



Alexander Sloan
Accountants and Business Advisers

Cloch Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2024

Registered Social Landlord No. HEP91

FCA Reference No. SP1893R(S)

Scottish Charity No. SC013996

CLOCH HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Contents

	Page
Members of the Board, Executive and Advisers	1
Report of the Board	2 – 8
Report by the Auditors on corporate governance matters	9
Report of the Auditors	10-13
Statement of comprehensive income	14
Statement of financial position	15
Statement of cash flows	16
Statement of changes in equity	17
Notes to the financial statements	18 - 37

CLOCH HOUSING ASSOCIATION LIMITED

BOARD, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2024

BOARD

Kelly Ferns	Chairperson
Heather Thomson	Vice Chair – resigned 20.09.23
Eileen Tamburrini	Secretary – resigned 17.03.24
Eleanor Robertson	Secretary – appointed 28.05.24
Ken Robertson	Vice Chair
David Brown	
Jacqueline Smith	
Hristina Tarpanova	
Victoria Weir	Resigned – 13.02.24
David McIndoe	Appointed -25.04.23
Nicola McLachlan	Appointed – 13.06.23
Laura Quinn	Appointed – 13.02.24
Karen Aitken	Appointed – 28.05.24

EXECUTIVE OFFICERS

Alana Durnin	Chief Executive Officer
Valerie Wilson	Depute Chief Executive Officer – Finance, IT & Corporate services – Resigned 20.02.24
Kristina Thrush	Depute Chief Executive Officer – Finance, IT & Corporate services - Appointed 01.02.24 ; Resigned 01.07.24
Louise Carlin	Head of Housing Services – resigned 25.12.23
Paul McColgan	Director of Property & Assets
Michael Monaghan	Director of Customer & Community Services – appointed 22.01.24

REGISTERED OFFICE

19 Bogle Street
Greenock
PA15 1ER

EXTERNAL AUDITORS

Alexander Sloan LLP
Accountants and Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

INTERNAL AUDITORS

TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

BANKERS

Bank of Scotland
The Cross Branch
Paisley
PA1 1DD

SOLICITORS

Patten & Prentice
2 Ardgowan Square
Greenock
PA16 8PP

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2024

The Board presents its report and the financial statements for the year ended 31 March 2024.

Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No. SP1893R(S)), the Scottish Housing Regulator as a registered social landlord (No. HEP91) under the Housing (Scotland) Act 2010 and as is a registered Scottish Charity with the charity number SC013996.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

1. providing, restructuring, improving and managing land, accommodation and associated facilities and providing care;
2. providing or arranging home maintenance, repair and improvement services and providing facilities and services for the benefit of such people either exclusively for them or together with other persons;
3. undertaking any activities which are charitable, allowed under section 58 of the Housing (Scotland) Act 2001, including any statutory amendment or re-enactment of the provisions of this section from time to time being in force and;
4. carrying on any other charitable activities permitted to registered social landlords from time to time.

Review of Business and Future Developments

2023/24 remained a challenging year for the housing sector, with high costs continuing to impact Cloch's operating expenditure, particularly in the areas of reactive and void costs, planned maintenance, insurance, electricity, and IT software costs. We also experienced unexpected expenditure with a second flood at Kilmacolm Road. This impacted six homes and displaced six of our families for a second time in 10 months - with four families still in temporary homes provided by Cloch. We are providing as much support as we can to the families, appreciating the devastating impact on them, and we are continuing to liaise with our partners at Scottish Water and Inverclyde Council re: flood mitigating action responsibilities and hope for a resolution soon. The Scottish Government also supported us during this period, with £130k additional grant funding to help buy two larger, three-bedroom family homes, which we are currently refurbishing to Cloch's standard of housing.

The cost-of-living crisis continued to impact our customers and to help provide support in this area Cloch secured £206k of external funding. This has enabled the team to issue home starter packs, energy saving items and equipment, fuel, and food vouchers to our tenants. Part of the funding also supports our Community Support Team, (three additional members of staff), who have engaged with around 10% of our customers providing health and wellbeing support across a range of areas. Cloch also works in partnership with Financial Fitness, who provide money advice services for our tenants and during the year this service helped 209 customers and generated £234k of savings for them, in areas such as universal credit payments, pension payments, disability allowances, attendance allowances, etc.

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2024

Review of Business and Future Developments (Contd.)

Against the backdrop of the challenges, we are pleased to see the work of our staff team undertaken this year and the previous year has resulted in performance improvements with 75% of our key performance indicator results being better than the 2022/23 results.

We also carried out a tenant satisfaction survey in October 2023 and were delighted that this confirmed improved performance across all satisfaction measures. We were particularly pleased that 99% of our tenants felt we were good at keeping them informed about services and decisions (up from 94% in 2021) and this has been supported by our newly formed Customer Involvement Team. 99% of tenants were satisfied with the opportunities to participate in our decision making process (up from 93% in 2021), 95% were satisfied with the overall quality of their home (up from 77% in 2021), 95% were satisfied with our contribution to the management of neighbourhoods (up from 91% in 2021), 93% of our tenants were satisfied with the overall housing service (up from 87% in 2021) and 91% thought that the rent for their property represented value for money (up from 72% in 2021).

The tenant satisfaction results also provided us with a focus on improving performance in particular areas, e.g. for our repairs services, 87% of tenants were satisfied with repairs carried out in the past 12 months (up from 82% in 2021). However, we are confident this will improve further with our new approach to the repairs service introduced in August 2023. This saw us moving away from working with one large contractor to working in partnership with several smaller contractors. We have seen a marked improvement in performance from the local contractors and we are also pleased that our new approach has resulted in eight new trade apprenticeships being created for young people in Inverclyde.

In the main, our planned maintenance expenditure focussed on working on the backlog of work from 2021/22 with £702k spent on replacing components such as boilers, kitchen, and bathrooms, etc. However, over the next 2 years we have allocated a budget of £3.75M to catch up on delayed work, which has been funded by the 6.9% rent increase for 2024/25, following our rent consultation with tenants.

We know some of our suppliers continue to be impacted by factors in the external environment, e.g. labour shortages. This particularly impacted our grass cutting service throughout the year and to address poor performance in this area we re-tendered and have a new contractor now in place from April 2024. The costs increased substantially in this area; however, we know value for money is important for our customers and having a good service is key rather than a sub-standard service.

Overall, we spent £2.64M on our properties during the year, down from £3.23M the previous year, however, this was a deliberate strategy based on high planned maintenance costs with costs increasing between 20% and 40% for planned maintenance service.

Cloch has loan funding of £10.6M (down from £12.5M in 2022/23). Loan funding costs were impacted by the increase in the Bank of England Base Rate from 4.25% in March 2023 to 5.25% by March 2024. Cloch's Treasury Management Strategy implemented in February 2023 helped mitigate the impact of higher loan interest rates by transferring a £6M traditional capital and interest loan to an overdraft type loan, (revolving credit facility), which sees loan funding only being drawn down when required. Although loan interest costs did increase to £513k (up from £474k in 2022/23) the average mortgage rate paid during the year was 4.4% (up from 3.7% for 2022/23) compared to the current variable rate of 6.7%, (as of March 2024 and based on Base Rate and the Bank's margin).

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2024

Review of Business and Future Developments (Contd.)

Cloch's cash held also remained steady at £3.1M compared to £3.3M in 2022/23. Interest received for cash held also improved with £38k received compared to £18k in 2022/23.

A key priority for Cloch is to increase the number of houses we have - being acutely aware of the housing crisis and need for quality homes. During the year we purchased eight properties (up from five purchases in 2022/23). The Scottish Government provided grant funding to assist with this, helping us increase the number of properties from 1,471 in March 2023 to 1,479 by March 2024. The net value of Cloch's properties and other assets was £72.6M at the end of the financial year, (down from £74.1M in 2022/23 due to depreciation). The over net value of Cloch was £20.4M, which is up from £19.2M as of March 2023 showing a steady increase in value of 6%.

Internally there have been personnel changes within Cloch. During 2023/24, the Staff Team worked on a key project to redesign the staff resource to ensure this was optimal to deliver our ambitious Business Plan objectives over the next 2 years. This was a great success, with internal succession planning bedded into the process and twelve staff members secured different / promoted roles, with all changes made within the current staffing budget.

A risk focussed project was also successfully concluded during the year with the employee pension offering being changed. All staff are now members of a defined contribution scheme from April 2024. This not only reduces financial risk for Cloch, but the scheme proposed by the Staff and Board working group was also fairer and more equitable across the staff team.

There has also been changes at Leadership Team level with a staff member moving abroad, a career development move and for one person the role not being what the employee had expected. Recruiting for Finance Director type roles is particularly challenging in the sector and Cloch are considering a different model for this remit moving into 2024/25. This will result in a resource redesign within the Finance, IT & Corporate Services Teams, which will have a focus on having more specialised roles in Finance, Governance & HR and using the talent within Cloch and succession plans. The new Director of Customers Services and Communities joined the Leadership Team in January 2024 and has redesigned the Housing Team to be more responsive to customer needs, with good performance results for the team throughout the year and arrears management remaining in the top quartile of performance across the housing sector.

Turnover, Operational Activity & Surplus

Our total turnover was £10M taking account of other income and grants released from deferred income (2022/23 £9.38M). However, 95% and £8.05M of our revenue comes from rents and services charges, (2022/23 £7.58M) and this reduced to £7.95M when taking account of rent loss from empty properties (2022/23 £7.42M). Rent loss as a percentage of rent and service charges improved from 2.1% in 2022/23 to 1.3% in 2023/24. This performance area is impacted by the average number of days to relet properties after being returned to Cloch and the number of days reduced from 69 days last year to 38.5 days for 2023/24. This improvement can be linked to the Property Services & Housing Team and working in partnership with the new contractors.

Our operating costs associated with our core services was £7.51M resulting in an operational surplus on affordable letting activities of £2.17M (2022/23 £2.24M). However, after taking account of other activities and financial costs such as loan interest, our surplus for the year was £1.72M (2022/23 £1.83M). After adjustments for the pension plan the surplus reduced further to £1.18M (2022/23 £1.43M) and this will be used to fund our future planned maintenance programme.

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2024

Turnover, Operational Activity & Surplus (Contd.)

In addition to the annual operating costs noted above, we invested in component replacements and improvements across our housing stock.

Our component replacement and improvement activity during the year focussed on delivering:

Kitchens	57
Boiler replacements	79
Bathrooms	34
Door entry systems	2

The above work alone had a total cost of £702k (2022/23 £1.21M).

In the last year and in accordance with our charitable status, Cloch donated £1,200 to the following charities:

- The Ripe Bunch
- Knit n Natter
- The Beatson
- Inverclyde Foodbank
- Children Poverty Inverclyde

Governance

Our fifth compliant Assurance Statement was delivered supported by self-assessment against the Regulatory Standards of Governance and Financial Management with an annual review carried out by our Board Members. In addition, three internal audits were completed during the year which focussed on Customer Engagement & Complaints Management, (substantial assurance), Corporate Performance Management, (substantial assurance), Corporate Governance – Regulatory Standards, (substantial assurance). We were also delighted to be awarded with the Customer Excellence Plus accreditation, proving assurance to our Board and customers that we are dedicated to the continuous improvement in this area.

At our AGM in September 2023 Kelly Ferns remained in the role of Chair, with Ken Robertson being nominated as Vice Chair and Eileen Tamburini remaining as the Secretary. However, Eileen stood down from the Board in March 2024 and Eleanor Robertson transferred into the role from May 2024.

Cloch's Board are exceptional, and their knowledge and skills are highly valued by the staff team. The Board provide valuable guidance and have set a clear strategy and business plan priorities for the staff team to deliver. The Board invest their own time to ensure that the governance of Cloch is robust and forward thinking. The support is given in a voluntary capacity, and they ensure that Cloch is well managed and controlled, and delivering the necessary outputs required in compliance with legislative and regulatory standards. The tenants, membership, and staff team of Cloch are very fortunate to be governed by such a strong and dedicated team.

Looking ahead - 2024/25

As a Staff Team and Board, we are looking forward to seeing the benefits of delivering the priorities within our new Business Plan. In particular, the impact of our staff structure refresh project, focussing on the back log of planned maintenance work, having our new, local reactive contractors on board and our Cloch+ project to help and support our customers and communities within Inverclyde. We also have a key project being undertaken this year to replace our Management Information System and we are looking forward to this project and the efficiency benefits it should bring in terms of reducing administration time for the team. We will also be taking forward our action plan from the 2023 Tenant Satisfaction Survey and our Customer Involvement Team are planning various events to help provide further insight into what is important for our customers to help shape the future services.

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2024

Board and Executive Officers

The members of the Board and the Executive officers are listed on page 1.

Each member of the Board holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of directors, they act as executives within the authority delegated by the Board.

The members of the Board are also trustees of the charity. Members of the Board are appointed by the members at the Association's Annual General Meeting.

Statement of Board's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Board to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements the Board is required to:

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2024. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

Going Concern

Based on its budgetary and forecasting processes the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2024

Statement on Internal Financial Control

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

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Board to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board;
- the Board receives reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year end 31 March 2024. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Disclosure of Information to the Auditor

The members of the Board at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

A resolution to reappoint the Auditors, Alexander Sloan LLP, Accountants and Business Advisers, will be proposed at the Annual General Meeting.

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2024

By order of the Board



Eleanor Robertson
Secretary
28 August 2024

CLOCH HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF CLOCH HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed your statement on page 7 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement of Internal Financial Control on page 7 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

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



ALEXANDER SLOAN LLP
Accountants and Business Advisers
Statutory Auditors
GLASGOW
28 August 2024



CLOCH HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLOCH HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2024

Opinion

We have audited the financial statements of Cloch Housing Association Limited (the 'Association') for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2024 and of the surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2024.

Basis of Opinion

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other Information

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

CLOCH HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLOCH HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2024 (continued)

Other Information (Contd.)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the statement of Board's responsibilities as set out on page 6, the Board is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

CLOCH HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLOCH HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2024 (continued)

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Association through discussions with management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- making enquiries of Management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Association's Assurance Statement and associated supporting information; and
- reviewing correspondence with the Scottish Housing Regulator.

CLOCH HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLOCH HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2024 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our Report

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



ALEXANDER SLOAN LLP
Accountants and Business Advisers
Statutory Auditors
GLASGOW
28 August 2024



CLOCH HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024	2023
		£	£
Revenue	2	9,997,936	9,375,416
Operating costs	2	7,840,216	7,180,388
OPERATING SURPLUS		2,157,720	2,195,028
Gain on sale of housing stock	7	-	207,806
Exceptional item	27	90,580	-
Interest receivable and other income		38,101	17,623
Interest payable and similar charges	8	(513,303)	(473,578)
Other Finance income/(charges)	11	(52,933)	(111,947)
		(437,555)	(360,096)
SURPLUS FOR THE YEAR		1,720,165	1,834,932
Other comprehensive income			
Actuarial gains/(losses) on defined benefit pension plan	19	(544,000)	(409,000)
TOTAL COMPREHENSIVE INCOME		1,176,165	1,425,932

The results relate wholly to continuing activities.

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

CLOCH HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Notes	2024		2023	
		£	£	£	£
NON-CURRENT ASSETS					
Housing properties - depreciated cost	12		72,188,603		73,599,699
Other tangible assets	12		461,858		456,893
			<u>72,650,461</u>		<u>74,056,592</u>
CURRENT ASSETS					
Receivables	13	329,911		461,930	
Investments	14	21,228		826,394	
Cash and cash equivalents	15	3,112,274		2,506,821	
		<u>3,463,413</u>		<u>3,795,145</u>	
CREDITORS: Amounts falling due within one year	16	(3,029,555)		(3,034,537)	
			<u>433,858</u>		<u>760,608</u>
NET CURRENT ASSETS					
			<u>433,858</u>		<u>760,608</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			73,084,319		74,817,200
CREDITORS: Amounts falling due after more than one year	17		(9,296,719)		(11,399,775)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish housing association pension scheme	19	(766,000)		(269,000)	
			<u>(766,000)</u>		<u>(269,000)</u>
DEFERRED INCOME					
Social housing grants	20	(42,141,573)		(43,424,453)	
Other grants	20	(461,014)		(481,129)	
		<u>(42,602,587)</u>		<u>(43,905,582)</u>	
NET ASSETS					
			<u>20,419,013</u>		<u>19,242,843</u>
EQUITY					
Share capital	21		62		57
Revenue reserves			21,184,951		19,511,786
Pension reserves			(766,000)		(269,000)
			<u>20,419,013</u>		<u>19,242,843</u>

The financial statements were approved by the Board and authorised for issue and signed on their behalf on 28th August 2024.

Board Member

Board Member

Secretary

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

CLOCH HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	Notes	£	2024 £	£	2023 £
Surplus for the Year			1,720,165		1,834,932
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets	12	2,828,086		2,781,541	
Amortisation of capital grants	20	(1,631,495)		(1,658,268)	
Gain on disposal of tangible fixed assets		-		(207,806)	
Non-cash adjustments to pension provisions		(47,000)		(140,000)	
Share capital written off	21	(1)		(5)	
			1,149,590		775,462
Interest receivable			(38,101)		(17,623)
Interest payable	8		513,303		473,578
Operating cash flows before movements in working capital			3,344,957		3,066,349
Change in debtors		190,458		(173,796)	
Change in creditors		(237,688)		125,814	
			(47,230)		(47,982)
Net cash inflow from operating activities			3,297,727		3,018,367
Investing Activities					
Acquisition and construction of properties		(1,364,260)		(1,427,250)	
Purchase of other fixed assets		(57,695)		(25,667)	
Social housing grant received		249,047		114,199	
Changes on short term deposits with banks		805,166		82,013	
Proceeds on disposal of housing properties		-		328,000	
Net cash outflow from investing activities			(367,742)		(928,705)
Financing Activities					
Interest received on cash and cash equivalents		38,101		17,623	
Interest paid on loans		(513,303)		(473,578)	
Loan principal repayments		(1,849,336)		(2,111,604)	
Share capital issued	21	6		9	
Net cash outflow from financing activities			(2,324,532)		(2,567,550)
Increase/(decrease) in cash	22		605,453		(477,888)
Opening cash & cash equivalents			2,506,821		2,984,709
Closing cash & cash equivalents			3,112,274		2,506,821
Cash and cash equivalents as at 31 March					
Cash	22		3,112,274		2,506,821
			3,112,274		2,506,821

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

CLOCH HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2024

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 1 April 2022	53	-	17,816,854	17,816,907
Issue of Shares	9	-	-	9
Cancellation of Shares	(5)	-	-	(5)
Other comprehensive income	-	(409,000)	-	(409,000)
Other movements	-	140,000	(140,000)	-
Surplus for the year	-	-	1,834,932	1,834,932
Balance as at 31 March 2023	57	(269,000)	19,511,786	19,242,843
Balance as at 1 April 2023	57	(269,000)	19,511,786	19,242,843
Issue of Shares	6	-	-	6
Cancellation of Shares	(1)	-	-	(1)
Other comprehensive income	-	(544,000)	-	(544,000)
Other movements	-	47,000	(47,000)	-
Surplus for the year	-	-	1,720,165	1,720,165
Balance as at 31 March 2024	62	(766,000)	21,184,951	20,419,013

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

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice for social housing providers 2018. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2019. They comply with the Determination of Accounting Requirements 2024. A summary of the principal accounting policies is set out below.

Revenue

Revenue comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sales of properties built for sale, other services provided, revenue grants receivable and government grants released to income in the period.

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government grants are released to income over the expected useful life of the asset to which they relate. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

Retirement Benefits

Up until 31st March 2024, the Association participated in the Scottish Housing Association Pension Scheme (SHAPS) a multi-employer defined benefit scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

Going Concern

On the basis that the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Housing Properties

Housing properties are held for the provision of social housing. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Association depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

<i>Component</i>	<i>Useful Economic Life</i>
Land	Not Depreciated
Structure	Over 50 years
Roof	Over 50 years
Windows	Over 30 years
Rewiring	Over 30 years
Central Heating	Over 30 years
Bathroom	Over 20 Years
Lifts	Over 20 Years
Kitchens	Over 15 Years
Boilers	Over 15 Years

Depreciation and Impairment of Other Tangible Assets

Non-current assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected economic useful lives of the assets at the following annual rates:

<i>Asset Category</i>	<i>Depreciation Rate</i>
Office Premises	2%
Furniture and Fittings	20%
Computer Equipment	25%

The carrying values of non-current assets are reviewed for impairment at the end of each reporting period.

Social Housing Grants and Other Capital Grants

Social housing grants and other capital grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which they relate.

Social housing grant attributed to individual components is written off to the statement of comprehensive income when these components are replaced.

Although social housing grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

First tranche shared ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the statement of recommended practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the statement of comprehensive income.

Disposals under shared equity schemes are accounted for in the statement of comprehensive income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Taxation

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

Leases

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

Works to Existing Properties

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

Capitalisation Of Development Overheads

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

VAT

The Association de-registered for Value Added Tax (VAT) on 31 March 2021. VAT paid is not recoverable and therefore expenditure as shown inclusive of VAT.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

Cash and Liquid Resources

Cash comprises cash at bank and in hand, deposits repayable on demand less overdrafts. Liquid resources are current asset investments that cannot be disposed of without penalty and are readily convertible into amounts of cash at their carrying value.

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Impairment

The Association assesses at the end of each accounting period whether there are indications that a non-current asset may be impaired or that an impairment loss previously recognised has fully or partially reversed.

Where the carrying value of non-current assets is less than their recoverable amounts the shortfall is recognised as an impairment loss in the Statement of Comprehensive Income. The recoverable amount is the higher of the fair value less costs to sell and value-in-use of the asset based on its service potential.

Impairment losses previously recognised are reversed if the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income.

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Association to exercise judgement in applying the its accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below.

Key Judgements

a) Categorisation of Housing Properties

In the judgement of the Board the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Board considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Pension Liability

The Association participated in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method. From 1st April 2024 the Association no longer participates in the Defined Benefit Scheme. The Association was informed in May 2022 that the pension liabilities could be higher. No adjustment has been made for this and more details of the circumstances are provided in note 30.

Estimation Uncertainty

a) Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

b) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

d) Costs of shared ownership

The Association allocates costs to shared ownership properties on a percentage basis split across the number of properties the Association owns.

e) Defined pension liability

In determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Notes	2024			2023		
		Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	9,682,248	7,507,698	2,174,550	9,243,253	7,002,136	2,241,117
Other Activities	4	315,688	332,518	(16,830)	132,163	178,252	(46,089)
Total		9,997,936	7,840,216	2,157,720	9,375,416	7,180,388	2,195,028

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2024 Total £	2023 Total £
Revenue from Lettings					
Rent receivable net of service charges	7,368,077	391,975	41,813	7,801,865	7,363,263
Service charges receivable	104,362	145,272	-	249,634	215,540
Gross income from rent and service charges	7,472,439	537,247	41,813	8,051,499	7,578,803
Less: Rent losses from voids	102,121	-	-	102,121	157,490
Income from rents and service charges	7,370,318	537,247	41,813	7,949,378	7,421,313
Grants released from deferred income	1,619,536	-	11,957	1,631,493	1,635,108
Revenue grants from Scottish Ministers	101,377	-	-	101,377	186,832
Total turnover from affordable letting activities	9,091,231	537,247	53,770	9,682,248	9,243,253
Expenditure on affordable letting activities					
Management and maintenance administration costs	2,312,372	123,016	13,122	2,448,510	1,990,314
Service costs	104,991	96,064	-	201,055	245,795
Planned and cyclical maintenance, including major repairs	573,928	25,608	-	599,536	717,561
Reactive maintenance costs	1,356,368	72,158	-	1,428,526	1,294,516
Bad Debts - rents and service charges	57,619	-	-	57,619	6,189
Depreciation of affordable let properties	2,755,531	-	16,921	2,772,452	2,747,761
Operating costs of affordable letting activities	7,160,809	316,846	30,043	7,507,698	7,002,136
Operating surplus on affordable letting activities	1,930,422	220,401	23,727	2,174,550	2,241,117
2023	1,958,345	239,485	43,287		

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
 NOTES TO THE FINANCIAL STATEMENTS (continued)

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants from Scottish Ministers	Other revenue grants	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating surplus / (deficit) 2024	Operating surplus / (deficit) 2023
	£	£	£	£	£	£	£	£
Wider role activities	169,666	33,200	3,020	205,886	-	234,519	(28,633)	(47,135)
Factoring	-	-	27,852	27,852	5,099	29,015	(6,262)	723
Contracted out services undertaken for registered social landlords	-	-	61,798	61,798	-	61,798	-	-
Common Housing Register	-	-	-	-	-	2,087	(2,087)	(3,767)
Insurance Income	20,152	-	-	20,152	-	-	20,152	4,090
Total From Other Activities	189,818	33,200	92,670	315,688	5,099	327,419	(16,830)	(46,089)
2023	46,213	43,961	41,989	132,163	(2,197)	180,449	(46,089)	

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

	2024	2023
	£	£
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board, managers and employees of the Association.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	219,074	198,872
Pension contributions made on behalf on Officers with emoluments greater than £60,000	26,428	31,173
Emoluments payable to Chief Executive Officer (excluding pension contribu	83,436	71,802
Pension contributions paid on behalf of the Chief Executive Officer	8,325	9,643
Total emoluments payable to the Chief Executive Officer	91,761	81,445
Total emoluments paid to key management personnel	351,529	321,424

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

	Number	Number
£70,001 to £80,000	2	2
£90,001 to £100,000	1	1

6. EMPLOYEE INFORMATION

	2024	2023
	No.	No.
Average monthly number of full time equivalent persons employed during the year	31	26
Average total number of employees employed during the year	36	33
Staff costs were:	£	£
Wages and salaries	1,109,405	1,093,512
National insurance costs	93,200	110,943
Pension costs	222,987	167,400
Temporary, agency and seconded staff	53,616	-
	1,479,208	1,371,855

There are no past service deficit payments included within Pension Costs above (2023 - £117,919). Pension costs include, £280,987 (2023 - £189,481) annual pension contributions and (£58,000) (2023- (£140,000)) relating to adjustments in respect of the pension valuation provided by The Pension Trust to reflect the actual pension cost.

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

7. GAIN ON SALE OF HOUSING STOCK

	2024	2023
	£	£
Sales proceeds	-	328,000
Cost of sales	-	<u>120,194</u>
Gain on sale of housing stock	-	<u>207,806</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2024	2023
	£	£
On bank loans and overdrafts	<u>513,303</u>	<u>473,578</u>

9. SURPLUS FOR THE YEAR

	2024	2023
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	2,754,562	2,740,001
Auditors' remuneration - audit services	10,968	11,372
Auditors' remuneration - other services	6,408	2,142
Operating lease rentals - other	<u>2,082</u>	<u>2,490</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

11. OTHER FINANCE INCOME / (CHARGES)

	2024	2023
	£	£
Non Utilisation and Loan Set-Up Fees	(41,933)	(111,947)
Net interest on pension obligations	(11,000)	-
	<u>(52,933)</u>	<u>(111,947)</u>

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
NOTES TO THE FINANCIAL STATEMENTS (continued)

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
COST				
At 1 April 2023	118,002,702	128,624	756,930	118,888,256
Additions	1,364,260	-	-	1,364,260
Disposals	(315,182)	-	-	(315,182)
Transfers	128,624	(128,624)	-	-
At 31 March 2024	<u>119,180,404</u>	<u>-</u>	<u>756,930</u>	<u>119,937,334</u>
DEPRECIATION				
At 1 April 2023	44,915,756	-	372,801	45,288,557
Charge for Year	2,684,911	-	16,921	2,701,832
Transfers	-	-	-	-
Disposals	(241,658)	-	-	(241,658)
At 31 March 2024	<u>47,359,009</u>	<u>-</u>	<u>389,722</u>	<u>47,748,731</u>
NET BOOK VALUE				
At 31 March 2024	<u>71,821,395</u>	<u>-</u>	<u>367,208</u>	<u>72,188,603</u>
At 31 March 2023	<u>73,086,946</u>	<u>128,624</u>	<u>384,129</u>	<u>73,599,699</u>

Expenditure on Existing Properties	2024		2023	
	Component replacement £	Improvement / Repairs £	Component replacement £	Improvement / Repairs £
Amounts capitalised	702,260	-	1,215,250	-
Amounts charged to the statement of comprehensive income	-	2,028,062	-	2,012,077
	<u>702,260</u>	<u>2,028,062</u>	<u>1,215,250</u>	<u>2,012,077</u>

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a historical cost carrying value of £44,491,521 (2023 - £46,259,189).

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

12. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Sheltered Housing F&F £	Computer Equipment £	Total £
COST					
At 1 April 2023	1,192,123	42,654	18,374	169,373	1,422,524
Additions	-	376	-	57,319	57,695
Eliminated on disposals	-	-	-	-	-
At 31 March 2024	<u>1,192,123</u>	<u>43,030</u>	<u>18,374</u>	<u>226,692</u>	<u>1,480,219</u>
DEPRECIATION					
At 1 April 2023	768,544	38,879	18,374	139,834	965,631
Charge for year	23,847	1,528	-	27,355	52,730
Eliminated on disposals	-	-	-	-	-
At 31 March 2024	<u>792,391</u>	<u>40,407</u>	<u>18,374</u>	<u>167,189</u>	<u>1,018,361</u>
NET BOOK VALUE					
At 31 March 2024	<u>399,732</u>	<u>2,623</u>	<u>-</u>	<u>59,503</u>	<u>461,858</u>
At 31 March 2023	<u>423,579</u>	<u>3,775</u>	<u>-</u>	<u>29,539</u>	<u>456,893</u>

13. RECEIVABLES

Gross arrears of rent and service charges	£ 165,705	£ 165,166
Less: Provision for doubtful debts	(113,808)	(99,758)
	<u>51,897</u>	<u>65,408</u>
Net arrears of rent and service charges	95,646	37,207
Social housing grant receivable	182,368	359,315
Other receivables		
	<u>329,911</u>	<u>461,930</u>

14. CURRENT ASSET INVESTMENTS

Short term deposits	£ 21,228	£ 826,394
	<u>21,228</u>	<u>826,394</u>

15. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	£ 3,112,274	£ 2,506,821
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CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Bank loans	1,310,520	1,056,800
Trade payables	249,084	262,599
Rent received in advance	470,281	479,378
Social housing grant in advance	20,885	41,899
Other taxation and social security	25,779	29,862
Other payables	401,015	521,594
Accruals and deferred income	551,991	642,405
	<u>3,029,555</u>	<u>3,034,537</u>

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

	2024	2023
	£	£
Bank loans	9,296,719	11,399,775
	<u>9,296,719</u>	<u>11,399,775</u>

18. DEBT ANALYSIS - BORROWINGS

	2024	2023
	£	£
Bank Loans		
Amounts due within one year	1,310,520	1,056,800
Amounts due in one year or more but less than two years	1,210,400	897,000
Amounts due in two years or more but less than five years	2,002,790	6,631,100
Amounts due in more than five years	6,083,529	3,871,675
	<u>10,607,239</u>	<u>12,456,575</u>

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

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable or Fixed
Bank of Scotland	171	6.2%	2033	Variable
Bank of Scotland	59	4.8%	2027	Fixed
Bank of Scotland	124	2.7%	2028	Fixed
Nationwide	113	0.8%	2027	Fixed
Nationwide	13	0.8%	2023	Fixed
Nationwide	142	0.8%	2025	Fixed
Nationwide	32	5.7%	2028	Variable
Nationwide	-	5.7%	2030	Variable
Nationwide	46	6.0%	2025	Variable
Royal Bank of Scotland	80	3.8%	2027	Fixed
Royal Bank of Scotland	52	6.6%	2028	Variable
Energy Savings Trust	-	0.0%	2027	Int Free
Energy Savings Trust	-	0.0%	2028	Int Free
Scot Govt Smoke Alarm Loan	-	0.0%	2025	Int Free

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

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

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

The last valuation of the Scheme was performed as at 30 September 2021 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £1,173m. The valuation revealed a shortfall of assets compared with the value of liabilities of £27m (equivalent to a past service funding level of 98%).

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

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

	2024	2023	2022
	£	£	£
Fair value of plan assets	5,523,000	5,716,000	9,155,000
Present value of defined benefit obligation	6,289,000	5,985,000	9,081,000
Surplus / (deficit) in plan	(766,000)	(269,000)	74,000
Unrecognised surplus	-	-	(74,000)
Defined benefit asset / (liability) to be recognised	(766,000)	(269,000)	-

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2024	2023
	£	£
Defined benefit obligation at the start of period	5,985,000	9,081,000
Current service cost	68,000	122,000
Expenses	9,000	7,000
Interest expense	287,000	253,000
Contributions by plan participants	30,000	57,000
Actuarial losses (gains) due to scheme experience	267,000	(352,000)
Actuarial losses (gains) due to changes in demographic assumptions	(36,000)	(129,000)
Actuarial losses (gains) due to changes in financial assumptions	(96,000)	(2,880,000)
Benefits paid and expenses	(225,000)	(174,000)
Defined benefit obligation at the end of period	<u>6,289,000</u>	<u>5,985,000</u>

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

	2024	2023
	£	£
Fair value of plan assets at start of period	5,716,000	9,155,000
Interest income	276,000	257,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(409,000)	(3,848,000)
Contributions by the employer	135,000	269,000
Contributions by plan participants	30,000	57,000
Benefits paid and expenses	(225,000)	(174,000)
Fair value of plan assets at the end of period	<u>5,523,000</u>	<u>5,716,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2024 was £(133,000).

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

	2024	2023
	£	£
Current service cost	68,000	122,000
Expenses	9,000	7,000
Net interest expense	11,000	-
	<u>88,000</u>	<u>129,000</u>
Defined benefit costs recognised in statement of comprehensive income	88,000	129,000
	<u>88,000</u>	<u>129,000</u>

Defined benefit costs recognised in the other comprehensive income

	2024	2023
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	(409,000)	(3,848,000)
Experience gains and losses arising on plan liabilities - gain /(loss)	(267,000)	352,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	36,000	129,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	96,000	2,880,000
	<u>(544,000)</u>	<u>(487,000)</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	(544,000)	(487,000)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	-	78,000
	<u>-</u>	<u>78,000</u>
Total amount recognised in other comprehensive income - gain (loss)	(544,000)	(409,000)
	<u>(544,000)</u>	<u>(409,000)</u>

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets

	2024	2023	2022
	£	£	£
Absolute Return	248,000	78,000	420,000
Alternative Risk Premia	199,000	33,000	378,000
Corporate Bond Fund	-	7,000	579,000
Credit Relative Value	195,000	218,000	294,000
Distressed Opportunities	203,000	176,000	328,000
Emerging Markets Debt	97,000	44,000	341,000
Global Equity	635,000	151,000	1,810,000
Currency Hedging	(2,000)	11,000	(34,000)
Infrastructure	529,000	616,000	572,000
Insurance-Linked Securities	34,000	159,000	192,000
Liability Driven Investment	1,998,000	2,420,000	2,215,000
Long Lease Property	41,000	192,000	264,000
Net Current Assets	7,000	13,000	29,000
Over 15 Year Gilts	-	-	4,000
Private Debt	222,000	255,000	230,000
Private Equity	4,000		
Property	234,000	238,000	237,000
Risk Sharing	331,000	417,000	299,000
Secured Income	184,000	382,000	489,000
Opportunistic Liquid Credit	220,000	253,000	303,000
Liquid Credit	-	-	59,000
High Yield	1,000	29,000	89,000
Opportunistic Credit	-	-	32,000
Cash	143,000	24,000	25,000
	<u>5,523,000</u>	<u>5,716,000</u>	<u>9,155,000</u>

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

Key Assumptions

	2024	2023	2022
Discount Rate	4.9%	4.8%	2.8%
Inflation (RPI)	3.1%	3.2%	3.5%
Inflation (CPI)	2.8%	2.8%	3.2%
Salary Growth	3.8%	3.8%	4.2%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance	75% of maximum allowance

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

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

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

20. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Total £
Capital grants received			
At 1 April 2023	77,294,471	953,470	78,247,941
Additions in the year	328,500	-	328,500
Eliminated on disposal	(156,848)	(5,622)	(162,470)
At 31 March 2024	<u>77,466,123</u>	<u>947,848</u>	<u>78,413,971</u>
Amortisation			
At 1 April 2023	33,870,018	472,341	34,342,359
Amortisation in year	1,588,423	18,727	1,607,150
Eliminated on disposal	(133,891)	(4,234)	(138,125)
At 31 March 2024	<u>35,324,550</u>	<u>486,834</u>	<u>35,811,384</u>
Net book value			
At 31 March 2024	<u>42,141,573</u>	<u>461,014</u>	<u>42,602,587</u>
At 31 March 2023	<u>43,424,453</u>	<u>481,129</u>	<u>43,905,582</u>

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

	2024 £	2023 £
Amounts due within one year	1,607,150	1,625,382
Amounts due in more than one year	40,995,437	42,280,200
	<u>42,602,587</u>	<u>43,905,582</u>

21. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2024 £	2023 £
At 1 April	57	53
Issued in year	6	9
Cancelled in year	(1)	(5)
At 31 March	<u>62</u>	<u>57</u>

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

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

22. STATEMENT OF CASH FLOWS

Reconciliation of net cash flow to movement in net funds

	2024	2023
	£	£
Increase / (decrease) in cash	605,453	(477,888)
Change in liquid resources	(805,166)	(82,013)
Cashflow from change in net debt	<u>1,849,336</u>	<u>2,111,604</u>
Movement in net debt during the year	1,649,623	1,551,703
Net debt at 1st April 2023	(9,123,360)	(10,675,063)
Net debt at 31 March 2024	<u>(7,473,737)</u>	<u>(9,123,360)</u>

	At 01 April 2023	Cashflows	Other Changes	At 31 March 2024
	£	£	£	£
Cash at bank and in hand	<u>2,506,821</u>	<u>605,453</u>	<u>-</u>	<u>3,112,274</u>
	2,506,821	605,453	-	3,112,274
Liquid resources	826,394	(805,166)	-	21,228
Debt: Due within one year	(1,056,800)	1,849,336	(2,103,056)	(1,310,520)
Due after more than one year	(11,399,775)	-	2,103,056	(9,296,719)
Net Debt	<u>(9,123,360)</u>	<u>1,649,623</u>	<u>-</u>	<u>(7,473,737)</u>

23. CAPITAL COMMITMENTS

	2024	2023
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	<u>418,040</u>	<u>458,702</u>

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

24. COMMITMENTS UNDER OPERATING LEASES

	2024	2023
	£	£
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
Other		
Expiring in the next year	1,562	1,562
Expiring later than one year and not later than five years	<u>-</u>	<u>1,562</u>

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

25. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 19 Bogle Street, Greenock, PA15 1ER.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Inverclyde.

26. BOARD MEMBER EMOLUMENTS

Board members received £166 (2023 - £126) in the year by way of reimbursement of expenses. No remuneration is paid to Board members in respect of their duties to the Association.

27. EXCEPTIONAL ITEM

	2024	2023
	£	£
Unvalidated Work In Progress	(200,237)	-
Unrecovered Kilmacolm Flood Costs	109,657	-
	<u>(90,580)</u>	<u>-</u>

28. HOUSING STOCK

	2024	2023
	No.	No.
The number of units of accommodation in management at the year end was:-		
General needs	1,391	1,383
Supported housing	74	74
Shared ownership	14	14
	<u>1,479</u>	<u>1,471</u>

29. RELATED PARTY TRANSACTIONS

Members of the Board are related parties of the Association as defined by Financial Reporting Standard 102.

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

Transactions with Board members (and their close family) were as follows:

	2024	2023
	£	£
Rent received from tenants on the Board and their close family members	<u>5,602</u>	<u>-</u>

At the year end total rent arrears owed by the tenant members on the Board (and their close family) were £nil (2023 - £nil).

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

30. CONTINGENT LIABILITY

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