

***Covenanter Residential Association Limited
Year Ended 31 March 2023***

Registered No: IP000171

Covenanter Residential Association Limited
Report and Financial Statements
For the Year Ended 31 March 2023

Covenanter Residential Association Limited
Year Ended 31 March 2023

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Covenanter Residential Association Limited
Year Ended 31 March 2023

Board of Management and Advisers

Board of Management

Nathan Hawthorne (Chair)

Sarah Galway (Secretary)

Diane Wright

Resigned 30th June 2022 / Co-opted 12th September 2022

Joel Loughridge

Ian McCaughan

Resigned 30th June 2022

Roger Sloan (Treasurer)

Matthew Sampson

Appointed 30th June 2022

Gareth Hughes

Appointed 30th June 2022

Irwin McNeill

Appointed 30th June 2022

Secretary

Sarah Galway

Registered office

8 Eastermeade Park

Ballymoney

BT53 6HP

Registered number

Registered with the Financial Conduct Authority, IP000171

Registered as a housing association with the Department for Communities (Northern Ireland), Registered No R7

Registered as a charity with the Charity Commission for Northern Ireland, NIC107019.

Statutory Auditors

ASM (B) Ltd

Glendinning House

6 Murray Street

Belfast, BT1 6DN

Bankers

Danske Bank Limited

6 High Street

Ballymoney, BT53 6AD

Danske Bank Ltd

49-51 University Road

Belfast, BT7 1ND

Solicitors

King & Gowdy

298 Upper Newtownards Road

Belfast, BT4 3EJ

Covenanter Residential Association Limited
Year Ended 31 March 2023

Report of the Board of Management for the year ended 31 March 2023

The Board present their report together with the financial statements for the year ended 31 March 2023.

Principal activities

Covenanter Residential Association Limited ('the Association') was formed by Dr Hugh Blair and several members of the Reformed Presbyterian Church of Ireland. The Association is registered under the Co-operative and Community Benefit Societies Act (Northern Ireland) 2016, (formerly the Industrial and Provident Societies Act (Northern Ireland) 1969) (Registered Number IP000171) and is also a registered charity with the Charity Commission (NIC107019).

The objectives of the Association are set out in its rules, namely:

- a. to carry on for the benefit of the community, the business of providing housing and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means;
- b. to provide for aged persons, in need thereof, housing and any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons.

The Association is committed to putting residents and tenants first and the Board actively seeks their views and engages with them to ensure governance with real transparency, accountability, and integrity.

The Association registered with the Department of the Environment as a Housing Association and was provided grant funding to purchase land adjacent to Ballymoney Reformed Presbyterian Church and build a flats complex on the site. The flats complex ('Covenanter Flats') opened in 1979.

In the 1980s a further facility was purchased by the Association in Elmwood Avenue, Belfast ('Renwick House') to provide accommodation for young adults.

Covenanter Flats is designated as social housing and provides 27 units of accommodation for the elderly.

Renwick House is not designated as social housing and provides hostel accommodation for 14 young adults. Renwick House is a four-storey terraced house in the University area and is specifically aimed at students and young persons aged 18 to 25 coming to Belfast for the first time for work or study who need safe, short term, serviced accommodation at economic rents. The accommodation comprises fully furnished, single or shared study bedrooms, with ensuite shower rooms.

The Board has full responsibility for the Association's finance and corporate governance. It oversees the daily operation of the Association and ensures it is compliant with and operates within all applicable laws, regulations, and policies. The Board has given due consideration to the Charity Commission's guidance on public benefit and considers the Association's aims and objectives to be in accordance with the regulations on public benefit. The Association complies with DfC Regulatory Standards.

Covenanter Residential Association Limited
Year Ended 31 March 2023

Value for Money

The Association is committed to delivering Value for Money (VfM) by continuous performance improvement. This is a key principle of the Association's business plan which aims to deliver VfM under its business objectives: Finance standard, Governance standard and Customer focused. Achieving a balance of progress against the specific targets within these themes will ensure we remain true to our core values, and we believe, ensure success.

We continue to benchmark our services against our peers and other relevant measures, mainly from the NI Federation of Housing Associations (NIFHA) and Department for Communities (DfC), to prioritise areas for focus.

The Board consider VfM in terms of the maximum outcomes for the minimum cost of service provision. The Association therefore strives to provide quality homes at reasonable cost. There was an annual rent increase of 2.9% in 2022/2023.

The Association has always benefitted from volunteerism, with many of our committee members and shareholders undertaking tasks on behalf of the Association such as actively participating in the provision of weekly lunches. This type of practical contribution enables the Association to keep costs to a minimum.

The Association activities that contribute to VfM include:

- Key performance indicators which encourage efficient and effective services and behaviours
- Continual review of services and suppliers
- Delivering maximum value to the customer while minimising costs
- Working effectively and efficiently while maintaining and improving the service to our customers by making the best use of resources
- Effective procurement of services including use of joint procurement with another Housing Association to combine purchasing power
- A system of quality assurance checks on work carried out by service providers
- Tenant satisfaction surveys and engagement to assess quality of services provided from an end user perspective, thereby understanding their definition of value, and focusing on the right things and doing the right things
- Ongoing investment in our properties, ensuring high standard accommodation.

Understanding value for money is as essential as managing and demonstrating it.

The Association's Board leads the approach to value for money by setting the strategic vision and purpose. The Association is also focused and determined to secure VfM into the future.

We will continue to review opportunities for VfM in 2023/2024, with the assistance of Connon Associates Limited, Chartered Accountants, coupled with ongoing benchmarking within the sector.

Going Concern

The Board has assessed its 24-month Forecasts under various scenarios, including a significant increase in inflation and energy costs, on its operating results and financial position and have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Covenanter Residential Association Limited
Year Ended 31 March 2023

Financial results

The surplus for the year was £49,014 compared to a surplus of £86,878 for the previous year.

Regulation

The Association's principal regulator is the Department for Communities (DfC). The Association complies with DfC's Regulatory Standards.

Under the Regulatory Framework for Registered Housing Association in Northern Ireland (RHAs), RHAs are assessed annually against 3 standards namely: Governance, Finance and Consumer.

In the Association's most recent Regulatory Judgement Report 2020/2021, Housing Regulation Branch determined a judgement rating of 2; meets the requirements but needs to improve in some areas in order to ensure continued compliance. The Governance, Consumer and Finance standards were all met. The Housing Regulation Branch has acknowledged that progress has been made to address the weaknesses identified in the 2019/20 Regulatory Judgement Report and the associated action plan. The anticipated Level of Engagement for 2021/22 is Level 1.

Internal controls

The Board of Management is responsible for the Association's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage and reduce, rather than to eliminate, the risk of failure to achieve business objectives. It can provide only reasonable, and not absolute, assurance against material misstatement or loss.

We operate ongoing processes for identifying, evaluating, and managing the significant risks faced by the Association. They have been in place for the year to 31 March 2023 and up to the date of the approval of the Annual Report and the Financial Statements. The processes are reviewed at least annually by the Board.

The key elements of the control system in operation are:

- The Board has adopted a formal schedule of matters reserved for its approval ensuring it maintains responsibility for overall strategy, approval of all property transactions and other major capital expenditure projects;
- There is an organisation structure with clearly defined lines of responsibility and delegation of authority; and
- Detailed budgets are prepared covering the Association's business which are reviewed and approved by the Board of Management. Actual results are compared against budget and appropriate action identified and initiated.

Statement of the responsibilities of the Board of Management

The Board of Management is responsible for preparing the Board of Management's Report and the financial statements in accordance with applicable laws and regulations.

The Board of Management is required by law 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 its surplus or deficit for that period. In preparing these financial statements, the Board of Management are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;

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Year Ended 31 March 2023

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in operation.

The Board of Management are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act (Northern Ireland) 2016, (formerly the Industrial and Provident Societies Act (Northern Ireland) 1969). They are also responsible for safeguarding the assets of the Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

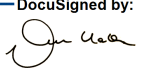
So far as each of the members of the Board of Management are aware at the date of approval of these financial statements:

- there is no relevant audit information of which the Association's auditors are unaware; and
- they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Auditors

A resolution to reappoint ASM (B) Ltd will be proposed at the Annual General Meeting.

On behalf of the Board of Management

DocuSigned by:

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Nathan Hawthorne
Chair

DocuSigned by:

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Sarah Galway
Secretary

Date: 11th September 2023

Covenanter Residential Association Limited
Year Ended 31 March 2023

Independent Auditor's Report

Opinion

We have audited the financial statements of Covenanter Residential Association Limited ("the Association") for the year ended 31 March 2023 which comprises the statement of comprehensive income, the statement of changes in equity, the statement of financial position and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Housing SORP: Statement of Recommended Practice for social housing providers issued by the National Housing Federation.

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 surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act (Northern Ireland) 2016 (formerly the Industrial and Provident Societies Act (Northern Ireland) 1969).

Basis of 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 other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Covenanter Residential Association Limited
Year Ended 31 March 2023

Independent Auditor's Report (cont'd)

Other information

The other information comprises the information included in the Report of the Board of Management other than the financial statements and our auditor's report thereon. The Board of Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinion on other matters prescribed by the Companies Act

In our opinion, based on the work undertaken in the course of the audit;

- the information given in the Report of the Board of Management for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board of Management has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board of management

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

Covenanter Residential Association Limited
Year Ended 31 March 2023

Independent Auditor's Report (cont'd)

In preparing the financial statements, the Board of Management 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 of Management either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: posting of unusual journals along with complex transactions. We discussed these risks with client management, tested a sample of journals to confirm they were appropriate and reviewed areas of judgement for indicators of management bias to address these risks.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of our report

This report is made solely to the Board of Management, in accordance with Article 38 of the Co-operative and Community Benefit Societies Act (Northern Ireland) 2016 (formerly the Industrial and Provident Societies Act (Northern Ireland) 1969). Our audit work has been undertaken so that we might state to the Board of Management those matters that we are required to state to them in an auditors' 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 Society and the Board of Management, for our audit work, for this report, or for the opinion we have formed.

Covenanter Residential Association Limited
Year Ended 31 March 2023

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B Clerkin (Senior Statutory Auditor)
for and on behalf of ASM (B) Ltd
Statutory Auditor
Glendinning House
6 Murray Street
Belfast
BT1 6DN

11th September 2023

Covenanter Residential Association Limited
Year Ended 31 March 2023

Statement of Comprehensive Income

For the year ended 31 March 2023

	Notes	2023	2022
		£	£
Turnover	3	273,870	256,468
Operating costs	3	(224,857)	(169,592)
Operating surplus	3	49,013	86,876
Interest and financing income		1	2
Surplus for the year		49,014	86,878

The results relate wholly to continuing activities.

There was no other comprehensive income for the year (2022: £nil).

The notes on pages 14 to 25 form part of these financial statements.

Covenanter Residential Association Limited
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Statement of Changes in Equity

For the year ended 31 March 2023

	Share Capital	Capital reserve	Revenue reserve	2023 Total	2022 Total
	£	£	£	£	£
Balance at 1 April 2022	35	87	318,657	318,779	231,898
Surplus	-	-	49,014	49,014	86,878
Movement in share capital	(15)	15	-	-	3
Balance at 31 March 2023	20	102	367,671	367,793	318,779

The notes on pages 14 to 25 form part of these financial statements.

Covenanter Residential Association Limited
Year Ended 31 March 2023

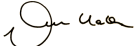
Statement of Financial Position

As at 31 March 2023


	Notes	2023 £	2022 £
Fixed assets			
Housing properties	8	1,027,090	1,067,146
Other tangible fixed assets	10	28,177	31,563
		<u>1,055,267</u>	<u>1,098,709</u>
Current assets			
Trade and other debtors	11	23,913	17,356
Cash and cash equivalents		308,325	246,644
		<u>332,238</u>	<u>264,000</u>
Less: Creditors: amounts falling due within one year	12	105,871	102,230
Net current assets / liabilities		<u>226,367</u>	<u>161,770</u>
Total assets less current liabilities		<u>1,281,634</u>	<u>1,260,479</u>
Creditors: amounts falling due after more than one year	12	913,841	941,700
Total net assets		<u>367,793</u>	<u>318,779</u>
Reserves			
Share capital	16	20	35
Revenue reserve	17	367,671	318,657
Capital reserve	18	102	87
Total reserves		<u>367,793</u>	<u>318,779</u>

These financial statements were approved by the Board of Management and authorised for issue on 11th September 2023 and are signed on its behalf by:

Nathan Hawthorne
 Director (Chair)

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Roger Sloan
 Director (Treasurer)

DocuSigned by:

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Sarah Galway
 Director (Secretary)

DocuSigned by:

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The notes on pages 14 to 25 form part of these financial statements.

Registered No: IP000171

Covenanter Residential Association Limited
Year Ended 31 March 2023

Statement of Cashflows

For the year ended 31 March 2023

	Notes	2023	2022
		£	£
Cash flow from operating activities			
Surplus for the year		49,014	86,878
Adjustments for non-cash items:			
Depreciation of tangible fixed assets	8, 10	43,442	43,444
Amortisation of housing association grant	13	(44,461)	(44,461)
Decrease / (increase) in trade and other debtors	11	(6,557)	(4,608)
Increase / (decrease) in trade and other creditors	12	20,243	(32,106)
Adjustments for investing or financing activities:			
Interest received		(1)	(2)
Net cash used in operating activities		61,680	49,145
Cash flow from investing activities			
Interest received		1	2
Net cash generated from investing activities		1	2
Cash flow from financing activities			
Share capital issued	16	-	3
Net cash used in financing activities		-	3
Net change in cash and cash equivalents		61,681	49,150
Cash and cash equivalents at beginning of the year		246,644	197,494
Cash and cash equivalents at end of the year		308,325	246,644

The notes on pages 14 to 25 form part of these financial statements.

Covenanter Residential Association Limited
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Notes to the financial statements

1. Legal status

Covenanter Residential Association Limited is a housing association registered in Northern Ireland in the United Kingdom under the Credit Unions and Co-operative and Community Benefit Societies (Northern Ireland) Act 2016 (formerly known as the Industrial and Provident Societies Act (Northern Ireland) 1969). The registered office of the Association is 8 Eastermeade Park, Ballymoney, BT53 6HP.

2. Accounting Policies

2.1 Basis of accounting

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for Registered Social Housing Providers.

The financial statements are presented in Sterling (£), which is the functional currency of the Association.

2.2 Revenue recognition

Revenue is recognised when the Association has entitlement to the funds and it is probable that the income will be received and the amount is reliably measured.

Turnover includes income receivable from lettings, service charge receivable and income from Housing Association Grant (HAG).

2.3 Taxation

The Association is accepted as a charity by HMRC. Income and capital gains of the Association are generally exempt from tax if applied for charitable purposes.

The Association is not registered for VAT. All its income, including rental receipts, is exempt for VAT purposes.

2.4 Government and other grants

HAG is receivable from the Northern Ireland Housing Executive (NIHE) and is recognised in income over the useful life of the housing property assets under the accruals model.

HAG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

HAG released on sale of a property may be repayable but is normally available to be recycled and is credited to the Disposal Proceeds Fund and included in the Statement of Financial Position within Creditors.

Covenanter Residential Association Limited
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2.5 Tangible fixed assets

Housing properties

Housing stock are properties held for the provision of social housing or to otherwise provide social benefit and are accounted for within tangible fixed assets. Housing properties are principally available for rent and are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the cost of acquiring land and buildings, development costs and interest charges incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Depreciation of Housing properties

The Association separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful life. Land is not depreciated.

The Association depreciates the major components of its housing properties over the following lives:

Structure / main fabric	- 100 years
Roof	- 60 years
Windows and doors	- 30 years
Primary heating unit	- 14 years
Kitchen	- 20 years
Bathroom	- 30 years
Mechanical systems	- 30 years
Electrics	- 40 years
Lifts	- 20 years

Depreciation of other tangible fixed assets

For other tangible fixed assets, depreciation is charged on a straight-line basis over the expected useful lives as follows:

Buildings	- 50 years
Fixtures and fittings	- 5 years

2.6 Impairment

Housing properties are assessed annually for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount, this is likely to be the fair value in use of the asset based on its service potential. The resulting impairment loss is recognised as expenditure in income and expenditure. Where an asset

Covenanter Residential Association Limited
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is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

2.7 Employee benefits

Defined Contribution Pension

The Association operates a defined contribution scheme for certain employees through True Potential. A defined contribution plan is a pension plan under which the Association pays fixed contributions into a separate entity. Once the contributions have been paid the Association has no further payment obligations.

The contributions are recognised as an expense when they are due. Amounts not paid are included as accruals in the Statement of Financial Position. The assets of the plan are held separately from the Association in independently administered funds.

2.8 Tenants' Services Fund

For certain schemes the Association is required to charge to the tenants an additional amount to fund the cost of common facilities. Annual surpluses or deficits are transferred to the Tenants' Services Fund to equalise the financial position over the lifetime of the scheme.

2.9 Financial instruments

The Association only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2.10 Judgements in applying accounting policies and key sources of estimation uncertainty

No judgements have been made in the process of applying the above accounting policies (apart from those involving estimates). The following estimate has been made:

- (i) Useful economic lives of components of housing properties – this estimate has been derived using industry standards.

2.11 Going concern

The Board has assessed its 24-month Forecasts under various scenarios, including a significant increase in inflation and energy costs, on its operating results and financial position and have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Covenanter Residential Association Limited
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3. Turnover, Operating costs and operating surplus

	Operating Turnover	2023 Operating Costs	Operating Surplus	2022 Operating Surplus
	£	£	£	£
Social Housing Activities (Note 4)	217,062	194,766	22,296	51,463
Non-Social Housing Activities (Note 4)	56,808	30,091	26,717	35,413
	273,870	224,857	49,013	86,876

Covenanter Residential Association Limited
Year Ended 31 March 2023

4. Turnover, operating costs and operating surplus from housing activities

	Sheltered Housing	2023 Non-Social Housing*	Total	2022 Total
	£	£	£	£
Operating Income				
Rent Receivable	137,014	53,752	190,766	170,015
Service Charges Receivable	42,179	-	42,179	42,179
Rates Receivable	9,164	-	9,164	9,030
Income from SHG/HAG	41,405	3,056	44,461	44,461
Less: Voids	(12,700)	-	(12,700)	(9,217)
Total Social Housing Income	217,062	56,808	273,870	256,468
Operating Costs				
Service Costs	56,997	12,996	69,993	57,025
Management costs	6,921	2,026	8,947	9,923
Rates Payable	8,819	-	8,819	(7,930)
Planned & Cyclical Maintenance	16,245	1,978	18,223	17,434
Reactive Maintenance	11,409	1,288	12,697	4,439
Depreciation of Housing Properties	33,867	6,189	40,056	40,056
Other Depreciation	2,581	805	3,386	3,388
Other Operating Costs	75,762	4,809	80,572	55,058
Transfer (to) Tenants' Services Fund (note 14)	(17,835)	-	(17,835)	(9,801)
Total Social Housing Expenditure	194,766	30,091	224,857	169,592
Operating surplus/(deficit)	22,296	26,717	49,013	86,876

*Non-Social Housing Operating Income is classed as Rent receivable from occupied units and has not been split into Rent, Rates, Service Charge and Voids.

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4. Turnover, operating costs and operating surplus from housing activities (cont'd)

	2023	2022
	£	£
DfC Allowances		
Management allowances	10,692	10,692
Management costs	6,921	(8,333)
Surplus	3,771	2,359
Maintenance allowances	12,528	12,528
Planned and cyclical maintenance	(16,245)	(16,033)
Reactive maintenance	(11,409)	(4,188)
Deficit	(15,126)	(7,693)

Technical & Non-technical income

	2023	2022
	£	£
Technical	14,839	6,478
Non-Technical	227,270	214,746
Total	242,109	221,224

5. Surplus on ordinary activities

Surplus on ordinary activities is stated after charging / (crediting):

	2023	2022
	£	£
Depreciation – owned tangible fixed assets	43,442	43,444
Amortisation of HAG	(44,461)	(44,461)
Auditor's remuneration		
- External audit of these financial statements	9,000	6,000
- Internal audit services	2,295	1,020

Covenanter Residential Association Limited
Year Ended 31 March 2023

6. Employee information

Average weekly number of employees during the financial year expressed as full-time equivalents is as follows:

	2023	2022
	No.	No.
Housing, support and care	1.58	1.67
	1.58	1.67

Staff costs

	2023	2022
	£	£
Wages and salaries	31,873	30,011
Social security costs**	-	-
Pension costs	359	355
	32,232	30,366

**Social security costs 2023 and 2022 are £nil as they were lower than the annual Employment Allowance.

7. Board of Management remuneration

The function of the key management personnel of the Association is carried out by the Board of Management. There was no remuneration paid to the board members of the Association (2022: £nil). Board members were paid out of pocket expenses totalling £186 (2022: £344).

Covenanter Residential Association Limited
Year Ended 31 March 2023

8. Tangible fixed assets – Housing properties

	Housing properties held for letting £
Cost or valuation	
At 1 April 2022	2,047,225
Additions	-
Disposals	-
At 31 March 2023	<u>2,047,225</u>
Depreciation and impairment	
At 1 April 2022	980,079
Charge for the year	40,056
Eliminated on disposal	-
At 31 March 2023	<u>1,020,135</u>
Net book value	
At 31 March 2023	<u>1,027,090</u>
At 31 March 2022	<u>1,067,146</u>

9. Housing Stock

Number of units owned and managed at year end

Self-Contained	2023 Units	2022 Units
Sheltered Housing	27	27
Total Self-Contained Units at year end	<u>27</u>	<u>27</u>
Not Self-Contained	2023 Units	2022 Units
General Needs Housing (non-social housing)	14	14
Total Not Self-Contained at year end	<u>14</u>	<u>14</u>
Total Units Owned and Managed at year end	<u>41</u>	<u>41</u>

Covenanter Residential Association Limited
Year Ended 31 March 2023

10. Other tangible fixed assets

	Buildings	Fixtures and Fittings	Total
	£	£	£
Cost or valuation			
At 1 April 2022	123,123	3,853	126,976
Additions	-	-	-
Disposals	-	-	-
At 31 March 2023	<u>123,123</u>	<u>3,853</u>	<u>126,976</u>
Depreciation			
At 1 April 2022	92,496	2,917	95,413
Charge for the year	2,450	936	3,386
Eliminated on disposal	-	-	-
At 31 March 2023	<u>94,946</u>	<u>3,853</u>	<u>98,799</u>
Net book value			
At 31 March 2023	<u>28,177</u>	<u>-</u>	<u>28,177</u>
At 31 March 2022	<u>30,627</u>	<u>936</u>	<u>31,563</u>

11. Debtors

	2023	2022
	£	£
Gross rental debtors – technical	246	2
Gross rental debtors – non-technical	2,708	9,411
Net rental debtors	<u>2,954</u>	<u>9,413</u>
Prepayments and accrued income	5,643	4,710
Tenant Services Fund (undercharged and recoverable) (note 14)	14,261	-
Other taxes and social security	54	2,145
Other debtors	1,001	1,088
	<u>23,913</u>	<u>17,356</u>

Covenanter Residential Association Limited
Year Ended 31 March 2023

12. Creditors

Amounts falling due within 1 year

	2023	2022
	£	£
Deferred Housing Association Grant (note 13)	27,859	44,461
Accruals and deferred income	25,920	19,759
Rent and service charges received in advance	3,090	3,346
Tenants' Services Fund (note 14)	-	3,574
Trade payables	42,793	25,655
Tenants' deposits	1,400	1,300
Other creditors	4,809	4,135
	<u>105,871</u>	<u>102,230</u>

Amounts falling due after more than 1 year

	2023	2022
	£	£
Deferred Housing Association Grant (note 13)	913,841	941,700
	<u>913,841</u>	<u>941,700</u>

13. Deferred grant

	2023	2022
	£	£
At 1 April 2022	986,161	1,030,622
Released to income in the year	<u>(44,461)</u>	<u>(44,461)</u>
At 31 March 2023	<u>941,700</u>	<u>986,161</u>

Deferred grant consists of Housing Association Grant (HAG) originally received less accumulated amortisation. HAG is amortised over the life of the associated assets in line with the Housing SORP. Although the unamortised HAG liability reported is £941,700 the liability to repay this HAG to the Department for Communities expired in May 2019.

Covenanter Residential Association Limited
Year Ended 31 March 2023

14. Tenants' Services Fund

	Sheltered Housing £
Income	
Service Charge Income	42,179
Service Charge Voids	<u>(3,017)</u>
Total Income	<u>39,162</u>
Operating Costs	
Cleaning	817
Electricity	8,483
Gas Heating	13,118
Ground Maintenance	3,304
Maintenance of Communal Areas	6,077
Support/emergency response system	937
Salaries	18,705
Pensions Costs	374
Administration cost	<u>5,182</u>
Total Operating Costs	<u>56,997</u>
Deficit for the year	<u>(17,835)</u>
At 1 April 2022	3,574
Deficit for the year	<u>(17,835)</u>
At 31 March 2023	<u>(14,261)</u>

15. Contingent Liabilities

HAG Liability

The liability to reimburse the Department for Communities expired in May 2019.

16. Share capital

Ordinary shares of [£1] each fully paid:

	2023 £	2022 £
At 1 April 2022	35	38
Issued in the year	-	3
Transferred to capital reserve	<u>(15)</u>	<u>(6)</u>
At 31 March 2023	<u>20</u>	<u>35</u>

Covenanter Residential Association Limited
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17. Revenue reserves

	2023	2022
	£	£
At 1 April 2022	318,657	231,779
Surplus for the year	49,014	86,878
At 31 March 2023	<u>367,671</u>	<u>318,657</u>

18. Capital reserves

	2023	2022
	£	£
At 1 April 2022	87	81
Transferred from share capital	15	6
At 31 March 2023	<u>102</u>	<u>87</u>

19. Related party transactions

Board members were paid out of pocket expenses totalling £186 (2022: £344). All expenditure relates to the reimbursement of expenses to enable members to perform their duties and all such expenditure occurs under normal operating terms. There were no other related party transactions.