

**CUNNINGHAME HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

Registered Housing Association Number: HCB195
Charity Registration Number: SC037972
FCA Reference Number: 2184 RS

CUNNINGHAME HOUSING ASSOCIATION LIMITED

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**CUNNINGHAME HOUSING ASSOCIATION LIMITED
THE MANAGEMENT BOARD, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2024**

MEMBERS OF THE BOARD OF MANAGEMENT

		Appointed	Resigned
Lesley Keenan	Board Member		06-Sep-23
Janet Strang	Chairperson		
Drew Hall	Secretary		
John Kelly	Board Member		
Brenda Johnstone	Vice-Chair		
William Gibson	Board Member		
Liam Loudon	Board Member		18-Jun-24
June Fenelon	Board Member		
John Nisbet	Board Member		
Brian McCabe	Board Member		
Elizabeth Shedden	Board Member		
Margaret Davison	Board Member		
John McLaren	Board Member		16-Jun-23
Arlene McLaughlin	Co-opted Board Member	19-Apr-24	
Chris Carroll	Co-opted Board Member	19-Apr-24	
Councillor Stephen Canning	Board Member		
Councillor Eleanor Collier	Board Member		

EXECUTIVE OFFICER

Frank A. Sweeney - Retired 9th May 2024

EXECUTIVE DIRECTORS

Linda Anderson

Acting CEO commencing 21st November 2022

Interim CEO commencing 9th May 2024

Executive Director of Development

Allison McColl - Left 31st December 2023

Executive Director of Finance & Corporate Services

Jacqueline Cameron

Executive Director of Housing & Property Services

**CUNNINGHAME HOUSING ASSOCIATION LIMITED
THE MANAGEMENT BOARD, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2024**

REGISTERED OFFICE

Quayside offices
Marina Quay
Dock Road
Ardrossan
Ayrshire
KA22 8DA

AUDITOR

CT
Chartered Accountants &
Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

INTERNAL AUDITOR

Wbg Services LLP
168 Bath Street
Glasgow
G2 4TP

SOLICITORS

Messrs Taylor & Henderson
Solicitors
51 Hamilton Street
Saltcoats
KA21 5DX

SOLICITORS

Harper MacLeod LLP
Solicitors
Ca 'd'oro Building
45 Gordon Street
Glasgow
G1 3PE

SOLICITORS

BTO Solicitors LLP
One Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9QG

FINANCE AGENT

FMD Financial Services Ltd
3 Clairmount Gardens
Glasgow
G3 7LW

BANKERS

Santander
Customer Service Centre
Bootle
Merseyside
L30 4GB

CUNNINGHAME HOUSING ASSOCIATION LIMITED REPORT FROM THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2024

REPORT FROM THE BOARD OF MANAGEMENT

The Association's Board of Management presents their report and the audited Financial Statements for the year ended 31st March 2024.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2184R(S) and the Housing (Scotland) Act 2010. The Association is governed under its Rule Book. The Association is a Registered Scottish Charity with the charity number SC037972. The Association's rules are based upon the SFHA Charitable Model Rules (Scotland) 2020.

Principal Activities

Our Rules state that the objects of the Association are:

- To provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care; and
- Any other purpose or object permitted under Section 24 of the Housing (Scotland) Act 2010 which is charitable both for the purpose of Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and also in relation to the application of the Taxes Acts.
- The permitted activities and powers of the Association will include anything which is necessary or expedient to help the Association achieve these objects.
- The Association shall not trade for profit and any profits shall only be applied for the purpose of furthering the Association's objects and/or in accordance with these Rules.
- Nothing shall be paid or transferred by the way of profit to Members.

Review of business and future developments

Cunninghame Housing Association's Corporate Strategy and Business Plan covers the period 2023 to 2028 and is reviewed and updated on an annual basis. The last review and update was carried out in April 2024 by the Board of Management. This is our key strategic document which sets out and communicates our vision, objectives, strategic direction and timescales for implementation.

Our mission is to be more than just a landlord by making our communities better places. This, together with our corporate values, defines how we operate, engage with our stakeholders and deliver on our objectives.

The Group's long-term strategy to achieve our objectives is supported by our 30 year financial projections, our 5 year financial plan and our operational targets and budgets.

Objectives

As part of our recent annual governance review of the Corporate Strategy and Business Plan the Association reviewed its six strategic objectives, to ensure that they continue to drive business development and deliver the highest quality outcomes for our tenants.

CUNNINGHAME HOUSING ASSOCIATION LIMITED REPORT FROM THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2024

Our strategic objectives are:

Customers First

To deliver high quality, customer driven service by putting tenants, customers and communities at the heart of planning and decision making.

Growth

To achieve growth and financial sustainability through partnership working.

Quality

To provide affordable, high-quality homes that meet current and future needs and aspirations of our customers and our communities.

Regeneration

To support the social and economic regeneration of our communities.

Corporate Social Responsibility

To deliver effective leadership, governance and brand positioning to positively impact on our business, our people and the communities in which we operate.

Continuous Improvement

To seek continuous improvement in our operations by investing in and developing further all our people and our business processes.

Governance

The members of the Board of Management and the Group Chief Executive and Executive Directors are listed on page 1. Our Governing Body (the Board) has 14 members with a wide range of skills and experience. The office bearers are elected annually by the Board of Management. Each member of the Board of Management holds one fully paid share of £1 in the Association. Members of the Board of Management undertake their work in a voluntary, unpaid capacity.

The Board are responsible for setting the Association's strategy, policy and overall direction. During the year the Board of Management and its various Sub Committees hold regular meetings. The sub committees are responsible for monitoring particular operational areas of the business and they receive regular reports from the Executive Directors on activities undertaken and performance against targets.

Principal Activities and Business Need

Cunninghame Housing Association Limited: principal activities are the provision and management of affordable housing across North & East Ayrshire, as well as the Dumfries & Galloway region. We also engage in social and economic development initiatives including employment and training, social enterprise centres and community hubs.

Within our group structure, we have two subsidiary companies. Cunninghame Furniture Recycling Company which is primarily involved with the recycling and reuse of furniture. Citrus Energy which focuses on commercial energy services.

CUNNINGHAME HOUSING ASSOCIATION LIMITED REPORT FROM THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2024

Highlights of performance for the year – CHA Group

The main highlights of the year are set out as below:

- Carried out our bi-annual customer satisfaction survey by interviewing 1361 tenants (40% of our stock)
- 148 new affordable homes completed during the year.
- 238 new units on site in the course of the year.
- 153 staff employed across the group.
- Working collaboratively with our Lemon Aid service to mitigate the impact of the cost-of-living crisis to our tenants.
- Successful completion of the second year of our Direct Works in house repairs service in recognition of the need to provide an improved service to our tenants.
- Continued to provide high quality homes and services to our tenants and customers.

Investment in our Homes

Maintaining our housing stock to the highest possible quality standards is a key priority for us and this is reflected in our Asset Management strategy. We delivered a full programme of component replacement and improvement work during the year across our stock.

New Build Housing

We have recognised the challenges faced in delivering new homes against a backdrop of unprecedented increases in costs and significant price rises. Last year, a decision was taken by the Board to scale down development activity to allow costs to stabilise and grant to be reviewed to better support project delivery.

The provision of new homes remains one of our key objectives and growth is still projected over the next 5 years with around 400 new homes planned over the period.

Charitable Donations

During the year, the Association made charitable donations amounting to £29,570 (2023 - £38,480).

Financial Review

The results for the year are as shown in the attached Statement of Comprehensive Income. The surplus for the year was £555,831 (2023 £2,475,064) - this is before pension adjustments of -£598,000 (2023 -£538,000).

Net assets are now £20,536,951 (2023 £20,579,120). The operating surplus for the year is after impairment costs of £383k relating to the former hostel at Victoria House, a loss of (£68k) on the disposal of Ladyland House, a 40% increase in reactive maintenance costs for the year (£621k), excess service charge costs of £119k and higher interest rates applying during the year which partly contributed to loan interest costs increasing by £1.65m.

There are no issues with regards to Going Concern, which is detailed within our principal accounting policies on page 17.

Reserves

At the year end the Association's total reserves of £20.5m which represents the value of assets less liabilities at the period end. The Association needs to have reserves to ensure that the organisation can function into the future and

CUNNINGHAME HOUSING ASSOCIATION LIMITED REPORT FROM THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2024

meet its future liabilities including the repair, maintenance and investment needs of its properties. The Association regularly reviews and updates its long term projections in order to demonstrate that the financial position of the Association remains viable over the short, medium and longer term.

Risk Management

The Association operates a robust risk management Strategy and Framework which includes our strategic and operational risk registers, in terms of managing risk, we ensure that risk management is a standard item on each Board of Management agenda.

Each year, we also engage the services of an external risk consultant who carries out a review with Board members and the Executive Team. We examine our approach to risk, as well as reviewing our risks contained within the strategic risk register, and update accordingly.

In May 2024, we held a risk review session with the consultant with the main outcomes this year being a review of our Risk Management Framework and a review of our strategic risks and controls.

Our top 2 rated risks have been identified as follows:

Risk Description	Risk Status	Risk Status Colour/Number
Rising costs affecting the viability of the organisation	Reviewed 27/06/2024	108
Unable to meet EESSH2/Net Zero standards	Reviewed 27/06/2024	100

Our strategic risk register is reviewed throughout the year by our Board of Management.

Annual Assurance Statement

In 2023, the Association commissioned an external consultant to test CHA's compliance with the Scottish Housing Regulator's (SHR) Regulatory Standards of Governance & Financial Management in order that the Association could submit its self-assurance certificate to the SHR. An Assurance Statement is a way for Committees and Boards to declare that they are assured their organisation complies with regulatory requirements and standards or to disclose areas where they need to improve. It is meant to help governing body members get the assurance they need. The overall assessment of this comprehensive review in 2023 was that Cunninghame Housing Association was fully compliant with the regulatory standards and there were no areas of material non-compliance. We are in the process of preparing this year's self-assurance certificate and have again engaged the services of a consultant to assist us with the process.

Plans for the Future

In April 2024, the Board of Management carried out a review of the Corporate Strategy & Business Plan, to ensure that we are focusing on those factors which are critical to the organisation's success, and that we are continuing to deliver on our clear vision and strategy over the five-year plan period.

This understanding and awareness of the environment within which we operate, as well as knowing what our tenants and stakeholders require from us, allows us to ensure that we are targeting and delivering high quality services that meet our customers' expectations.

CUNNINGHAME HOUSING ASSOCIATION LIMITED REPORT FROM THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2024

Board of Management and Executive Officers

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

Council positions are held on the Board and representatives are appointed directly by the Council.

Co-opted positions are held for an annual period. Co-opted members must stand to be re-appointed if they wish to be on the board the following year.

Statement of Board of Management's responsibilities

The Co-operative and Community Benefit Societies Act 2014 require the Board of Management to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that year. In preparing those Financial Statements, the Board of Management 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 the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- Prepare a statement on Internal Financial Control.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable 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. 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. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Board of Management must in determining how amounts are presented within items in the Statement of Comprehensive Income and Statement of Financial Position, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Board of Management are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditor is unaware, and
- The Board of Management have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditor is aware of that information.

**CUNNINGHAME HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT
FOR THE YEAR ENDED 31 MARCH 2024**

Statement on Internal Financial Control

The Board of Management 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 Board of Management'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:

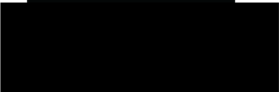
- Formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- Experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the Association's Group Chief Executive and the Executive Management Team and the Board of Management 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 of Management;
- The Board of Management receive reports from the Group Chief Executive and the Executive Management Team 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 and external audit reports.

The Board of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 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.

Auditor

A resolution to re-appoint the auditor, CT, will be proposed at the Annual General Meeting on 4th September 2024.

By order of Board of Management


**Drew Hall
Company Secretary
22nd August 2024**

**CUNNINGHAME HOUSING ASSOCIATION LIMITED
REPORT BY THE AUDITOR ON CORPORATE GOVERNANCE MATTERS
FOR THE YEAR ENDED 31 MARCH 2024**

In addition to our audit of the Financial Statements, we have reviewed your statement on page 8 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 relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. 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 reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 8 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes 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 of Management and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that The Board of Management's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



Jeremy Chittleburgh CA (Senior Statutory Auditor)
For and on behalf of CT
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

23rd August 2024

**CUNNINGHAME HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2024**

OPINION

We have audited the financial statements of Cunninghame Housing Association for the year ended 31 March 2024 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in capital and reserves 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 FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2024.

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 housing association in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Councils Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Board of Management is responsible for the other information. The other information comprises the information included 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.

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

**CUNNINGHAME HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2024**

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

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Management.

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:

- 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 OF MANAGEMENT

As explained more fully in the Board of Management's responsibilities statement set out on page 7, the Board members are 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 members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management are 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 members 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: We gained an understanding of the legal and regulatory framework applicable to the Association and the industry in which it operates and considered the risk of acts by the Association which were contrary to applicable laws and

**CUNNINGHAME HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2024**

regulations, including fraud. These included but were not limited to the Housing SORP 2018, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland) Act 2010.

We focused on laws and regulations that could give rise to a material misstatement in the Association's financial statements. Our tests included, but were not limited to:


- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the members;
- review of minutes of board meetings throughout the period;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at 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 Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members 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.



Jeremy Chittleburgh CA (Senior Statutory Auditor)
For and on behalf of CT
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

23rd August 2024

CT is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2024 £	2023 £
REVENUE	2	24,141,205	22,234,277
Operating costs	2	<u>(18,353,131)</u>	<u>(16,231,154)</u>
OPERATING SURPLUS	9	5,788,074	6,003,123
(Loss)/Gain on disposal of housing properties	7	(67,955)	45,961
Gain /(Loss) - Other Fixed Assets	7	39,671	
Interest receivable and other similar income		62,141	23,573
Interest payable and other similar charges	8	(5,243,100)	(3,597,593)
Other Finance Charges	11	<u>(23,000)</u>	<u>-</u>
		<u>(5,232,243)</u>	<u>(3,528,059)</u>
SURPLUS FOR THE YEAR		555,831	2,475,064
OTHER COMPREHENSIVE INCOME			
Initial recognition of multi-employer defined benefit scheme	25	-	-
Actuarial (losses)/gains in respect of pension scheme	25	(598,000)	(538,000)
TOTAL COMPREHENSIVE INCOME		<u>(42,169)</u>	<u>1,937,064</u>

The results for the year relate wholly to continuing activities.

The financial statements were approved by the Board of Management, authorised for issue, and signed on its behalf on 22nd August 2024.

Janet Strang
Chairperson

Brenda Johnstone
Vice Chairperson

Drew Hall
Secretary

CUNNINGHAME HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2024

STATEMENT OF FINANCIAL POSITION

	Notes	2024 £	2023 £
NON-CURRENT ASSETS			
Housing properties - depreciated cost	12(a)	301,569,689	287,976,686
Other tangible fixed assets	12(b)	<u>3,979,998</u>	<u>4,117,923</u>
		305,549,687	292,094,609
CURRENT ASSETS			
Debtors	14	3,296,589	4,039,380
Cash at bank and in hand		<u>858,040</u>	<u>3,234,248</u>
		4,154,630	7,273,629
CREDITORS: amounts falling due within one year	15	<u>(21,596,216)</u>	<u>(6,313,395)</u>
NET CURRENT ASSETS / (LIABILITIES)		<u>(17,441,586)</u>	<u>960,233</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		288,108,101	293,054,843
CREDITORS: amounts falling due after more than one year			
housing property loans	16	(97,070,592)	(105,828,231)
PROVISIONS FOR LIABILITIES			
Pension - defined benefit liability	25	<u>(1,087,000)</u>	<u>(466,000)</u>
		(98,157,592)	(106,294,231)
DEFERRED INCOME			
Social Housing Grants	19	(168,404,807)	(165,139,468)
Other Fixed Asset Grants	19	<u>(1,008,751)</u>	<u>(1,042,023)</u>
		<u>20,536,951</u>	<u>20,579,120</u>
EQUITY			
Share capital	20	44	44
Revenue reserve		<u>20,536,907</u>	<u>20,579,076</u>
		<u>20,536,951</u>	<u>20,579,120</u>

The results for the year relate wholly to continuing activities.

The notes on page 17 to 39 form part of these financial statements.

The financial statements were approved by the Board of Management, authorised for issue, and signed on its behalf on 22nd August 2024.

Janet Strang
Chairperson

Brenda Johnstone
Vice Chairperson

Drew Hall
Secretary

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

STATEMENT OF CASH FLOWS

	Notes	2024 £	2023 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	17	<u>9,272,396</u>	<u>8,269,480</u>
INVESTING ACTIVITIES			
Acquisition and construction of housing properties	(21,320,251)	(27,358,357)	
Acquisition other fixed assets	(170,489)	(141,289)	
Proceeds of disposals of housing properties	-	89,308	
Proceeds of disposals of Other Fixed Assets	39,671	-	
Grants received	8,674,443	10,086,374	
Grants repaid	-	(20,663)	
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES		<u>(12,776,625)</u>	<u>(17,344,628)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		(3,504,230)	(9,075,147)
FINANCING ACTIVITIES			
Loan advance received	8,500,000	20,200,000	
Issue of ordinary share capital	1	3	
Interest received	62,141	23,573	
Inter-company investment	75,000	75,000	
Interest paid	(5,243,100)	(3,597,593)	
Loan principal repayments	(2,266,020)	(6,417,882)	
NET CASH INFLOW / (OUTFLOW) FROM FINANCING		<u>1,128,022</u>	<u>10,283,101</u>
(DECREASE) / INCREASE IN CASH		(2,376,208)	1,207,954
OPENING CASH AND CASH EQUIVALENTS		3,234,248	2,026,294
CLOSING CASH AND CASH EQUIVALENTS		<u><u>858,040</u></u>	<u><u>3,234,248</u></u>

CUNNINGHAME HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2024

STATEMENT OF CHANGES IN CAPITAL AND RESERVES

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2023	44	20,579,076	20,579,120
Issue of Shares	1	-	1
Cancelled shares	(1)	-	(1)
Surplus for Year	-	555,831	555,831
Other comprehensive income	-	(598,000)	(598,000)
Balance as at 31 March 2024	<u>44</u>	<u>20,536,907</u>	<u>20,536,951</u>

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2022	47	18,642,013	18,642,060
Issue of Shares	3	-	3
Cancelled shares	(6)	-	(6)
Surplus for Year	-	2,475,064	2,475,064
Other comprehensive income	-	(538,001)	(538,001)
Balance as at 31 March 2023	<u>44</u>	<u>20,579,076</u>	<u>20,579,119</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Legal status

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered by the Financial Conduct Authority. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

Basis of Accounting

These financial statements have been 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 and comply with the requirements of the Determination of Housing Requirements 2024 as issued by the Scottish Housing Regulator.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see below).

The following principal accounting policies have been applied:

Going Concern

The Board of Management have assessed the Association's ability to continue as a going concern and have reasonable expectations that the Association has adequate resources to continue in operational existence for the foreseeable future. Long term projections are reviewed twice a year for revenue income, capital income and costs and are reported to the Board of Management. Thus, they continue to adopt the going concern basis accounting in preparing these financial statements.

The Association has taken into account the current economic conditions in its consideration and is satisfied that the Association has adequate resources to manage the impact of this on an ongoing basis.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised as expenditure 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 it relates. Revenue grants and funding are released as per the terms of the award or as agreed outcomes are achieved.

Development administration costs

Development costs incremental to the other costs of the Association have been capitalised. Government grants received in respect of revenue expenditure are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate.

Cyclical and major repairs

The Association seeks to maintain its properties to the highest standard. To this end programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the costs of these repairs would be charged to the Statement of Comprehensive Income.

In addition, the Association completes programmes of major repairs to cover for works which have become necessary since the original development was completed, including works required by legislative changes. This

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

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

includes replacement or repairs to features of the properties which have come to the end of their economic lives. The costs of these repairs would be charged to the Statement of Comprehensive Income, unless it was agreed that they could be capitalised within the terms outlined in the SORP.

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The Association accounts for the pension scheme on a defined benefit basis based on its share of scheme assets and liabilities as determined by the scheme actuary. Defined benefit costs are recognised in the Statement of Comprehensive Income within operating costs. Actuarial gains and losses are recognised in Other Comprehensive Income. Further details are disclosed in the notes to the accounts.

The Association closed the defined benefit scheme at 1st July 2014 and transferred staff over to the SHAPS defined contribution scheme. Auto enrolment commenced for the Association on 1st July 2014 for all eligible staff through Scottish Widows. The costs to the Association of such pension contributions are charged to the Statement of Comprehensive Income.

Valuation of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. CHA has a minimum capitalisation policy of £1,000. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Kitchens	18 Years
Bathrooms	25 Years
Central Heating	18 Years
Windows	25 Years
PV Solar Panels	25 Years
Roofs	55 Years
Structure	60 Years

Depreciation and Impairment of Other Non-Current Assets

Non-Current 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 rates:-

Office Premises	50 years
Commercial premises	50 years
Fixtures and Fittings	3 years
Office Equipment	5 years
Motor Vehicles	7 years
Plant & Machinery	5 years

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

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

There was a change in depreciation charge for all new vehicles purchases from 21/22. All pre April 21 vehicles were depreciated over 5 years. All new purchases from April 21 have been depreciated over 7 years based on the current useful life of the assets.

The carrying value of non-current assets is reviewed for impairment at the end of each reporting year.

Social Housing Grant and Other Grants in Advance/Arrears

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 it relates.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same year as the expenditure to which it relates.

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 of housing property under the Right to Buy scheme are treated as a non-current asset disposal and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board of Management to exercise judgement in applying the Association's 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, is disclosed below:

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.

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.

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

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Useful Lives of Other Fixed Assets

The useful lives of other fixed Assets are based on the knowledge of senior management at the Association with reference to expected asset life cycles.

Pension Liabilities

This has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.

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.

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

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.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Board of Management 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 Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Financial Instruments – Basic

The Association only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like rents, accounts receivable and payable, loans from banks and related parties.

These are recognised 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.

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

2. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS

	Note	2024		2023		Operating surplus/ (deficit) £
		Revenue £	Operating Costs £	Revenue £	Operating Costs £	
Social letting activities	3	22,955,090	(16,990,657)	20,907,671	(14,724,866)	6,182,805
Other activities	4	1,186,115	(1,362,474)	1,326,606	(1,506,288)	(179,682)
Total		<u>24,141,205</u>	<u>(18,353,131)</u>	<u>22,234,277</u>	<u>(16,231,154)</u>	<u>6,003,123</u>

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

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared Ownership Housing £	2024 Total £	2023 Total £
Revenue from lettings					
Rent receivable net of identifiable service charges	18,419,293	-	50,106	18,469,399	16,597,145
Service charges receivable	336,996	-	485	337,481	308,381
Gross rents receivable	18,756,289	-	50,591	18,806,880	16,905,526
Less rent losses from voids	(68,540)	-	-	(68,540)	(48,941)
Net rents receivable	18,687,749	-	50,591	18,738,340	16,856,585
Amortisation of Social Housing & Other Grants	4,188,920	-	-	4,188,920	4,003,403
Revenue grants from local authorities and other agencies	27,830	-	-	27,830	47,683
Total income from social letting	<u>22,904,499</u>	<u>-</u>	<u>50,591</u>	<u>22,955,090</u>	<u>20,907,671</u>
Expenditure on social letting activities					
Management and maintenance administration costs	5,453,959	24,935	14,711	5,493,605	4,791,548
Service costs	456,448	-	485	456,933	330,257
Planned and cyclical maintenance including major repairs	1,550,120	3,251	-	1,553,371	1,476,591
Reactive maintenance	2,154,102	2,135	-	2,156,237	1,535,565
Bad debts - rents and service charges	147,918	-	-	147,918	188,019
Depreciation of social housing costs	6,717,065	60,000	22,800	6,799,865	6,402,886
Impairment of Housing Properties	-	382,728	-	382,728	-
Operating costs of social letting	<u>16,479,612</u>	<u>473,049</u>	<u>37,996</u>	<u>16,990,657</u>	<u>14,724,866</u>
Operating surplus /(deficit) on social letting activities	<u>6,424,887</u>	<u>(473,049)</u>	<u>12,595</u>	<u>5,964,433</u>	<u>6,182,805</u>
2023	<u>6,254,820</u>	<u>(84,394)</u>	<u>12,380</u>	<u>6,182,806</u>	

Impairment of Housing properties was £382,728 (2023 £nil) for our Victoria House hostel.

The supported housing unit closed during 2020-2021.

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

4. PARTICULARS OF INCOME AND EXPENDITURE FROM OTHER ACTIVITIES

	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs bad debts	Operating costs other	Operating surplus/ (deficit)	Operating surplus/ (deficit)
	£	£	£	£	£	£	2024	2023
							£	£
Amortisation Other Fixed Assets	-	-	33,272	33,272	-	-	33,272	33,272
Leasehold/Commercial	-	-	62,599	62,599	-	(81,006)	(18,407)	30,854
Regeneration & Enterprise	-	-	315,665	315,665	-	(471,154)	(155,489)	(137,468)
Factoring	-	-	166,980	166,980	(40,949)	(145,621)	(19,590)	(51,029)
Subsidiary	-	-	213,916	213,916	-	(213,916)	-	-
Fuel Poverty	308,121	-	85,562	393,683	-	(399,043)	(5,360)	(42,177)
Other Development costs	-	-	-	-	-	(10,785)	(10,785)	(13,134)
TOTAL FROM OTHER ACTIVITIES	<u>308,121</u>	<u>-</u>	<u>877,994</u>	<u>1,186,115</u>	<u>(40,949)</u>	<u>(1,321,525)</u>	<u>(176,359)</u>	<u>(179,682)</u>
TOTAL FROM OTHER ACTIVITIES FOR 2023	<u>234,799</u>	<u>-</u>	<u>1,097,807</u>	<u>1,326,606</u>	<u>(71,285)</u>	<u>(1,435,003)</u>	<u>(179,682)</u>	<u>(179,682)</u>

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

5. BOARD MEMBERS AND OFFICERS EMOLUMENTS

The officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of management, managers, and employees of the Association.

	2024	2023
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	<u>736,517</u>	<u>744,024</u>
Emoluments payable to the Chief Executive & Interim CEO (excluding pension contributions) 2024 figures includes the Interim CEO from 01 April 2023.	<u>222,983</u>	<u>155,160</u>
Pension contributions paid on behalf of the Chief Executive 2024 figures includes the Interim CEO from 01 April 2023.	<u>34,365</u>	<u>25,066</u>
Total Emoluments paid to key management personnel:	<u>577,205</u>	<u>Re-stated 465,833</u>
Total number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:		
£60,001 - £70,000	3	3
£70,001 - £80,000	2	2
£80,001-£90,000	1	-
£90,001-£100,000	-	-
£100,001- £110,000	2	3
£110,001-£120,000	-	-
£120,001-£130,000	-	1
£130,001-£140,000	-	
£140,001-£180,000	2	
Compensation for loss of office for key management personnel	<u>1</u>	<u>-</u>
Compensation for loss of office for key management personnel	<u>94,415</u>	<u>-</u>
Expenses paid to the Board	<u>460</u>	<u>1,811</u>

Expenses paid to the Board are reimbursement of expenses. No remuneration is paid to the Board members in respect of their duties to the Association.

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

6. EMPLOYEE INFORMATION

	2024	2023
	£	£
Staff costs during the year:		Re-stated
Wages and salaries	4,859,362	4,753,816
Social security costs	456,219	457,965
Other pension costs	466,004	470,371
Employer past service pension deficit costs	13,349	197,148
	<u>5,794,933</u>	<u>5,879,299</u>
	Number	Number
The average number of full time equivalent persons employed during the year was	<u>119</u>	<u>116</u>

7. GAIN ON SALE

	2024	2023
	£	£
Sales Proceeds	-	90,000
Cost of sales - NBV	(176,332)	(22,684)
Cost of sales - Legal	-	(693)
Repayment of Grant from sales proceeds		(20,663)
Cost of sales - NBV Grants	108,378	
(Loss) /Gain on Disposal	<u>(67,954)</u>	<u>45,961</u>

Loss on part disposal/demolition of Ladyland House 2023-2024.

Other Fixed Assets Sales Proceeds	39,671	-
Cost of sales - NBV	-	-
Cost of sales - Other costs	-	-
Repayment of Grant from sales proceeds	-	-
Gain /(Loss) on Disposal	<u>39,671</u>	<u>-</u>

Disposal of Motor Vehicles & ICT equipment in year.

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2024	2023
	£	£
Bank and housing loan interest	5,895,764	4,208,884
Interest capitalised in housing properties	(652,663)	(611,291)
	<u>5,243,100</u>	<u>3,597,593</u>

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

9. OPERATING SURPLUS FOR THE YEAR

	2024	2023
	£	£
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	7,108,244	6,725,276
Gain(loss) on sale of housing property	-	45,961
Disposal of housing property	(67,954)	-
Gain(loss) on sale of Other Fixed Assets	39,671	-
Auditors' remuneration		
- audit services	20,460	18,240
Operating lease rentals		
- land and buildings	63,228	89,169
- other	31,571	53,077
Bad debts	147,918	188,019
Amortisation of capital grants	<u>4,222,192</u>	<u>4,036,675</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is exempt from Corporation Tax on its charitable activities.

11. OTHER FINANCE CHARGES

	2024	2023
	£	£
Net interest costs	<u>23,000</u>	<u>-</u>

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

12. (a) NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting	Housing Properties in the Course of Construction	Completed Shared Ownership Properties	Total
	£	£	£	£
COST				
At start of year	326,533,651	31,141,339	1,367,971	359,042,961
Additions	8,395,832	12,556,096	-	20,951,928
Disposals Components	(944,888)	-	-	(944,888)
Disposals Stock	(293,887)			(293,887)
Impairment	(382,728)			(382,728)
Transfers of stock	16,138,363	(16,138,363)	-	-
At end of year	<u>349,446,343</u>	<u>27,559,072</u>	<u>1,367,971</u>	<u>378,373,386</u>
DEPRECIATION				
At start of year	70,787,406	-	278,869	71,066,275
Charged during year	6,777,065	-	22,800	6,799,865
Eliminated on disposal Comp	(944,888)	-	-	(944,888)
Eliminated on disposal Stock	(117,555)	-	-	(117,555)
At end of year	<u>76,502,028</u>	<u>-</u>	<u>301,669</u>	<u>76,803,697</u>
NET BOOK VALUE				
At end of year	<u>272,944,315</u>	<u>27,559,072</u>	<u>1,066,302</u>	<u>301,569,689</u>
At start of year	<u>255,746,245</u>	<u>31,141,339</u>	<u>1,089,102</u>	<u>287,976,686</u>

Additions to housing properties costs of £21m, includes capitalised development administration costs of £603,760 (2023 - £651,967) and capitalised major repair costs to existing properties of £1,777,276 (2023 - £1,774,876) and capitalised interest of £652,663 (2023 - £611,291).

Ladyland House Hostel facility was part-demolished and disposed of by March 2024. The amount disposed from housing properties was £293,887 Costs and £117,555 accumulated depreciation.

The impairment charge of £382,728 (2023 - £0) recognised in the year, was for the Victoria House Hostel which was re-valued during year using EUV-SH.

Additions in year include external wall insulations works in stock in Dalry totalling 2.342m.

The Association's lenders have standard securities over housing property with an existing use value of £146,810,000 (2023 -£143,190,000).

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

b) OTHER TANGIBLE ASSETS

	Freehold Property	Equip, Furn & Fittings	Motor Vehicles	Plant & Equipment	Total
	£	£	£	£	£
COST					
At start of year	7,307,855	1,934,246	695,761	21,774	9,959,636
Additions	-	12,370	158,119	-	170,489
Disposals	-	(570,571)	(66,327)	-	(636,897)
At end of year	<u>7,307,855</u>	<u>1,376,046</u>	<u>787,553</u>	<u>21,774</u>	<u>9,493,228</u>
DEPRECIATION					
At start of year	3,629,783	1,874,475	332,420	5,035	5,841,713
Charged during year	142,811	62,360	98,173	5,035	308,379
Disposals	-	(570,535)	(66,327)	-	(636,862)
At end of year	<u>3,772,594</u>	<u>1,366,300</u>	<u>364,266</u>	<u>10,070</u>	<u>5,513,230</u>
NET BOOK VALUE					
At end of year	<u>3,535,261</u>	<u>9,746</u>	<u>423,287</u>	<u>11,704</u>	<u>3,979,998</u>
At start of year	<u>3,678,072</u>	<u>59,771</u>	<u>363,341</u>	<u>16,739</u>	<u>4,117,923</u>

13. COMMITMENTS UNDER OPERATING LEASES

	2024	2023
	£	£
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	31,571	53,077
Later than one year and not later than five years	70,191	132,151
Later than five years	-	-
	<u>101,762</u>	<u>185,228</u>

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

14. DEBTORS

	2024	2023
	£	£
Rental debtors houses	958,413	922,504
Rental debtors leases	3,479	3,703
Less: Provision for Doubtful Debts	(302,065)	(373,241)
Factoring debtors	193,901	227,592
Less: Provision for Doubtful Debts	<u>(141,866)</u>	<u>(137,569)</u>
	711,863	642,989
Other Debtors	266,143	163,113
Prepayments And Accrued income	860,040	587,928
Grant receivable debtors	1,283,544	2,395,350
Loans to group undertakings	<u>175,000</u>	<u>250,000</u>
	<u>3,296,589</u>	<u>4,039,380</u>

Rental debtors include technical arrears of £485,899 (2023 - £391,300).

The loans to group undertakings of £175,000 (2023 £250,000) are regarded as being due mainly after one year.

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Housing Loans	17,271,968	2,280,348
Trade Payables	2,339,640	1,810,750
Rent in Advance	278,017	282,475
Other Taxation and Social Security	27,242	3,287
Other Payables - Retentions	812,261	1,180,584
Accruals and Deferred Income	867,088	755,951
	<u>21,596,216</u>	<u>6,313,395</u>

Housing loans figure includes sums of £15m which were refinanced in April 2024.

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16. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	2024	2023
	£	£
Housing loans	<u>97,070,592</u>	<u>105,828,231</u>
	<u>97,070,592</u>	<u>105,828,231</u>

The Association has a number of long term housing loans, the terms and conditions of which are as follows: Loan debt with Santander totals £22.469 million at March 2024, sums are repayable between 2027 and 2030 and 484 properties are provided as security for the loans. The Association has four loan agreements with Clydesdale Bank totalling £8.54 million, term dates range from 2031 to 2037 and 472 units are secured to the lender. RBS loans total £47.154 million, balance repayment periods range from 2027-2040 and 920 properties are provided as security for the loans. Bank of Scotland loan is £6.178 million, term dates 2028 and 177 properties are provided as security. At 31st March 2024 the Canada Life group private placement has drawn £30 million and 806 units are currently offered as security. Around 51% of debt is on a fixed interest rate basis and the individual fixed rate arrangements expire at various periods over the short, medium and long term.

The Association's bank borrowings are repayable on a monthly, quarterly and 6 monthly basis with the principal being amortised over the term of the loan. Interest rate charges on fixed debt range from 2.61% to 6.15% with variable rate charges from Base/Sonia + 0.4% to 1.8%

The Bank loans are repayable as follows:

	2024	2023
	£	£
Between one and two years	2,397,430	2,280,348
Between two and five years	44,791,799	33,855,337
In five years or more	<u>49,881,363</u>	<u>69,692,546</u>
	<u>97,070,592</u>	<u>105,828,231</u>

Housing loans figure between one and two years includes sums of £15m which were refinanced in April 2024.

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17. STATEMENT OF CASH FLOWS

Reconciliation of cash flows from operating activities as at 31 March 2024

	2024	2023
	£	£
Operating Surplus / (Deficit)	(42,169)	1,937,065
Depreciation	7,108,244	6,725,277
Impairment	382,728	-
Amortisation of Capital Grants	(4,330,570)	(4,028,990)
Social Housing Grant released	108,378	(7,684)
Change in debtors	(444,015)	125,873
Change in creditors	659,523	(363,464)
Cancelled Shares	(1)	(6)
Interest payable	5,243,100	3,597,594
Interest receivable	(62,141)	(23,573)
Gain / Loss on sale of Housing Stock	67,955	(45,961)
Gain / Loss on sale of Other Fixed Assets	(39,635)	-
Change in Creditors - Pension-net interest costs	23,000	-
Change in Creditors - Pension-Actuarial Adjustment	598,000	538,853
Change in Creditors - Pension-Actual Deficit payment contributions less expenses	-	(185,504)
Cash flows from operating activities as at 31 March 2024	<u>9,272,396</u>	<u>8,269,480</u>

18. ANALYSIS OF CHANGES IN NET DEBT

	As at March 23	Cash-flows	Other non- cash changes	As at March 24
	£	£	£	£
Cash	3,234,248	(2,378,357)	-	855,892
Cash equivalents	-	-	-	-
Overdraft facility repayable on demand	-	-	-	-
Loans falling due within one year	(2,280,348)	2,266,019	(17,257,639)	(17,271,968)
Loans falling due after more than one year	(105,828,231)	(8,500,000)	17,257,639	(97,070,592)
TOTAL	<u>(104,874,331)</u>	<u>(8,612,338)</u>	<u>-</u>	<u>(113,486,668)</u>

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19. DEFERRED INCOME

	2024	2023
	£	£
Social Housing Grants		
Balance as at 1 April 2023	165,139,468	157,823,630
Additions in year	7,562,637	11,319,241
Amortisation in Year	(4,188,920)	(3,995,719)
Eliminated on disposal	(108,378)	(7,684)
Balance as at 31 March 2024	<u>168,404,807</u>	<u>165,139,468</u>
Other Grants		
Balance as at 1 April 2023	1,042,023	1,075,294
Additions in year	-	-
Amortisation in Year	(33,272)	(33,271)
Eliminated on disposal	-	-
Balance as at 31 March 2024	<u>1,008,751</u>	<u>1,042,023</u>
Total deferred grants	<u>169,413,558</u>	<u>166,181,491</u>

This is expected to be released to the Statement of Comprehensive Income as follows:

Amounts released within one year	4,330,570	4,003,403
Amounts released in one year or more	165,082,988	162,178,088
	<u>169,413,558</u>	<u>166,181,491</u>

Additions in year include external wall insulations works in stock in Dalry totalling 1.017m.
Ladyland House hostel facility was part-demolished and disposed in year by £108k.

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20. SHARE CAPITAL AND RESERVES

Share Capital	2024	2023
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2023	44	47
Issued in year	1	3
Cancelled in year	(1)	(6)
At 31 March 2024	<u>44</u>	<u>44</u>

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

Reserves	2024	2023
	£	£
At 1 April 2023	20,579,078	18,642,014
Surplus for year	555,831	2,475,064
Other comprehensive income	(598,000)	(538,000)
At 31 March 2024	<u>20,536,909</u>	<u>20,579,078</u>

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2024	2023
	No.	No.
General Needs	3,522	3,372
Shared Ownership	21	21
	<u>3,543</u>	<u>3,393</u>

In addition, the association has 1 leasehold property, 4 enterprise centres & 1 commercial property. The Victoria House supported housing property (27units) closed during 2020-2021.

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22. RELATED PARTY TRANSACTIONS

Key Management Personnel – which includes members of the Board of Management – and their close family are related parties of the Association as defined by Financial Reporting Standard 102. The related party relationships are summarised as:

- 3 Members are tenants of the Association
- No Members are factored owners
- Key Management Personnel cannot use their position to their advantage. Any transactions between the Association and any entity with which a Key Management Personnel has a connection with is made at arm's length and is under normal commercial terms.

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

- Rent due – £15,514
- Factoring income receivable - £ nil
- At the year-end total rent advances were – £243
- At the year-end total rent arrears were - £318

J Strang, M Davidson, J Kelly and E Shedden are Board members and are Directors of Citrus Energy Limited, a company registered in Scotland. Formerly Cunninghame Enterprises Limited, the company changed its name at Companies House on 23rd July 2013 to Citrus Energy Limited. The main business activity of the company is energy brokerage to businesses.

During the year the Association paid costs of £98,612 (2023 - £94,373) on behalf of Citrus Energy Limited. These costs were recharged to the subsidiary company in the financial year.

At the end of the financial year the Association owed Citrus Energy Limited £Nil (2023 - £Nil).

At the end of the financial year the Association was owed £34,600 (2023 - £27,734) by Citrus Energy Limited. This is in addition to the inter-company loan balance of £175,000 (2023 - £250,000) as detailed in Note 23.

J Strang, B Johnstone, J Fenelon and E Shedden are Board members and are Trustees of Cunninghame Furniture Recycling Company, a company registered in Scotland, limited by guarantee without a share capital. The company was granted charitable status on 1st November 2010. The principal activity of the company is the recycling of furniture and related activities.

During the year the Association paid costs of £115,304 (2023 - £123,240) on behalf of Cunninghame Furniture Recycling Company. These costs were recharged to the subsidiary company in the financial year.

At the end of the financial year the Association owed Cunninghame Furniture Recycling Company £22,834 (2023 - £Nil).

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At the end of the financial year the Association was owed by Cunninghame Furniture Recycling Company £13,732 (2023 - £29,727).

23. INTER-COMPANY LOAN

On 1st September 2014, there was an inter-company loan facility granted to Citrus Energy Limited for £400,000 repayable over 10 years at an interest rate of 3.5% per annum. In 20/21 the interest rate was dropped to 1.75%. During the year Citrus Energy Limited repaid £75,000 (2023 £75,000). The balance outstanding at the year end is £175,000 (2023 - £250,000). The interest rate increased to 6% from 1st April 2023.

This loan facility is secured by a Bond and Floating Charge.

24. DETAILS OF ASSOCIATION

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

The Association's principal place of business is Ardrossan. The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing in North Ayrshire, East Ayrshire and Dumfries & Galloway.

Group Structure

Cunninghame Housing Association Limited is a Registered Social Landlord and Charity in Scotland, and forms part of a group. The other members are Citrus Energy Limited, a company registered in Scotland whose main activities relate to commercial activities such as Energy Brokering, and Cunninghame Furniture Recycling Company, a registered charity whose activities relate to the diversion of waste from landfills and recycling furniture and white goods.

Cunninghame Housing Association Limited is considered to be the ultimate parent undertaking of the group. Group financial statements are not prepared as the Financial Conduct Authority has exempted the group from this requirement.

The Association controls Citrus Energy Limited by virtue of common Board membership. Citrus Energy Limited is a company registered in Scotland and is limited by guarantee without having a share capital. The company's name was changed from Cunninghame Enterprises Limited to Citrus Energy Limited on 23rd July 2013 at Companies House. Citrus Energy Limited's main activity is energy brokering for commercial customers.

25. RETIREMENT BENEFIT OBLIGATIONS

Scottish Widows Pension Scheme

The Association operates a Defined Contribution Pension scheme with Scottish Widows. The assets are held separately from the Association in a fund administered independently by Scottish Widows. The pension cost charge represents the contributions payable by the Association to the fund and amounted to £448,667 (2023 - £301,023) of which £59,596 (2023-£64,150) was unpaid and is included in Creditors. During the year the Association paid contributions at rates of between 10% and 16% of pensionable salaries.

In addition the Association operates a Defined Contribution pension scheme structure within the Scottish Housing Associations Pension scheme. At 31st March 2024 there were 7 (2023 - 7) active members of the scheme employed by the Association. The Association paid contributions at 10% rates of pensionable salaries.

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25. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Associations' Pension Scheme

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2021. This valuation revealed a deficit of £27m. A Recovery Plan has been put in place to eliminate the deficit which ran to 30 September 2022.

The Scheme Actuary prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2023. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £644m and a decrease in liabilities to approximately £716m, equivalent to a reduced past service funding level of 90%. The next full actuarial valuation will be for 30th September 2024 and will be finalised later in 2025.

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

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

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25. RETIREMENT BENEFIT OBLIGATIONS (continued)

**PRESENT VALUES OF DEFINED BENEFIT OBLIGATION,
FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)**

	31 March 2024 (£000s)	31 March 2023 (£000s)
Fair value of plan assets	7,700	8,559
Present value of defined benefit obligation	8,787	9,025
Surplus (deficit) in plan	(1,087)	(466)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(1,087)	(466)
Deferred tax	-	-
Net defined benefit asset(liability) to be recognised	(1,087)	(466)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2024 (£000s)	Period ended 31 March 2023 (£000s)
Defined benefit obligation at start of period	9,025	13,094
Current service cost	-	-
Expenses	13	12
Interest expense	431	359
Member contributions	-	-
Actuarial losses (gains) due to scheme experience	(206)	(53)
Actuarial losses (gains) due to changes in demographic assumptions	(51)	(201)
Actuarial losses (gains) due to changes in financial assumptions	(26)	(3,759)
Benefits paid and expenses	(399)	(427)
Defined benefit obligation at end of period	8,787	9,025

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period ended 31 March 2024 (£000s)	Period ended 31 March 2023 (£000s)
Fair value of plan assets at start of period	8,559	12,981
Interest income	408	359
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(881)	(4,551)
Contributions by the employer	13	197
Member contributions	-	-
Benefits paid and expenses	(399)	(427)
Fair value of plan assets at end of period	7,700	8,559

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was (£473,000).

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25. RETIREMENT BENEFIT OBLIGATIONS (continued)

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SoCI)

	Period from 31 March 2019 to 31 March 2024	Period from 31 March 2019 to 31 March 2023
	(£000s)	(£000s)
Current service cost	-	-
Expenses	13	12
Net interest expense	23	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	36	12

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2024	Period ended 31 March 2023
	(£000s)	(£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(881)	(4,551)
Experience gains and losses arising on the plan liabilities - gain (loss)	206	53
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	51	201
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	26	3,759
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(598)	(538)
Total amount recognised in other comprehensive income - gain (loss)	(598)	(538)

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

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

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at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

26. CAPITAL COMMITMENTS

	2024	2023
	£	£
Expenditure contracted but not provided for in accounts	<u>17,559,247</u>	<u>13,272,734</u>
Funded by:		
Social Housing Grant	10,834,434	3,154,830
Other grants and contributions	-	-
Private Finance & Reserves	<u>6,724,813</u>	<u>10,117,904</u>
	<u>17,559,247</u>	<u>13,272,734</u>

27. CONTINGENT LIABILITIES

Scottish Housing Associations' Pension Scheme - Scheme Benefit Review

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

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

It was estimated that this could potentially increase the value of the full Scheme liabilities by £27m. We note that these estimates were calculated as at 30 September 2022 on the Scheme's Technical Provisions basis.

Should the Court decide that the historic benefit changes need to be applied differently, then some member benefits would need to be increased, which would increase the value placed on Scheme liabilities. As the matter is ongoing, in line with the prior year, no allowance has been made to the financial statements for potential additional liabilities within the estimate provided above.

Scottish Housing Associations' Pension Scheme - Debt on Withdrawal

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The Association has been notified by TPT of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2023. As of this date the estimated employer debt for the Association was £2,801,328 (2023 £3,537,929).

The Association has no intention of withdrawing from the scheme.