

**CRAIGDALE HOUSING ASSOCIATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

Registered Housing Association No. HAL 95

Financial Conduct Authority No. 2296R(S)

Scottish Charity No. SC031879

**CRAIGDALE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS**  
**CONTENTS**

|  | <b>Page</b> |
|--|-------------|
| Report of the Board (incorporating the Strategic Report) | 1 - 4       |
| Board's Statement on Internal Financial Controls         | 5           |
| Auditor's Report on Corporate Governance Matters         | 6           |
| Independent Auditor's Report on the Financial Statements | 7 - 10      |
| Statement of Comprehensive Income                        | 11          |
| Statement of Changes in Capital and Reserves             | 12          |
| Statement of Financial Position                          | 13          |
| Statement of Cash Flows                                  | 14          |
| Notes to the Financial Statements                        | 15 - 39     |

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**BOARD, EXECUTIVES AND PROFESSIONAL ADVISORS**

**FOR THE YEAR ENDED 31 MARCH 2023**

**BOARD**

Christine McCormack  
Morag Cameron  
Claire Taylor  
Helen Bayne  
John Kilpatrick  
Des Phee

Hilary Tennant  
Catherine Jones  
Louise Bacon  
Gemma Woodrow  
David Logan  
Stephen Baxter  
Kevin Boyle  
Stephen Kelly

Vice Chairperson  
Treasurer from 15 September 2022  
Resigned 27 March 2023  
Chairperson until 15 September 2022  
Secretary until 15 September 2022  
Chairperson from 15 September 2022

Resigned 29 August 2022  
Secretary from 15 September 2022

Resigned 27 June 2022  
Appointed 15 September 2022  
Appointed 15 September 2022  
Appointed 15 September 2022

**INTERNAL AUDITOR**

Wylie & Bisset  
168 Bath Street  
Glasgow  
G2 4TP

**BANKERS**

Bank of Scotland  
82 Main Street  
Rutherglen  
G73 2HZ

**EXECUTIVE OFFICERS**

Linda Chelton - Director

**REGISTERED OFFICE**

83/85 Dougrie Road  
Castlemilk  
Glasgow  
G45 9NS

**AUDITOR**

Azets Audit Services  
Chartered Accountants  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

**SOLICITORS**

BTO  
48 St. Vincent Street  
Glasgow  
G2 5HS

Mellicks  
160 Hope Street  
Glasgow  
G2 2TL

## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT)**

#### **FOR THE YEAR ENDED 31 MARCH 2023**

The Board presents their report and financial statements for the year ended 31 March 2023.

#### **Principal activities**

The principal activity of the Association is the provision and management of affordable rented accommodation.

#### **Governance**

Strengthening governance continues to be one of Craigdale's strategic objectives as contained within our Business Plan for 2019 – 2023. We have continued to strengthen our governance and our engagement plan from the Scottish Housing Regulator recognised this when we were classed as being fully compliant with a high level of assurance and the SHR needed no further assurance from us apart from the usual regulatory returns and a review of our staffing action plan on a quarterly basis, this expected to be complete by Q3 of this year. We will continue to ensure excellent governance is embedded within the organisation as Craigdale grows from strength to strength.

We are now governed by a Board of 11 members, with 8 longer term members and at the AGM recruited 3 new board members. The new Members bring a wealth of experience in governance, maintenance and community investment; are a welcomed addition to the governing body and complement and enhance the experience and skill set held by the current governing body members.

#### **Business Plan**

The Association last revised its Business Plan in November 2020, and developed 6 strategic objectives:

- Providing excellent Customer Service
- Investing in our homes for a sustainable future
- Working with partners to improve communities and tenant's lives
- Delivering excellence in Governance, Risk Management and Assurance
- Demonstrate value for money and strong financial management
- Value our people

Our Business Plan and associated delivery plans will cover the period 2021-2024 and will ensure the Association continues to evolve, whilst ensuring Craigdale remains a strong independent community-controlled housing association, delivering excellent services, within the context of excellent governance. We are a values driven organisation and this underpins everything that we do.

#### **Staffing Update**

We retained our Investors in People Gold status last year, which we were delighted about and are due a review by IIP in the coming year.

Two members of staff left the organisation in 2022 and this has allowed us to have a full staff review which is due for completion in September 2023.

## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT)**

#### **FOR THE YEAR ENDED 31 MARCH 2023**

##### **Housing Management**

The Association's Housing Services Team had another busy and successful year, particularly as they continued to achieve the majority of internal targets set by the Association. A full tenant satisfaction survey was also undertaken in the year with excellent results.

Here are some of the Team's key achievements for the year ending 31 March 2023:

- 73 properties were re-let during the year
- The average time to re-let a property was 9.3 days
- Void loss was 0.23%
- Gross rent arrears were 2.31%
- 9 anti-social behaviour complaints were received and resolved in full
- 95% of the Association's tenants were satisfied with the overall service provided by the Association.

##### **Maintenance**

The Association continued to provide an excellent repairs service to its tenants throughout the year. The majority of repairs performance improved this year, here are some highlights:

- Tenants reported 313 emergency repairs
- Average length of time taken to complete emergency repairs was 2.29 hours
- Tenants reported 993 non-emergency repairs
- Average length of time taken to complete non-emergency repairs was 3.49 days
- 99.38% of the Association's reactive repairs were completed right first time

Further information on the Association's performance can be found on the Scottish Housing Regulator's website:

<https://www.scottishhousingregulator.gov.uk/find-and-compare-landlords/craigdale-housing-association-ltd>

##### **Community Involvement**

Craigdale takes great pride in delivering an exciting schedule of community events and competitions throughout the year, for its tenants and their families. The following is a summary of the main community events, competitions and other projects run by the Association during the year:

- Children's Halloween Party
- Children's Christmas Party
- Tenant's Christmas Party
- Twelve Days of Christmas with cash prizes
- Free books for the under 5's through Dolly Parton's Imagination Library
- The LENS programme including a photography club

The Association is currently developing a wider action strategy for the coming financial year and the hope is to deliver more initiatives for tenants in partnership with other local organisations.

##### **New Build**

Our Phase 10 development received planning consent in February 2021 to build 36 new affordable homes at Glenacre Terrace. This development is providing 36 new affordable homes which are much needed in the area. This is our first new-build development since 2007 and we are all very excited and pleased with the progress of the new development. The first properties were delivered to us by the development partner AS Homes Ltd in November 2022 and the final properties in February 2023. All the homes are now occupied and an official opening was performed by the Housing Minister in June 2023.

**CRAIGDALE HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**Tenant Satisfaction**

In July 2022 an independent company carried out our 3 yearly Tenant Satisfaction Survey, the results of which are noted in the table below. The survey results demonstrate the high tenant satisfaction levels Craigdale has in relation to its service delivery and landlord functions, all the satisfaction indicators are above the Scottish average. Our next full survey is in the late Spring of 2025.

| <b>Scottish Housing Regulator Indicators</b>  |             |             |             |                    |
|---|-------------|-------------|-------------|--------------------|
|   | <b>2016</b> | <b>2019</b> | <b>2022</b> | <b>ARC 2021/22</b> |
| Taking everything into account, how satisfied or dissatisfied are you with the overall service provided by Craigdale Housing Association? ( <i>% very/fairly satisfied</i> )  | 99%         | 98%         | 95%         | 88%                |
| How good or poor do you feel Craigdale is at keeping you informed about their services and decisions? ( <i>% very/ fairly good</i> )  | 100%        | 99%         | 98%         | 91%                |
| How satisfied or dissatisfied are you with the opportunities given to you to participate in Craigdale's decision making process? ( <i>% very/ fairly satisfied</i> )  | 100%        | 100%        | 99%         | 87%                |
| Thinking about the LAST time you had repairs carried out, how satisfied or dissatisfied were you with the repairs and maintenance service provided by Craigdale? [Repair carried out in the last 12 months] ( <i>% very/ fairly satisfied</i> ) | 98%         | 96%         | 93%         | 88%                |
| Overall, how satisfied or dissatisfied are you with the quality of your home? ( <i>% very/ fairly satisfied</i> )   | 99%         | 92%         | 95%         | 85%                |
| Taking into account the accommodation and services your landlord provides, to what extent do you think your rent represents value for money? Is it... ( <i>% stating very/ fairly good</i> )  | 97%         | 91%         | 84%         | 83%                |
| Overall, how satisfied or dissatisfied are you with your landlord's management of the neighbourhood you live in? ( <i>% very/ fairly satisfied</i> )  | 99%         | 98%         | 97%         | 85%                |
| Taking everything into account, how satisfied or dissatisfied are you with the factoring service provided by Craigdale Housing Association? ( <i>% very/ fairly satisfied</i> )   | -           | 86%         | 75%         | 65%                |

**CRAIGDALE HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**Board and executive officers**

The members of the Board hold one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and although not having the legal status of directors they act as executives within the authority delegated by the Board. The members of the board are also Trustees of the charity. Members of the Board are appointed by the members at the Association's Annual General Meeting.

**Statement of the Board's responsibilities**

The Board is responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board 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 that period. In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it 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 as issued by the Scottish Housing Regulator. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Information for the Auditor**

As far as the Board is aware there is no relevant audit information of which the auditor is unaware and the Board has taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditor is aware of any such information.

**Charitable Donations**

During the year, the Association made charitable donations amounting to £nil (2022 - £nil).

**Auditor**

A resolution to appoint an auditor will be put to the members at the Annual General Meeting, following a procurement exercise for audit services.

The Report of the Board (incorporating the Strategic Report) has been approved by the Board on 28 August 2023 and signed on their behalf by:

Louise Bacon  
Secretary

## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROLS**

#### **FOR THE YEAR ENDED 31 MARCH 2023**

The Board acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments 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'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 include ensuring that:

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions, annual appraisal procedures will be established to maintain standards of performance;
- forecasts and budgets are prepared regularly which allow the Board and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; Regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board;
- the Board review reports, from the director, staff and from the external and internal auditor to provide reasonable assurance that control procedures are in place and are being followed, including a general review of the major risks facing the Association; and
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Board have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2023 and until the below date. 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.

The Board's statement on Internal Financial Controls has been approved by the Board on 28 August 2023 and signed on their behalf by:

**Louise Bacon**  
**Secretary**



## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **AUDITOR'S REPORT ON CORPORATE GOVERNANCE MATTERS**

#### **FOR THE YEAR ENDED 31 MARCH 2023**

In addition to our audit of the Financial Statements, we have reviewed your statement on page 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

#### **Basis of Opinion**

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 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 on Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through our enquiry of certain members of the Board and officers of the Association and examination of relevant documents, we have satisfied ourselves that the Board'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 contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

Azets Audit Services  
Chartered Accountants  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

Dated:

## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRAIGDALE HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

#### **Opinion**

We have audited the financial statements of Craigdale Housing Association Limited (the 'Association') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Changes in Capital and Reserves, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Association's affairs as at 31 March 2023 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our 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 Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRAIGDALE HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

#### **Other information (continued)**

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

We have nothing to report in this regard.

#### **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 association has not kept proper accounting records; or
- the 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 Board**

As explained more fully in the Statement of the Board's Responsibilities set out on page 4 the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board 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 is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 Auditor's Report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRAIGDALE HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

#### **Auditor's responsibilities for the audit of the financial statements (continued)**

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, 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 with applicable laws and regulations;
- we identified the laws and regulations applicable to the Association through discussions with the Board members and the senior management team, and from our knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Board and inspecting legal correspondence; 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.

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

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

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

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

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of the Board and relevant sub-committees;
- enquiring of the senior management team and the Board as to actual and potential litigation and claims;
- reviewing legal and professional fees paid in the year for indication of any actual and potential litigation and claims; and
- reviewing correspondence with HMRC, the Scottish Housing Regulator, OSCR and the Association's legal advisors.

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRAIGDALE HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**Auditor's responsibilities for the audit of the financial statements (continued)**

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. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**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, 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 Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services  
Statutory Auditor  
Chartered Accountants  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

Date:

Azets Audit Services is eligible for appointment as auditor of the Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

**CRAIGDALE HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2023**

|  |       | 2023               | 2022               |
|--|-------|--------------------|--------------------|
|  | Notes | £                  | £                  |
| <b>Turnover</b>                                | 4     | <b>2,095,484</b>   | <i>1,910,061</i>   |
| Operating expenditure                          | 4     | <b>(1,853,126)</b> | <i>(1,490,568)</i> |
| <b>Operating surplus</b>                       | 4     | <b>242,358</b>     | <i>419,493</i>     |
| Interest receivable and other income           | 10    | <b>14,116</b>      | <i>637</i>         |
| Interest payable and similar charges           | 11    | <b>(33,805)</b>    | <i>(8,997)</i>     |
| <b>Surplus before taxation</b>                 |       | <b>222,669</b>     | <i>411,133</i>     |
| Taxation                                       |       | -                  | -                  |
| <b>Surplus for the year</b>                    |       | <b>222,669</b>     | <i>411,133</i>     |
| <b>Other Comprehensive Income</b>              |       |                    |                    |
| Actuarial (loss)/ gain on the SHAPS liability  | 23    | <b>(80,010)</b>    | <i>130,563</i>     |
| <b>Total comprehensive income for the year</b> |       | <b>142,659</b>     | <i>541,696</i>     |

The results for the year relate wholly to continuing activities.

**D Phee**  
**Chairperson**

**L Bacon**  
**Secretary**

**C Taylor**  
**Treasurer**

The notes on pages 15 to 39 form part of these financial statements.

**CRAIGDALE HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF CHANGES IN CAPITAL AND RESERVES**  
**FOR THE YEAR ENDED 31 MARCH 2023**

|                                 | Share<br>Capital | Revenue<br>Reserves | Total<br>Reserves |
|---------------------------------|------------------|---------------------|-------------------|
|                                 | £                | £                   | £                 |
| Balance at 1 April 2022         | 77               | 7,462,763           | 7,462,840         |
| Issue of shares                 | 5                | -                   | 5                 |
| Cancellation of shares          | (3)              | -                   | (3)               |
| Total comprehensive income      | -                | 142,659             | 142,659           |
|                                 | <hr/>            | <hr/>               | <hr/>             |
| <b>Balance at 31 March 2023</b> | <b>79</b>        | <b>7,605,422</b>    | <b>7,605,501</b>  |
|                                 | <hr/> <hr/>      | <hr/> <hr/>         | <hr/> <hr/>       |

*STATEMENT OF CHANGES IN CAPITAL AND RESERVES*  
*FOR THE YEAR ENDED 31 MARCH 2022*

|                                   | Share<br>Capital | Revenue<br>Reserves | Total<br>Reserves |
|-----------------------------------|------------------|---------------------|-------------------|
|                                   | £                | £                   | £                 |
| <i>Balance at 1 April 2021</i>    | 74               | 6,921,067           | 6,921,141         |
| <i>Issue of shares</i>            | 4                | -                   | 4                 |
| <i>Cancellation of shares</i>     | (1)              | -                   | (1)               |
| <i>Total comprehensive income</i> | -                | 541,696             | 541,696           |
|                                   | <hr/>            | <hr/>               | <hr/>             |
| <i>Balance at 31 March 2022</i>   | 77               | 7,462,763           | 7,462,840         |
|                                   | <hr/> <hr/>      | <hr/> <hr/>         | <hr/> <hr/>       |

The notes on pages 15 to 39 form part of these financial statements.

**CRAIGDALE HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2023**

|  |              | <b>2023</b>         | 2022                |
|--|--------------|---------------------|---------------------|
|  | <b>Notes</b> | <b>£</b>            | <b>£</b>            |
| <b>Tangible fixed assets</b>                 |              |                     |                     |
| Housing properties                           | 12a          | <b>20,735,171</b>   | <i>18,163,950</i>   |
| Other Fixed Assets                           | 12b          | <b>356,202</b>      | <i>366,879</i>      |
|  |              | <b>21,091,373</b>   | <i>18,530,829</i>   |
| <b>Current assets</b>                        |              |                     |                     |
| Debtors                                      | 13           | <b>95,117</b>       | <i>116,740</i>      |
| Cash at bank and in hand                     | 14a          | <b>1,650,489</b>    | <i>2,613,271</i>    |
| Short term deposits                          | 14b          | <b>600,000</b>      | <i>-</i>            |
|  |              | <b>2,345,606</b>    | <i>2,730,011</i>    |
| <b>Creditors</b>                             |              |                     |                     |
| Amounts falling due within one year          | 15           | <b>(482,930)</b>    | <i>(898,070)</i>    |
| <b>Net current assets</b>                    |              | <b>1,862,676</b>    | <i>1,831,941</i>    |
| <b>Total assets less current liabilities</b> |              | <b>22,954,049</b>   | <i>20,362,770</i>   |
| <b>Creditors</b>                             |              |                     |                     |
| Amounts falling due after more than one year | 16           | <b>(3,199,790)</b>  | <i>(1,143,249)</i>  |
| Pension - defined benefit liability          | 23           | <b>(57,000)</b>     | <i>-</i>            |
| <b>Deferred income</b>                       |              |                     |                     |
| Social housing grants                        | 17           | <b>(11,920,258)</b> | <i>(11,578,321)</i> |
| Other grants                                 | 17           | <b>(171,500)</b>    | <i>(178,360)</i>    |
| <b>Net assets</b>                            |              | <b>7,605,501</b>    | <i>7,462,840</i>    |
| <b>Capital and reserves</b>                  |              |                     |                     |
| Called up share capital                      | 18           | <b>79</b>           | <i>77</i>           |
| Revenue reserves                             | 20           | <b>7,605,422</b>    | <i>7,462,763</i>    |
|  |              | <b>7,605,501</b>    | <i>7,462,840</i>    |

The Financial Statements were authorised for issue by the Board of Management on 28 August 2023 and signed on its behalf by:

**D Phee**  
**Chairperson**

**L Bacon**  
**Secretary**

**C Taylor**  
**Treasurer**

The notes on pages 15 to 39 form part of these financial statements.



**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2023**

|   | Notes | 2023<br>£                 | 2022<br>£               |
|---|-------|---------------------------|-------------------------|
| <b>Net cashflows from operating activities</b>  | 21    | <b>(33,206)</b>           | <b>1,394,286</b>        |
| <b>Cash flow from investing activities</b>      |       |                           |                         |
| Purchase of property components and properties  |       | <b>(3,207,106)</b>        | <b>(2,275,765)</b>      |
| Capital Grants received                         |       | <b>748,949</b>            | <b>2,121,327</b>        |
| Purchase of other fixed assets                  |       | <b>(6,201)</b>            | <b>(14,923)</b>         |
| Movement of funds on deposit                    |       | <b>(600,000)</b>          | <b>500,000</b>          |
| Interest received                               |       | <b>14,116</b>             | <b>637</b>              |
|   |       | <b><u>(3,050,242)</u></b> | <b><u>331,276</u></b>   |
| <b>Cash flow from financing activities</b>      |       |                           |                         |
| Interest paid                                   |       | <b>(33,805)</b>           | <b>(8,997)</b>          |
| Repayment of borrowings                         |       | <b>(78,718)</b>           | <b>(178,805)</b>        |
| Issue of share capital                          |       | <b>5</b>                  | <b>4</b>                |
| Loan Drawdown                                   |       | <b>2,233,184</b>          | <b>-</b>                |
|   |       | <b><u>2,120,666</u></b>   | <b><u>(187,798)</u></b> |
| <b>Net changes in cash and cash equivalents</b> |       | <b><u>(962,782)</u></b>   | <b><u>1,537,764</u></b> |
| Cash and cash equivalents at 1 April            |       | <b><u>2,613,271</u></b>   | <b><u>1,075,507</u></b> |
| <b>Cash and cash equivalents at 31 March</b>    | 14a   | <b><u>1,650,489</u></b>   | <b><u>2,613,271</u></b> |

| (i) Analysis of changes in net debt | At 1 April<br>2022<br>£ | Cashflows<br>£     | Other non-<br>cash changes<br>£ | At 31 March<br>2023<br>£ |
|-------------------------------------|-------------------------|--------------------|---------------------------------|--------------------------|
| <b>Cash and cash equivalents</b>    |                         |                    |                                 |                          |
| Cash                                | 2,613,271               | (962,782)          | -                               | 1,650,489                |
| Overdrafts                          | -                       | -                  | -                               | -                        |
| Cash equivalents                    | -                       | 600,000            | -                               | 600,000                  |
|                                     | <u>2,613,271</u>        | <u>(362,782)</u>   | <u>-</u>                        | <u>2,250,489</u>         |
| <b>Borrowings</b>                   |                         |                    |                                 |                          |
| Debt due within one year            | (130,199)               | (97,925)           | -                               | (228,124)                |
| Debt due after one year             | (1,143,249)             | (2,056,541)        | -                               | (3,199,790)              |
|                                     | <u>(1,273,448)</u>      | <u>(2,154,466)</u> | <u>-</u>                        | <u>(3,427,914)</u>       |
| <b>Total</b>                        | <u>1,339,823</u>        | <u>(2,517,248)</u> | <u>-</u>                        | <u>- 1,177,425</u>       |

The notes on pages 15 to 39 form part of these financial statements.

## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

#### **1. General information**

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 comply with the requirements of the Determination of Housing Requirements 2019 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018. The principal accounting policies are set out below.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see note 3).

The presentation currency is pounds sterling and the financial statements are rounded to the nearest whole number.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities. The Association is a Scottish charity and a registered social landlord in Scotland and its registered number is HAL95. The financial statements present the results of the Association only.

The Association is a Co-operative and Community Benefit Society limited by shares and is incorporated in the United Kingdom.

The Association's principal place of business is 83/85 Dougrie Road, Castlemilk, Glasgow. The Association owns and manages social housing property in Castlemilk.

#### **2. 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 comply with the requirements of the Determination of Accounting Requirements 2019 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also required management to exercise judgement in applying the Association's accounting policies (see note 3). A summary of the principal accounting policies is set out below:

##### **Basis of accounting**

The financial statements are prepared on the historical cost basis of accounting. The effects of events relating to the year ended 31 March 2023, which occurred before the date of approval of the financial statements by the Board of Management have been included in the statements to the extent required to show a true and fair view of the statement of affairs as at 31 March 2023 and of the results for the year ended on that date.

##### **Going Concern**

The Board anticipate that a surplus will be generated in the year to 31 March 2024 and the year to 31 March 2025. The Association has a healthy cash and net current asset position and thus the Board is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

#### **2. Accounting policies (cont'd)**

##### **Turnover**

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from the Scottish Government, local authorities and other agencies. Also included is any income from first tranche shared ownership disposals and management fees for the factoring of properties for private owners as the provision of factoring services is accounted for on an agency basis.

Income from rental and service charges and factoring is recognised when the Association is entitled to it, it is probable it will be received and it can be measured reliably.

Government grants are released to income over the expected useful life of the asset to which it relates.

##### **Interest receivable**

Interest receivable is recognised in the Statement of Comprehensive Income using the effective interest rate method.

##### **Interest Payable**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **Housing properties**

Housing properties are stated at cost less accumulated depreciation. The cost of such properties includes the following:

- (i) cost of acquiring land and buildings;
- (ii) development expenditure including applicable overheads; and
- (iii) interest charged on the loans raised to finance the scheme.

These costs are either termed "qualifying costs" for approved Government grant schemes and are considered for mortgage loans by the relevant lending authorities or they are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

Works to existing properties will generally be capitalised under the following circumstances:

- (i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income.

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

## CRAIGDALE HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 2. Accounting policies (cont'd)

##### Depreciation

##### (i) Housing Properties

Housing properties are stated at cost, less accumulated depreciation. Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. The following major components and useful lives have been identified by the Association.

|                 |                 |
|-----------------|-----------------|
| Land            | not depreciated |
| Structure       | over 50 years   |
| Windows         | over 35 years   |
| Kitchens        | over 20 years   |
| Bathrooms       | over 25 years   |
| Central Heating | over 10 years   |

##### Other fixed assets

The Association's assets are written off evenly over their expected useful lives as follows:

|                      |                             |
|----------------------|-----------------------------|
| Office property      | 2% straight line per annum  |
| Furniture & fittings | 25% straight line per annum |
| Computer equipment   | 33% straight line per annum |
| Office equipment     | 20% straight line per annum |

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

##### Sales of housing properties

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.

##### Improvements

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:

- an increase in rental income; or
- a material reduction in future maintenance costs; or
- a significant extension of the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the Statement of Comprehensive Income.

##### Impairment of fixed assets

A review for impairment for all fixed assets is carried out on an annual basis and any impairment is recognised by a charge to the Statement of Comprehensive Income.

## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

#### **2. Accounting policies (cont'd)**

##### **Debtors**

Short term debtors are measured at transaction price, less any impairment.

##### **Rental arrears**

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed to be recoverable. The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action. Any provision deemed necessary is shown alongside gross rental arrears shown in note 13.

##### **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### **Current asset investments**

Current asset investments are represented by long term deposits with financial institutions repayable after more than three months.

##### **Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method.

##### **Loans**

Mortgage loans are advanced by financial institutions under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval for Government Capital Grant by the Scottish Government or Glasgow City Council.

##### **Social housing grant & other grants**

Social Housing Grants and other capital grants are accounted for using the accrual method as outlined in Section 24 of the 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 grants attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social housing grants received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

Although social housing grants are 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.

## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

#### **2. Accounting policies (cont'd)**

##### **Non-government capital and revenue grants**

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the Association is entitled to them, it is probable they will be received and they can be measured reliably.

A grant that imposes specific future performance related conditions on the receipt is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

##### **Financial instruments**

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Association has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

##### **Operating leases**

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

##### **Pension Costs (note 23)**

The Association participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) 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 SHAPS is accounted for as a defined benefit scheme and as such the amount charged to the Statement of Comprehensive Income in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

## CRAIGDALE HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 2. Accounting policies (cont'd)

##### Pension Costs (note 23)

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each reporting date.

#### 3. 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.

The members of the Board consider the following to be critical judgements in preparing the financial statements:

- The categorisation of housing properties as property, plant and equipment in line with the requirements of the SORP;
- The amount disclosed as 'operating profit' is representation of activities that would normally be regarded as 'operating'; and
- The identification of a cash-generating unit for impairment purposes.

##### Estimate

##### Basis of estimation

Useful lives of property and equipment

The useful lives of property and equipment are based on the knowledge of senior management at the Association, 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 management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.

The obligations under the SHAPs pension scheme

This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate. Additionally, the impact of Guaranteed Minimum Pension (GMP) equalisation has been included in the SHAPS defined benefit liability.

CRAIGDALE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

4. Particulars of Turnover, Operating Expenditure and Operating Surplus / (deficit)

|   |   | 2023             |                               |   | 2022             |                               |   |
|---|---|------------------|-------------------------------|---|------------------|-------------------------------|---|
|   |   | Turnover<br>£    | Operating<br>Expenditure<br>£ | Operating<br>Surplus/<br>(Deficit)<br>£ | Turnover<br>£    | Operating<br>Expenditure<br>£ | Operating<br>Surplus/<br>(Deficit)<br>£ |
| <b>Income and expenditure from letting activities</b> |   |                  |                               |   |                  |                               |   |
| Affordable and expenditure from letting activities    | 5 | 2,093,571        | (1,841,944)                   | 251,627                                 | 1,907,946        | (1,482,665)                   | 425,281                                 |
| Other activities                                      | 6 | 1,913            | (11,182)                      | (9,269)                                 | 2,115            | (7,903)                       | (5,788)                                 |
|   |   | <u>2,095,484</u> | <u>(1,853,126)</u>            | <u>242,358</u>                          | <u>1,910,061</u> | <u>(1,490,568)</u>            | <u>419,493</u>                          |



**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**5. Particulars of income & expenditure from affordable letting activities**

|   | General Needs<br>Housing<br>£ | Shared<br>Ownership<br>£ | 2023<br>Total<br>£ | 2022<br>Total<br>£ |
|---|-------------------------------|--------------------------|--------------------|--------------------|
| <b>Revenue from lettings</b>                                    |                               |                          |                    |                    |
| Rent receivable net of service charges                          | 1,635,076                     | 5,709                    | 1,640,785          | 1,545,938          |
| Less: Rent Losses from Voids                                    | (1,796)                       | -                        | (1,796)            | (1,152)            |
| <b>Net rents receivable</b>                                     | <b>1,633,280</b>              | <b>5,709</b>             | <b>1,638,989</b>   | <b>1,544,786</b>   |
| Grants released from deferred income                            | 412,432                       | 1,440                    | 413,872            | 335,938            |
| Other revenue grants from Scottish Ministers                    | 40,710                        | -                        | 40,710             | 27,222             |
| <b>Total turnover from affordable letting activities</b>        | <b>2,086,422</b>              | <b>7,149</b>             | <b>2,093,571</b>   | <b>1,907,946</b>   |
| <b>Expenditure on affordable letting activities</b>             |                               |                          |                    |                    |
| Management and Maintenance administration costs                 | 747,742                       | 2,612                    | 750,354            | 622,637            |
| Planned and cyclical maintenance including major repairs        | 318,801                       | -                        | 318,801            | 219,819            |
| Reactive maintenance  | 145,430                       | -                        | 145,430            | 141,204            |
| Bad debts - rents and service charges                           | (8,526)                       | -                        | (8,526)            | 5,135              |
| Depreciation of affordable let properties                       | 633,674                       | 2,211                    | 635,885            | 493,870            |
| <b>Operating costs of affordable letting activities</b>         | <b>1,837,121</b>              | <b>4,823</b>             | <b>1,841,944</b>   | <b>1,482,665</b>   |
| <b>Operating Surplus on affordable letting activities</b>       | <b>249,301</b>                | <b>2,326</b>             | <b>251,627</b>     | <b>425,281</b>     |
| <b>Operating Surplus for affordable letting activities 2022</b> | <b>422,937</b>                | <b>2,344</b>             |                    |                    |

The amount for service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2022 - £nil).

Included in depreciation of social housing is £37,096 (2022 - £3,920) relating to the loss on disposal of components.

CRAIGDALE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

6. Particulars of turnover, operating costs and operating surplus / (deficit) from other activities

|   | Grants from<br>Scottish<br>Ministers<br>£ | Other<br>Revenue<br>Grants<br>£ | Supporting<br>People<br>Income<br>£ | Other<br>Income<br>£ | Total<br>Turnover<br>£ | Operating<br>Costs -<br>Bad Debts<br>£ | Other<br>Operating<br>Costs<br>£ | Operating<br>surplus/<br>(deficit)<br>2023<br>£ | Operating<br>surplus/<br>(deficit)<br>2022<br>£ |
|---|---|---------------------------------|-------------------------------------|----------------------|------------------------|--|----------------------------------|---|---|
| Wider role activities                   | -   | -                               | -                                   | -                    | -                      | -                                      | (5,641)                          | (5,641)   | (5,788)   |
| Bad Debt                                | -   | -                               | -                                   | -                    | -                      | (3,628)                                | -                                | (3,628)   | -   |
| Factoring                               | -   | -                               | -                                   | 1,913                | 1,913                  | -                                      | (1,913)                          | -   | -   |
| <b>Total from other activities 2023</b> | -   | -                               | -                                   | 1,913                | 1,913                  | (3,628)                                | (7,554)                          | (9,269)   | (5,788)   |
| <i>Total from other activities 2022</i> | -   | -                               | -                                   | 2,115                | 2,115                  | -                                      | (7,903)                          |   |   |

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**7. Officer's emoluments**

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board, managers and employees of the Association. The Association considers key management personnel to be the Board and the Director of the Association only.

|  | <b>2023</b>   | <i>2022</i>   |
|--|---------------|---------------|
|  | <b>£</b>      | <b>£</b>      |
| Aggregate emoluments payable to key management personnel (excluding Pension contributions)     | <b>63,098</b> | <i>52,018</i> |
| Pension contributions payable to key management personnel with emoluments greater than £60,000 | <b>-</b>      | <i>-</i>      |
| Emoluments payable to Chief Executive (excluding pension contributions)                        | <b>63,098</b> | <i>52,018</i> |
| Total emoluments paid to key management personnel  | <b>63,098</b> | <i>54,734</i> |

The national insurance costs encountered during the year on behalf of the key management personnel were £7,786 (2022 - £6,055).

The number of Officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:

|                    | <b>Number</b> | <i>Number</i> |
|--------------------|---------------|---------------|
| £60,000 to £70,000 | <b>1</b>      | <i>-</i>      |

**8. Employees information**

The average total number of employees employed during the year was:

|                       | <b>2023</b>    | <i>2022</i>    |
|-----------------------|----------------|----------------|
|                       | <b>£</b>       | <b>£</b>       |
| Wages and salaries    | <b>302,536</b> | <i>257,953</i> |
| Social security costs | <b>27,254</b>  | <i>23,264</i>  |
| Pension costs         | <b>21,616</b>  | <i>23,381</i>  |
|                       | <b>351,406</b> | <i>304,598</i> |

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**8. Employee information (continued)**

During the year past service deficit contributions of £24,454 (2022 - £46,123) were paid. Of this payment £23,010 (2022 - £44,679) was a payment in respect of the SHAPS past service deficit liability. The remainder of £1,444 (2022 - £1,444) was pension management costs which have been included in the pension contributions total included in staff costs above.

|   | <b>2023</b>           | <b>2022</b>    |
|---|-----------------------|----------------|
|   | <b>£</b>              | <b>£</b>       |
| <b>9. Surplus for the year</b>                  |                       |                |
| Surplus is stated after charging:               |                       |                |
| Depreciation                                    | <b>652,763</b>        | 512,481        |
| Loss on disposal of components                  | <b>37,096</b>         | 3,920          |
| Auditor's remuneration - Audit services         | <b>15,600</b>         | 10,920         |
| Auditor's remuneration - Non Audit services     | <b>408</b>            | 720            |
|   | <u><b>652,763</b></u> | <u>512,481</u> |
| <b>10. Interest receivable</b>                  |                       |                |
|   | <b>2023</b>           | <b>2022</b>    |
|   | <b>£</b>              | <b>£</b>       |
| Bank interest                                   | <b>14,116</b>         | 637            |
|   | <u><b>14,116</b></u>  | <u>637</u>     |
| <b>11. Interest payable and similar charges</b> |                       |                |
|   | <b>2023</b>           | <b>2022</b>    |
|   | <b>£</b>              | <b>£</b>       |
| On bank loans and overdrafts                    | <b>33,805</b>         | 8,997          |
|   | <u><b>33,805</b></u>  | <u>8,997</u>   |

CRAIGDALE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

|                                  | Housing<br>Properties<br>Held For<br>Letting<br>£ | Completed<br>Shared<br>Ownership<br>Properties<br>£ | Housing<br>Properties<br>Under<br>Development<br>£ | Total<br>£        |
|----------------------------------|---|---|--|-------------------|
| <b>12. Tangible fixed assets</b> |   |   |  |                   |
| <b>a) Housing properties</b>     |   |   |  |                   |
| <b>Cost</b>                      |   |   |  |                   |
| As at 1 April 2022               | 24,457,133  | 135,396   | 2,689,837  | 27,282,366        |
| Additions during the year        |   |   |  |                   |
| Property                         | 70,980  | -   | 2,964,398  | 3,035,378         |
| Components                       | 171,728   | -   | -  | 171,728           |
| Disposals during the year        |   |   |  |                   |
| Property                         | -   | -   | -  | -                 |
| Components                       | (131,674)   | -   | -  | (131,674)         |
| Transfers                        | 5,654,235   | -   | (5,654,235)  | -                 |
| <b>As at 31 March 2023</b>       | <b>30,222,402</b>                                 | <b>135,396</b>                                      | <b>-</b>   | <b>30,357,798</b> |
| <b>Depreciation</b>              |   |   |  |                   |
| As at 1 April 2022               | 9,065,160   | 53,256  | -  | 9,118,416         |
| Charge for year                  | 596,081   | 2,708   | -  | 598,789           |
| Disposals during the year        |   |   |  |                   |
| Property                         | -   | -   | -  | -                 |
| Components                       | (94,578)  | -   | -  | (94,578)          |
| <b>As at 31 March 2023</b>       | <b>9,566,663</b>                                  | <b>55,964</b>                                       | <b>-</b>   | <b>9,622,627</b>  |
| <b>Net book value</b>            |   |   |  |                   |
| <b>As at 31 March 2023</b>       | <b>20,655,739</b>                                 | <b>79,432</b>                                       | <b>-</b>   | <b>20,735,171</b> |
| <i>As at 31 March 2022</i>       | <i>15,391,973</i>                                 | <i>82,140</i>                                       | <i>2,689,837</i>                                   | <i>18,163,950</i> |

Additions to housing properties include capitalised development administration costs of £nil (2022 - £nil) and capitalised major repair costs to existing properties of £242,708 (2022 - £154,438).

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £635,959 (2022 - £515,461). The amount capitalised is £171,728 (2022 - £154,438), with the balance of £464,231 (2022 - £361,023) charged to the Statement of Comprehensive Income. The amounts capitalised can be further split between component replacement of £ 171,728 (2022 - £154,438) and acquisitions of £70,980 (2022 - £nil).

Components with a cost of £131,674 (2022 - £143,563) and depreciation of £94,578 (2022 - £148,340) were disposed in the year.

| <b>Housing stock</b>  | <b>2023<br/>No</b> | <b>2022<br/>No</b> |
|---|--------------------|--------------------|
| The number of units of accommodation in management at the year end was: |                    |                    |
| General needs - Built by Association                                    | 259                | 223                |
| General needs - Purchased by Association                                | 147                | 146                |
| Shared ownership  | 3                  | 3                  |
|   | <b>409</b>         | <b>372</b>         |

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**12. Tangible fixed assets**

**b) Other tangible assets**

|                            | <b>Computer<br/>Equipment<br/>£</b> | <b>Office<br/>Equipment<br/>£</b> | <b>Office<br/>Premises<br/>£</b> | <b>Furniture &amp;<br/>Equipment<br/>£</b> | <b>Total<br/>£</b> |
|----------------------------|-------------------------------------|-----------------------------------|----------------------------------|--|--------------------|
| <b>Cost</b>                |                                     |                                   |                                  |  |                    |
| As at 1 April 2022         | 43,890                              | 25,346                            | 491,423                          | 22,853                                     | 583,512            |
| Additions                  | 1,505                               | 3,808                             | -                                | 888  | 6,201              |
| Disposals                  | -                                   | -                                 | -                                | -  | -                  |
| <b>As at 31 March 2023</b> | <u>45,395</u>                       | <u>29,154</u>                     | <u>491,423</u>                   | <u>23,741</u>                              | <u>589,713</u>     |
| <b>Depreciation</b>        |                                     |                                   |                                  |  |                    |
| As at 1 April 2022         | 39,857                              | 25,346                            | 137,665                          | 13,765                                     | 216,633            |
| Charge for year            | 2,684                               | 762                               | 9,828                            | 3,604                                      | 16,878             |
| Disposals                  | -                                   | -                                 | -                                | -  | -                  |
| <b>As at 31 March 2023</b> | <u>42,541</u>                       | <u>26,108</u>                     | <u>147,493</u>                   | <u>17,369</u>                              | <u>233,511</u>     |
| <b>Net book value</b>      |                                     |                                   |                                  |  |                    |
| <b>As at 31 March 2023</b> | <u>2,854</u>                        | <u>3,046</u>                      | <u>343,930</u>                   | <u>6,372</u>                               | <u>356,202</u>     |
| <i>As at 31 March 2022</i> | <u>4,033</u>                        | <u>-</u>                          | <u>353,758</u>                   | <u>9,088</u>                               | <u>366,879</u>     |

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

|   | 2023             | 2022             |
|---|------------------|------------------|
|   | £                | £                |
| <b>13. Debtors</b>  |                  |                  |
| Arrears of Rent and Service Charges                       | 47,654           | 38,692           |
| Less: Provision for doubtful debts                        | (15,663)         | (24,500)         |
|   | <u>31,991</u>    | <u>14,192</u>    |
| Other debtors   | 63,126           | 102,548          |
|   | <u>95,117</u>    | <u>116,740</u>   |
|   | 2023             | 2022             |
|   | £                | £                |
| <b>14a. Cash and cash equivalents</b>                     |                  |                  |
| Balances held in current accounts                         | <u>1,650,489</u> | <u>2,613,271</u> |
|   | 2023             | 2022             |
|   | £                | £                |
| <b>14b. Short term deposits</b>                           |                  |                  |
| Balances held in short term deposit accounts              | <u>600,000</u>   | <u>-</u>         |
|   | 2023             | 2022             |
|   | £                | £                |
| <b>15. Creditors: Amounts falling due within one year</b> |                  |                  |
| Housing Loans   | 228,124          | 130,199          |
| Trade Creditors   | 46,275           | 653,265          |
| Rent in advance   | 84,355           | 72,532           |
| Other Creditors   | 2,886            | 1,075            |
| Accruals and deferred income                              | 121,290          | 40,999           |
|   | <u>482,930</u>   | <u>898,070</u>   |

At the Statement of Financial Position date there were pension contributions outstanding of £nil (2022 - £6,121).

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

| <b>16. Creditors:</b> Amounts falling due after more than one year | <b>2023</b>             | <b>2022</b>      |
|--|-------------------------|------------------|
|  | <b>£</b>                | <b>£</b>         |
| Housing loans  | <u><b>3,199,790</b></u> | <u>1,143,249</u> |
|  | <u><b>3,199,790</b></u> | <u>1,143,249</u> |
| <b>Housing loans</b>   |                         |                  |
| Amounts due within one year  | <b>228,124</b>          | 130,199          |
| Amounts due in one year or more but less than two years            | <b>282,566</b>          | 190,654          |
| Amounts due in two years or more but less than five years          | <b>882,489</b>          | 574,207          |
| Amounts due in more than five years                                | <u><b>2,034,735</b></u> | <u>378,388</u>   |
|  | <b>3,427,914</b>        | 1,273,448        |
| Less: Amounts shown in current liabilities                         | <u><b>(228,124)</b></u> | <u>(130,199)</u> |
|  | <u><b>3,199,790</b></u> | <u>1,143,249</u> |

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

The Association has a number of long term housing loans, the terms and conditions of which fall into the following categories: £3,427,914 (2022 - £1,273,448) at base rate or one month SONIA plus margin (0.4% - 1.40%) secured 104 (2022 - 150) properties, all expiring between 2026 and 2036. The net book value of housing properties secured at the year-end was £5,821,208 (2022 - £7,920,311).



CRAIGDALE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

|  | Housing<br>Properties<br>For Letting<br>£ | Shared<br>Ownership<br>Properties<br>£ | Total<br>£        |
|--|---|--|-------------------|
| <b>17. Deferred income</b>                                 |   |  |                   |
| <b><u>Social Housing Grants</u></b>                        |   |  |                   |
| <i>Balances as at 1 April 2022</i>                         | 19,004,450                                | 115,281                                | 19,119,731        |
| <i>Additions</i>   | 748,949                                   | -                                      | 748,949           |
| <i>Eliminated on disposals components &amp; properties</i> | (56,289)                                  | -                                      | (56,289)          |
| <b>Balances as at 31 March 2023</b>                        | <b>19,697,110</b>                         | <b>115,281</b>                         | <b>19,812,391</b> |
| <b><u>Amortisation</u></b>                                 |   |  |                   |
| <i>Balances as at 1 April 2022</i>                         | 7,488,201                                 | 53,209                                 | 7,541,410         |
| <i>Amortisation in year</i>                                | 398,568                                   | -                                      | 398,568           |
| <i>Eliminated on disposal</i>                              | (47,845)                                  | -                                      | (47,845)          |
| <b>Balances as at 31 March 2023</b>                        | <b>7,838,924</b>                          | <b>53,209</b>                          | <b>7,892,133</b>  |
| <b>NET BOOK VALUE:</b>                                     |   |  |                   |
| <b>Balances as at 31 March 2023</b>                        | <b>11,858,186</b>                         | <b>62,072</b>                          | <b>11,920,258</b> |
| <i>Balances as at 31 March 2022</i>                        | <i>11,516,249</i>                         | <i>62,072</i>                          | <i>11,578,321</i> |
| <b><u>Other grants:</u></b>                                |   |  |                   |
| <i>Balances as at 1 April 2022</i>                         | 343,000                                   | -                                      | 343,000           |
| <b>Balances as at 31 March 2023</b>                        | <b>343,000</b>                            | <b>-</b>                               | <b>343,000</b>    |
| <b><u>Amortisation</u></b>                                 |   |  |                   |
| <i>Balances as at 1 April 2022</i>                         | 164,640                                   | -                                      | 164,640           |
| <i>Amortisation in year</i>                                | 6,860                                     | -                                      | 6,860             |
| <b>Balances as at 31 March 2023</b>                        | <b>171,500</b>                            | <b>-</b>                               | <b>171,500</b>    |
| <b>Net book value</b>                                      |   |  |                   |
| <b>Balances as at 31 March 2023</b>                        | <b>171,500</b>                            | <b>-</b>                               | <b>171,500</b>    |
| <i>Balances as at 31 March 2022</i>                        | <i>178,360</i>                            | <i>-</i>                               | <i>178,360</i>    |
| <b>Total grants net book value as at 31 March 2023</b>     | <b>12,029,686</b>                         | <b>62,072</b>                          | <b>12,091,758</b> |

This is expected to be released to the Statement of Comprehensive Income in the following years:

|                                      | 2023<br>£         | 2022<br>£         |
|--------------------------------------|-------------------|-------------------|
| Amounts due within one year          | 413,872           | 335,938           |
| Amounts due after more than one year | 11,677,886        | 11,420,743        |
|                                      | <b>12,091,758</b> | <b>11,756,681</b> |

## CRAIGDALE HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

| <b>18. Share capital</b>                       | <b>2023</b> | <b>2022</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| <b>Shares of £1 each issued and fully paid</b> |             |             |
| At 1 April 2022                                | <b>77</b>   | <b>74</b>   |
| Issued in year                                 | <b>5</b>    | <b>4</b>    |
| Cancelled in year                              | <b>(3)</b>  | <b>(1)</b>  |
| <b>Balance as at 31 March 2023</b>             | <b>79</b>   | <b>77</b>   |

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

### 19. Related party transactions

Members of the Board are related parties of the Association as defined by Financial Reporting Standard 102.

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their position to their advantage.

Governing body members cannot use their position to their advantage. Any transaction between the Association and any entity with which a Governing body member has a connection is made at arm's length and under normal commercial terms.

Transactions with governing body members (and their close family) included rental income received from Tenants on the Board and their close family members £13,333 (2022 - £17,723).

At the year end total rent arrears owed by the tenant members of the Board (and their close family) were £nil (2022 - £nil). The total prepaid rent relating to tenant members of the board (and their close family) included within creditors at the year end is £241 (2022 - £578).

## CRAIGDALE HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 20. Revenue reserves

The revenue reserve includes all current and prior year retained surpluses or deficits.

| <b>21. Net cash generated from operating activities</b>    | <b>2023</b>      | <b>2022</b> |
|--|------------------|-------------|
|  | <b>£</b>         | <b>£</b>    |
| <b>Cash flow from operating activities</b>                 |                  |             |
| Surplus for the year                                       | <b>222,669</b>   | 411,133     |
| <u>Adjustments for non cash items:</u>                     |                  |             |
| Depreciation of tangible fixed assets                      | <b>652,763</b>   | 512,481     |
| Decrease in trade and other debtors                        | <b>21,623</b>    | 519,822     |
| (Decrease)/ Increase in trade and other creditors          | <b>(513,065)</b> | 323,108     |
| <u>Adjustments for investing and financing activities:</u> |                  |             |
| Release of deferred Government capital grants              | <b>(413,872)</b> | (335,938)   |
| Shares cancelled   | <b>(3)</b>       | (1)         |
| Interest payable   | <b>33,805</b>    | 8,997       |
| Interest receivable  | <b>(14,116)</b>  | (637)       |
| SHAPS past deficit payment                                 | <b>(23,010)</b>  | (44,679)    |
|  | <b>(33,206)</b>  | 1,394,286   |

#### 22. Governing body member emoluments

Board members received £937 (2022 - £nil) in the year by way of reimbursement of expenses. No remuneration is paid to Board members in respect of their duties in the Association.

#### 23. Pension Obligation

##### General

Craigdale Housing Association Limited (the Association) participates in the Scottish Housing Associations' Pension Scheme, (the "Scheme"). The scheme is a multi-employer defined benefit scheme. The scheme is funded. The Scheme offers six benefit structures to employers, namely:

Final salary with a 1/60th accrual rate; Career average revalued earnings with a 1/60th accrual rate; a 1/70th accrual rate; a 1/80th accrual rate; 1/120th accrual rate, contracted in; and a Defined Contribution (DC) option.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice. The Association has since moved to a defined contribution scheme but has a net liability for the past service deficit in the defined benefit scheme.

During the accounting period the Association paid contributions at the rate of 10% of pensionable salaries to the defined contribution scheme. Member contributions range from 5% to 13.3%.

## CRAIGDALE HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 23. Pension obligation (cont'd)

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

As at the Statement of Financial Position date there were 2 (2022 - 2) active members of the Scheme employed by the Association. The Association continues to offer membership of the Scheme to its employees.

The last triennial valuation of the Scheme was performed as at 30 September 2021 by a professionally qualified actuary. The valuation revealed a deficit of £121m. A recovery plan was put in place to eliminate the deficit and ran until either 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employees, although certain employers have different arrangements.

In accordance with FRS 102 section 28, the operating and financing costs of pension and post retirement schemes (determined by TPT) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Schemes benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £27m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provision basis until the Court direction is received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made to these financial statements in respect of this potential issue.

## CRAIGDALE HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 23. Pension obligations (cont'd)

The main financial assumptions used by the Scheme Actuary, TPT, in their FRS 102 calculations are as follows:

| <b>Assumptions as at</b>                                      | <b>31 March 2023</b>            |
|---|---------------------------------|
| Inflation (RPI)   | <b>3.18%</b>                    |
| Salary increases  | <b>3.78%</b>                    |
| Discount rate   | <b>4.85%</b>                    |
| Inflation (CPI)   | <b>2.78%</b>                    |
| Allowance for communication of pension for cash on retirement | <b>75% of maximum allowance</b> |

#### **Mortality**

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

|                         | <b>Life expectancy<br/>at age 65 (years)</b> |
|-------------------------|--|
| Male retiring in 2023   | <b>20.5</b>                                  |
| Female retiring in 2023 | <b>23.0</b>                                  |
| Male retiring in 2043   | <b>21.7</b>                                  |
| Female retiring in 2043 | <b>24.4</b>                                  |

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2016 model with an allowance for smoothing of recent mortality experience and long term rates of 1.5% p.a. for males and 1.25% p.a. for females.

#### **Present values of defined benefit obligation, fair value of assets and defined benefit liability**

|   | <b>Year ended<br/>31-Mar-23<br/>£'000</b> | <b>Year ended<br/>31-Mar-22<br/>£'000</b> |
|---|---|---|
| Fair value of plan assets                         | <b>1,082</b>                              | 1,736                                     |
| Present value of defined benefit obligation       | <b>(1,139)</b>                            | (1,736)                                   |
| <b>Defined benefit liability to be recognised</b> | <b><u>(57)</u></b>                        | <b><u>-</u></b>                           |

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**23. Pension obligations (cont'd)**

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

|  | Year ended<br>31-Mar-23<br>£'000 | Year ended<br>31-Mar-22<br>£'000 |
|--|----------------------------------|----------------------------------|
| Defined benefit obligation at start of period                    | 1,731                            | (1,847)                          |
| Current service cost   | -                                | -                                |
| Expenses   | 2                                | (1)                              |
| Interest expense   | 48                               | (40)                             |
| Actuarial (losses) due to scheme experience                      | (60)                             | (34)                             |
| Actuarial (losses) due to changes in demographic assumptions     | (28)                             | (6)                              |
| Actuarial (losses)/gains due to changes in financial assumptions | (521)                            | 161                              |
| Benefits paid and expenses                                       | (33)                             | 31                               |
| <b>Defined benefit liability at the end of the period</b>        | <b>1,139</b>                     | <b>(1,736)</b>                   |

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

|  | Year ended<br>31-Mar-23<br>£'000 | Year ended<br>31-Mar-22<br>£'000 |
|--|----------------------------------|----------------------------------|
| Fair value of plan assets at start of the period   | 1,736                            | 1,672                            |
| Interest income  | 48                               | 37                               |
| Experience on plan assets (excluding amounts included<br>in interest income) - (loss)/gain | (697)                            | 12                               |
| Contributions by the employer  | 28                               | 46                               |
| Benefits paid and expenses   | (33)                             | (31)                             |
| <b>Fair value of plan assets at end of period</b>  | <b>1,082</b>                     | <b>1,736</b>                     |

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**23. Pension obligations (cont'd)**

**Defined benefit costs recognised in the Statement of Comprehensive Income**

|  | Year ended<br>31-Mar-23<br>£'000 | Year ended<br>31-Mar-22<br>£'000 |
|--|----------------------------------|----------------------------------|
| Current service cost   | -                                | -                                |
| Admin expenses   | 2                                | 1                                |
| Net interest expense   | -                                | 3                                |
| <b>Defined benefit costs recognised in Statement of<br/>Comprehensive Income</b> | <b>2</b>                         | <b>4</b>                         |

**Defined benefit costs recognised in Other Comprehensive Income**

|   | Year ended<br>31-Mar-23<br>£'000 | Year ended<br>31-Mar-22<br>£'000 |
|---|----------------------------------|----------------------------------|
| Experience on plan assets (excluding amounts included in net interest cost - (loss)/gain  | (697)                            | 12                               |
| Experience (losses) arising on the plan liabilities - gain/(loss)   | 60                               | (34)                             |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)      | 28                               | (6)                              |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain               | 521                              | 166                              |
| Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain/(loss) | 5                                | (5)                              |
| <b>Total amount recognised in other comprehensive income – (loss)/gain</b>  | <b>(83)</b>                      | <b>133</b>                       |

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**23. Pension obligations (cont'd)**

**Fund allocation for employer's calculated share of assets**

|                             | <b>31-Mar-23</b>    | <b>31-Mar-22</b>    |
|-----------------------------|---------------------|---------------------|
|                             | <b>£'000</b>        | <b>£'000</b>        |
| Global Equity               | 29                  | 343                 |
| Absolute Return             | 15                  | 79                  |
| Distressed Opportunities    | 33                  | 62                  |
| Credit Relative Value       | 41                  | 56                  |
| Alternative Risk Premia     | 6                   | 72                  |
| Emerging Markets Debt       | 8                   | 65                  |
| Risk Sharing                | 79                  | 57                  |
| Insurance-Linked Securities | 30                  | 36                  |
| Property                    | 45                  | 45                  |
| Infrastructure              | 117                 | 108                 |
| Private Debt                | 48                  | 44                  |
| Opportunistic Illiquid Cost | 48                  | 57                  |
| High Yield                  | 5                   | 17                  |
| Opportunistic Credit        | -                   | 6                   |
| Cash                        | 5                   | 5                   |
| Corporate Bond Fund         | 1                   | 110                 |
| Liquid Credit               | -                   | 11                  |
| Long Lease Property         | 36                  | 50                  |
| Secured Income              | 73                  | 93                  |
| Over 15 Year Gilts          | -                   | 1                   |
| Liability Driven Investment | 459                 | 419                 |
| Currency Hedging            | 2                   | (6)                 |
| Net Current Assets          | 2                   | 6                   |
| <b>Total Assets</b>         | <b><u>1,082</u></b> | <b><u>1,736</u></b> |



## CRAIGDALE HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 23. Pension obligations (cont'd)

##### Member data summary

##### Active members

|              | Number   | Total earnings<br>(£'000s p.a.) | Average age<br>(unweighted) |
|--------------|----------|---------------------------------|-----------------------------|
| Males        | -        | -                               | -                           |
| Females      | 2        | 87                              | 42                          |
| <b>Total</b> | <b>2</b> | <b>87</b>                       | <b>42</b>                   |

##### Deferred members

|              | Number   | Deferred pensions<br>(£'000s p.a.) | Average age<br>(unweighted) |
|--------------|----------|------------------------------------|-----------------------------|
| Males        | 1        | 6                                  | 55                          |
| Females      | 3        | 8                                  | 56                          |
| <b>Total</b> | <b>4</b> | <b>14</b>                          | <b>55</b>                   |

##### Pensioners

|              | Number   | Deferred pensions<br>(£'000s p.a.) | Average age<br>(unweighted) |
|--------------|----------|------------------------------------|-----------------------------|
| Males        | 2        | 10                                 | 67                          |
| Females      | 4        | 22                                 | 64                          |
| <b>Total</b> | <b>6</b> | <b>32</b>                          | <b>65</b>                   |

##### Employer debt on withdrawal

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

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 2022. As of this date the estimated employer debt for the Association was £ (2021 - £806,023).

## CRAIGDALE HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 24. Commitments under operating leases

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:

|   | <b>2023</b>          | 2022                |
|---|----------------------|---------------------|
|   | <b>£</b>             | £                   |
| Not later than one year                           | 4,828                | 1,660               |
| Later than one year and not later than five years | 14,312               | 2,490               |
|   | <u><b>19,140</b></u> | <u><b>4,150</b></u> |

#### 25. Capital commitments

Capital expenditure that has been contracted for but has not been provided for in the Financial Statements is £99,067 (2022 - £2,946,643) and will be financed by a mix of loans and grants.

#### 26. Contingent liabilities

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Schemes benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £27m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provision basis until the Court direction is received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made to these financial statements in respect of this potential issue.