

Registered No: IP000171

Covenanter Residential Association Limited

Report and Financial Statements

For the Year Ended 31 March 2024

Covenanter Residential Association Limited
Year Ended 31 March 2024

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Covenanter Residential Association Limited
Year Ended 31 March 2024

Board of Management and Advisers

Board of Management

Nathan Hawthorne (Chair)

Sarah Galway (Secretary)

Diane Wright

Co-opted 12th September 2022

Joel Loughridge

Roger Sloan (Treasurer)

Matthew Sampson

Gareth Hughes

Irwin McNeill

Calum Morrison

Co-opted 25th April 2024 / Appointed 5th September 2024

Rachel Trousdale

Co-opted 25th April 2024 / Appointed 5th September 2024

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

Sumer Auditco NI Limited

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 2024

Report of the Board of Management for the year ended 31 March 2024

The Board present their report together with the financial statements for the year ended 31 March 2024.

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
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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 average annual rent increase of 14% in 2023/2024 due to the significant increase in inflation and energy costs.

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 2024/2025, with the assistance of Cannon 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

Covenanter Residential Association Limited
Year Ended 31 March 2024

in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Financial results

The surplus for the year was £45,143 compared to a surplus of £49,014 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 2021/2022, Housing Regulation Branch determined a judgement rating of 2; meets the requirements but needs to improve in some areas to ensure continued compliance. The Governance, Finance and Consumer standards were all met. The Housing Regulation Branch has made some recommendations to enhance the Association's compliance with the standards. The anticipated Level of Engagement for 2022/23 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 2024 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:

Covenanter Residential Association Limited
Year Ended 31 March 2024

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

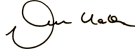
So far as each of the members of the Board of Management are aware at the date of approval of these financial statements:

- 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

In July 2024, our previous external auditors, ASM (B) Ltd, transferred all their external audit contracts to Sumer Auditco NI Limited. The Board has agreed to a new external audit contract with Sumer Auditco NI Limited. A resolution to reappoint Sumer Auditco NI Limited will be proposed at the Annual General Meeting.

On behalf of the Board of Management

Signed by:

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Nathan Hawthorne
Chair

Signed by:

87778A960E4C491...

Roger Sloan
Treasurer

Date: 5th September 2024

Covenanter Residential Association Limited
Year Ended 31 March 2024

Independent auditors' report to the members of Covenanter Residential Association Limited

Opinion

We have audited the financial statements of Covenanter Residential Association Limited ("the Association") for the year ended 31 March 2024 which comprise: the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cashflows and the related notes, which include a description of the significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom 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.

In our opinion, the Consolidated and Association financial statements:

- give a true and fair view of the state of the affairs of the Association as at 31 March 2024 and of the income and expenditure of the Association 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 for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the auditors' responsibility 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' 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 of Management with respect to going concern are described in the relevant sections of this report.

Covenanter Residential Association Limited
Year Ended 31 March 2024

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditors' report thereon. The Board of Management are responsible for the other information contained within the Annual Report. 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.

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

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

We have nothing to report in respect of the following matters where the Charities (Northern Ireland) Act 2008 and Regulation 9 of the Charities (Accounts and Reports) Regulations (Northern Ireland) 2015 require us to report to you if, in our opinion:

- the information given in the Report of the Board of Management is inconsistent in any material respect;
- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required to complete our audit.

We have nothing to report in this regard.

Under the Co-operative and Community Benefit Societies Act (Northern Ireland) 2016 (formerly the Industrial and Provident Societies Act (Northern Ireland) 1969) are required to report to you if, in our opinion:

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

We have nothing to report in this regard.

Covenanter Residential Association Limited
Year Ended 31 March 2024

Responsibilities of the Board of Management

As explained more fully in the Board of Management's Statement of Responsibilities on page 4, the Board of Management is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Board of Management is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

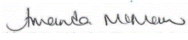
We considered the opportunities and incentives that may exist within the Association for fraud and identified the greatest potential for fraud in the following areas: management override of controls, including relating to posting of journals. To address those risks we discussed the risks with client management and tested a sample of journals to confirm they were appropriate.

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 section 43 of the Co-operative and Community Benefit Societies Act (Northern Ireland) 2016 (formerly the Industrial and Provident Societies Act (Northern Ireland) 1969) and article 19 of The Housing (Northern Ireland) Order 1992. Our audit work has been undertaken so that we might state to the Board of Management those matters 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 Association and the Board of Management, for our audit work, for this report, or for the opinions we have formed.

Covenanter Residential Association Limited
Year Ended 31 March 2024

Signed by:

0ABF844AC8B44A4...

Amanda McMaw
Senior Statutory Auditor
for and on behalf of Sumer Auditco NI Limited
Statutory Auditors
4th Floor
Glendinning House
6 Murray Street
Belfast
BT1 6DN

5th September 2024

Covenanter Residential Association Limited
Year Ended 31 March 2024

Statement of Comprehensive Income

For the year ended 31 March 2024

	Notes	2024	2023
		£	£
Turnover	3	283,682	273,870
Operating costs	3	(238,539)	(224,857)
Operating surplus	3	45,143	49,013
Interest and financing income		-	1
Surplus for the year		45,143	49,014

The results relate wholly to continuing activities.

There was no other comprehensive income for the year (2023: £nil).

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

Covenanter Residential Association Limited
Year Ended 31 March 2024

Statement of Changes in Equity

For the year ended 31 March 2024

	Share Capital	Capital reserve	Revenue reserve	2024 Total	2023 Total
	£	£	£	£	£
Balance at 1 April 2023	20	102	367,671	367,793	318,779
Surplus	-	-	45,143	45,143	49,014
Movement in share capital	2	-	-	2	-
Balance at 31 March 2024	22	102	412,814	412,938	367,793

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

Covenanter Residential Association Limited
Year Ended 31 March 2024

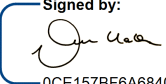
Statement of Financial Position

As at 31 March 2024

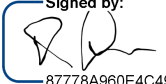
	Notes	2024 £	2023 £
Fixed assets			
Housing properties	8	997,182	1,027,090
Other tangible fixed assets	10	28,062	28,177
		<u>1,025,244</u>	<u>1,055,267</u>
Current assets			
Trade and other debtors	11	25,410	23,913
Cash and cash equivalents		381,170	308,325
		<u>406,580</u>	<u>332,238</u>
Less: Creditors: amounts falling due within one year	12	<u>132,311</u>	105,871
Net current assets / liabilities		<u>274,269</u>	<u>226,367</u>
Total assets less current liabilities		<u>1,299,513</u>	<u>1,281,634</u>
Creditors: amounts falling due after more than one year	12	<u>886,575</u>	913,841
Total net assets		<u>412,938</u>	<u>367,793</u>
Reserves			
Share capital	16	22	20
Revenue reserve	17	412,814	367,671
Capital reserve	18	102	102
Total reserves		<u>412,938</u>	<u>367,793</u>

These financial statements were approved by the Board of Management and authorised for issue on 5th September 2024 and are signed on its behalf by:

Nathan Hawthorne
 Director (Chair)

Signed by: 
 0CE157BF6A6840E...

Roger Sloan
 Director (Treasurer)

Signed by: 
 87778A960E4C491...

Sarah Galway
 Director (Secretary)

Signed by: 
 04E974494FDF4F4...

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

Registered No: IP000171

Covenanter Residential Association Limited
Year Ended 31 March 2024

Statement of Cashflows

For the year ended 31 March 2024

	Notes	2024 £	2023 £
Cash flow from operating activities			
Surplus for the year		45,143	49,014
Adjustments for non-cash items:			
Depreciation of tangible fixed assets	8,10	32,483	43,442
Amortisation of housing association grant	13	(27,857)	(44,461)
Decrease / (increase) in trade and other debtors	11	(1,497)	(6,557)
Increase / (decrease) in trade and other creditors	12	27,031	20,243
Adjustments for investing or financing activities:			
Interest received		-	(1)
Net cash used in operating activities		75,303	61,680
Cash flow from investing activities			
Purchase of tangible fixed assets	8,10	(2,460)	-
Interest received		-	1
Net cash generated from investing activities		(2,460)	1
Cash flow from financing activities			
Share capital issued	16	2	-
Net cash used in financing activities		2	-
Net change in cash and cash equivalents		72,845	61,681
Cash and cash equivalents at beginning of the year		308,325	246,644
Cash and cash equivalents at end of the year		381,170	308,325

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

Covenanter Residential Association Limited
Year Ended 31 March 2024

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

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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
Year Ended 31 March 2024

3. Turnover, Operating costs and operating surplus

	Operating Turnover	2024 Operating Costs	Operating Surplus	2023 Operating Surplus
	£	£	£	£
Social Housing Activities (Note 4)	219,347	206,687	12,660	22,296
Non-Social Housing Activities (Note 4)	64,335	31,852	32,483	26,717
	283,682	238,539	45,143	49,013

Covenanter Residential Association Limited
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4. Turnover, operating costs and operating surplus from housing activities

	Sheltered Housing	2024 Non-Social Housing*	Total	2023 Total
	£	£	£	£
Operating Income				
Rent Receivable	140,740	61,279	202,019	190,766
Service Charges Receivable	63,355	-	63,355	42,179
Rates Receivable	11,298	-	11,298	9,164
Income from SHG/HAG	24,801	3,056	27,857	44,461
Less: Voids	(20,847)	-	(20,847)	(12,700)
Total Social Housing Income	219,347	64,335	283,682	273,870
Operating Costs				
Service Costs	59,812	9,458	69,270	69,993
Management costs	8,970	3,388	12,358	8,947
Rates Payable	9,430	-	9,430	8,819
Cyclical Maintenance	15,600	1,578	17,178	18,223
Planned Maintenance	5,898	-	5,898	-
Reactive Maintenance	7,090	2,395	9,485	12,697
Depreciation of Housing Properties	23,721	6,187	29,908	40,056
Other Depreciation	2,575	-	2,575	3,386
Other Operating Costs	76,270	8,846	85,116	80,572
Transfer (to) Tenants' Services Fund (note 14)	(2,679)	-	(2,679)	(17,835)
Total Social Housing Expenditure	206,687	31,852	238,539	224,857
Operating surplus/(deficit)	12,660	32,483	45,143	49,013

*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.

Covenanter Residential Association Limited
Year Ended 31 March 2024

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

DfC Allowances	2024	2023
	£	£
Management allowances	10,692	10,692
Management costs	(8,970)	(6,921)
Surplus	<u>1,722</u>	<u>3,771</u>
Maintenance allowances	12,528	12,528
Planned and cyclical maintenance	(21,498)	(16,245)
Reactive maintenance	(7,090)	(11,409)
Deficit	<u>(16,060)</u>	<u>(15,126)</u>

Technical & Non-technical income

	2024	2023
	£	£
Technical	22,258	14,839
Non-Technical	254,414	227,270
Total	<u>276,672</u>	<u>242,109</u>

5. Surplus on ordinary activities

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

	2024	2023
	£	£
Depreciation – owned tangible fixed assets	32,483	43,442
Amortisation of HAG	(27,857)	(44,461)
Auditor's remuneration		
- External audit of these financial statements	9,000	9,000
- Internal audit services	1,785	2,295

Covenanter Residential Association Limited
Year Ended 31 March 2024

6. Employee information

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

	2024	2023
	No.	No.
Housing, support and care	1.57	1.58
	1.57	1.58

Staff costs

	2024	2023
	£	£
Wages and salaries	32,505	31,873
Social security costs**	-	-
Pension costs	373	359
	32,878	32,232

**Social security costs 2024 and 2023 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 (2023: £nil). Board members were paid out of pocket expenses totalling £107 (2023: £186).

Covenanter Residential Association Limited
Year Ended 31 March 2024

8. Tangible fixed assets – Housing properties

	Housing properties held for letting £
Cost or valuation	
At 1 April 2023	2,047,225
Additions	-
Disposals	-
At 31 March 2024	<u>2,047,225</u>
Depreciation and impairment	
At 1 April 2023	1,020,135
Charge for the year	29,908
Eliminated on disposal	-
At 31 March 2024	<u>1,050,043</u>
Net book value	
At 31 March 2024	<u>997,182</u>
At 31 March 2023	<u>1,027,090</u>

9. Housing Stock

Number of units owned and managed at year end

Self-Contained	2024 Units	2023 Units
Sheltered Housing	27	27
Total Self-Contained Units at year end	<u>27</u>	<u>27</u>
Not Self-Contained	2024 Units	2023 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 2024

10. Other tangible fixed assets

	Buildings	Fixtures and Fittings	Total
	£	£	£
Cost or valuation			
At 1 April 2023	123,123	3,853	126,976
Additions	-	2,460	2,460
Disposals	-	-	-
At 31 March 2024	<u>123,123</u>	<u>6,313</u>	<u>129,436</u>
Depreciation			
At 1 April 2023	94,946	3,853	98,799
Charge for the year	2,450	125	2,575
Eliminated on disposal	-	-	-
At 31 March 2024	<u>97,396</u>	<u>3,978</u>	<u>101,374</u>
Net book value			
At 31 March 2024	<u>25,727</u>	<u>2,335</u>	<u>28,062</u>
At 31 March 2023	<u>28,177</u>	<u>-</u>	<u>28,177</u>

11. Debtors

	2024	2023
	£	£
Gross rental debtors – technical	454	246
Gross rental debtors – non-technical	1,548	2,708
Net rental debtors	<u>2,002</u>	<u>2,954</u>
Prepayments and accrued income	5,466	5,643
Tenant Services Fund (undercharged and recoverable) (note 14)	16,940	14,261
Other taxes and social security	-	54
Other debtors	1,002	1,001
	<u>25,410</u>	<u>23,913</u>

Covenanter Residential Association Limited
Year Ended 31 March 2024

12. Creditors

Amounts falling due within 1 year

	2024	2023
	£	£
Deferred Housing Association Grant (note 13)	27,268	27,859
Accruals and deferred income	25,355	25,920
Rent and service charges received in advance	2,212	3,090
Trade payables	71,515	42,793
Tenants' deposits	1,400	1,400
Other creditors	4,561	4,809
	<u>132,311</u>	<u>105,871</u>

Amounts falling due after more than 1 year

	2024	2023
	£	£
Deferred Housing Association Grant (note 13)	886,575	913,841
	<u>886,575</u>	<u>913,841</u>

13. Deferred grant

	2024	2023
	£	£
At 1 April 2023	941,700	986,161
Released to income in the year	(27,857)	(44,461)
At 31 March 2024	<u>913,843</u>	<u>941,700</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 £913,843 the liability to repay this HAG to the Department for Communities expired in May 2019.

Covenanter Residential Association Limited
Year Ended 31 March 2024

14. Tenants' Services Fund

	Sheltered Housing £
Income	
Service Charge Income	63,355
Service Charge Voids	<u>(6,222)</u>
Total Income	<u>57,133</u>
Operating Costs	
Cleaning	1,256
Electricity	13,653
Gas Heating	8,908
Ground Maintenance	4,019
Maintenance of Communal Areas	5,367
Support/emergency response system	2,051
Salaries	18,750
Pensions Costs	370
Administration cost	<u>5,438</u>
Total Operating Costs	<u>59,812</u>
Deficit for the year	<u>(2,679)</u>
At 1 April 2023	(14,261)
Deficit for the year	<u>(2,679)</u>
At 31 March 2024	<u>(16,940)</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:

	2024 £	2023 £
At 1 April 2023	20	35
Issued in the year	2	-
Transferred to capital reserve	-	<u>(15)</u>
At 31 March 2024	<u>22</u>	<u>20</u>

Covenanter Residential Association Limited
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17. Revenue reserves

	2024	2023
	£	£
At 1 April 2023	367,671	318,657
Surplus for the year	45,143	49,014
At 31 March 2024	<u>412,814</u>	<u>367,671</u>

18. Capital reserves

	2024	2023
	£	£
At 1 April 2023	102	87
Transferred from share capital	-	15
At 31 March 2024	<u>102</u>	<u>102</u>

19. Related party transactions

Board members were paid out of pocket expenses totalling £107 (2022: £186). 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.