

**ORE VALLEY HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**



**ORE VALLEY HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

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**ORE VALLEY HOUSING ASSOCIATION LIMITED**

**MEMBERS, EXECUTIVES AND ADVISERS**

**Management Committee**

G Smith (Chair)  
A Saunders (Secretary)  
S McDonald (resigned September 2021)  
T Allan  
T Dougan  
M McLintock  
A Johnston  
J Flynn  
K Clelland  
L Mason (resigned September 2021)  
L Rae  
R McElfrick  
S Ngo Pouhe

**Registered Office**

114-116 Station Road  
Cardenden  
Fife  
KY5 0BW

**Finance Agents**

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

**Auditors**

Bird Simpson & Company  
144 Nethergate  
Dundee  
DD1 4EB

**Bankers**

Royal Bank of Scotland  
23/25 Rosslyn Street  
Kirkcaldy  
KY1 3HW

**Solicitors**

TC Young  
7 West George Street  
Glasgow  
G2 1BA

**Chief Executive**

A Saunders

**Registration Information**

Financial Conduct Authority No: 2382R(S)  
The Scottish Housing Regulator No: 236  
Scottish Charity No: SC031773

## **ORE VALLEY HOUSING ASSOCIATION LIMITED**

### **REPORT of the MANAGEMENT COMMITTEE**

#### **For the year ended 31 March 2022**

The Management Committee present their report and the audited financial statements for the year ended 31 March 2022.

#### **Principal activities**

The principal activity of the Association is to provide affordable rented housing and related housing services.

#### **Review of the business and future developments**

The Association continues to be an active participant in the Fife Housing Association Alliance along with the three other Fife based Housing Associations. During the year we have continued our work aimed at delivering a number of future new housing development projects. New homes will contribute towards meeting the housing needs of people living in communities located in Central Fife. To this end work was completed on two sites, one in Lochgelly and one in Cardenden. A further development pipeline has been established and it is anticipated that work will commence on projects in Cardenden and Lochgelly during the coming financial year.

It is anticipated that the combined impacts of Covid and Brexit will continue to impact on the availability and costs of both labour and materials which is very likely to affect both our new build and property maintenance programmes.

In addition to the construction sector issues we are all facing rapidly increasing fuel and energy costs, increasing inflation and interest rates, all of which will have an impact on Ore Valley HA as an organisation and the emerging cost of living crisis will cause hardship to our tenants who are likely to need increasing levels of support to sustain their tenancy.

Ore Valley HA in conjunction with its subsidiary Ore Valley Enterprises Ltd. will continue to consider alternative approaches to providing new houses that will allow us to continue to meet the seemingly ever increasing housing needs and demands of local communities.

Through the delivery of maintenance and repair works we continue to ensure that our homes meet a high standard and the requirements of the Scottish Housing Quality Standard (SHQS), The Energy Efficiency Standard for Social Housing (ESSH) and are working towards ESSH2 and Carbon Net Zero standards which have target dates of 2032 and 2045 respectively.

The increasing demand for tenancy support services continues and our service also continues to develop, with new and increased budgets put in place to support this very important service. It is anticipated that this demand will continue to increase during the new financial year.

During the year our subsidiary wind project company was able to make further gift aid contributions to OVHA the money is being used to support a range of community initiatives.

We are anticipating that the impacts from the COVID pandemic and possible future outbreaks will be long lasting and we will consider our structures and the most appropriate ways to develop and progress our services as we move forward.

During the year we commenced a significant organisational review, focusing resources on Core Services to tenants and other customers, on Equality Diversity and Inclusion, Social Justice and also on the development of a Strong Corporate Core to ensure that statutory and regulatory requirements are met along with the provision of analysis and insight to guide service improvement.

## **ORE VALLEY HOUSING ASSOCIATION LIMITED**

### **REPORT of the MANAGEMENT COMMITTEE (continued)**

#### **For the year ended 31 March 2022**

#### **Key Performance Indicators**

The Association reports on its performance against a series of indicators laid out in the Scottish Social Housing Charter. Our performance continues to show strong results. We will introduce new lead indicators as part of our development of a strong corporate core.

#### **Principal Risks & Uncertainties**

The Association recognises the importance of effective identification, evaluation and management of all key strategic and operational risks, and this is a requirement set out by the Scottish Housing Regulator's Regulatory Standards.

Risk Management covers the whole spectrum of risks and not just those associated with finance, health and safety, business continuity and insurance. It also includes risks associated with service provision, effectiveness and continuity, public image (reputation), compliance with legislation and regulation and environment.

The principal risks facing the Association are:

- Covid-19 Pandemic Recovery
- Brexit issues relating to labour and materials
- Government policy
- Welfare reform
- Business continuity and disaster recovery
- Development and growth
- Economic and Financial impacts

#### **Governance**

The Committee of Management are listed on page 1. The Committee of Management meet at least three times a year where they are advised by the Chief Executive and Finance Agents.

The Chief Executive is in charge of the day to day management of the Association, with the support of the management team and the Finance Agents. He advises the Management Committee on strategy. The Management Committee are ultimately in charge of decision making. The financial systems have an additional level of assurance through the accounting support from the Finance Agents.

#### **Changes in fixed assets**

Details of fixed assets are set out in notes 10 to 12 on pages 19 to 20.

#### **The Management Committee and Executive Officer**

The Management Committee and Executive Officers of the Association are listed on page 1.

Each member of the Management Committee 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 acts as an executive within the authority delegated by the Committee.

## **ORE VALLEY HOUSING ASSOCIATION LIMITED**

### **REPORT of the MANAGEMENT COMMITTEE (continued)**

#### **For the year ended 31 March 2022**

##### **Statement of Committee's responsibilities**

Housing Association legislation requires the Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the Income and Expenditure of the Association for the year ended on that date. In preparing those Financial Statements the Committee are required to:

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

The Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. The Committee is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

##### **Statement of internal financial control**

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

1. the reliability of financial information used within the Association or provided for external users;
2. the maintenance of proper accounting records; and
3. the safeguarding of assets against unauthorised use or disposition.

Such systems of internal financial control can only provide reasonable and not absolute assurance against material misstatement or loss.

Key procedures which the Committee has established and which are designed to provide effective financial control include the following:

1. Formal policies and procedures are in place for the appointment of suitably qualified and experienced senior staff members and consultants. These policies and procedures also detail duties and levels of authority for Committee Members, staff and agents.
2. A system of budgetary control is implemented with investigation of variances and reporting to the Committee on a quarterly basis.
3. A strategic plan and medium-term projections have been prepared and approved by the Committee. These will be reviewed annually.
4. The Committee reviews reports from Management Agents and from the auditors to provide reasonable assurance that control procedures are in place and are being followed.
5. All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures at full Committee level.

The Committee has reviewed the effectiveness of the system of internal financial controls in existence for the year ended 31 March 2021. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

**ORE VALLEY HOUSING ASSOCIATION LIMITED**

**REPORT of the MANAGEMENT COMMITTEE (continued)**

**For the year ended 31 March 2022**

**Disclosure of information to auditors**

As far as each of the members of the management committee, at the time the report is approved, are aware:

- there is no relevant information of which the auditors are unaware; and
- the members of the management committee have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant information and to establish that the auditors are aware of the information.

**Auditors**

Following a tender process for audit services, a resolution to re-appoint Bird Simpson & Co as auditors will be proposed at the annual general meeting.

**BY ORDER OF THE COMMITTEE**



**A Saunders  
Secretary**

23 August 2022

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ORE VALLEY HOUSING ASSOCIATION LIMITED**

### **Opinion**

We have audited the financial statements of Ore Valley Housing Association for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company'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 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 issued by the Scottish Housing Regulator.

### **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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Conclusions relating to going concern**

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

Based on our 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 Management Committee with respect to going concern are described in the relevant sections of the report.

### **Other information**

The Management Committee are 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, 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 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.



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ORE VALLEY HOUSING ASSOCIATION LIMITED**

### **Matters on which we are required to report by exception**

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

- a satisfactory system of control over transactions has not been maintained; or
- the company has not kept proper accounting records; or
- the company's financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

### **Responsibilities of the Management Committee**

As explained more fully in the Statement of the Management Committees Responsibilities set out on page 3, the Management Committee 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 Management Committee 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 Management Committee are responsible for assessing the company'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 Management Committee either intend to liquidate the company 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 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

### **The extent to which the audit was considered capable of detection irregularities including fraud**

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ORE VALLEY HOUSING ASSOCIATION LIMITED**

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

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

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

- performed analytical procedures to identify any unusual or unexpected transactions;
- tested journals to identify any unusual transactions;
- investigated the rationale behind significant or unusual transactions

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation claims;
- reviewing correspondence from relevant regulators including the SHR and the associations legal advisors

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk increases the more compliance with a law or regulation is removed from the events or transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentions concealment, forgery, collusion, omission or misrepresentation.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors report.

**Use of our report**

This report is made solely to the company'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 company's members, as a body, 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Murray Dalgety (Senior Statutory Auditor)**  
**For and on behalf of**  
**Bird Simpson & Co**  
**Chartered Accountants and**  
**Registered Auditors**  
**144 Nethergate**  
**Dundee DD1 4EB**

09 September 2022

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ORE VALLEY HOUSING  
ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS**

In addition to our Audit of the financial statements, we have reviewed your statement on page 4 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

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

**Opinion**

In our opinion the Statement of Internal Financial Control on page 4 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

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



**Murray Dalgety (Senior Statutory Auditor)**  
**For and on behalf of**  
**Bird Simpson & Co**  
**Chartered Accountants and**  
**Registered Auditors**  
**144 Nethergate**  
**Dundee DD1 4EB**

09 September 2022

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**ORE VALLEY HOUSING ASSOCIATION LIMITED****STATEMENT OF COMPREHENSIVE INCOME****For the year ended 31 March 2022**

	<b>Notes</b>	<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
<b>Turnover</b>	2	3,926,414	3,645,705
Operating expenditure	2	(3,074,913)	(2,830,245)
<b>Operating surplus</b>		----- 851,501	----- 815,460
Interest receivable		13,717	17,177
Interest and financing costs	8	(764,978)	(561,162)
<b>Surplus before tax</b>		----- 100,240	----- 271,475
Tax on ordinary activities	9	-	-
<b>Surplus</b>		----- 100,240	----- 271,475
Re-measurement caused by pension valuation		197,481	(335,216)
<b>Total comprehensive income for the year</b>		----- 297,721 =====	----- (63,741) =====

There were no discontinued operations during the year. As a consequence, the results relate wholly to continuing activities.

The notes on pages 15 to 28 form part of these financial statements.

**ORE VALLEY HOUSING ASSOCIATION LIMITED****STATEMENT OF CHANGES IN RESERVES****For the year ended 31 March 2022**

	<b>Share Capital</b>	<b>Revenue Reserves</b>	<b>Total Unrestricted Funds</b>
	£	£	£
Balance at 1 April 2021	78	761,305	761,383
Share capital cancelled in year	(1)	-	(1)
Share capital issued in year	4	-	4
Surplus from statement of total comprehensive income	-	297,721	297,721
Balance at 31 March 2022	81	1,059,026	1,059,107
	=====	=====	=====
<b>Prior year</b>			
Balance at 1 April 2020	74	825,046	825,120
Share capital cancelled in year	(1)	-	(1)
Share capital issued in year	5	-	5
Deficit from statement of total comprehensive income	-	(63,741)	(63,741)
Balance at 31 March 2021	78	761,305	761,383
	=====	=====	=====

**ORE VALLEY HOUSING ASSOCIATION LIMITED****STATEMENT OF FINANCIAL POSITION****As at 31 March 2022**

	<b>Notes</b>	<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
<b>Fixed assets</b>			
Housing properties	10	41,702,761	36,913,227
Other fixed assets	11	857,449	864,378
Investments	12	2	2
		-----	-----
		42,560,212	37,777,607
		-----	-----
<b>Current assets</b>			
Debtors (amounts falling due within one year)	13	418,986	372,902
Debtors (amounts falling due after one year)	13	412,403	443,890
Cash and cash equivalents		1,771,137	4,111,117
		-----	-----
		2,602,526	4,927,909
		-----	-----
<b>Creditors: amounts falling due within one year</b>	14	(1,688,436)	(1,315,240)
		-----	-----
<b>Net current assets</b>		914,090	3,612,669
		-----	-----
<b>Total assets less current liabilities</b>		43,474,302	41,390,276
		-----	-----
<b>Creditors: amounts owed after more than one year</b>	15	(42,415,195)	(40,628,893)
		-----	-----
<b>Net assets</b>		1,059,107	761,383
		=====	=====
<b>Capital and reserves</b>			
Share capital (non-equity)	16	81	78
Revenue reserves	17	1,059,026	761,305
		-----	-----
		1,059,107	761,383
		=====	=====

Approved by the Management Committee on 23 August 2022 and signed on its behalf by:

\_\_\_\_\_  
 G Smith

Chair

\_\_\_\_\_  
 A Saunders

Secretary

\_\_\_\_\_  
 T Dougan

Management Committee Member

The notes on pages 15 to 28 form part of these financial statements.

**ORE VALLEY HOUSING ASSOCIATION LIMITED****STATEMENT OF CASH FLOWS****For the year ended 31 March 2022**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Net cash generated from operating activities</b>	1,734,607	1,130,236
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(5,731,995)	(6,234,399)
Receipts from sale of tangible fixed assets	-	4,964
Housing Grants received	2,927,753	2,495,800
Interest received	13,717	17,177
<b>Cash flows from financing activities</b>		
Interest paid	(764,978)	(561,162)
New Loans	-	9,410,000
Repayment of borrowings	(519,087)	(4,157,633)
Share capital issued	4	5
Share capital cancelled	(1)	(1)
<b>Net change in cash and cash equivalents in year</b>	(2,339,980)	2,104,987
<b>Cash and cash equivalents at beginning of year</b>	4,111,117	2,006,130
<b>Cash and cash equivalents at end of year</b>	1,771,137	4,111,117
<b>Net cash flow generated from operating activities</b>		
Surplus/(deficit) for the year	297,721	(63,741)
Depreciation and loss on disposal of tangible fixed assets	949,390	802,316
Government grants utilised in the year	(417,926)	(371,788)
Release of other grants	(9,440)	(3,158)
Decrease/(increase) in debtors	(14,597)	(18,806)
(Decrease)/increase in creditors	178,198	241,428
Adjustments for investing or financing activities:		
Interest and financing costs	764,978	561,162
Interest receivable	(13,717)	(17,177)
<b>Net cash inflow from operating activities</b>	1,734,607	1,130,236

The notes on pages 15 to 28 form part of these financial statements.

**ORE VALLEY HOUSING ASSOCIATION LIMITED****NOTES TO THE STATEMENT OF CASH FLOWS****For the year ended 31 March 2022**

	<b>At 31 March 2021 £</b>	<b>Cash Flows £</b>	<b>Non-Cash Flows £</b>	<b>At 31 March 2022 £</b>
<b>Analysis of changes in debt</b>				
Cash at bank and in hand	4,111,117	(2,339,980)	-	1,771,137
Debt due within one year	(479,257)	479,257	(495,640)	(495,640)
Debt due after one year	(18,996,493)	519,087	16,383	(18,461,023)
	-----	-----	-----	-----
	(15,364,633)	(1,341,636)	(479,257)	(17,185,526)
	=====	=====	=====	=====
<b>Reconciliation of net cash to movement in net debt</b>				
		<b>2022</b>		<b>2021</b>
		£		£
Increase/(decrease) in cash		(2,339,980)		2,104,987
Loans repaid		519,087		4,157,633
Loans received		-		(9,410,000)
		-----		-----
<b>Change in net debt</b>		(1,820,893)		(3,147,380)
Net debt at 1 April 2021		(15,364,633)		(12,217,253)
		-----		-----
<b>Net debt at 31 March 2022</b>		<b>(17,185,526)</b>		<b>(15,364,633)</b>
		=====		=====



## **ORE VALLEY HOUSING ASSOCIATION**

### **NOTES to the FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

#### **1. Principal Accounting Policies**

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice for social housing providers "Housing SORP 2018 and the Determination of Accounting Requirements 2019".

#### **Legal Status**

Ore Valley Housing Association Limited is registered under the Co-operative and Community Benefit Societies Act 2014 No.2382RS and is a registered Scottish charity No.SC031773. Ore Valley Housing Association Limited is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. The principal activity of the Association is the provision of social housing and thus the Association is considered a public benefit entity. The registered office is 114-116 Station Road, Cardenden, KY8 0BW.

The principal accounting policies of the Association are set out below.

#### **Basis of Accounting**

The Financial Statements are prepared on the historical cost basis of accounting.

The Financial Statements have been presented in Pound Sterling as this is the functional and presentational currency of the Company.

#### **Consolidation**

Ore Valley Housing Association Limited has Group Accounts Exception under Section 99 of the Co-operative and Community Benefit Societies Act 2014.

#### **Turnover**

The Association's turnover represents rental income (net of voids) and revenue based grants.

#### **Tangible Fixed Assets – Housing Properties**

Housing properties including developments in progress are stated at cost less aggregate depreciation.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

#### **Social Housing Grant**

Social Housing Grant (SHG) is receivable in respect of qualifying development costs as determined by Communities Scotland from time to time. SHG is repayable under certain circumstances, primarily following the sale of a property but will normally be restricted to the net proceeds of sale.

Capital grants are accounted for using the accrual model and are recognised in income on a systematic basis over the useful life of the related housing asset. The Association uses the useful lives of all housing components on a pro-rata basis to calculate the annual amortisation.

Other social housing grants received in respect of revenue expenditure are credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

#### **Depreciation and impairment of fixed assets**

##### **a. Housing properties**

Depreciation is provided on a straight-line basis over the estimated useful economic lives of component categories.

**ORE VALLEY HOUSING ASSOCIATION****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2022****1. Principal Accounting Policies (continued)****Depreciation and impairment of fixed assets (continued)**

Useful economic lives for identified components are as follows:

<b>Component</b>	<b>Useful economic life</b>
Structure	75 years
Roof	50 years
Windows and doors	25 years
Bathrooms	30 years
Kitchens	20 years
Boilers	15 years
Pipework and radiators	15 years
Electrical systems	30 years
External wall insulation	30 years

In the case of properties with an expected useful economic life of more than 50 years, impairment reviews are carried out on an annual basis in accordance with section 27 of FRS102. Where impairment reduces the economic value of a group of properties to an amount less than the net book value, the impairment is charged to the Statement of Comprehensive Income. Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost less residual value of such assets over their expected useful life as follows:

Land	nil
Properties	2% per annum - straight line
Office equipment	20% per annum - straight line
Computer equipment	20% per annum - straight line
Motor vehicles	20% per annum - straight line

Assets in the course of construction are not depreciated.

**Works to existing housing properties**

Where works to existing housing properties enhance the economic benefit of owning the properties, the cost of such works is capitalised. An enhancement of economic benefits will be recognised where the works will result in increased rental income, a reduction in maintenance costs or an extension of the expected useful life of the properties.

The cost of all other works to existing housing properties is written off to the Income and Expenditure Account in the year in which it is incurred.

**Capitalisation of development overheads**

Costs which are directly attributable to bringing housing properties into working condition are included in housing properties cost. Directly attributable costs include direct labour costs of the Association and the incremental costs which would have been avoided only if the property had not been constructed or acquired. All other development overheads are written off to the Income and Expenditure Account.

**Development interest**

Interest on borrowings specifically financing a development programme is capitalised to the extent that it accrues in respect of the period during which development activities are in progress. All other interest is written off to the Income and Expenditure Account in the period in which it accrues.

## **ORE VALLEY HOUSING ASSOCIATION**

### **NOTES to the FINANCIAL STATEMENTS (continued)**

#### **For the year ended 31 March 2022**

#### **1. Principal Accounting Policies (continued)**

##### **Sale of Housing Properties**

The surplus or deficit on the disposal of housing properties is shown as the difference between net proceeds and net book value. The net book value is reduced by the amount of any Housing Association Grant which does not require to be repaid.

##### **Grants**

Grants are recognised in the period in which they are received. Any grants received for the purchase of specific fixed assets are recognised over the estimated useful economic life of the asset.

##### **Pensions**

The Association operates a defined benefits Pension Scheme, the costs of which are expressed on an accruals basis. The assets of the Scheme are held separately from those of the Association in an independently administered Fund.

##### **Provisions**

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

##### **Taxation**

The Association has obtained charitable status and no liability to tax has accrued to date. Ore Valley Enterprises Limited, Ore Valley Energy Limited and Ore Valley Heating Limited, subsidiary companies are liable to tax.

##### **Going concern**

The financial statements have been prepared on the going concern basis. The Board have assessed the Association's ability to continue as a going concern and have reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements. The Board are aware of the material uncertainties posed by the COVID-19 pandemic as it continues to influence the lives of tenants and the Association. The Board have been prudent in ensuring the Association is in position to deal with this outbreak and provisions have been made for this impact.

##### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Judgements in applying policies and key sources of uncertainty**

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

**ORE VALLEY HOUSING ASSOCIATION****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2022****1. Principal Accounting Policies (continued)**

The Board are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

<b>Estimate</b>	<b>Basis of estimation</b>
Useful lives of property, plant and equipment	The useful lives of property, plant and equipment are based on the knowledge of senior management, with reference to expected asset life cycles.
The main components of housing properties and their useful lives	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior members of staff on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into accounts.
The obligations under the Scottish Housing Association Pension Scheme (SHAPS)	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

**2. Particulars Turnover, operating costs and operating surplus**

	<b>Turnover</b>	<b>Operating Costs</b>	<b>2022 Operating Surplus</b>	<b>2021 Operating Surplus</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Affordable letting activities (note 3)	3,607,062	2,967,299	639,763	632,069
Other activities (note 4)	319,352	107,614	211,738	183,391
	-----	-----	-----	-----
<b>Total 2022</b>	<b>3,926,414</b>	<b>3,074,913</b>	<b>851,501</b>	<b>815,460</b>
	=====	=====	=====	=====
<b>Total 2021</b>	<b>3,645,705</b>	<b>2,830,245</b>	<b>815,460</b>	
	=====	=====	=====	

**ORE VALLEY HOUSING ASSOCIATION****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2022****3. Particulars of turnover, operating costs and operating surplus or deficit from affordable letting activities**

	<b>General Needs Housing and Total</b>	
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Income from lettings</b>		
Rent receivable net of service charges	3,204,213	3,044,804
Service charges receivable	-	-
	-----	-----
<b>Gross income from rents and service charges</b>	3,204,213	3,044,804
Less: Voids	(36,571)	(25,617)
	-----	-----
<b>Net income from rents and service charges</b>	3,167,642	3,019,187
Grants released from deferred income	417,926	371,788
Other revenue grants	21,494	14,891
	-----	-----
<b>Total turnover from affordable letting activities</b>	3,607,062	3,405,866
<b>Expenditure on letting activities</b>		
Management and maintenance admin costs	1,244,505	1,272,798
Service costs	4,319	5,095
Planned and cyclical maintenance including major repairs costs	548,609	482,639
Reactive maintenance costs	297,353	232,035
Bad debts – rents and service charges	(36,308)	19,977
Depreciation and loss on disposal of affordable housing properties	908,821	761,253
	-----	-----
<b>Operating costs for affordable letting activities</b>	2,967,299	2,773,797
	-----	-----
<b>Operating surplus for affordable letting activities</b>	639,763	632,069
	=====	=====
<b>Operating surplus for affordable letting activities for previous year</b>	632,069	
	=====	

There is no other accommodation except for General Needs Housing.

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Number of homes in management	755	720
	=====	=====

**ORE VALLEY HOUSING ASSOCIATION****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2022****4. Particulars of turnover, operating costs and operating surplus or deficit from other activities**

	<b>Grants from Scottish Ministers £</b>	<b>Other revenue grants £</b>	<b>Supporting people income £</b>	<b>Other income £</b>	<b>Total turnover £</b>	<b>Operating costs - bad debts £</b>	<b>Other operating costs £</b>	<b>Operating surplus or deficit 2022 £</b>	<b>Operating surplus or deficit 2021 £</b>
Wider role activities undertaken to support the community, other than the provision, construction improvements and management of housing	-	63,186	-	-	63,186	(15,359)	122,973	(44,428)	(53,290)
Other activities	-	-	-	256,166	256,166	-	-	256,166	236,681
<b>Total from other activities 2022</b>	-	63,186	-	256,166	319,352	(15,359)	122,973	211,738	183,391
<b>Total from other activities 2021</b>	-	3,158	-	236,681	239,839	-	56,448	183,391	

There were no other activities other than the activities shown above.

**ORE VALLEY HOUSING ASSOCIATION****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2022**

<b>5. Surplus on ordinary activities before taxation</b>	<b>2022</b>	<b>2021</b>
	£	£
Surplus on ordinary activities before taxation is stated after:		
Depreciation and loss on disposal	949,400	802,316
Auditors' remuneration for audit services (incl VAT)	6,000	4,493
	=====	=====

**6. Officers' emoluments**

An officer of an Association is defined by the Registered Housing Association (Accounting Requirements) (Scotland) Order 2007 as the Chief Executive and any other person reporting directly to the Chief Executive or directly to the Board and whose total emoluments exceed £60,000 per year.

No emoluments were paid to any Member of the Committee of Management and the emoluments of the Chief Executive were:

	<b>2022</b>	<b>2021</b>
	£	£
Total emoluments (including pension contributions of £6,905 (2021: £6,850))	77,367	76,753
	=====	=====
Total expenses reimbursed to Committee Members and the Chief Executive	-	-
	=====	=====

The Chief Executive is an ordinary member of the Association's pension scheme described in note 18. No enhanced or special terms apply and he has no other pension arrangements to which the Association contributes.

There are no staff costs within the subsidiary companies.

<b>7. Employee information</b>	<b>2022</b>	<b>2021</b>
	£	£
Staff costs (including Chief Executive)		
Wages and salaries	648,812	632,974
Social security costs	64,142	60,516
Pension costs	52,850	50,275
Group Life Cover	2,989	2,781
	-----	-----
	768,793	746,546
	=====	=====

The average number of persons (full time equivalents) employed by the Association during the year

	20	21
	=====	=====

<b>8. Interest and financing costs</b>	<b>2022</b>	<b>2021</b>
	£	£
Interest payable on loans	759,978	562,162
Net interest payable – pension liability	5,000	(1,000)
	-----	-----
	764,978	561,162
	=====	=====

**ORE VALLEY HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2022**

<b>9. Taxation on ordinary Activities</b>	<b>2022</b>	<b>2021</b>
	£	£
Current year corporation tax	-	-
	=====	=====

<b>10. Tangible fixed assets</b>	<b>Held for Letting</b>	<b>Under Construction</b>	<b>Total 2022</b>	<b>Total 2021</b>
	£	£	£	£
<b>Housing Properties</b>				
Cost				
As at 1 April 2021	45,783,027	502,361	46,285,388	40,131,230
Additions	5,288,653	409,702	5,698,355	6,207,405
Transfer	-	-	-	-
Disposals	(95,278)	-	(95,278)	(53,247)
	-----	-----	-----	-----
At 31 March 2022	50,976,402	912,063	51,888,465	46,285,388
	-----	-----	-----	-----
Depreciation				
As at 1 April 2021	9,372,161	-	9,372,161	8,664,155
Charge for year	879,796	-	879,796	745,050
On disposals	(66,253)	-	(66,253)	(37,044)
	-----	-----	-----	-----
At 31 March 2022	10,185,704	-	10,185,704	9,372,161
	-----	-----	-----	-----
<b>Net book value</b>				
At 31 March 2022	40,790,698	912,063	41,702,761	36,913,227
	=====	=====	=====	=====
At 31 March 2021	36,410,866	502,361	36,913,227	
	=====	=====	=====	

<b>11. Tangible fixed assets</b>	<b>Land &amp; Buildings</b>	<b>Computer Equipment</b>	<b>Office Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
	£	£	£	£	£
<b>Other fixed assets</b>					
Cost or valuation:					
As at 1 April 2021	1,016,055	88,589	59,381	46,820	1,210,845
Additions during year	-	-	-	33,640	33,640
Disposals	-	-	-	-	-
	-----	-----	-----	-----	-----
At 31 March 2022	1,016,055	88,589	59,381	80,460	1,244,485
	-----	-----	-----	-----	-----
Depreciation					
As at 1 April 2021	216,957	84,030	32,605	12,875	346,467
Charge for year	18,363	2,851	8,870	10,485	40,569
Disposals	-	-	-	-	-
	-----	-----	-----	-----	-----
At 31 March 2022	235,320	86,881	41,475	23,360	387,036
	-----	-----	-----	-----	-----
<b>Net book value</b>					
At 31 March 2022	780,735	1,708	17,906	57,100	857,449
	=====	=====	=====	=====	=====
At 31 March 2021	799,098	4,559	26,776	33,945	864,378
	=====	=====	=====	=====	=====



**ORE VALLEY HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2022**

<b>12. Investments</b>	<b>2022</b>	<b>2021</b>
	£	£
<b>Cost</b>		
As at 1 April 2021	2	2
Additions during year	-	-
	-----	-----
At 31 March 2022	2	2
	=====	=====

Ore Valley Housing Association Limited owns one share which is 100% of the share capital of Ore Valley Enterprises Limited and one share which is 100% of the share capital of Cardenden Heat and Power Limited. Cardenden Heat and Power Limited has two 100% owned subsidiaries, Ore Valley Energy Limited and Ore Valley Heating Limited.

The Association also owns 100% of Ore Valley Community Initiatives Limited, a company limited by guarantee and therefore the investment is shown at nil cost.

<b>Aggregate capital and reserves</b>	<b>2022</b>	<b>2021</b>
	£	£
Ore Valley Community Initiatives Limited	1,450,654	1,492,190
Ore Valley Enterprises Limited	(68,490)	(86,239)
Cardenden Heat and Power Limited (as at 31/12/2021)	3,249	(112)
Ore Valley Energy Limited (as at 31/12/2021)	2,491	12,108
Ore Valley Heating Limited (as at 31/12/2021)	(81,789)	(75,203)
	=====	=====

<b>Profit/(loss) for the year</b>	<b>2022</b>	<b>2021</b>
	£	£
Ore Valley Community Initiatives Limited	(41,536)	4,940
Ore Valley Enterprises Limited	17,749	99,335
Cardenden Heat and Power Limited (for the year ended 31/12/2021)	3,361	4,714
Ore Valley Energy Limited (for the year ended 31/12/2021)	15,383	72,723
Ore Valley Heating Limited (for the year ended 31/12/2021)	(6,586)	(9,017)
	=====	=====

<b>13. Debtors</b>	<b>2022</b>	<b>2021</b>
	£	£
<b>Due within one year</b>		
Amounts owed by group undertakings	160,413	188,165
Other debtors and prepayments	211,953	133,061
Rental debtors	128,614	189,544
Provision for doubtful debts	(81,994)	(137,868)
	-----	-----
	418,986	372,902
	=====	=====
<b>Due after one year</b>		
Amounts owed by group undertakings	338,597	366,515
Other debtors	73,806	77,375
	-----	-----
	412,403	443,890
	=====	=====

Included in 'Amounts owed by group undertakings' of the Association are two loans of £366,515 due from Ore Valley Community Initiatives Limited of which £338,597 is due after one year.

**ORE VALLEY HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2022**

<b>14. Creditors: Amounts falling due within one year</b>	<b>2022</b>	<b>2021</b>
	£	£
Other creditors	637,701	265,437
Taxation and social security	28,129	20,605
Prepayment of rent	113,403	123,841
Bank loans	495,640	479,257
Deferred Housing Association Grant	413,563	426,100
	-----	-----
	1,688,436	1,315,240
	=====	=====

<b>15. Creditors: Amounts falling due after one year</b>	<b>2022</b>	<b>2021</b>
	£	£
Bank loans	18,461,023	18,996,493
Deferred Housing Association Grant	23,954,172	21,431,808
Pension deficit contributions	-	200,592
	-----	-----
	42,415,195	40,628,893
	=====	=====

The property loans are repayable in instalments over a period ranging up to 30 years.

Loans totalling £15,017,105 at 31 March 2022 carry interest at rates fixed for periods of up to 30 years. Loans totalling £3,803,396 at 31 March 2022 carry interest at variable rates or periods up to 30 years. At the balance sheet date, the loans were at rates between 0.95% and 6.87%. At the balance sheet date, there were two interest free loans of £136,161.

All loans are secured over the housing properties owned by the Association.

	<b>Association</b>	
	<b>2022</b>	<b>2021</b>
	£	£
<b>Loan instalments are due as follows:</b>		
Within one year	495,640	479,257
Between one and two years	506,464	495,802
Between two and five years	2,112,399	1,676,989
After more than five years	15,842,160	16,843,763
	-----	-----
	18,956,663	19,495,811
	=====	=====
	<b>2022</b>	<b>2021</b>
	£	£
<b>Deferred Housing Association Grant</b>		
Due within one year	413,563	426,100
Due between one and two years	476,643	432,600
Due between three and five years	1,559,929	1,450,777
Due after 5 years	21,917,600	19,548,434
	-----	-----
	24,367,735	21,857,908
	-----	-----
Less: included in current liabilities above	413,563	426,100
	-----	-----
	23,954,172	21,431,808
	=====	=====

**ORE VALLEY HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2022**

<b>16. Share capital (not equity)</b>	<b>2022</b>	<b>2021</b>
	£	£
Allotted, issued and fully paid		
At 1 April 2021	78	74
Issued in year	4	5
	-----	-----
	82	79
Cancelled in the year	(1)	(1)
	-----	-----
At 31 March 2022	81	78
	=====	=====

Each member of the Association holds one share and all shares carry equal voting rights. Under the rules of the Association, members are not entitled to dividends nor can they participate in any distribution on the winding up of the Association.

<b>17. Revenue reserves</b>	<b>2022</b>	<b>2021</b>
	£	£
At 1 April 2021	761,305	825,046
Surplus/(loss) for year	297,271	(63,741)
	-----	-----
At 31 March 2022	1,058,576	761,305
	=====	=====

**18. Pensions****The Pensions Trust – Scottish Housing Associations' Pension Scheme (SHAPS)**

Ore Valley Housing Association participates in 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 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 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 for the scheme was carried out with an effective date of 30 September each year. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2022 to 28 February 2023 inclusive.

**ORE VALLEY HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2022****18. Pensions (continued)**

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.

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Fair value of plan assets	2,569,000	2,486,000
Present value of defined benefit obligation	(2,587,000)	(2,757,000)
	-----	-----
Surplus/(Deficit) in plan	(18,000)	(271,000)
	=====	=====

**Reconciliation of opening and closing balances of the defined benefit obligation** **2022**  
**£**

Defined benefit obligation at start of period	2,757,000
Expenses	2,000
Interest expense	59,000
Actuarial losses due to scheme experience	106,000
Actuarial gains due to changes in demographic assumptions	8,000
Actuarial gains due to changes in financial assumptions	(223,000)
Benefits paid and expenses	(122,000)
	-----
Defined benefit obligation at end of period	2,587,000
	=====

**Reconciliation of opening and closing balances of the fair value of plan assets** **2022**  
**£**

Fair value of plan assets at start of period	2,486,000
Interest income	54,000
Experience on plan assets (excluding amounts included in interest income) - gain	86,000
Contributions by the employer	65,000
Benefits paid and expenses	(122,000)
	-----
Fair value of plan assets at end of period	2,569,000
	=====

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £140,000.

**Defined benefit costs recognised in statement of comprehensive income** **2022**  
**£**

Expenses	2,000
Net interest expense	5,000
	-----
Defined benefit costs recognised in statement of comprehensive income	7,000
	=====

**ORE VALLEY HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2022**

<b>18. Pensions (continued)</b>	<b>2022</b>
	<b>£</b>
<b>Defined benefit costs recognised in other comprehensive income</b>	
Experience on plan assets (excluding amounts included in net interest cost) – gain	86,000
Experience gains and losses arising on the plan liabilities – loss	(106,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - loss	(8,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	223,000
	-----
Total amount recognised in other comprehensive income - gain	195,000
	=====

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

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

Ore Valley Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2021. As of this date the estimated employer debt for Ore Valley Housing Association Limited was £1,216,308.

**19. Related party transactions**

Some members of the Management Committee are also tenants of the Association. Their tenancies are all on the same terms as for other tenants and no advantage can be gained from their position.

At 31 March 2022, there was an amount due from Ore Valley Enterprises Limited of £83,608 (2021: £127,239), and £2,101 (2021: £2,906) of interest was charged on the inter-company current account during the year at a commercial rate.

At 31 March 2022, £186,317 (2021: £213,927) was due from Ore Valley Community Initiatives Limited, and £3,620 (2021: £5,533) of interest was charged on the inter-company current account during the year at a commercial rate.

Also, at 31 March 2022 there was a loan of £234,195 (2021: £234,195) due from Ore Valley Community Initiatives Limited. The loan is to be repaid by 31 March 2034 and interest is charged at Bank of England base rate with a margin of 1.25% and is secured over the Miners Institute.

Also, at 31 March 2022 there was another loan of £132,320 (2021: £132,320) due from Ore Valley Community Initiatives Limited. The loan is a 10-year loan and interest is charged at Bank of England base rate with a margin of 1.50%.

**ORE VALLEY HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2022****19. Related party transactions (continued)**

Ore Valley Community Initiatives Limited rented a room in the business centre to the Association at a cost of £3,826 (2021: £3,826). Ore Valley Housing Association also rented a space in the Miners Institute at a cost of £7,029 (2021: £7,029). Nothing was outstanding at the year-end.

At 31 March 2022, £1,110 (2021: £1,000) was due from Ore Valley Heating Limited on the inter-company current account.

Chief Executive, A W W Saunders is also a director of Ore Valley Enterprises Limited, Ore Valley Community Initiatives Limited, Cardenden Heat and Power Limited, Ore Valley Heating Limited and Ore Valley Energy Limited.

Committee members G Smith and J Flynn are also directors of Ore Valley Enterprises Limited and Ore Valley Community Initiatives Limited.

**20. Capital commitments**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Capital expenditure that has been contracted for but not provided for in the financial statements	100,149	-
	=====	=====
Capital expenditure authorised but not contracted for	-	-
	=====	=====