

**CUNNINGHAME HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 2021**

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 MARCH 2021**

MEMBERS OF THE BOARD OF MANAGEMENT

		Appointed	Resigned
John Kelly	Chairperson		
Lesley Keenan	Vice-Chair		
Janet Strang	Secretary		
Brenda Johnstone	Board Member		
William Gibson	Board Member		
Liam Loudon	Board Member		
June Fenelon	Board Member		
John Nisbet	Board Member		
Councillor Jim McMahon	Board Member	29-Oct-20	
Councillor Jimmy Miller	Board Member		
Brian McCabe	Board Member		
Drew Hall	Board Member		
Elizabeth Shedden	Board Member		
Margaret Davison	Board Member		
Councillor Douglas Reid	Board Member		29-Oct-20

EXECUTIVE OFFICER

F.A. Sweeney

**CUNNINGHAME HOUSING ASSOCIATION LIMITED
THE MANAGEMENT BOARD, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED MARCH 2021**

REGISTERED OFFICE

Quayside offices
Marina Quay
Dock Road
Ardrossan
Ayrshire
KA22 8DA

AUDITOR

French Duncan LLP
Chartered Accountants
Statutory Auditor
133 Finnieston Street
Glasgow
G3 8HB

BANKERS

Santander
Customer Service Centre
Bootle
Merseyside
L30 4GB

SOLICITORS

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

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

Rooney Nimmo Limited
8 Walker Street
Edinburgh
EH3 7LA

Taylor & Henderson
51 Hamilton Street
Saltcoats
KA21 5DX

INTERNAL AUDITORS

Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

CUNNINGHAME HOUSING ASSOCIATION LIMITED

REPORT FROM THE BOARD OF MANAGEMENT

FOR THE YEAR ENDED MARCH 2021

The Association's Board of Management presents their report and the audited Financial Statements for the year ended 31st March 2021.

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 2021/22 to 2025/26 and is reviewed and updated annually. The last review and update was carried out in May 2021 by the Board of Management via a MS Teams session. This is our key strategic document which sets out and communicates our vision, objectives, strategic direction and timescales (with KPI's) for implementation.

Objectives

As part of its annual governance review of its Corporate Strategy and Business Plan the Association also reviewed its six strategic objectives:

- 1. Customer Focus**
To deliver a quality customer driven service by putting our tenants, customers and communities at the heart of our services by promoting clear communications and encouraging participation through engagement and involvement.
- 2. Growth**
To achieve sustained growth and financial sustainability through partnership working.
- 3. Quality**
To provide affordable, high quality homes that continue to meet the Scottish Housing Quality Standards and the needs and aspirations of our customers and our communities.

**CUNNINGHAME HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT
FOR THE YEAR ENDED MARCH 2021**

4. Regeneration

To support (wherever possible) the social and economic regeneration of our communities.

5. Social Responsibility

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

6. Continuous Improvement

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

After review minor amendments were made to the strategic objectives.

Review of Activities during the year

During the year the Association's dynamic house building programme continued to deliver valuable assets for the organisation. We are now developing new build housing in three geographical areas (North and East Ayrshire and Dumfries & Galloway). In financial year 2020/2021 a total of 218 new houses commenced on site with 191 new houses programmed for a site start in 2021/2022.

Within this context it is projected that over the next 5 year plan period for our Corporate Strategy & Business Plan that we will achieve a growth rate of 43% which will take our rented stock in management to approximately 4184 affordable homes.

Financial Review

The results for the year are as shown in the attached Statement of Comprehensive Income. The surplus for the year was £329,825 (2020 £3,652,374) - this is after pension adjustments of (-£1,583,000) (2020 £1,835,000).

Net assets are now £15,063,505 (2020 £14,733,681). This financial year has been another hugely successful chapter in the ongoing journey of growth and sustainability of the Association.

There are no issues with regards to Going Concern, which is detailed within our principal accounting policies on page 19.

Risk Management

The Association operates a robust Risk Management Strategy and Framework which includes our strategic and operational risk registers. In terms of managing our risk, we operate the undernoted;

Risk management is a standard item on each Board of Management agenda. At each meeting the Group CEO presents on screen by means of our Clearview risk programme our strategic risk matrix (7 week period) which compares the strategic risks that were relevant at the last Board of Management meeting with the current risk matrix (7 weeks later) which shows any additions or downgrades on impact of the risks. If there has been an addition(s) the group CEO then proceeds to explain the risk on screen, its scoring and after any questions from the Board of Management the risk is noted as per actions that have been recommend to the Board for implementation.

Each year an external risk consultant will normally carry out a review with Board members on the Risk Strategy, Risk Framework and the top 12 strategic risks and top 5 operational risks, however this year due to COVID-19 this was carried out by the Group Chief Executive.

CUNNINGHAME HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT
FOR THE YEAR ENDED MARCH 2021

The consultants will thereafter prepare a report which is presented to the Board of Management and the Internal Audit Sub Committee (for comment back to the Board of Management).

Governance

The members of the Board of Management and the Group Chief Executive and Executive Directors are listed on page 1. Each member of the Board of Management holds one fully paid share of £1 in the Association. Members of the Board of Management are unpaid.

During the year the Board of Management and Sub Committees operated the following cycle of meetings.

- Board of Management – 8 meetings every 7 weeks
- Finance & Corporate Services Sub Committee – 4 meetings quarterly
- Internal Audit – 4 meetings quarterly
- Housing & Property Services Sub Committee – 4 meetings quarterly
- Development Services Sub Committee – 11 meetings every 4 weeks
- Skills & Succession Planning Group – 3 meetings quarterly

Annual Assurance Statement (SHR)

In March 2020 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 second 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 was that Cunninghame Housing Association was fully compliant with the regulatory standards and there were no areas of material non-compliance.

COVID-19

The Association closed its offices as from the 26th March 2020 due to the COVID-19 lockdown procedures/ requirements.

The Board of Management are not aware of material uncertainties related to Covid-19. However, the Board are continually developing and implementing mitigating actions and processes to ensure that the Association continues to function and manage future operations and those of their workforce and stakeholders. While there has been an increase in rent arrears the Association has been focussed on tenant support and is in regular contact with tenants regarding changes in circumstances and applications for Universal Credit. Lower maintenance costs have been incurred during the same period and reduced overall maintenance spend in the year, along with lower loan interest charges (due to reduced interest rates) and lower staffing costs (due to majority of staff being furloughed) have resulted. There are no material concerns for the Association at this point regarding continued future viability.

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 of the Association holds no interest in the Association's share capital and although not having the legal status of a director he acts 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.

CUNNINGHAME HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT
FOR THE YEAR ENDED MARCH 2021

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 - 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. 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 MARCH 2021

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 2021. 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.

**CUNNINGHAME HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT
FOR THE YEAR ENDED MARCH 2021**

Auditor

A resolution to re-appoint the auditor, French Duncan LLP, Chartered Accountants, will be proposed at the Annual General Meeting

By order of Board of Management



Janet Strang, Company Secretary

26th August 2021

CUNNINGHAME HOUSING ASSOCIATION LIMITED
REPORT BY THE AUDITOR TO THE MEMBERS OF CUNNINGHAME HOUSING ASSOCIATION LIMITED ON
CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED MARCH 2021

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

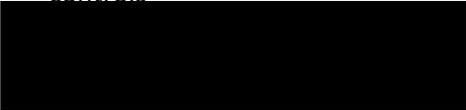
Basis of Opinion

We carried out our review having regard to the requirements 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 7 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



French Duncan LLP

Chartered Accountants
Statutory Auditor

GLASGOW

30 August 2021

CUNNINGHAME HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUNNINGHAME HOUSING ASSOCIATION
LIMITED FOR THE YEAR ENDED MARCH 2021

OPINION

We have audited the financial statements of Cunninghame Housing Association for the year ended 31 March 2021 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 2021 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 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 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

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

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

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

OTHER INFORMATION

The other information comprises the information contained in the annual report, other than the financial statements and our auditor's report thereon. The Board of Management is responsible for the other information.

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.

CUNNINGHAME HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUNNINGHAME HOUSING ASSOCIATION
LIMITED FOR THE YEAR ENDED MARCH 2021

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

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 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 BOARD MEMBERS

As explained more fully in the Board of Management's responsibilities statement set out on page 6, 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

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is

CUNNINGHAME HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUNNINGHAME HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED MARCH 2021

sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the housing association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members.
- Conclude on the appropriateness of the Board of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the housing association to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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:

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

- the responsible individual ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the association through discussions with management and Board of Management members and from our sector knowledge;
- we focused on specific laws and regulations, including those specified by the Scottish Housing Regulator, which we considered may have a direct material effect on the financial statements or the operations of the association, including the Co-operative and Community Benefits Societies Act 2014, Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Statement of Recommended Practice for Social Housing Providers 2018 and Determination of Housing Requirements 2019, and data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and Board of Management members and inspecting legal invoices; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

CUNNINGHAME HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUNNINGHAME HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED MARCH 2021

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

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

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

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

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- reviewing internal audit reports prepared during the year;
- enquiring of management and Board of Management members as to actual and potential litigation and claims;
- inspecting any legal invoices; and
- reviewing correspondence with Scottish Housing Regulator.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

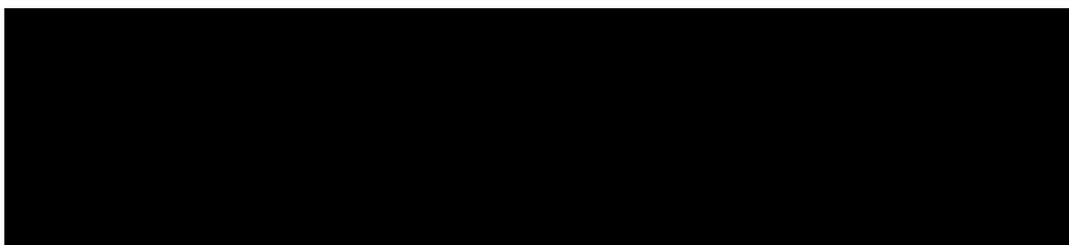
Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the management committee and other management and the inspection of regulatory and legal correspondence, if any.

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

**CUNNINGHAME HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUNNINGHAME HOUSING ASSOCIATION
LIMITED FOR THE YEAR ENDED MARCH 2021**

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.



French Duncan LLP
Chartered Accountants and Statutory Auditor
133 Finnieston Street
GLASGOW
G3 8HB

30 August 2021

CUNNINGHAME HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 2021

	Notes	2021 £	2020 £
REVENUE	2	19,615,404	17,964,609
Operating costs	2	<u>(14,916,845)</u>	<u>(13,497,389)</u>
OPERATING SURPLUS	9	4,698,559	4,467,220
Gain /(Loss) on sale of housing stock	7	9,296	(12,644)
Interest receivable and other similar income		21,189	47,762
Interest payable and other similar charges	8	(2,816,220)	(2,634,964)
Other Finance Charges	11	<u>-</u>	<u>(50,000)</u>
		<u>(2,785,735)</u>	<u>(2,649,846)</u>
SURPLUS FOR THE YEAR		1,912,825	1,817,374
OTHER COMPREHENSIVE INCOME			
Initial recognition of multi-employer defined benefit scheme	25	-	-
Actuarial (losses)/gains in respect of pension scheme	25	(1,583,000)	1,835,000
TOTAL COMPREHENSIVE INCOME		<u><u>329,825</u></u>	<u><u>3,652,374</u></u>

The results for the year relate wholly to continuing activities.

The notes on page 19 to 42 form part of these financial statement.

CUNNINGHAME HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 2021

	Notes	2021 £	2020 £
NON-CURRENT ASSETS			
Housing properties - depreciated cost	12(a)	236,572,272	215,580,002
Other tangible fixed assets	12(b)	<u>4,111,883</u>	<u>4,267,797</u>
		240,684,155	219,847,799
CURRENT ASSETS			
Debtors	14	2,996,515	6,937,839
Investments		-	-
Cash at bank and in hand		<u>1,880,909</u>	<u>3,310,396</u>
		4,877,424	10,248,235
CREDITORS: amounts falling due within one year	15	<u>(10,412,036)</u>	<u>(7,496,698)</u>
NET CURRENT (LIABILITIES) / ASSETS		<u>(5,534,612)</u>	<u>2,751,537</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		235,149,544	222,599,336
CREDITORS: amounts falling due after more than one year			
housing property loans	16	(75,642,324)	(79,506,947)
PROVISIONS FOR LIABILITIES			
Pension - defined benefit liability	25	<u>(1,419,853)</u>	<u>(186,564)</u>
		(77,062,177)	(79,693,511)
DEFERRED INCOME			
Social Housing Grants	19	(141,915,296)	(127,030,306)
Other Fixed Asset Grants	19	<u>(1,108,566)</u>	<u>(1,141,838)</u>
		<u>15,063,505</u>	<u>14,733,681</u>
EQUITY			
Share capital	20	51	52
Revenue reserve		<u>15,063,454</u>	<u>14,733,629</u>
		<u>15,063,505</u>	<u>14,733,681</u>

The financial statements were approved by the Board of Management, authorised for issue, and signed on its behalf on 26th August 2021.



John Kelly
Chairperson



Lesley Keenan
Vice Chairperson



Janet Strang
Secretary

CUNNINGHAME HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 2021

	Notes	2021 £	2020 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	17	<u>5,875,541</u>	<u>6,874,377</u>
INVESTING ACTIVITIES			
Acquisition and construction of housing properties	(26,662,666)	(28,685,650)	
Acquisition other fixed assets	(103,920)	(144,146)	
Proceeds of disposals of housing properties	24,077	-	
Grants received	21,842,252	15,277,614	
Grants repaid	(6,888)	(12,644)	
		<u>(4,907,145)</u>	<u>(13,564,826)</u>
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES			
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		968,396	(6,690,449)
FINANCING ACTIVITIES			
Loan advance received	2,500,000	29,000,000	
Issue of ordinary share capital	3	1	
Interest received	21,189	47,762	
Inter-company investment	-	(100,000)	
Interest paid	(2,816,220)	(2,634,964)	
Loan principal repayments	<u>(2,102,855)</u>	<u>(16,998,961)</u>	
NET CASH INFLOW / (OUTFLOW) FROM FINANCING		<u>(2,397,883)</u>	<u>9,313,838</u>
(DECREASE)/INCREASE IN CASH		(1,429,487)	2,623,389
OPENING CASH AND CASH EQUIVALENTS		3,310,396	687,007
CLOSING CASH AND CASH EQUIVALENTS		<u><u>1,880,909</u></u>	<u><u>3,310,396</u></u>

CUNNINGHAME HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED MARCH 2021

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2020	52	14,733,629	14,733,681
Issue of Shares	3	-	3
Cancelled shares	(4)	-	(4)
Surplus for Year	-	1,912,825	1,912,825
Other comprehensive income	-	(1,583,000)	(1,583,000)
Balance as at 31 March 2021	<u>51</u>	<u>15,063,454</u>	<u>15,063,505</u>

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2019	52	11,081,255	11,081,307
Issue of Shares	1	-	1
Cancelled shares	(1)	-	(1)
Surplus for Year	-	1,817,374	1,817,374
Other comprehensive income	-	1,835,000	1,835,000
Balance as at 31 March 2020	<u>52</u>	<u>14,733,629</u>	<u>14,733,681</u>

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2021
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 2019 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 Covid-19 outbreak in its consideration and is satisfied that the Association has adequate resources to manage the impact of the pandemic 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 MARCH 2021
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. 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 annual rates:-

Office Premises	2%
Commercial premises	2%
Fixtures and Fittings	33%
Office Equipment	20%

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

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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 disposals 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.

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.

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

2. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS

		2021			2020		
	Note	Revenue £	Operating Costs £	Operating surplus/ (deficit) £	Revenue £	Operating Costs £	Operating surplus/ (deficit) £
Social letting activities	3	18,185,847	(13,325,654)	4,860,193	16,522,176	(11,936,893)	4,585,283
Other activities	4	<u>1,429,557</u>	<u>(1,591,191)</u>	<u>(161,634)</u>	<u>1,442,433</u>	<u>(1,560,496)</u>	<u>(118,063)</u>
Total		<u><u>19,615,404</u></u>	<u><u>(14,916,845)</u></u>	<u><u>4,698,559</u></u>	<u><u>17,964,609</u></u>	<u><u>(13,497,389)</u></u>	<u><u>4,467,220</u></u>

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared Ownership Housing £	2021 Total £	2020 Total £
Revenue from lettings					
Rent receivable net of identifiable service charges	13,840,068	590,120	51,017	14,481,205	13,373,860
Service charges receivable	280,256	-	608	280,864	260,837
Gross rents receivable	14,120,324	590,120	51,625	14,762,069	13,634,697
Less rent losses from voids	(97,073)	(526,912)	-	(623,985)	(42,357)
Net rents receivable	14,023,251	63,208	51,625	14,138,084	13,592,340
Amortisation of Social Housing & Other Grants	3,650,704	-	-	3,650,704	2,899,314
Revenue grants from local authorities and other agencies	397,059	-	-	397,059	30,522
Total income from social letting	18,071,014	63,208	51,625	18,185,847	16,522,176
Expenditure on social letting activities					
Management and maintenance administration costs	4,287,962	399,043	15,677	4,702,682	4,734,509
Service costs	216,495	90	608	217,193	248,094
Planned and cyclical maintenance including major repairs	1,036,564	5,272	-	1,041,836	1,102,429
Reactive maintenance	1,284,790	18,074	-	1,302,864	1,112,935
Bad debts - rents and service charges	184,088	-	-	184,088	122,574
Depreciation of social housing costs	5,792,756	60,000	24,235	5,876,991	4,616,352
Operating costs of social letting	12,802,655	482,479	40,520	13,325,654	11,936,893
Operating surplus /(deficit) on social letting activities	5,268,359	(419,271)	11,105	4,860,193	4,585,283
2020	4,544,483	31,548	9,252	4,585,283	

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2021
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) 2021 £	Operating surplus/ (deficit) 2020 £
Amortisation Other Fixed Assets	-	-	33,272	33,272	-	-	33,272	40,192
Supporting People	-	341,593	-	341,593	-	(360,681)	(19,088)	23,504
Leasehold/Commercial	-	-	59,955	59,955	-	(49,681)	10,274	17,649
Regeneration & Enterprise	-	-	224,159	224,159	-	(329,375)	(105,216)	(110,925)
Factoring	-	-	143,588	143,588	-	(121,207)	22,381	10,906
Subsidiary	-	-	126,192	126,192	-	(126,192)	-	-
Fuel Poverty	203,780	-	236,805	440,585	-	(522,154)	(81,569)	(58,035)
Other Costs	-	-	-	-	-	-	-	(74,121)
Other Development costs	-	-	60,213	60,213	-	(37,033)	23,180	-
Other Income	-	-	-	-	-	-	-	32,767
Commercial Sale	-	-	-	-	-	(44,868)	(44,868)	-
TOTAL FROM OTHER ACTIVITIES	203,780	341,593	884,184	1,429,557	-	(1,591,191)	(161,634)	(118,063)
TOTAL FROM OTHER ACTIVITIES FOR 2020	228,781	409,912	803,740	1,442,433	-	(1,560,496)	(118,063)	

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2021
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.

No emoluments have been paid to any member of the Board of Management.

	2021	2020
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	562,186	548,007
Emoluments payable to the Chief Executive (excluding pension contributions)	117,692	116,087
Pension contributions paid on behalf of the Chief Executive	18,115	16,724
Total Emoluments paid to key management personnel:	420,072	413,484

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	1	1
£70,001 - £80,000	1	1
£80,001-£90,000	0	0
£90,001-£100,000	2	2
£100,001- £110,000	1	1
£110,001-£120,000	1	1

Payments made to Board members during the year for reimbursement of expenses totalled £61 (2020-£1,057)

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

6. EMPLOYEE INFORMATION

	2021	2020
	£	£
Staff costs during the year:		
Wages and salaries	4,023,134	3,581,569
Social security costs	353,943	341,793
Other pension costs	392,011	368,368
Employer past service pension deficit costs	361,356	368,586
	<u>5,130,444</u>	<u>4,660,316</u>
	Number	Number
The average number of full time equivalent persons employed during the year was	<u>105</u>	<u>108</u>

7. GAIN ON SALE

	2021	2020
	£	£
Sales Proceeds	25,000	-
Cost of sales - NBV	(7,893)	-
Cost of sales - Legal	(923)	-
Repayment of Grant from sales proceeds	(6,888)	(12,644)
	<u>9,296</u>	<u>(12,644)</u>
Gain /(Loss) on sale	<u>9,296</u>	<u>(12,644)</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£	£
Bank and housing loan interest	3,200,455	3,118,277
Interest capitalised in housing properties	(384,235)	(483,313)
	<u>2,816,220</u>	<u>2,634,964</u>

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

9. OPERATING SURPLUS FOR THE YEAR

	2021	2020
	£	£
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	6,135,095	4,937,972
Gain(loss) on sale of housing property	9,296	(12,644)
Auditors' remuneration	11,700	11,700
Operating lease rentals	41,432	47,416
	- audit services	- land and buildings
	48,294	32,967
	- other	
Bad debts	184,088	122,574
Amortisation of capital grants	<u>3,683,977</u>	<u>2,939,506</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

	2021	2020
	£	£
Net interest costs	<u>-</u>	<u>50,000</u>

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

12. 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	236,010,407	35,445,174	1,465,835	272,921,416
Additions	3,796,953	23,118,393	-	26,915,346
Disposals	(269,734)	-	(11,707)	(281,441)
Sales Removed	(38,192)	-	-	(38,192)
Transfers of stock	17,350,567	(17,350,567)	-	-
At end of year	<u>256,850,001</u>	<u>41,213,000</u>	<u>1,454,128</u>	<u>299,517,129</u>
DEPRECIATION				
At start of year	57,099,753	-	241,661	57,341,414
Charged during year	5,852,755	-	24,235	5,876,990
Eliminated on disposal	(269,733)	-	(3,814)	(273,547)
At end of year	<u>62,682,775</u>	<u>-</u>	<u>262,082</u>	<u>62,944,857</u>
NET BOOK VALUE				
At end of year	<u>194,167,226</u>	<u>41,213,000</u>	<u>1,192,046</u>	<u>236,572,272</u>
At start of year	<u>178,910,654</u>	<u>35,445,174</u>	<u>1,224,174</u>	<u>215,580,002</u>

Additions to housing properties includes capitalised development administration costs of £660,539 (2020 - £627,736) and capitalised major repair costs to existing properties of £360,709 (2020 - £859,701) and capitalised interest of £384,235 (2020 - £483,313).

The Association's lenders have standard securities over housing property with an existing use value of £113,303,750 (2020 -£97,823,750).

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

b) Other tangible assets	Freehold Property £	Equip, Furn & Fittings £	Motor Vehicles £	Total £
COST				
At start of year	7,309,583	1,681,384	220,342	9,211,309
Additions	-	103,920	-	103,920
Disposals	<u>(1,728)</u>	<u>(3,968)</u>	<u>-</u>	<u>(5,696)</u>
At end of year	<u>7,307,855</u>	<u>1,781,336</u>	<u>220,342</u>	<u>9,309,533</u>
DEPRECIATION				
At start of year	3,204,325	1,594,433	144,754	4,943,512
Charged during year	139,816	91,299	26,990	258,105
Disposals	<u>-</u>	<u>(3,968)</u>	<u>-</u>	<u>(3,968)</u>
At end of year	<u>3,344,141</u>	<u>1,681,764</u>	<u>171,744</u>	<u>5,197,650</u>
NET BOOK VALUE				
At end of year	<u>3,963,714</u>	<u>99,572</u>	<u>48,598</u>	<u>4,111,883</u>
At start of year	<u>4,105,258</u>	<u>86,951</u>	<u>75,588</u>	<u>4,267,797</u>

13. COMMITMENTS UNDER OPERATING LEASES

	2021 £	2020 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	46,349	48,054
Later than one year and not later than five years	71,872	128,610
	<u>118,221</u>	<u>176,664</u>

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

14. DEBTORS

	2021	2020
	£	£
Rental debtors houses	773,984	696,389
Rental debtors leases	15,340	17,058
Rental debtors hostel	-	7,179
Less: Provision for Doubtful Debts	(367,241)	(255,000)
Factoring debtors	226,568	203,441
Less: Provision for Doubtful Debts	<u>(81,214)</u>	<u>(81,214)</u>
	567,437	587,853
Other Debtors	211,254	619,954
Prepayments and accrued income	543,694	749,345
Grant receivable debtors	1,274,130	4,580,687
Loans to group undertakings	<u>400,000</u>	<u>400,000</u>
	<u>2,996,515</u>	<u>6,937,839</u>

Rent, lease & hostel debtors are stated net of a provision for bad debts amounting to £367,241 (2020-£255,000). Rental debtors include technical arrears of £264,000 (2020 - £339,000).

Included within Other debtors is an amount of £40,399 (2020-£139,105) which will be repaid after more than one year. The loans to group undertakings of £400,000 (2020-£400,000) are regarded as being due after one year. Of the loans to group undertakings £350,000 is regarded as being due after one year.

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Housing Loans	6,361,439	2,099,671
Trade Payables	1,561,222	2,193,169
Rent in Advance	307,485	299,682
Other Taxation and Social Security	2,661	615
Other Payables - Retentions	1,393,058	1,140,378
Accruals and Deferred Income	<u>786,171</u>	<u>1,763,183</u>
	<u>10,412,036</u>	<u>7,496,698</u>

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS

16. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	2021	2020
	£	£
Housing loans	<u>75,642,324</u>	<u>79,506,947</u>
	<u>75,642,324</u>	<u>79,506,947</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 £11.566 million at March 2021, sums are repayable between 2022 and 2030 and 431 properties are provided as security for the loans. The Association has four loan agreements with Clydesdale Bank totalling £10.322 million, term dates range from 2031 to 2037 and 472 units are secured to the lender. RBS loans total £23.401 million, balance repayment periods range from 2027-2040 and 713 properties are provided as security for the loans. Bank of Scotland loan is £6.715 million, term dates 2028 and 177 properties are provided as security. At 31st March 2021 the Canada Life group private placement has drawn £30 million and 806 units are currently offered as security. Around 78% 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 3.23% to 6.15% with variable rate charges from Libor + 0.4% to 2.1%

The Bank loans are repayable as follows:

	2021	2020
	£	£
Between one and two years	8,565,630	6,385,250
Between two and five years	6,913,239	6,769,020
In five years or more	<u>60,163,455</u>	<u>66,352,677</u>
	<u>75,642,324</u>	<u>79,506,947</u>

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17. STATEMENT OF CASH FLOWS

Reconciliation of cash flows from operating activities as at 31 March 2021	2021	2020
	£	£
Operating Surplus / (Deficit)	329,825	3,652,374
Depreciation	6,135,095	4,937,972
Amortisation of Capital Grants	(3,647,300)	(2,909,577)
Social Housing Grant released	(36,677)	(29,929)
Carrying amount of tangible fixed asset disposals	1,728	-
Change in debtors	634,767	(220,349)
Change in creditors	(1,599,110)	997,629
Cancelled Shares	(4)	(1)
Interest payable	2,816,220	2,634,964
Interest receivable	(21,189)	(47,762)
Gain / Loss on sale of Housing Stock	(9,296)	12,644
Loss on commercial sale	38,192	
Change in Creditors - Pension-net interest costs	-	50,000
Change in Creditors - Pension-Actuarial Adjustment	1,583,000	(1,835,000)
Change in Creditors - Pension-Actual Deficit payment contributions less expenses	(349,710)	(368,588)
	<u>5,875,541</u>	<u>6,874,377</u>
Cash flows from operating activities as at 31 March 2021	<u>5,875,541</u>	<u>6,874,377</u>

18. ANALYSIS OF CHANGES IN NET DEBT

	As at March 20	Cash-flows	Other non-cash changes	As at March 21
	£	£	£	£
Cash	3,310,396	(1,429,487)	-	1,880,909
Cash equivalents	-	-	-	-
Overdraft facility repayable on demand	-	-	-	-
Loans falling due within one year	(2,099,671)	2,102,855	(6,364,623)	(6,361,439)
Loans falling due after more than one year	(79,506,947)	(2,500,000)	6,364,623	(75,642,324)
TOTAL	<u>(78,296,222)</u>	<u>(1,826,632)</u>	-	<u>(80,122,854)</u>

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19. DEFERRED INCOME

	2021	2020
	£	£
Social Housing Grants		
Balance as at 1 April 2020	127,030,306	113,045,138
Additions in year	18,535,695	16,884,482
Amortisation in Year	(3,614,028)	(2,869,385)
Eliminated on disposal	<u>(36,677)</u>	<u>(29,929)</u>
Balance as at 31 March 2021	<u>141,915,296</u>	<u>127,030,306</u>
Other Grants		
Balance as at 1 April 2020	1,141,838	1,182,030
Additions in year	-	-
Released / Repaid as the result of property disposal	-	-
Amortisation in Year	(33,272)	(40,192)
Balance as at 31 March 2021	<u>1,108,566</u>	<u>1,141,838</u>
Total deferred grants	<u>143,023,862</u>	<u>128,172,144</u>
This is expected to be released to the Statement of Comprehensive Income as follows:		
Amounts released within one year	3,683,977	2,932,586
Amounts released in one year or more	<u>139,339,885</u>	<u>125,239,558</u>
	<u>143,023,862</u>	<u>128,172,144</u>

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20. SHARE CAPITAL AND RESERVES

Share Capital	2021	2020
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2020	52	52
Issued in year	3	1
Cancelled in year	(4)	(1)
At 31 March 2021	<u>51</u>	<u>52</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	2021	2020
	£	£
At 1 April 2020	14,733,629	11,081,255
Surplus for year	1,912,825	1,817,374
Other comprehensive income	<u>(1,583,000)</u>	<u>1,835,000</u>
At 31 March 2021	<u>15,063,454</u>	<u>14,733,629</u>

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2021	2020
	No.	No.
General Needs	2,954	2,883
Shared Ownership	24	24
Supported Housing	<u>27</u>	<u>27</u>
	<u>3,005</u>	<u>2,934</u>

In addition the association has 3 leasehold properties, 3 enterprise centres & 1 commercial property.

The Supported Housing unit 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:

- 2 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 – £9,776
- Factoring income receivable - £ nil
- At the year-end total rent advances were – £ 289
- At the year-end total rent arrears were -£ nil

L Loudon, W Gibson, J Kelly, J Strang, L Keenan 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 £75,354 (2020 - £109,065) 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 £3,240 (2020 - £88).

At the end of the financial year the Association was owed £10,194 (2020 - £119,427) by Citrus Energy Limited. This is in addition to the inter-company loan balance of £400,000 as detailed in Note 23.

J Strang, J Kelly, L Keenan, 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 £50,838 (2020 - £62,973) 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 £1,215 (2020 - £1,885).

At the end of the financial year the Association was owed by Cunninghame Furniture Recycling Company £25,465 (2020 - £38,825).

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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. During the year Citrus Energy Limited repaid £Nil. During 20/21 the interest rate was dropped to 1.75%. The balance outstanding at the year end is £400,000 (2019 - £400,000)

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 accounts 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. The previous factoring business activities of the subsidiary company were transferred to Cunninghame Housing Association Limited with effect from 1st October 2012. 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 £304,349 (2020 - £272,324) of which £55,314 (2020-£24,667) was unpaid and is included in Creditors. During the year the Association paid contributions at rates of between 10% and 15% of pensionable salaries.

In addition the Association operates a Defined Contribution pension scheme structure within the Scottish Housing Associations Pension scheme. At 31st March 2021 there were 10 (2020 - 11) 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 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which will run to either 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements. As part of the Recovery plan, the Association has agreed to make additional contributions to fund the scheme's past service deficit. Pension deficit contributions of £349,711 (2020-£368,586) were made during the year.

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

For financial years ending on or before 28 February 2019, it was not possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Association has to account for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive.

Similarly, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31st March 2021 to 28th February 2022 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 Association'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 2021 (£000s)	31 March 2020 (£000s)
Fair value of plan assets	12,669	11,632
Present value of defined benefit obligation	14,089	11,818
Surplus (deficit) in plan	(1,420)	(186)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(1,420)	(186)
Deferred tax	-	-
Net defined benefit asset(liability) to be recognised	(1,420)	(186)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2021 (£000s)	Period ended 31 March 2020 (£000s)
Defined benefit obligation at start of period	11,818	13,336
Current service cost	-	-
Expenses	12	11
Interest expense	278	305
Member contributions	-	-
Actuarial losses (gains) due to scheme experience	(218)	12
Actuarial losses (gains) due to changes in demographic assumptions	-	(75)
Actuarial losses (gains) due to changes in financial assumptions	2,441	(1,433)
Benefits paid and expenses	(242)	(338)
Defined benefit obligation at end of period	14,089	11,818

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

	Period ended 31 March 2021 (£000s)	Period ended 31 March 2020 (£000s)
Fair value of plan assets at start of period	11,632	10,996
Interest income	278	255
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	640	339
Contributions by the employer	361	380
Member contributions	-	-
Benefits paid and expenses	(242)	(338)
Fair value of plan assets at end of period	12,669	11,632

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2020 to 31 March 2021 was £918,000.

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25. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	Period from 31 March 2019 to 31 March 2021	Period from 31 March 2019 to 31 March 2020
	(£000s)	(£000s)
Current service cost	-	-
Expenses	12	11
Net interest expense	-	50
Defined benefit costs recognised in statement of comprehensive income (SoCl)	12	61

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2021	Period ended 31 March 2020
	(£000s)	(£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	640	339
Experience gains and losses arising on the plan liabilities - gain (loss)	218	(12)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-	75
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(2,441)	1,433
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(1,583)	1,835
Total amount recognised in other comprehensive income - gain (loss)	(1,583)	1,835

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25. RETIREMENT BENEFIT OBLIGATIONS (continued)

ASSETS

	31 March 2021 (£000s)	31 March 2020 (£000s)
Global Equity	1,960	1,600
Absolute Return	624	714
Distressed Opportunities	433	212
Credit Relative Value	365	280
Alternative Risk Premia	508	932
Fund of Hedge Funds	-	-
Emerging Markets Debt	511	414
Risk Sharing	453	368
Insurance-Linked Securities	265	312
Property	227	217
Infrastructure	707	686
Private Debt	299	230
Opportunistic Illiquid Credit	324	283
High Yield	332	-
Opportunistic Credit	346	-
Cash	5	-
Corporate Bond Fund	956	850
Liquid Credit	219	305
Long Lease Property	294	284
Secured Income	696	646
Over 15 Year Gilts	6	148
Index linked All Stock Gilts	-	-
Liability Driven Investment	3,045	3,063
Net Current Assets	94	88
Total assets	12,669	11,632

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

KEY ASSUMPTIONS

	31 March 2021 % per annum	31 March 2020 % per annum
Discount Rate	2.17%	2.38%
Inflation (RPI)	3.28%	2.62%
Inflation (CPI)	2.86%	1.62%
Salary Growth	3.86%	2.62%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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25. RETIREMENT BENEFIT OBLIGATIONS (continued)

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2021	21.5
Female retiring in 2021	23.4
Male retiring in 2041	22.8
Female retiring in 2041	25.0

26. CAPITAL COMMITMENTS

	2021	2020
	£	£
Expenditure contracted but not provided for in accounts	<u>27,931,158</u>	<u>31,153,029</u>
Funded by:		
Social Housing Grant	8,287,118	13,707,229
Other grants and contributions	-	153,112
Private Finance & Reserves	<u>19,644,040</u>	<u>17,292,688</u>
	<u>27,931,158</u>	<u>31,153,029</u>

27. CONTINGENT LIABILITIES

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 2020. As of this date the estimated employer debt for the Association was £9,074,434.

The Association has no intention of withdrawing from the scheme.