

**CUNNINGHAME HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 2022**

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

CUNNINGHAME HOUSING ASSOCIATION LIMITED

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

MEMBERS OF THE BOARD OF MANAGEMENT

		Appointed	Resigned
John Kelly	Chairperson		
Janet Strang	Vice-Chair		
Lesley Keenan	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		06-May-22
Councillor Stephen Canning	Board Member	29-Jun-22	
Councillor Jimmy Miller	Board Member		06-May-22
Councillor Scott Davidson	Board Member	18-May-22	
Brian McCabe	Board Member		
Drew Hall	Board Member		
Elizabeth Shedden	Board Member		
Margaret Davison	Board Member		
John McLaren	Board Member	08-Sep-21	

EXECUTIVE OFFICER

F.A. Sweeney

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

REGISTERED OFFICE

Quayside offices
Marina Quay
Dock Road
Ardrossan
Ayrshire
KA22 8DA

AUDITOR

Chiene + Tait LLP
Chartered Accountants &
Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

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

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

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 2022

The Association's Board of Management presents their report and the audited Financial Statements for the year ended 31st March 2022.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2184RS 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 2022/23 to 2026/27 and is reviewed and updated annually. The last review and update was carried out in April 2022 by the Board of Management. 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 future needs and aspirations of our customers and our communities.

CUNNINGHAME HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT
FOR THE YEAR ENDED MARCH 2022

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 continue to develop new build housing in our three operational geographical areas (North and East Ayrshire and Dumfries & Galloway). In financial year 2021/2022 a total of 167 new houses commenced on site with 189 new houses programmed for a site start in 2022/2023. A further 263 new houses are programmed for a site start in the first quarter of 2023/24.

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 44% which will take our rented stock in management to approximately 4,200 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 £3,578,560 (2021 £329,825) - this is after pension adjustments of £974,000 (2021 -£1,583,000).

Net assets are now £18,642,059 (2021 £15,063,505). 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.

Reserves

At the year end the Association's total reserves of £18.6m 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 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 our risk, we operate the undernoted;

Risk management is a standard item on each Board of Management agenda.

Each year an external risk consultant carries out a review with Board members, the Group Chief Executive and

CUNNINGHAME HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT
FOR THE YEAR ENDED MARCH 2022

Executive Management Team on the Risk Strategy, Risk Framework and the top strategic risks and top 5 operational risks.

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

The Association's key risks are:-

Risk No.	Risk Description	Risk Status	Risk Status Colour/Number
S77	No realistic increases in Scottish Government 3Px3APT HAG rates (that enables the Association to still build) and a yearly increase system being introduced.	Reviewed 30/06/2022	96
S78	Continuing significant increases in material costs in our ongoing development programme.	Reviewed 30/06/2022	96
S84	By taking the majority of our maintenance services in house we suffer financial losses as the cost of service provision outweighs the allowed budget for works.	Reviewed 30/06/2022	108
S85	ESSH2 not being able to fund works to approx 1800 homes ie £18m by 2032. If at least 50% grant not secured.	Reviewed 30/06/2022	144
S86	Net Zero not identifying a programme of works to achieve same and not being able to fund same.	Reviewed 30/06/2022	96
S87	The perfect storm with at least no 50% grant from Scottish Government to help fund ESSH2 and Net Zero financially impacts on us not being able to continue to build new build homes.	Reviewed 30/06/2022	150

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 its Sub Committees held regular meetings.

Annual Assurance Statement (SHR)

In March 2021 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 third 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.

**CUNNINGHAME HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT
FOR THE YEAR ENDED MARCH 2022**

Direct Works Department

This year the Association took the decision to not renew our contract with our external day to day repairs contractor and set up its own Direct Works department (DLO-Direct Labour Operative). After a lot of planning and recruitment of staff the new service went live on the 1st April 2022.

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.

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.

CUNNINGHAME HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD OF MANAGEMENT
FOR THE YEAR ENDED MARCH 2022

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.

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 2022. 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 2022**

Auditor

A resolution to re-appoint the auditor, Chiene + Tait LLP, Chartered Accountants, will be proposed at the Annual General Meeting

By order of Board of Management



Lesley Keenan, Company Secretary

25th August 2022

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 2022

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.



CHIENE + TAIT LLP

Chartered Accountants
And Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

26 August 2022

CUNNINGHAME HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUNNINGHAME HOUSING ASSOCIATION
LIMITED FOR THE YEAR ENDED MARCH 2022

OPINION

We have audited the financial statements of Cunninghame Housing Association for the year ended 31 March 2022 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 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: 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 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

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 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

**CUNNINGHAME HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUNNINGHAME HOUSING ASSOCIATION
LIMITED FOR THE YEAR ENDED MARCH 2022**

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 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

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 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.

**CUNNINGHAME HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUNNINGHAME HOUSING ASSOCIATION
LIMITED FOR THE YEAR ENDED MARCH 2022**

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:

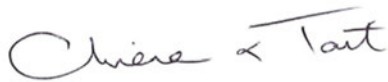
- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the members;
- review of minutes of board meetings throughout the period;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance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



CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

26 August 2022

CUNNINGHAME HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 2022

	Notes	2022 £	2021 £
REVENUE	2	19,500,202	19,615,404
Operating costs	2	<u>(14,019,817)</u>	<u>(14,916,845)</u>
OPERATING SURPLUS	9	5,480,385	4,698,559
Gain /(Loss) on sale of housing stock	7	25,882	9,296
Interest receivable and other similar income		10,480	21,189
Interest payable and other similar charges	8	(2,885,187)	(2,816,220)
Other Finance Charges	11	<u>(27,000)</u>	-
		<u>(2,875,825)</u>	<u>(2,785,734)</u>
SURPLUS FOR THE YEAR		2,604,560	1,912,825
OTHER COMPREHENSIVE INCOME			
Initial recognition of multi-employer defined benefit scheme	25	-	-
Actuarial gains/(losses) in respect of pension scheme	25	974,000	(1,583,000)
TOTAL COMPREHENSIVE INCOME		<u><u>3,578,560</u></u>	<u><u>329,825</u></u>

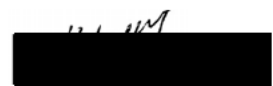
The results for the year relate wholly to continuing activities.

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

CUNNINGHAME HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 2022

	Notes	2022 £	2021 £
NON-CURRENT ASSETS			
Housing properties - depreciated cost	12(a)	267,172,813	236,572,272
Other tangible fixed assets	12(b)	<u>4,299,026</u>	<u>4,111,883</u>
		271,471,839	240,684,156
CURRENT ASSETS			
Debtors	14	3,007,386	2,996,515
Cash at bank and in hand		<u>2,026,296</u>	<u>1,880,909</u>
		5,033,682	4,877,425
CREDITORS: amounts falling due within one year	15	<u>(6,788,566)</u>	<u>(10,412,037)</u>
NET CURRENT (LIABILITIES) / ASSETS		<u>(1,754,883)</u>	<u>(5,534,612)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		269,716,956	235,149,544
CREDITORS: amounts falling due after more than one year			
housing property loans	16	(92,063,322)	(75,642,324)
PROVISIONS FOR LIABILITIES			
Pension - defined benefit liability	25	<u>(112,651)</u>	<u>(1,419,853)</u>
		(92,175,973)	(77,062,177)
DEFERRED INCOME			
Social Housing Grants	19	(157,823,630)	(141,915,296)
Other Fixed Asset Grants	19	<u>(1,075,294)</u>	<u>(1,108,566)</u>
		<u>18,642,059</u>	<u>15,063,505</u>
EQUITY			
Share capital	20	47	51
Revenue reserve		<u>18,642,012</u>	<u>15,063,454</u>
		<u>18,642,059</u>	<u>15,063,505</u>

The financial statements were approved by the Board of Management, authorised for issue, and signed on its behalf on 25th August 2022.



John Kelly
Chairperson



Janet Strang
Vice Chairperson



Lesley Keenan
Secretary

CUNNINGHAME HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 2022

	Notes	2022 £	2021 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	17	<u>7,650,420</u>	<u>5,875,540</u>
INVESTING ACTIVITIES			
Acquisition and construction of housing properties	(35,838,170)	(26,662,666)	(26,662,666)
Acquisition other fixed assets	(532,588)	(103,920)	(103,920)
Proceeds of disposals of housing properties	90,160	24,077	24,077
Grants received	19,282,776	21,842,252	21,842,252
Grants repaid	(30,203)	(6,888)	(6,888)
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES		<u>(17,028,025)</u>	<u>(4,907,145)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		(9,377,604)	968,395
FINANCING ACTIVITIES			
Loan advance received	23,500,000	2,500,000	2,500,000
Issue of ordinary share capital	-	3	3
Interest received	10,480	21,189	21,189
Inter-company investment	75,000	-	-
Interest paid	(2,885,187)	(2,816,220)	(2,816,220)
Loan principal repayments	(11,177,301)	(2,102,855)	(2,102,855)
NET CASH INFLOW /(OUTFLOW) FROM FINANCING		<u>9,522,992</u>	<u>(2,397,883)</u>
INCREASE/(DECREASE) IN CASH		145,387	(1,429,487)
OPENING CASH AND CASH EQUIVALENTS		1,880,909	3,310,396
CLOSING CASH AND CASH EQUIVALENTS		<u><u>2,026,296</u></u>	<u><u>1,880,909</u></u>

CUNNINGHAME HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED MARCH 2022

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2021	51	15,063,454	15,063,505
Issue of Shares	-	-	-
Cancelled shares	(4)	-	(4)
Surplus for Year	-	2,604,560	2,604,560
Other comprehensive income	-	973,999	973,999
Balance as at 31 March 2022	<u>47</u>	<u>18,642,012</u>	<u>18,642,059</u>

	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>

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2022
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

Directly attributable development administration costs relating to ongoing development activities are 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 2022
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%
Motor Vehicles	14%

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2022
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 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.

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

2. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS

		2022			2021		
	Note	Revenue £	Operating Costs £	Operating surplus/ (deficit) £	Revenue £	Operating Costs £	Operating surplus/ (deficit) £
Social letting activities	3	18,311,519	(12,817,929)	5,493,590	18,185,847	(13,325,654)	4,860,193
Other activities	4	<u>1,188,684</u>	<u>(1,201,888)</u>	<u>(13,204)</u>	<u>1,429,557</u>	<u>(1,591,191)</u>	<u>(161,634)</u>
Total		<u><u>19,500,202</u></u>	<u><u>(14,019,817)</u></u>	<u><u>5,480,385</u></u>	<u><u>19,615,404</u></u>	<u><u>(14,916,845)</u></u>	<u><u>4,698,559</u></u>

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared Ownership Housing £	2022 Total £	2021 Total £
Revenue from lettings					
Rent receivable net of identifiable service charges	14,763,384	-	50,904	14,814,288	14,481,205
Service charges receivable	282,575	-	595	283,170	280,864
Gross rents receivable	15,045,959	-	51,499	15,097,458	14,762,069
Less rent losses from voids	(70,699)	-	-	(70,699)	(623,985)
Net rents receivable	14,975,260	-	51,499	15,026,759	14,138,084
Amortisation of Social Housing & Other Grants	3,262,795	-	-	3,262,795	3,650,704
Revenue grants from local authorities and other agencies	21,965	-	-	21,965	397,059
Total income from social letting	18,260,020	-	51,499	18,311,519	18,185,847
Expenditure on social letting activities					
Management and maintenance administration costs	4,433,135	70,998	15,174	4,519,307	4,702,682
Service costs	282,840	-	595	283,435	217,193
Planned and cyclical maintenance including major repairs	1,059,307	546	-	1,059,853	1,041,836
Reactive maintenance	1,793,691	1,342	-	1,795,033	1,302,864
Bad debts - rents and service charges	40,308	-	-	40,308	184,088
Depreciation of social housing costs	5,036,608	60,000	23,385	5,119,993	5,876,991
Operating costs of social letting	12,645,889	132,886	39,154	12,817,929	13,325,654
Operating surplus /(deficit) on social letting activities	5,614,130	(132,886)	12,345	5,493,590	4,860,193
2021	5,268,359	(419,271)	11,105	4,860,193	

Voids: Prior year voids were due to Victoria House (homeless hostel) not being open. Although currently empty, costs will continue to be incurred in ongoing maintenance of the building.

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2022
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 (deficit)/ surplus 2022 £	Operating (deficit)/ surplus 2021 £
Amortisation Other Fixed Assets	-	-	33,272	33,272	-	-	33,272	40,192
Supporting People	-	-	-	-	-	-	-	23,504
Leasehold/Commercial	-	-	59,917	59,917	-	(54,840)	5,077	17,649
Regeneration & Enterprise	-	-	302,750	302,750	-	(429,085)	(126,335)	(110,925)
Factoring	-	-	137,031	137,031	-	(136,198)	833	10,906
Subsidiary	-	-	133,645	133,645	-	(133,645)	-	-
Fuel Poverty	409,526	-	112,543	522,069	-	(444,175)	77,894	(58,035)
Other Costs	-	-	-	-	-	-	-	(74,121)
Other Development costs	-	-	-	-	-	(3,945)	(3,945)	-
Other Income	-	-	-	-	-	-	-	32,767
Commercial Sale	-	-	-	-	-	-	-	-
TOTAL FROM OTHER ACTIVITIES	409,526	-	779,158	1,188,684	-	(1,201,888)	(13,204)	(118,063)
TOTAL FROM OTHER ACTIVITIES FOR 2021	203,780	341,593	884,184	1,429,557	-	(1,591,191)	(161,634)	

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2022
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.

	2022	2021
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	704,499	562,186
Emoluments payable to the Chief Executive (excluding pension contributions)	126,870	117,692
Pension contributions paid on behalf of the Chief Executive	19,553	18,115
Total emoluments paid to key management personnel:	437,486	420,072

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	4	1
£70,001 - £80,000	-	1
£80,001-£90,000	-	-
£90,001-£100,000	-	2
£100,001- £110,000	3	1
£110,001-£120,000	-	1
£120,001-£130,000	1	-

Payments made to Board members during the year for reimbursement of expenses totalled £1,674 (2021-£61)

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2022
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6. EMPLOYEE INFORMATION

	2022	2021
	£	£
Staff costs during the year:		
Wages and salaries	3,614,975	4,023,134
Social security costs	338,307	353,943
Other pension costs	375,288	392,011
Employer past service pension deficit costs	371,846	361,356
	<u>4,700,415</u>	<u>5,130,444</u>
	Number	Number
The average number of full time equivalent persons employed during the year was	<u>89</u>	<u>105</u>

7. GAIN ON SALE

	2022	2021
	£	£
Sales Proceeds	91,500	25,000
Cost of sales - NBV	(34,075)	(7,893)
Cost of sales - Legal	(1,341)	(923)
Repayment of Grant from sales proceeds	(30,203)	(6,888)
	<u>25,882</u>	<u>9,296</u>
Gain /(Loss) on sale		

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£	£
Bank and housing loan interest	3,219,711	3,200,455
Interest capitalised in housing properties	<u>(334,525)</u>	<u>(384,235)</u>
	<u>2,885,187</u>	<u>2,816,220</u>

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2022
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9. OPERATING SURPLUS FOR THE YEAR

	2022	2021
	£	£
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	5,465,438	6,135,095
Gain(loss) on sale of housing property	25,882	9,296
Auditors' remuneration	15,000	11,700
Operating lease rentals	47,331	41,432
	- audit services	- land and buildings
	44,924	48,294
	- other	
Bad debts	40,308	184,088
Amortisation of capital grants	<u>3,296,068</u>	<u>3,683,977</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

	2022	2021
	£	£
Net interest costs	<u>27,000</u>	<u>-</u>

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2022
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	256,850,001	41,213,000	1,454,128	299,517,129
Additions	4,132,732	31,621,878	-	35,754,610
Disposals	(2,304,595)	-	(51,035)	(2,355,630)
Sales Removed	-	-	-	-
Transfers of stock	<u>8,629,266</u>	<u>(8,629,266)</u>	<u>-</u>	<u>-</u>
At end of year	<u>267,307,404</u>	<u>64,205,612</u>	<u>1,403,093</u>	<u>332,916,109</u>
DEPRECIATION				
At start of year	62,682,775	-	262,082	62,944,857
Charged during year	5,096,609	-	23,385	5,119,994
Eliminated on disposal	<u>(2,304,595)</u>	<u>-</u>	<u>(16,960)</u>	<u>(2,321,555)</u>
At end of year	<u>65,474,789</u>	<u>-</u>	<u>268,507</u>	<u>65,743,296</u>
NET BOOK VALUE				
At end of year	<u>201,832,615</u>	<u>64,205,612</u>	<u>1,134,586</u>	<u>267,172,813</u>
At start of year	<u>194,167,226</u>	<u>41,213,000</u>	<u>1,192,046</u>	<u>236,572,272</u>

Additions to housing properties includes capitalised development administration costs of £720,860 (2021 - £660,539) and capitalised major repair costs to existing properties of £920,030 (2021 - £360,709) and capitalised interest of £334,525 (2021 - £384,235).

The Association's lenders have standard securities over housing property with an existing use value of £134,593,000 (2021 -£113,303,750).

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

b) Other tangible assets	Freehold Property £	Equip, Furn & Fittings £	Motor Vehicles £	Total £
COST				
At start of year	7,307,855	1,781,336	220,342	9,309,533
Additions	-	172,186	360,402	532,588
Disposals	-	(17,547)	-	(17,547)
At end of year	<u>7,307,855</u>	<u>1,935,975</u>	<u>580,744</u>	<u>9,824,574</u>
DEPRECIATION				
At start of year	3,344,141	1,681,764	171,744	5,197,650
Charged during year	142,831	123,795	78,819	345,444
Disposals	-	(17,547)	-	(17,547)
At end of year	<u>3,486,972</u>	<u>1,788,013</u>	<u>250,563</u>	<u>5,525,547</u>
NET BOOK VALUE				
At end of year	<u>3,820,883</u>	<u>147,963</u>	<u>330,181</u>	<u>4,299,026</u>
At start of year	<u>3,963,714</u>	<u>99,572</u>	<u>48,598</u>	<u>4,111,883</u>

13. COMMITMENTS UNDER OPERATING LEASES

	2022 £	2021 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	52,748	46,349
Later than one year and not later than five years	150,333	71,872
Later than five years	19,176	-
	<u>222,257</u>	<u>118,221</u>

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

14. DEBTORS

	2022	2021
	£	£
Rental debtors houses	803,259	773,984
Rental debtors leases	3,452	15,340
Rental debtors hostel	-	-
Less: Provision for Doubtful Debts	(333,495)	(367,241)
Factoring debtors	231,747	226,568
Less: Provision for Doubtful Debts	<u>(81,214)</u>	<u>(81,214)</u>
	623,749	567,437
Other Debtors	229,175	211,254
Prepayments And Accrued income	666,979	543,694
Grant receivable debtors	1,162,483	1,274,130
Loans to group undertakings	<u>325,000</u>	<u>400,000</u>
	<u><u>3,007,386</u></u>	<u><u>2,996,515</u></u>

Rental debtors include technical arrears of £337,000 (2021 - £264,000).

Included within Other debtors is an amount of £5,712 (2021-£40,399) which will be repaid after more than one year. The loans to group undertakings of £325,000 (2021-£400,000) are regarded as being due mainly after one year.

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Housing Loans	2,263,139	6,361,439
Trade Payables	2,240,183	1,561,222
Rent in Advance	271,115	307,485
Other Taxation and Social Security	4,026	2,661
Other Payables - Retentions	1,309,499	1,393,058
Accruals and Deferred Income	<u>700,603</u>	<u>786,171</u>
	<u><u>6,788,566</u></u>	<u><u>10,412,037</u></u>

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

16. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	2022	2021
	£	£
Housing loans	<u>92,063,322</u>	<u>75,642,324</u>
	<u>92,063,322</u>	<u>75,642,324</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 £11.050 million at March 2022, sums are repayable between 2024 and 2030 and 424 properties are provided as security for the loans. The Association has four loan agreements with Clydesdale Bank totalling £9.75 million, term dates range from 2031 to 2037 and 472 units are secured to the lender. RBS loans total £36.985 million, balance repayment periods range from 2027-2040 and 713 properties are provided as security for the loans. Bank of Scotland loan is £6.54 million, term dates 2028 and 177 properties are provided as security. At 31st March 2022 the Canada Life group private placement has drawn £30 million and 806 units are currently offered as security. Around 66% 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 Base/Sonia + 0.4% to 2.1%

The Bank loans are repayable as follows:

	2022	2021
	£	£
Between one and two years	2,302,416	8,565,630
Between two and five years	12,555,611	6,913,239
In five years or more	<u>77,205,295</u>	<u>60,163,455</u>
	<u>92,063,322</u>	<u>75,642,324</u>

CUNNINGHAME HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

17. STATEMENT OF CASH FLOWS

Reconciliation of cash flows from operating activities as at 31 March 2022	2022	2021
	£	£
Operating Surplus / (Deficit)	3,578,560	329,825
Depreciation	5,465,438	6,135,095
Amortisation of Capital Grants	(3,280,431)	(3,647,300)
Social Housing Grant released	(15,636)	(36,677)
Carrying amount of tangible fixed asset disposals	-	1,728
Change in debtors	(197,518)	634,767
Change in creditors	558,388	(1,599,110)
Cancelled Shares	(4)	(4)
Interest payable	2,885,187	2,816,220
Interest receivable	(10,480)	(21,189)
Gain / Loss on sale of Housing Stock	(25,882)	(9,296)
Loss on commercial sale	-	38,192
Change in Creditors - Pension-net interest costs	27,000	-
Change in Creditors - Pension-Actuarial Adjustment	(974,000)	1,583,000
Change in Creditors - Pension-Actual Deficit payment contributions less expenses	(360,202)	(349,710)
Cash flows from operating activities as at 31 March 2022	<u>7,650,420</u>	<u>5,875,540</u>

18. ANALYSIS OF CHANGES IN NET DEBT

	As at March 21	Cash-flows	Other non-cash changes	As at March 22
	£	£	£	£
Cash	1,880,909	145,387	-	2,026,296
Cash equivalents	-	-	-	-
Overdraft facility repayable on demand	-	-	-	-
Loans falling due within one year	(6,361,439)	2,177,301	1,920,999	(2,263,139)
Loans falling due after more than one year	(75,642,324)	(14,500,000)	(1,920,999)	(92,063,323)
TOTAL	<u>(80,122,854)</u>	<u>(12,177,312)</u>	<u>-</u>	<u>(92,300,166)</u>

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19. DEFERRED INCOME

	2022	2021
	£	£
Social Housing Grants		
Balance as at 1 April 2021	141,915,296	127,030,306
Additions in year	19,171,129	18,535,695
Amortisation in Year	(3,247,159)	(3,614,028)
Eliminated on disposal	(15,636)	(36,677)
Balance as at 31 March 2022	<u>157,823,630</u>	<u>141,915,296</u>
Other Grants		
Balance as at 1 April 2021	1,108,566	1,141,838
Additions in year	-	-
Released / Repaid as the result of property disposal	-	-
Amortisation in Year	(33,272)	(33,272)
Balance as at 31 March 2022	<u>1,075,294</u>	<u>1,108,566</u>
Total deferred grants	<u>158,898,924</u>	<u>143,023,862</u>
This is expected to be released to the Statement of Comprehensive Income as follows:		
Amounts released within one year	3,296,067	3,683,977
Amounts released in one year or more	<u>155,602,857</u>	<u>139,339,885</u>
	<u>158,898,924</u>	<u>143,023,862</u>

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20. SHARE CAPITAL AND RESERVES

Share Capital	2022	2021
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2021	51	52
Issued in year	-	3
Cancelled in year	(4)	(4)
At 31 March 2022	<u>47</u>	<u>51</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	2022	2021
	£	£
At 1 April 2021	15,063,454	14,733,629
Surplus for year	2,604,560	1,912,825
Other comprehensive income	974,000	(1,583,000)
At 31 March 2022	<u>18,642,014</u>	<u>15,063,454</u>

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2022	2021
	No.	No.
General Needs	3,161	2,954
Shared Ownership	22	24
Supported Housing	27	27
	<u>3,210</u>	<u>3,005</u>

In addition the association has 2 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:

- 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 – £14,242
- Factoring income receivable - £ nil
- At the year-end total rent advances were – £1
- At the year-end total rent arrears were - £363

L Loudon, W Gibson, J Kelly, J Strang, M Davidson 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 £55,374 (2021 - £75,354) 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 (2021 - £3,240).

At the end of the financial year the Association was owed £30,518 (2021 - £10,194) by Citrus Energy Limited. This is in addition to the inter-company loan balance of £325,000 (2021 - £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 £78,271.12 (2021 - £50,838) 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 £3,098 (2021 - £1,215).

At the end of the financial year the Association was owed by Cunninghame Furniture Recycling Company £11,485 (2021 - £25,465).

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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. In 20/21 the interest rate was dropped to 1.75%. During the year Citrus Energy Limited repaid £75,000 (2021 £Nil). The balance outstanding at the year end is £325,000 (2021 - £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 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. 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 £276,587 (2021 - £304,349) of which £55,471 (2021-£55,314) was unpaid and is included in Creditors. During the year the Association paid contributions at rates of between 10% and 17% of pensionable salaries.

In addition the Association operates a Defined Contribution pension scheme structure within the Scottish Housing Associations Pension scheme. At 31st March 2022 there were 8 (2021 - 10) 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.

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 financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted 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 company to account for the Scheme as a defined benefit 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 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2022 to 28 February 2023 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 2022 (£000s)	31 March 2021 (£000s)
Fair value of plan assets	12,981	12,669
Present value of defined benefit obligation	13,094	14,089
Surplus (deficit) in plan	(113)	(1,420)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(113)	(1,420)
Deferred tax	-	-
Net defined benefit asset(liability) to be recognised	(113)	(1,420)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2022 (£000s)	Period ended 31 March 2021 (£000s)
Defined benefit obligation at start of period	14,089	11,818
Current service cost	-	-
Expenses	12	12
Interest expense	303	278
Member contributions	-	-
Actuarial losses (gains) due to scheme experience	26	(218)
Actuarial losses (gains) due to changes in demographic assumptions	42	-
Actuarial losses (gains) due to changes in financial assumptions	(1,089)	2,441
Benefits paid and expenses	(289)	(242)
Defined benefit obligation at end of period	13,094	14,089

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

	Period ended 31 March 2022 (£000s)	Period ended 31 March 2021 (£000s)
Fair value of plan assets at start of period	12,669	11,632
Interest income	276	278
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(47)	640
Contributions by the employer	372	361
Member contributions	-	-
Benefits paid and expenses	(289)	(242)
Fair value of plan assets at end of period	12,981	12,669

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £229,000.

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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 2022	Period from 31 March 2019 to 31 March 2021
	(£000s)	(£000s)
Current service cost	-	-
Expenses	12	12
Net interest expense	27	-
Defined benefit costs recognised in statement of comprehensive income (SoCl)	39	12

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2022	Period ended 31 March 2021
	(£000s)	(£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(47)	640
Experience gains and losses arising on the plan liabilities - gain (loss)	(26)	218
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(42)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	1,089	(2,441)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	974	(1,583)
Total amount recognised in other comprehensive income - gain (loss)	974	(1,583)

In May 2021 the Scheme Trustee (TPT Retirement Solutions) notified employers of a review of historic scheme benefit changes, and this review has raised legal questions regarding whether and when some historic benefit changes should take effect, the outcome of which could give rise to an increase in liabilities for some employers. The Scheme Trustee has determined that it is prudent to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before late 2024 at the earliest.

On 4 May 2022 the Scheme Trustee issued an update to employers which included an estimate of the potential total additional liabilities at total scheme level, on a Technical Provisions basis. However, until Court directions are received, it is not possible to calculate the impact of this issue on an individual employer basis with any accuracy. As a result of this no allowance will be made for this within the accounting disclosures included in this note.

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26. CAPITAL COMMITMENTS

	2022	2021
	£	£
Expenditure contracted but not provided for in accounts	<u>45,369,560</u>	<u>27,931,158</u>
Funded by:		
Social Housing Grant	11,831,784	8,287,118
Other grants and contributions	-	-
Private Finance & Reserves	<u>33,537,776</u>	<u>19,644,040</u>
	<u>45,369,560</u>	<u>27,931,158</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 2021. As of this date the estimated employer debt for the Association was £5,895,739.

The Association has no intention of withdrawing from the scheme.