<u>76,046,008</u>
<i>Net book value</i>				
At 31 March 2022	<u>275,247,365</u>	<u>24,529,642</u>	<u>11,688,290</u>	<u>311,465,297</u>
At 31 March 2021	<u>245,761,647</u>	<u>36,158,683</u>	<u>12,013,395</u>	<u>293,933,725</u>

Additions to housing properties included capitalised development administration costs of £653,970 (2021: £601,177) of which development allowances of £nil (2021: £nil) were received in respect of these costs and capitalised. Additions in the year also include an amount of capitalised interest of £492,962 (2021: £147,890). Interest is capitalised at a rate of 3.5%.

Major repairs in the year amounted to £5,961,071 (2021: £2,159,066). Of the total £4,805,354 (2021: £978,395) was capitalised and related to replacement of components. The remaining £1,155,717 (2021: £579,494) was charged to the statement of comprehensive income. Included in the major repairs figure for the year to 31 March 2022 is £1,189,683 relating to works delayed in the prior year due to COVID restrictions.

The total cost of land included above is £46,007,585 (2021: £40,486,320).

During the financial year, consideration has been given to the Association's retirement properties at Priory Court which are currently vacant. After depreciation charges and amortisation of capital grant during the year to 31 March 2022, the net carrying value of this property was £44,038. The Board consider it prudent to write down the net carrying values of the properties to £nil as at 31 March 2022 and have therefore recognised an impairment loss in the year of £44,038. This loss has been recognised within Operating Expenditure.

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 March 2022

13. Tangible fixed assets – other (Group)

	Office Furniture and Equipment £	Scheme Plant and Equipment £	Office Accommodation £	Leasehold Property £	Motor Vehicles £	Total £
<i>Cost / Revaluation</i>						
At 1 April 2021	1,275,223	1,472,583	2,433,053	305,418	119,403	5,605,680
Additions	119,449	369,639	202	-	-	489,290
At 31 March 2022	<u>1,394,672</u>	<u>1,842,222</u>	<u>2,433,255</u>	<u>305,418</u>	<u>119,403</u>	<u>6,094,970</u>
<i>Depreciation</i>						
At 1 April 2021	1,184,036	740,941	535,097	257,839	79,793	2,797,706
Provided during year	91,478	150,516	29,994	-	26,526	298,514
Impairment	-	-	128,836	-	-	128,836
At 31 March 2022	<u>1,275,514</u>	<u>891,457</u>	<u>693,927</u>	<u>257,839</u>	<u>106,319</u>	<u>3,225,056</u>
<i>Net book value</i>						
At 31 March 2022	<u>119,158</u>	<u>950,765</u>	<u>1,739,328</u>	<u>47,579</u>	<u>13,084</u>	<u>2,869,914</u>
At 31 March 2021	<u>91,187</u>	<u>731,642</u>	<u>1,897,956</u>	<u>47,579</u>	<u>39,610</u>	<u>2,807,974</u>



**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 March 2022

13. Tangible fixed assets – other (Association)

	Office Furniture and Equipment £	Scheme Plant and Equipment £	Office Accommodation £	Leasehold Property £	Commercial Property £	Motor Vehicles £	Total £
<i>Cost</i>							
At 1 April 2021	900,391	1,472,583	567,471	235,861	47,579	119,403	3,343,288
Additions	117,049	369,639	-	-	-	-	486,688
At 31 March 2022	<u>1,017,440</u>	<u>1,842,222</u>	<u>567,471</u>	<u>235,861</u>	<u>47,579</u>	<u>119,403</u>	<u>3,829,976</u>
<i>Depreciation</i>							
At 1 April 2021	837,357	740,941	346,910	235,861	323	79,793	2,241,185
Provided during year	76,716	150,516	745	-	323	26,526	254,826
Impairment	-	-	128,836	-	-	-	128,836
At 31 March 2022	<u>914,073</u>	<u>891,457</u>	<u>476,491</u>	<u>235,861</u>	<u>646</u>	<u>106,319</u>	<u>2,624,847</u>
<i>Net book value</i>							
At 31 March 2022	<u>103,367</u>	<u>950,765</u>	<u>90,980</u>	<u>-</u>	<u>46,933</u>	<u>13,084</u>	<u>1,205,129</u>
At 31 March 2021	<u>63,034</u>	<u>731,642</u>	<u>220,561</u>	<u>-</u>	<u>47,256</u>	<u>39,610</u>	<u>1,102,103</u>

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

<b>14. Investment properties (Group)</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
At 1 April 2021	1,309,305	1,309,305
At 31 March 2022	<u>1,309,305</u>	<u>1,309,305</u>

Investment property at Scott Street, which is freehold, was valued at £360,000 on an open market existing use basis at 19 June 2019 by Graham & Sibbald. The uplift in the carrying value of £5,695 has not been reflected in the accounts on the ground of materiality and the property continues to be held at a value of £354,305. The Management Board do not believe there has been any material change in the value of this property in the period to 31 March 2022. No depreciation is provided in respect of investment properties.

The initial Investment property of an Integrated Healthy Living Centre, which is freehold, was valued on an open market existing use basis at December 2012 by DTZ at £720,000. Subsequently, in July 2016 investment property with an initial value of £690,000 was revalued at £750,000 by Jones Lang LaSalle Limited. The remaining £30,000 is held at the 2012 valuation.

In 2016/17, Cordale Housing Association purchased a pharmacy from its subsidiary Cordale Property Services Limited, which was valued in July 2016 at £170,000 by Jones LaSalle Limited and revalued by them in 2019 to £175,000 and is held at that value.

The Management Board do not believe there has been any material change in the value of these properties in the period to 31 March 2022. No depreciation is provided in respect of investment properties.

<b>Investment properties (Association)</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
At 1 April 2021	354,305	354,305
At 31 March 2022	<u>354,305</u>	<u>354,305</u>

The investment property in the Association is the property at Scott Street, noted above.

**15. Investment in subsidiaries**

<b>Group</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Cost – Caledonia Ventures	-	2
Cost – Servite Solutions	-	2
Cost – Cordale Property Services	-	-
	<u>-</u>	<u>4</u>

The investment in subsidiary companies relates to Servite Solutions Limited and Caledonia Ventures Limited, which were wholly owned subsidiaries of the Association which are limited by share capital. Each had issued share capital of 2 £1 shares. Both Caledonia Ventures and Servite Solutions were dormant until their voluntary wind up during the financial year and an exemption had been granted by the Financial Conduct Authority (FCA) from their inclusion in the group accounts.

Cordale Property Services Limited was a wholly owned subsidiary of Cordale Housing Association Limited and has been included in these Group Consolidated Accounts until the company was voluntarily wound up during the financial year.

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

**16. Investment in subsidiaries (continued)**

The aggregate amount of capital and reserves and the results of Cordale Property Services Limited for the year ended 31 March 2022 were as follows:

	2022 £	2021 £
Capital and reserves	<u>-</u>	<u>(2,400)</u>
Result for the year	<u>-</u>	<u>-</u>

The company has now been wound up.

The results and balances of Cordale Property Services Limited are included in these consolidated Financial Statements.

Association	2022 £	2021 £
Cost – Caledonia Ventures	-	2
Cost – Servite Solutions	-	2
	<u>-</u>	<u>4</u>

The investment in subsidiary companies relates to Servite Solutions Limited and Caledonia Ventures Limited, which were wholly owned subsidiaries of the Association. Both companies were wound up during the year ended 31 March 2022.

17. Stock and work in progress	2022 Group £	2022 Association £	2021 Group £	2021 Association £
Open Market Shared Equity properties	953,287	953,287	6,049,085	6,049,085
Replacement components	-	-	31,299	31,299
	<u>953,287</u>	<u>953,287</u>	<u>6,080,384</u>	<u>6,080,384</u>

18. Debtors	2022 Group £	2022 Association £	2021 Group £	2021 Association £
<b>Due &lt; 1 Year</b>				
Rent and service charges receivable	1,542,890	1,419,580	1,477,141	1,318,217
Less: bad debt provision	<u>(973,434)</u>	<u>(922,091)</u>	<u>(918,718)</u>	<u>(811,274)</u>
	569,456	497,489	558,423	506,943
Prepayments and accrued income	718,692	718,692	619,350	619,350
Other debtors	109,308	37,393	144,021	82,400
Amount due from subsidiary undertakings	-	297,688	-	118,374
Grants Receivable	<u>906,262</u>	<u>906,262</u>	<u>-</u>	<u>-</u>
	<u>2,303,718</u>	<u>2,457,524</u>	<u>1,321,794</u>	<u>1,327,067</u>

**CALEDONIA HOUSING ASSOCIATION LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

<b>19. Creditors: amounts falling due within one year</b>	<b>2022 Group £</b>	<b>2022 Association £</b>	<b>2021 Group £</b>	<b>2021 Association £</b>
Debt (note 22)	15,854,579	15,481,191	2,524,784	2,170,672
Trade creditors	158,051	158,051	232,520	232,520
Other Taxes and Social Security	137,510	137,510	134,118	134,118
Rent in Advance	1,281,326	1,116,915	1,109,289	951,315
Accruals and Deferred Income	5,949,131	5,814,998	4,972,465	4,876,801
Pensions	59,700	59,700	60,396	60,396
Other Creditors	369,131	142,811	409,493	194,507
Deferred capital grants (note 21)	4,167,312	3,105,762	3,965,695	2,859,842
	<u>27,976,740</u>	<u>26,016,938</u>	<u>13,408,760</u>	<u>11,480,171</u>
<b>20. Creditors: amounts falling due after more than one year</b>	<b>2022 Group £</b>	<b>2022 Association £</b>	<b>2021 Group £</b>	<b>2021 Association £</b>
Debt (note 22)	83,173,489	76,977,620	91,533,361	84,977,075
Deferred capital grants (note 21)	186,932,774	163,808,014	185,023,386	158,815,905
	<u>270,106,263</u>	<u>240,785,634</u>	<u>276,556,747</u>	<u>243,792,980</u>
<b>21. Deferred capital grant</b>	<b>2022 Group £</b>	<b>2022 Association £</b>	<b>2021 Group £</b>	<b>2021 Association £</b>
Social Housing Grants				
As at 1 April 2021	188,989,081	161,675,747	189,623,504	156,455,902
Fair value adjustment on business combination	-	-	(4,646,805)	-
Additions	10,483,261	10,483,261	9,594,619	9,594,619
Disposals	(4,204,944)	(2,139,470)	(690,807)	(690,807)
Capital grant released in year	(4,167,312)	(3,105,762)	(4,891,430)	(3,683,967)
At 31 March 2022	<u>191,100,086</u>	<u>166,913,776</u>	<u>188,989,081</u>	<u>161,675,747</u>
Amounts to be released within one year	4,167,312	3,105,762	3,965,695	2,859,842
Amounts to be released in more than one year	186,932,774	163,808,014	185,023,386	158,815,905
	<u>191,100,086</u>	<u>166,913,776</u>	<u>188,989,081</u>	<u>161,675,747</u>
<b>22. Debt analysis – Borrowings</b>	<b>2022 Group £</b>	<b>2022 Association £</b>	<b>2021 Group £</b>	<b>2021 Association £</b>
Creditors: amounts falling due within one year:	<u>15,854,579</u>	<u>15,481,191</u>	<u>2,524,784</u>	<u>2,170,672</u>
Bank loans	<u>15,854,579</u>	<u>15,481,191</u>	<u>2,524,784</u>	<u>2,170,672</u>
Creditors: amounts falling due after one year:	<u>83,173,489</u>	<u>76,977,620</u>	<u>91,533,361</u>	<u>84,977,075</u>
Bank loans	<u>99,028,068</u>	<u>92,458,811</u>	<u>94,058,145</u>	<u>87,147,747</u>

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

**22. Debt analysis – Borrowings (continued)**

*Caledonia HA*

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are either fixed rates or variable rates linked to SONIA that are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

Bank borrowings mature between 1 July 2022 and 31 March 2038. Fixed rate loans £53.5m (2021: £56.6m) bear average fixed-rate coupons of 5.23% per annum (2021: 5.16% per annum) and £39m (2021: £30.5m) variable rate loans bear average variable-rate coupons of 2.15% above SONIA (2021: 1.35% above SONIA). The Association makes quarterly and semi-annual interest payments on all bank borrowings.

Bank borrowings of £92.5m (2021: £87.1m) are secured by specific charges against the Association's housing properties.

*Cordale HA*

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are either fixed rates or variable rates linked to SONIA that are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

Bank borrowings mature between 31 March 2029 and 31 March 2041. Fixed rate loans £2.9m (2021: £3.0m) bear average fixed-rate coupons of 5.45% per annum (2021: 5.45% per annum) and £3.7m (2021: £3.9m) variable rate loans bear average variable-rate coupons of 1.90% above SONIA (2021: 1.78% above SONIA). The Association makes quarterly interest payments on all bank borrowings.

Bank borrowings of £6.6m (2021: £6.9m) are secured by specific charges against the Association's housing properties.

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	2022 Group £	2022 Association £	2021 Group £	2021 Association £
In one year or less	15,854,579	15,481,191	2,524,784	2,170,672
Between one and two years	1,623,804	1,267,037	15,877,151	15,516,734
Between two and five years	24,972,585	23,879,200	21,092,031	19,978,964
In five years and more	56,577,100	51,831,383	54,564,179	49,481,377
	<u>99,028,068</u>	<u>92,458,811</u>	<u>94,058,145</u>	<u>87,147,747</u>

# CALEDONIA HOUSING ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 23. Share capital

Group	2022 No	2021 No.	2022 £	2021 £
<b>Shares of £1 each fully paid</b>				
At 1 April 2021	243	311	343	411
Issued in year	-	4	-	4
Withdrawn in year	(32)	(72)	(32)	(72)
Investment in subsidiary cancelled	100	-	-	-
At 31 March 2022	<u>311</u>	<u>243</u>	<u>311</u>	<u>343</u>

Association	2022 No	2021 No.	2022 £	2021 £
<b>Shares of £1 each fully paid</b>				
At 1 April 2021	263	221	263	221
Issued in year	-	58	-	58
Cancelled in year	(20)	(16)	(20)	(16)
At 31 March 2022	<u>243</u>	<u>263</u>	<u>243</u>	<u>263</u>

### 24. Reserves

Reserves of the Association represent the following:

*Revenue Reserve*

The cumulative surplus / deficit.

### 25. Commitments under operating leases – Group and Association

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022 Land and Buildings £	2021 Land and buildings £
<b>Amounts due:</b>		
Within one year	17,500	70,000
Between one and five years	-	17,500
After five years	-	-
	<u>17,500</u>	<u>87,500</u>

During the year £70,000 (2021: £70,000) of payments made under an operating lease were recognised as an expense.

### 26. Post Balance Sheet Event

On 1 April 2022, Caledonia Housing Association acquired the assets and liabilities of Faifley Housing Association for £nil consideration. At 1 April 2022 (the 'acquisition date'), the assets and liabilities of Faifley Housing Association will be consolidated at their fair values and therefore recognised in the accounts for year ended 31 March 2023.

# CALEDONIA HOUSING ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

27. Notes to the cash flow statement – Group	2022 £	2021 £
<b>Reconciliation of surplus to net cash inflow from activities</b>		
Surplus for the year	3,528,963	3,186,933
Adjustments for non-cash items:		
Business combination – excess of Fair Value over book value	-	(1,367,159)
Movement in Investments	-	100
Depreciation of tangible fixed assets	7,477,042	7,087,403
Amortisation of capital grant	(4,167,312)	(4,944,987)
Grants released	(2,189,665)	(690,807)
Impairment of office property	128,835	128,835
Impairment of property held for letting	44,038	290,165
Loss on disposal of tangible fixed assets	291,801	312,440
Interest received	(218,991)	(226,056)
Interest payable	3,546,845	4,012,263
Withdrawal from investment	100	-
Shares issued	-	4
Cancelled shares	(32)	(172)
<b>Operating cash flows before movement in working capital</b>	<b>8,441,624</b>	<b>7,788,962</b>
Decrease / (increase) in stock	5,127,097	(1,405,355)
(Increase) / decrease in trade and other debtors	(1,458,925)	1,258,010
Increase in trade and other creditors	1,513,569	1,185,801
(Decrease) / increase in defined pension benefit liability	(1,523,939)	1,468,538
<b>Cash generated from operations</b>	<b>12,099,426</b>	<b>10,295,956</b>
Cash and cash equivalents	6,718,682	8,813,852
Short Term Deposits	115,149	97,812
Loan Servicing Account	13,861	9,834
<b>Cash</b>	<b>6,847,692</b>	<b>8,921,498</b>

### Net debt reconciliation

	1 April 2021	Cashflow	Other Non-cash movements	31 March 2022
Cash at bank and in hand	8,921,498	(2,073,806)	-	6,847,692
Bank Loan	(2,524,784)	2,524,784	(15,854,579)	(15,854,579)
Debt due within 1 year	(2,524,784)	2,524,784	(15,854,579)	(15,854,579)
Bank Loan	(91,533,361)	(7,660,000)	16,019,872	(83,173,489)
Debt due after 1 year	(91,533,361)	(7,660,000)	16,019,872	(83,173,489)
<b>Total net debt</b>	<b>(85,136,647)</b>	<b>(7,209,022)</b>	<b>165,293</b>	<b>(92,180,376)</b>

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

<b>27. Notes to the cash flow statement (continued) – association</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Reconciliation of surplus to net cash inflow from activities</b>		
Surplus for the year	2,973,431	11,940,349
Adjustments for non-cash items:		
Business combination – excess of fair value of assets over the fair value of liabilities acquired	-	(10,634,408)
Depreciation of tangible fixed assets	6,056,104	5,181,845
Amortisation of capital grant	(3,105,762)	(3,737,524)
Grants released	(2,139,470)	(690,807)
Impairment of office property	128,835	128,835
Impairment of property held for letting	44,038	290,165
Loss on disposal of tangible fixed assets	290,513	261,833
Interest received	(218,699)	(223,667)
Interest payable	3,287,549	3,697,309
Cancelled shares	(20)	(16)
Shares issued	-	58
<b>Operating cash flows before movement in working capital</b>	<b>7,316,519</b>	<b>6,213,972</b>
Decrease / (increase) in stock	5,127,097	(1,405,355)
(Increase) / decrease in trade and other debtors	(1,130,457)	1,332,307
Increase in trade and other creditors	980,328	1,006,908
(Decrease) / increase in defined pension benefit liability	(1,523,939)	1,190,044
<b>Cash generated from operations</b>	<b>10,769,548</b>	<b>8,337,876</b>
Cash and cash equivalents	4,913,382	5,572,443
<b>Cash</b>	<b>4,913,382</b>	<b>5,572,443</b>

**Net debt reconciliation**

	1 April 2021	Cashflow	Other Non-cash movements	31 March 2022
<b>Cash at bank and in hand</b>	5,572,443	(659,061)	-	4,913,382
Bank Loan	(2,170,672)	2,170,672	(15,481,191)	(15,481,191)
<i>Debt due within 1 year</i>	(2,170,672)	2,170,672	(15,481,191)	(15,481,191)
Bank Loan	(84,977,075)	(7,660,000)	15,659,455	(76,977,620)
<i>Debt due after 1 year</i>	(84,977,075)	(7,660,000)	15,659,455	(76,977,620)
<b>Total net debt</b>	<b>(81,575,304)</b>	<b>(6,148,389)</b>	<b>178,264</b>	<b>(87,545,429)</b>



**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

<b>28. Capital commitments</b>	<b>2022</b>	<b>2021</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Capital expenditure contracted for but not provided in the Financial Statements	<b>15,488,409</b>	28,570,596
Capital expenditure authorised by the Board but not contracted	<u><b>8,100,000</b></u>	<u>34,719,168</u>
<b>Association</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Capital expenditure contracted for but not provided in the Financial Statements	<b>15,488,409</b>	28,570,596
Capital expenditure authorised by the Board but not contracted	<u><b>8,100,000</b></u>	<u>22,171,546</u>

The above expenditure will be funded through Scottish Housing Association grant, internal resources and private finance.

**29. Pensions**

**(a) Defined Contribution**

The Association operates a Defined Contribution Pension Scheme. The assets are held separately from the Association in an independently administered fund. The pension cost charge represents the contributions payable by the Association to the fund and amounted to £477,715 (2021: £454,806). Contributions totalling £59,700 (2021: £60,396) were payable to the fund at the year end and are included in creditors.

**(b) Scottish Housing Associations' Pension Scheme**

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which will run to either 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company 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.

For accounting purposes, a valuation of the scheme was carried out as at 30 September 2021 to inform the liabilities as at 31 March 2022. The liabilities are compared with the Association's fair share of the Scheme's total assets as at 31 March 2022 to calculate the company's net deficit or surplus.

Under the defined benefit pension accounting approach, the SHAPS net deficit as at 31 March 2022 is £nil (2021: £1,524k) for the Association and £nil (2021: £1,524k) for the Group.

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

**29. Pensions (continued)**

**Fair value of plan assets, present values of defined benefit obligation, and defined benefit liability**

	<b>2022</b>	<i>2021</i>	<b>2022</b>	<i>2021</i>
	<b>Group</b>	<i>Group</i>	<b>Association</b>	<i>Association</i>
	<b>(£000s)</b>	<i>(£000s)</i>	<b>(£000s)</b>	<i>(£000s)</i>
Fair value of plan assets	<b>15,382</b>	<i>14,716</i>	<b>15,382</b>	<i>14,716</i>
Present value of defined benefit obligation	<b>15,361</b>	<i>16,240</i>	<b>15,361</b>	<i>16,240</i>
Surplus (deficit) in plan	<b>21</b>	<i>(1,524)</i>	<b>21</b>	<i>(1,524)</i>
Unrecognised surplus	<b>21</b>	<i>-</i>	<b>21</b>	<i>-</i>
Defined benefit liability	<b>-</b>	<i>(1,524)</i>	<b>-</b>	<i>(1,524)</i>

<b>Reconciliation of the impact of the asset ceiling</b>	<b>2022</b>	<i>2021</i>	<b>2022</b>	<i>2021</i>
	<b>Group</b>	<i>Group</i>	<b>Association</b>	<i>Association</i>
	<b>(£000s)</b>	<i>(£000s)</i>	<b>(£000s)</b>	<i>(£000s)</i>
Impact of asset ceiling at start of period	<b>-</b>	<i>-</i>	<b>-</b>	<i>-</i>
Actuarial losses (gains) on asset ceiling	<b>21</b>	<i>-</i>	<b>21</b>	<i>-</i>
Impact of asset ceiling at end of period	<b>21</b>	<i>-</i>	<b>21</b>	<i>-</i>

<b>Reconciliation of opening and closing balances of the defined benefit obligation</b>	<b>2022</b>	<i>2021</i>	<b>2022</b>	<i>2021</i>
	<b>Group</b>	<i>Group</i>	<b>Association</b>	<i>Association</i>
	<b>(£000s)</b>	<i>(£000s)</i>	<b>(£000s)</b>	<i>(£000s)</i>
Defined benefit obligation at start of period	<b>16,240</b>	<i>13,548</i>	<b>16,240</b>	<i>8,479</i>
Current service cost	<b>-</b>	<i>-</i>	<b>-</b>	<i>-</i>
Expenses	<b>14</b>	<i>14</i>	<b>14</b>	<i>12</i>
Interest expense	<b>353</b>	<i>309</i>	<b>353</b>	<i>267</i>
Contributions by plan participants	<b>-</b>	<i>-</i>	<b>-</b>	<i>-</i>
Actuarial losses (gains) due to scheme experience	<b>307</b>	<i>(88)</i>	<b>307</b>	<i>(67)</i>
Actuarial losses (gains) due to changes in demographic assumptions	<b>49</b>	<i>-</i>	<b>49</b>	<i>-</i>
Actuarial losses (gains) due to changes in financial assumptions	<b>(1,344)</b>	<i>2,951</i>	<b>(1,344)</b>	<i>2,293</i>
Benefits paid and expenses	<b>(258)</b>	<i>(494)</i>	<b>(258)</b>	<i>(434)</i>
Liabilities acquired in a business combination	<b>-</b>	<i>-</i>	<b>-</b>	<i>5,690</i>
Defined benefit obligation at end of period	<b>15,361</b>	<i>16,240</i>	<b>15,361</b>	<i>16,240</i>

**CALEDONIA HOUSING ASSOCIATION LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

**29. Pensions (continued)**

<b>Reconciliation of opening and closing balances of the fair value of plan assets</b>	<b>2022 Group (£000s)</b>	<b>2021 Group (£000s)</b>	<b>2022 Association (£000s)</b>	<b>2021 Association (£000s)</b>
Fair value of plan assets start of period	14,716	13,566	14,716	8,471
Interest Income	324	313	324	271
Experience on plan assets (excluding amounts included in interest income) – gain	167	910	167	606
Contributions by the employer	433	421	433	364
Contributions by plan participants	-	-	-	-
Benefits paid and expenses	(258)	(494)	(258)	(434)
Exchange rate changes	-	-	-	-
Assets acquired in a business combination	-	-	-	5,438
Fair value of plan of assets at end of period	<u>15,382</u>	<u>14,716</u>	<u>15,382</u>	<u>14,716</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 for the Group was £491,000 (2021: £1,223,000) and for the Association was £491,000 (2021: £877,000).

<b>Defined benefit costs recognised in Statement of Comprehensive Income (SOCl)</b>	<b>2022 Group (£000s)</b>	<b>2021 Group (£000s)</b>	<b>2022 Association (£000s)</b>	<b>2021 Association (£000s)</b>
Current service cost	-	-	-	-
Expenses	14	14	14	12
Net interest expense	29	(4)	29	(4)
Losses on business combination	-	-	-	326
Defined benefit costs recognised in statement of comprehensive income (SoCI)	<u>43</u>	<u>10</u>	<u>43</u>	<u>334</u>

<b>Defined benefit costs recognised in Other Comprehensive Income</b>	<b>2022 Group (£000s)</b>	<b>2021 Group (£000s)</b>	<b>2022 Association (£000s)</b>	<b>2021 Association (£000s)</b>
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	167	910	167	606
Experience gains and losses arising on the plan liabilities – gain (loss)	(307)	88	(307)	67
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	(49)	-	(49)	-
Effects of changes in the financial assumptions underlying the present value of the defined obligation – gain (loss)	1,344	(2,951)	1,344	(2,293)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain (loss)	<u>(21)</u>	<u>74</u>	<u>(21)</u>	<u>74</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain (loss)	<u>1,155</u>	<u>(1,879)</u>	<u>1,155</u>	<u>(1,546)</u>
Total amount recognised in other comprehensive income – gain (loss)	<u>1,134</u>	<u>(1,879)</u>	<u>1,134</u>	<u>(1,546)</u>

# CALEDONIA HOUSING ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 29. Pensions (continued)

Assets	Group		Association	
	2022 (£000s)	2021 (£000s)	2022 (£000s)	2021 (£000s)
Global Equity	3,041	2,277	3,041	2,277
Absolute Return	705	725	705	725
Distressed Opportunities	551	503	551	503
Credit Relative Value	493	424	493	424
Alternative Risk Premia	635	590	635	590
Emerging Markets Debt	573	593	573	593
Risk Sharing	502	526	502	526
Insurance-Linked Securities	322	307	322	307
Property	399	264	399	264
Infrastructure	960	822	960	822
Private Debt	387	347	387	347
Opportunistic Illiquid Credit	510	377	510	377
High Yield	150	386	150	386
Opportunistic Credit	54	402	54	402
Cash	43	5	43	5
Corporate Bond Fund	972	1,110	972	1,110
Liquid Credit	99	254	99	254
Long Lease Property	443	341	443	341
Secured Income	822	809	822	809
Over 15 Year Gilts	6	7	6	7
Liability Driven Investment	3,722	3,538	3,722	3,538
Currency Hedging	(56)	-	(56)	-
Net Current Assets	49	109	49	109
Total assets	<u>15,382</u>	<u>14,716</u>	<u>15,382</u>	<u>14,716</u>

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

### Key assumptions – Association

	31 March 2022 % per annum	31 March 2021 % per annum
Discount Rate	2.79%	2.19%
Inflation (RPI)	3.54%	3.26%
Inflation (CPI)	3.17%	2.87%
Salary Growth	4.17%	3.87%
Allowance for commutation of pension cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2022	21.6
Female retiring in 2022	23.9
Male retiring in 2042	22.9
Female retiring in 2042	25.4

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

**30. Contingent liabilities**

The Association has been notified by the Pensions Trust of the employer debt on withdrawal from the scheme with the latest data provided to 30 September 2021. At this date the debt on withdrawal was £8,240,381.

The Association has been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over recent years. The Trustee has been advised to seek clarification from the Court on potential changes to the pension liability. This process is ongoing and the Association understands that the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until the outcome of the Court process is known, it is not possible to calculate the impact on the liabilities of this issue, particularly on an individual employer basis, with any accuracy for the purposes of the 31 March 2022 financial statements. Accordingly, no adjustment has been made in these financial statements in respect of this potential issue.

**31. Auditors remuneration**

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	2022 £	2021 £
Audit services – statutory audit – Group	42,840	82,688
Other services – Group:		
Other services	4,260	19,164
	<u>47,100</u>	<u>101,852</u>

**32. Related party disclosures**

***Group***

During the year, two Management Committee members were also tenants of Cordale Housing Association Limited. Their tenancies are on normal commercial terms. The amount of rent receivable from tenant members for the year ended 31 March 2022 was £8,071 (2021: £7,725). At the year-end there were £321 (2021: £470) of rent arrears due from these tenant members and £nil (2021: £nil) of rent in advance due.

Any transaction between the Association and any entity with which a Management Committee member has a connection is made at arm's length and is under normal commercial terms.

***Association***

The Association provides management services to Cordale Housing Association. Management Charges and recharged salary costs of £510,346 (2021: £438,268) were charged in the year. At the year end Cordale Housing Association owed the Association £297,688 (2021: £118,374) in respect of management services provided and expenditure incurred on behalf of Cordale Housing Association by the Association.

The Association is also a member of Upper Dens Landscaping Limited, which is a company limited by guarantee. There are four Directors appointed two of which are employees of the Association. During the year, £3,481 (2021: £5,397) was paid to Upper Dens Landscaping Limited.

One Management Board member is also a tenant of the Association. Their tenancy is on normal commercial terms. During the year £4,674 (2021: £8,090) of rent was receivable from this tenant member. At the year-end there were £nil

**CALEDONIA HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

(2021: £196) of rent arrears due from these tenant members. Three Management Board members who retired from the Board during the financial year also held tenancies on normal commercial terms.

Some board members are employees of related local authorities and other related public or commercial entities. Any transactions with these related parties are made at arm's length, on normal commercial terms and board members cannot use their position to their advantage.