

CORDALE HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2022

Registered Housing Association No: HCB 259

FCA Reference No: 2411R (S)

Scottish Charity No: SC032859

CORDALE HOUSING ASSOCIATION LIMITED

Report and Financial Statements For the year ended 31 March 2022

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Management Committee, Executives and Advisers

The Management Committee present their report and audited Financial Statements for the year to 31 March 2022.

Principal Activity

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

Members of the Management Committee

M Walker (elected Chair 14 September 2021)
M McCallion (Vice Chair 14 September 2021)
P Burke
F Eadie (resigned 4 August 2021)
V Hamilton
G Logan
L Peters
G Wilson (resigned 6 September 2021)
C Small (appointed 20 April 2021)
V McIlhargey (appointed 7 December 2021)

Secretary

L Grubb

Executive Officer

Julie Cosgrove

Registered Office

167 Main Street
Renton
West Dunbartonshire
G82 4PF

Auditor

RSM UK Audit LLP
Third Floor
2 Semple Street
Edinburgh
EH3 8BL

Bankers

Royal Bank of Scotland
37 High Street
Dumbarton
G82 1LX

Solicitors

Harper Macleod
The Ca'd'oro
45 Gordon Street
Glasgow
G1 3PE

**Report of the Management Committee
For the year ended 31 March 2022**

Management Committee and Executive Officer

The members of the Management Committee and the Executive Officer are listed on page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officer holds no interest in the Association's share capital and, although not having the legal status of a director, acts as an executive within the authority delegated by the Management Committee.

The members of the Management Committee are also trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Some members of the Management Committee are tenants. Their tenancies are on the Association's normal tenancy terms and the Committee members are precluded from using their positions to their advantage.

Statement of Management Committee's responsibilities

The Co-operative and Community Benefit Societies Act 2014 and Registered Social Housing Association Legislation requires the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period. In preparing these Financial Statements, the Management Committee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on 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:

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

The Management Committee 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 2019. 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 control

The Management Committee 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; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Management Committee'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:

**Report of the Management Committee
For the year ended 31 March 2022**

- 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 the 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 Management Committee 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;
- regular 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;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee 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; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee 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.

In so far as the Committee is aware:

- there is no relevant audit information (information needed by the Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- the Committee 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.

Review of business and future developments

Cordale Housing Association ('Cordale HA') owns and manages 516 (2021: 517) high quality affordable homes in Renton, West Dunbartonshire for people in housing need. The Association became a wholly owned subsidiary of Caledonia Housing Association on 1 April 2014. The Association's dormant subsidiary, Cordale Property Services, was dissolved on 2 November 2021.

Caledonia Housing Association is one of Scotland's leading providers of high-quality affordable homes with over 5,000 homes owned and managed across Tayside, Fife, West Dunbartonshire, and the Highlands making them one of Scotland's largest Housing Associations.

Being part of the Caledonia Group, Cordale HA benefits from a range of specialist services, expertise and economies of scale whilst retaining the ability to address local priorities. On 1 April 2020, all employees of Cordale HA transferred their employment to Caledonia HA, although a local presence is maintained within Renton to maintain effective tenant services.

The operation of the Association's business continued to be impacted during the year as a result of government restrictions placed on its activities due to the coronavirus public health emergency. These restrictions have now largely been lifted and services restored to normal levels.

**Report of the Management Committee
For the year ended 31 March 2022**

Strategic Objectives

In general terms Caledonia Group's strategic objectives have been adopted by Cordale HA but in recognition of the specific requirements of the organisation and the community which it serves these objectives have been tailored to take into account local issues and priorities.

Achieving Excellence

Our Achieving Excellence strategic objective expresses our commitment to achieve excellence through our people to deliver quality homes and services that are affordable, sustainable and valued by our customers. This involves a strong focus on achieving high levels of customer and service performance whilst also ensuring that our homes and services are cost effective for our tenants and other customers.

Building Success

Our Building Success strategic objective expresses our commitment to make the Association stronger for the future by ensuring resilience in all areas of our business, creating a strong base for our continued growth. This involves ensuring that we are a well-managed and financially strong Association that has a clear focus on governance, financial planning and viability, treasury management, asset management and risk management. We will then use this resilience as a platform for our future business growth activities.

The Group has a strong commitment to investing in its homes and delivering a programme of new housing development. The Association contributes to these initiatives through its own ambitious plans to develop new homes at the Dalquhurn site. Delays in progressing this project have meant that grant funding of £2.02m secured for the site were required to be repaid in the year. The Association is in the process of making a fresh application for government funding in order to deliver on this strategic priority.

Creating Innovation

Our Creating Innovation strategic objective sets out our intention to innovate to create efficiencies and deliver value for money through the effective use of our resources. This involves using our resources and Group resources in the best way possible to ensure the efficiency and effectiveness of the Association as well as identifying and implementing improvements in key business areas. It will also involve a clear focus on the development of partnerships that will benefit the Association, investment in information technology and effectively using our housing and other business assets to achieve savings, generate capacity and improve services.

Financial Review

Cordale Housing Association achieved an operating surplus for the year of £815k (2021: £836k) and a net surplus of £556k (2021: £565k).

The Association's operating costs were materially higher than in the previous accounting period as a result of government restrictions lifted on the Association's repairs and maintenance activities. Included in operating costs are sums for reactive, cyclical and planned maintenance of £454k (2021: £282k) which was lower than originally budgeted. Annual expenditure on planned maintenance is derived from a 30 year life cycle costing consultant's report designed to ensure that all housing properties are maintained to a specific standard, thereby continuing to extend the useful life of the properties. Cordale is required to depreciate its housing properties and retained surpluses are calculated after providing £1.4m (2021: £1.4m) for depreciation.

At 31 March 2022, the Association's reserves amounted to £7.3m (2021: £6.7m), an increase of £556k (2021: £565k) being the surplus generated during the period. The Association's balance sheet also remains strong, despite the repayment of the £2.02m development grant due to the delay in the development of the site at Dalquhurn. This has contributed to a £1.4m reduction in the Association's cash balances in the year to 31 March 2022. The Association's key financial performance indicators were all comfortably achieved during the period.

**Report of the Management Committee
For the year ended 31 March 2022**

Going Concern

Throughout the public health crisis during the recent financial periods, the Association has maintained strong positive cash inflows from its core operating activities, whilst expenditure has at times been restricted due to budgeting prudence as well as legal restrictions placed on the Association's activities. The financial health of the Association has therefore remained strong throughout the health crisis and the Association is well placed to withstand the current challenging economic environment.

The Management Committee and Executive Officers continue to carefully monitor the financial position and cash flow projections of the Association and its longer term financial outlook. We have seen sharp increases in inflation and rising interests caused by a variety of political and economic events, with supply chain pressures within the sector also contributing to the economic challenges.

Our business plan projections incorporate prudent assumptions on levels of rent voids and rent arrears which negatively impact the Association's projected income. Appropriate adjustments have also been made to our investment plans to ensure the ongoing financial position of the Association and to ensure compliance with our lenders' financial covenants. The Management Committee is satisfied, on the basis of stress testing and scenario planning, that it remains appropriate to prepare the accounts on a going concern basis.

Risk Management

As part of the Caledonia Group, Cordale HA has adopted a comprehensive risk management policy which details how corporate risks are identified, assessed in terms of importance and the steps taken in mitigation. The resultant risk map is reviewed in detail by the Group Audit Committee, informs the internal audit needs assessment and is presented for review to the Cordale HA Committee of Management. Actions to mitigate existing and emerging risks are reviewed regularly by the Group Audit Committee and reported to the appropriate management group.

The Group Audit Committee has determined that the key risks facing the Association are:

Risk	Approach to Mitigation
The failure of financial controls	<ul style="list-style-type: none"> - Comprehensive rent setting policy and procedures - Budget monitoring processes in place - Detailed sensitivity analysis carried out on long term projections - Detailed Treasury Management Policy - Regular internal audit review of financial controls
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"> - Strategic planning processes and scenario planning - Development and monitoring of a suite of KPIs, with regular discussions and corrective action planning - Business plan implementation tracking via quarterly updates to Board. - Economic outlook and forecasts obtained from reputable third parties - Environment scanning and appraising the Board of key developments within the sector and economy
Failure of the Group's Health & Safety Procedures (including Fire Safety)	<ul style="list-style-type: none"> - Group Health and Safety Policy and procedure manuals in place. - Risk assessments in place for key areas of activity across the Group and reviewed on a rolling programme basis. - All new homes designed and constructed to current Building Standards at the time of construction - Continuous monitoring of changes of legislation and regulation - Fire Risk Assessment programme in place
Cyber-attack	<ul style="list-style-type: none"> - Detailed cyber security arrangements are in place and subject to ongoing review and enhancement - Development and ongoing review of ICT strategy - Regular reporting on this risk area to the Group's Audit and Risk Management Committee.

Report of the Management Committee
For the year ended 31 March 2022

Risk	Mitigation
Failure to apply the Asset Management Strategy	<ul style="list-style-type: none"> - Asset Management Report prepared for specific projects prior to significant investment and re-modelling - Asset Management Strategy approved by Management Board - 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 - Phased investment programme to maximise investment whilst recognising risks to income in the current environment
Failure of Group's ICT systems	<ul style="list-style-type: none"> - All data and processing held and carried out at an off-site tier 3 data centre. - Fully independent links established between area offices and the data centre - Comprehensive back-up and system monitoring procedures - ICT team supported by third party specialist ICT service providers - ICT Strategy implementation supported by specialist ICT consultants
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"> - Comprehensive staff training on the requirements of the legislation. - Data Protection Officer services provided by external consultant. - Data held within a tier 3 data centre and subject to high levels of security and virus protection. - Data Protection policies and procedures in place to respond to requests for information - Implementation of Group electronic document management system.
Failure to address the risk of Climate Change and Scottish Government mitigation targets	<ul style="list-style-type: none"> - Climate Change Working Group has developed a group wide action plan and Climate Change Statement. - Dedicated resource being recruited to drive key actions - 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 - Existing carbon footprint has been assessed by third party.

**Report of the Management Committee
For the year ended 31 March 2022**

Performance

The Association monitors corporate performance in terms of finance and housing operations. 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.

Indicators	Target	2021/22 Actual	2020/21 Actual
• Void Loss	<1.0%	2.1%	1.7%
• Arrears Performance	<6%	4.6%	6.3%
• Profitability – Operating surplus	>18%	31.6%	33.5%
• Financial Covenant - Interest Cover	>120%	358.7%	398.9%
• Financial Covenant - Gearing	<30%	11.5%	12.1%

Indicators were set for the year to 31 March 2022 based on historic and benchmark material, with targets agreed by the Management Committee which sought to anticipate the likely impact on performance of the coronavirus pandemic and the associated restrictions on the Association's activities.

Although the performance of the Association has continued to be impacted by the various lockdown restrictions, and the economic impact of those, there are encouraging signs in the performance data, with the operating surplus exceeding target, the arrears performance showing an improvement against both target and the previous year, and our lenders' covenants being comfortably attained despite the challenging environment. The Association delivered a positive cashflow from its core operations of £1.4m in the year (compared with £1.23m in the previous year)

The performance table does though highlight one area where performance has fallen short of our targets, with respect to the Association's loss of income as a result of properties remaining unlet during the period. Performance here has been impacted in particular by specific challenges in letting the Association's supported accommodation during the financial year.

The performance experience of the 2021/22 financial year has influenced the establishment of revised targets in these areas for 2022/23. The operating and economic environment continues to present an uncertain backdrop for business planning and budgeting, and we have retained a high degree of prudence in establishing our key financial targets which will be subject to regular monitoring by senior management and the Management Committee.

Disclosure of Information to the Auditor

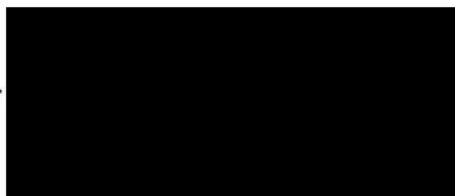
The members of the Management Committee at the date of approval of these Financial Statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves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

Auditor

A resolution 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 committee

Martin Walker
Chair
Dated:



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORDALE HOUSING ASSOCIATION LIMITED**Opinion**

We have audited the financial statements of Cordale Housing Association Limited (the 'Association') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cashflows 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 Association's affairs as at 31 March 2022 and of its income and expenditure 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, 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 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 about 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 of 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. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORDALE HOUSING ASSOCIATION LIMITED (CONTINUED)**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 set out on page 2, 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 audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the Association operates in and how the Association is complying with the legal and regulatory framework;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORDALE HOUSING ASSOCIATION LIMITED (CONTINUED)

- 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;
- 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 laws and regulations and inspected correspondence with licensing or regulatory authorities, including a search on publicly available registers for any indications of breaches.

The 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 judgements 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

Report by the Auditors to the Members of Cordale Housing Association on Corporate Governance Matters

In addition to our audit of the Financial Statements, we have reviewed your statement on Pages 2 and 3 concerning the Association's compliance with the information required by the Regulatory Standards 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 2 and 3 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial 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

Statement of Comprehensive Income
For the year ended 31 March 2022

	Notes	2022		2021	
		£	£	£	£
Turnover	2		3,480,047		3,493,884
Operating expenditure	2		(2,664,223)		(2,609,171)
Loss on sale of fixed assets			<u>(1,288)</u>		<u>(48,322)</u>
Operating surplus			814,536		836,391
Interest receivable		292		1,554	
Interest and financing costs	5	<u>(259,296)</u>	(259,004)	<u>(273,083)</u>	(271,529)
Surplus for the year			<u>555,532</u>		<u>564,862</u>
Total comprehensive income for the Year			<u>555,532</u>		<u>564,862</u>

All amounts relate to continuing activities.

The notes on pages 16 to 32 form part of these Financial Statements.

Statement of Financial Position
As at 31 March 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Housing properties	7(a)		34,145,445		35,397,386
Other fixed assets	7(b)		1,664,785		1,705,871
Investment properties	8		955,000		955,000
Investments in subsidiaries	9		-		100
			<u>36,765,230</u>		<u>38,058,357</u>
Current assets					
Trade and other debtors	10	143,882		113,102	
Cash and cash equivalents		<u>1,934,310</u>		<u>3,349,055</u>	
		2,078,192		3,462,157	
Current liabilities					
Creditors: Amounts falling due within one year	11	<u>(2,257,490)</u>		<u>(2,046,964)</u>	
Net current (liabilities) / assets			<u>(179,298)</u>		<u>1,415,193</u>
Total assets less current liabilities			<u>36,585,932</u>		<u>39,473,550</u>
Creditors: Amounts falling due after more than one year	12		(29,320,629)		(32,763,767)
Total net assets			<u><u>7,265,303</u></u>		<u><u>6,709,783</u></u>
Capital and reserves					
Share capital	15		68		80
Revenue reserves			7,265,235		6,709,703
			<u><u>7,265,303</u></u>		<u><u>6,709,783</u></u>

The Financial Statements were approved and authorised for issue by the Management Committee on 23/06/22 and were signed on its behalf by:

	MARTIN WALKER, CHAIR
	MARGARET McCALLION, VICE-CHAIR
	LEIGH GRUBB, SECRETARY

The notes on pages 16 to 32 form part of these Financial Statements.

Statement of Changes in Reserves
For the year ended 31 March 2022

	Share capital £	Income and expenditure reserve £	Total £
Balance at 1 April 2020	110	6,144,841	6,144,951
Issued in the year	-	-	-
Cancelled in the year	(30)	-	(30)
Total comprehensive income for the year	-	564,862	564,862
Balance as at 31 March 2021	80	6,709,703	6,709,783
Issued in the year	-	-	-
Cancelled in the year	(12)	-	(12)
Total comprehensive income for the year	-	555,532	555,532
Balance at 31 March 2022	68	7,265,235	7,265,303

Statement of Cashflows
For the year ended 31 March 2022

	Notes	2022 £	2021 £
Net cash generated from operating activities	16	1,379,973	1,225,760
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(200,446)	(85,591)
Grants disposed of during the year		(50,195)	-
Proceeds from sale of tangible fixed assets		71,247	-
Grant repaid		(2,015,279)	-
Interest received		292	1,554
Withdrawal from investment		100	-
NET CASH USED IN INVESTING ACTIVITIES		<u>(2,194,281)</u>	<u>(84,037)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(259,296)	(273,083)
Repayments of borrowings		<u>(341,141)</u>	<u>(333,917)</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>(600,437)</u>	<u>(607,000)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(1,414,745)	534,723
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,349,055	2,814,332
CASH AND CASH EQUIVALENTS AT END OF YEAR	16	<u>1,934,310</u>	<u>3,349,055</u>

Notes to the Financial Statements
For the year ended 31 March 2022

1. Principal accounting policies

Legal status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

The address of the company's registered office and principal place of business is 167 Main Street, Renton, West Dunbartonshire, G82 4PF.

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

Cordale Housing Association Limited is a Public Benefit Entity.

Basis of accounting

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, modified to include certain financial instruments at fair value.

The Financial Statements are prepared in Sterling which is the functional currency of the Association. Monetary amounts in these Financial Statements are rounded to the nearest £.

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
- Amortisation of Government Grants – see government grants
- Defined benefit pension obligation – see defined benefit pension scheme
- Gain or loss on sale of housing properties is deemed to be part of operating activities

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 Strategic Objectives 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 and liquidity position. It also reports on the Association's response and resilience in respect of the current economic climate which has delivered sharp rises in inflation and gradual increases in interests.

The Association has a healthy cash position and has continued to generate a surplus throughout the coronavirus pandemic. The Association also has in place a £4m fully secured undrawn lending facility to finance its development programme. The Association's prudent financial projections, including stress testing, demonstrate that the Association has sufficient financial resources to ensure that it meets its commitments in the short, medium and long term. Therefore, the Management Committee believes that the Association is well placed to manage its business risks successfully despite the current uncertain economic outlook.

**Notes to the Financial Statements
For the year ended 31 March 2022**

1. Principal accounting policies (continued)

The Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these Financial Statements.

Basis of consolidation

The Association has obtained exemption from the Financial Conduct Authority from producing consolidated Financial Statements. The Financial Statements for Cordale Housing Association Limited present information about it as an individual undertaking and not about its Group, which includes its fully owned subsidiary Cordale Property Services Limited which was dormant in the period and was dissolved on 2 November 2021.

Turnover

Turnover represents rental and service charge income, factoring service income, and fees or revenue grants receivable from local authorities and from the Scottish Government. Also included is any income from first tranche shared ownership disposals.

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 on a pro-rata basis (excluding land) 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.

Housing properties

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.

Housing properties

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income
- A material reduction in future maintenance costs
- A significant extension to the life of the property

Shared ownership – Allocation of costs

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover.

Notes to the Financial Statements
For the year ended 31 March 2022

1. Principal accounting policies (continued)

Capitalisation of development overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Sales of housing properties

First tranche shared ownership disposals are credited to turnover on sale. The cost of construction of these sales on disposal is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Assets under construction

Assets in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

Depreciation of housing properties

Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. The following major components and useful lives have been identified by the Association:

Land	–	not depreciated
Structure	–	over 50 years
Roof	–	over 50 years
Bathrooms	–	over 30 years
Windows	–	over 25 years
Kitchens	–	over 15 years
Heating systems and Boilers	–	over 20 years
Doors	–	over 25 years
Lighting	–	over 15 years

Depreciation of other fixed assets

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Office premises	-	60 years
Furniture and equipment	-	3 – 5 years
Estates equipment	-	3 years

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.

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.

Notes to the Financial Statements
For the year ended 31 March 2022

1. Principal accounting policies (continued)

Investment properties

Investment properties (including properties held under an operating lease) consist of commercial properties and properties not held for social benefit. These properties are initially measured at cost and subsequently measured at fair value. Changes in fair value are recognised in income and expenditure.

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.

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 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 profit or loss 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.

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.

Notes to the Financial Statements
For the year ended 31 March 2022

1. Principal accounting policies (continued)

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.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Provisions

Provisions are recognised when the RSL 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.

Notes to the Financial Statements
For the year ended 31 March 2022

2. Particulars of turnover, cost of sales, operating costs and operating surplus

	2022				2021			
	Turnover £	Operating costs £	Loss on sale of fixed assets £	Operating surplus / (deficit) 31 March 2022 £	Turnover £	Operating costs £	Loss on sale of fixed assets £	Operating surplus / (deficit) 31 March 2021 £
Affordable lettings (Note 3)	3,384,854	(2,628,952)	-	755,902	3,398,682	(2,575,428)	-	823,254
Other activities (Note 4)	95,193	(35,271)	-	59,922	95,202	(33,743)	-	61,459
Loss on sale of fixed assets	-	-	(1,288)	(1,288)	-	-	(48,322)	(48,322)
Total	<u>3,480,047</u>	<u>(2,664,223)</u>	<u>(1,288)</u>	<u>814,536</u>	<u>3,493,884</u>	<u>(2,609,171)</u>	<u>(48,322)</u>	<u>836,391</u>

CORDALE HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements
For the year ended 31 March 2022

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3. Particulars of income and expenditure from affordable letting

	General needs housing £	Supported housing £	Shared ownership £	2022 Total £	2021 Total £
Income from lettings					
Rent receivable net of identifiable service charges	1,923,497	196,162	24,321	2,143,980	2,133,555
Service charges receivable	26,026	171,294	-	197,320	196,348
Gross rents receivable	1,949,523	367,456	24,321	2,341,300	2,329,903
Less: rent losses from voids	(6,064)	(42,187)	(602)	(48,853)	(37,074)
Net rents receivable	1,943,459	325,269	23,719	2,292,447	2,292,829
Grants released from deferred income	972,306	109,183	10,918	1,092,407	1,105,853
Total income from affordable letting	<u>2,915,765</u>	<u>434,452</u>	<u>34,637</u>	<u>3,384,854</u>	<u>3,398,682</u>
Expenditure on affordable letting activities					
Service costs	148,526	37,891	-	186,417	188,886
Management and maintenance administration costs	581,070	65,288	6,529	652,887	683,683
Planned and cyclical maintenance including major repairs costs	163,804	-	-	163,804	60,295
Reactive maintenance costs	265,294	25,131	-	290,425	221,922
Bad debts – rents and service charges	(41,831)	-	-	(41,831)	38,710
Depreciation of affordable housing	1,233,120	135,366	8,764	1,377,250	1,381,932
Operating costs of affordable letting	<u>2,349,983</u>	<u>263,676</u>	<u>15,293</u>	<u>2,628,952</u>	<u>2,575,428</u>
Operating Surplus on affordable letting activities 2022	<u>565,782</u>	<u>170,776</u>	<u>19,344</u>	<u>755,902</u>	
Operating Surplus on affordable letting activities 2021	<u>714,752</u>	<u>88,604</u>	<u>19,898</u>		<u>823,254</u>

CORDALE HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements for the year ended 31 March 2022

4. Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other income £	Total turnover £	Operating costs bad debts £	Operating costs Other £	Operating surplus/ (deficit) 2022 £	Operating surplus/ (deficit) 2021 £
Factoring	-	-	-	8,818	8,818	-	(8,818)	-	-
Commercial rents	-	-	-	59,375	59,375	-	-	59,375	59,375
Stage 3 adaptations	27,000	-	-	-	27,000	-	(26,175)	825	2,493
Tenant participation	-	-	-	-	-	-	(278)	(278)	(409)
Total from other activities 2022	27,000	-	-	68,193	95,193	-	(35,271)	59,922	
Total from other activities 2021	25,463	-	-	69,739	95,202	-	(33,743)		61,459

Notes to the Financial Statements
For the year ended 31 March 2022

5.	Interest payable and financing costs	2022	2021
		£	£
	Interest arising on:		
	Bank loans and overdrafts	259,296	273,083
		<u>259,296</u>	<u>273,083</u>
6.	Operating surplus	2022	2021
		£	£
	The operating surplus is stated after charging/(crediting):		
	Depreciation of housing properties	1,377,250	1,381,932
	Depreciation of other tangible fixed assets	<u>43,688</u>	<u>42,911</u>
	Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
	Audit services	<u>13,860</u>	<u>13,200</u>

The Association is a registered Scottish charity and is not liable to corporation tax on its charitable activities.

Notes to the Financial Statements
For the year ended 31 March 2022

7.	Tangible fixed assets	Housing properties held for letting £	Under construction £	Completed shared ownership properties £	Total £
(a)	Housing properties				
	Cost				
	As at 1 April 2021	56,331,684	348,165	625,900	57,305,749
	Additions	182,111	15,733	-	197,844
	Disposals	(163,782)	-	(56,900)	(220,682)
	As at 31 March 2022	<u>56,350,013</u>	<u>363,898</u>	<u>569,000</u>	<u>57,282,911</u>
	Depreciation				
	As at 1 April 2021	21,621,903	-	286,460	21,908,363
	Charge for year	1,368,225	-	9,025	1,377,250
	Disposals	(122,105)	-	(26,042)	(148,147)
	As at 31 March 2022	<u>22,868,023</u>	<u>-</u>	<u>269,443</u>	<u>23,137,466</u>
	Net book value				
	As at 31 March 2022	<u>33,481,990</u>	<u>363,898</u>	<u>299,557</u>	<u>34,145,445</u>
	As at 31 March 2021	<u>34,709,781</u>	<u>348,165</u>	<u>339,440</u>	<u>35,397,386</u>

Additions to housing properties included capitalised development administration costs of £20,476 (2021: £nil) of which development allowances of £nil (2021: £nil) were received in respect of these costs and capitalised. Additions to housing properties in the year also include an amount of capitalised interest of £nil (2021: £nil).

Major repairs in the year amounted to £261,234 (2021: £57,193). Of the total £151,104 (2021: £29,947) was capitalised and related to replacement of components with enhancements of £31,007 (2021: £11,844). The remaining £79,123 (2021: £15,402) was charged to the statement of comprehensive income.

Notes to the Financial Statements
For the year ended 31 March 2022

7. Tangible fixed assets (continued)

	Office premises £	Furniture & equipment £	Total £
(b) Other tangible assets			
Cost / valuation			
As at 1 April 2021	1,735,569	176,699	1,912,268
Additions	202	2,400	2,602
As at 31 March 2022	<u>1,735,771</u>	<u>179,099</u>	<u>1,914,870</u>
Aggregate depreciation			
As at 1 April 2021	57,852	148,545	206,397
Charge for the year	28,926	14,762	43,688
As at 31 March 2022	<u>86,778</u>	<u>163,307</u>	<u>250,085</u>
Net book value			
As at 31 March 2022	<u>1,648,993</u>	<u>15,792</u>	<u>1,664,785</u>
As at 31 March 2021	<u>1,677,717</u>	<u>28,154</u>	<u>1,705,871</u>

8. Investment properties

	2022 £	2021 £
At 1 April 2021		
Revaluation gains	955,000	955,000
	-	-
At 31 March 2022	<u>955,000</u>	<u>955,000</u>

The initial investment property was valued at December 2012 by DTZ and DVS at £720,000 on an open market value basis. Subsequently, in July 2016 and July 2019 the 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.

During the year ended 31 March 2017, the Association purchased a pharmacy from its subsidiary Cordale Property Services Limited for £94,411, which was initially recognised at cost. The pharmacy was valued in July 2016 at £170,000 and revalued in July 2019 to £175,000 by Jones Lang LaSalle Limited.

There has been no valuation during the year ended 31 March 2022 and the Management Committee believe there is no material change in the value of these properties in the year.

Notes to the Financial Statements
For the year ended 31 March 2022

9.	Investments in subsidiaries	2022 £	2021 £
	Investments in subsidiaries	<u>-</u>	<u>100</u>

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:

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

Cordale Property Services Limited was dissolved on 2 November 2021.

10.	Debtors	2022 £	2021 £
	Arrears of rent and service charges	123,310	158,924
	Less: Provision for doubtful debts	<u>(51,343)</u>	<u>(107,444)</u>
		71,967	51,480
	Other debtors	71,915	61,622
		<u>143,882</u>	<u>113,102</u>

Notes to the Financial Statements
For the year ended 31 March 2022

11.	Creditors – amounts falling due within one year	2022	2021
		£	£
	Loans (note 14)	373,388	354,112
	Rent in advance	164,411	157,974
	Amounts due to group undertakings	297,688	118,374
	Other creditors	226,321	214,987
	Deferred capital grants (note 13)	1,061,550	1,105,853
	Accruals and deferred income	134,132	95,664
		<u>2,257,490</u>	<u>2,046,964</u>
12.	Creditors – amounts falling due after more than one year	2022	2021
		£	£
	Loan (note 14)	6,195,869	6,556,286
	Deferred capital grants (note 13)	23,124,760	26,207,481
		<u>29,320,629</u>	<u>32,763,767</u>
13.	Deferred capital grant	2022	2021
		£	£
	As at 1 April 2021		28,419,187
	Grant repaid during the year	27,313,334	
	Disposals	(2,015,279)	-
	Capital grant released during the year	(50,195)	-
		(1,061,550)	(1,105,853)
	As at 31 March 2022	<u>24,186,310</u>	<u>27,313,334</u>
	Amounts to be released within one year	1,061,550	1,105,853
	Amounts to be released in more than one year	23,124,760	26,207,481
		<u>24,186,310</u>	<u>27,313,334</u>

Notes to the Financial Statements
For the year ended 31 March 2022

14. Debt analysis - Borrowings	2022 £	2021 £
Creditors: amounts falling due within one year: Bank loans	<u>373,388</u>	<u>354,112</u>
Creditors: amounts falling due after one year: Bank loans	<u>6,195,869</u>	<u>6,556,286</u>
	<u>6,569,257</u>	<u>6,910,398</u>

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 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 LIBOR). 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 £	2021 £
Within one year	373,388	354,112
Between one and two years	356,767	360,417
Between two and five years	1,093,385	1,113,067
In five years or more	4,745,717	5,082,802
	<u>6,569,257</u>	<u>6,910,398</u>

Notes to the Financial Statements
For the year ended 31 March 2022

15.	Share capital	2022	2021
		£	£
	Shares of £1 each issued and fully paid		
	At 1 April 2021	80	110
	Issued in the year	-	-
	Cancelled in the year	(12)	(30)
	At 31 March 2022	68	80

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends or distributions on 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.

16.	Notes to the cash flow statement	2022	2021
		£	£
	Reconciliation of surplus to net cash inflow from activities		
	Surplus for the year	555,532	564,862
	Adjustments for non-cash items:		
	Depreciation of tangible fixed assets	1,420,938	1,424,843
	Amortisation of capital grant	(1,061,550)	(1,105,853)
	Loss on disposal of fixed assets	1,288	48,322
	Interest received	(292)	(1,554)
	Interest payable	259,296	273,083
	Shares cancelled	(12)	(30)
	Operating cash flows before movement in working capital	1,175,200	1,203,673
	(Increase) / decrease in trade and other debtors	(30,780)	51,584
	Increase / (decrease) in trade and other creditors	235,553	(29,497)
	Cash generated from operations	1,379,973	1,225,760
		2022	2021
		£	£
	Cash and cash equivalents		
	Cash at bank	1,805,300	3,241,409
	Short-term deposits	115,149	97,812
	Loan servicing account	13,861	9,834
		1,934,310	3,349,055

Notes to the Financial Statements
For the year ended 31 March 2022

16. Notes to cash flow statement (continued)

Net debt reconciliation	1 April 2021	Cashflow	Other non-cash movements	31 March 2022
Cash at bank and in hand	3,349,055	(1,414,745)	-	1,934,310
Bank Loan	(354,112)	354,112	(373,388)	(373,388)
Debt due within 1 year	(354,112)	354,112	(373,388)	(373,388)
Bank Loan	(6,556,286)	-	360,417	(6,195,869)
Debt due after 1 year	(6,556,286)	-	360,417	(6,195,869)
Total net debt	(3,561,343)	(1,060,633)	(12,971)	(4,634,947)

17a) Housing stock	2022 £	2021 £
The number of units of accommodation in management at the year end was:		
General needs - New build	405	405
- Rehabilitation	61	61
Shared ownership	10	11
Supported housing	40	40
	<u>516</u>	<u>517</u>
17b) Investment properties		
Other	3	3
Total	<u>3</u>	<u>3</u>

Notes to the Financial Statements
For the year ended 31 March 2022

18. Related party transactions

During the year, two Management Committee members are also tenants of the Association. 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 two tenant members and £nil (2021: £nil) of rent in advance due to these tenant members.

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.

At the year end, the Association owed Caledonia Housing Association Limited, the Association's 100% parent, a net amount of £297,688 (2021: £118,374) in respect of management charges, salaries and administration expenses incurred.

During the year the Association paid £510,346 (2021: £438,268) to Caledonia Housing Association Limited in respect of management fees and recharged salary costs. The Association received £nil (2021: £nil) from Caledonia Housing Association Limited in respect of agency services provided.

19. Capital commitments

	2022	2021
Capital expenditure contracted for but not provided in the Financial Statements	-	<u>12,547,622</u>

The capital commitments as at 31 March 2021 related to the development commitments at Dalquhurn from which our preferred development partner withdrew. While the Association still intends to progress this development, its success is now contingent on the receipt of government funding and as such no capital commitments exist at 31 March 2022.

20. Controlling Party

The Association is a wholly owned subsidiary of Caledonia Housing Association.

Caledonia Housing Association is the smallest and largest company for which consolidated accounts including Cordale Housing Association are prepared. The consolidated accounts of Caledonia Housing Association Limited are available from its registered office - Suite 4, Saltire House, 3 Whitefriars Crescent, Perth, PH2 0PA

The members consider that the controlling party of the Association is Caledonia Housing Association Limited.