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Private & Confidential
The Management Committee
Calvay Housing Association Limited
16 Calvay Road
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31 July 2026
Our ref: JMCB/NIMC/CALVAY01

Dear Committee members

Calvay Housing Association Limited
Audit findings for the year ended 31 March 2026

This audit findings letter highlights the significant findings arising from the audit for the benefit of those charged with governance.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) (ISAs (UK)), which is directed towards forming and expressing an opinion on the financial. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

1 Audit status and audit opinion

We are pleased to report that the audit progressed well from our perspective and in accordance with the agreed timetable.

We do not propose any modifications to our audit opinion which is unqualified.

2 Significant findings

Significant and other risks of material misstatement

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- our risk assessment procedures have identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- are required to be treated as significant risks due to requirements of ISAs (UK), for example in relation to management override of internal controls.

Significant risks at the financial statement level

The below table summarises significant risks of material misstatement identified at the financial statement level, our audit approach and our audit conclusions. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Identified risk	Audit approach	Audit findings and conclusion
Management override of controls Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk. Risk of material misstatement: Very High	Procedures performed to mitigate risks of material misstatement in this area included: • reviewing the key accounting estimates, judgements and decisions made by management; • testing of journal entries; and • reviewing any unusual significant transactions.	From the testing performed we identified no evidence of management override.
Going concern As part of the audit of the financial statements we will review the going concern status of the Association. Risk of material misstatement: Low	In respect of going concern, we reviewed: • your assessment of going concern; • the annual budget; • the long term financial forecasts; and • post year end management accounts. We also had detailed discussion with the finance team in respect of going concern.	We concur with the Committee's assessment that it is appropriate to continue to prepare the financial statements on a going concern basis and there are no material uncertainties relating to going concern which should be disclosed in the financial statements.

	Finally, we asked the Management Committee, via the letter of representation, to confirm that the Management Committee has concluded that the Association is a going concern.	

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The below table summarises significant risks of material misstatement at assertion level for classes of transaction, account balances and disclosures, our audit approach and our audit conclusions.

Bank Covenant Compliance The Association must comply with the bank covenants as stated within the terms of its loan agreements. There is a risk of non-compliance which mean result in the bank requesting repayment. Risk of material misstatement: Medium	We reviewed the loan covenant compliance workings to ensure all covenants have been satisfied.	We identified no issues in respect of bank covenants.
Defined benefit pension scheme - this is a key accounting estimate The Association is a member of a defined benefit pension scheme: the SHAPS. Each year TPT provides a year-end accounting valuation of the SHAPS defined benefit scheme. The Association needs to account for the pension movement in the financial statements and ensure the disclosure is appropriate. Inherent risk of material misstatement: Medium	We obtained the annual FRS 102 pension valuation and reviewed the year-end accounting journals. We reviewed the assumptions used within the valuation to ensure that these are appropriate and reasonable in comparison to benchmark assumptions, and we ensured that all necessary disclosure requirements were met.	From the audit work performed we are satisfied that the pension valuation has been correctly accounted for and disclosed within the financial statements.
Impairment of housing properties - this is a key accounting estimate An impairment may have occurred and not be recognised meaning that housing properties are overstated in the financial statements Inherent risk of material misstatement: Medium	We reviewed the carrying value (net book value less any unamortised grant) of the social housing units against the estimated depreciated replacement cost (this being the estimated cost of building or purchasing an asset of equivalent age and condition) to ensure no impairment has occurred. We have also looked for potential impairment indicators such as: • long term voids and difficult to let units; • units with significant repairs required;	From our testing, we have concluded that there are no impairment indicators and the properties are not overvalued.

	• cost overruns on new developments; • land banks; • units expected to be sold; and • units earmarked for demolition.	

3 Going concern

As auditor, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

As noted above within our significant findings we have agreed with the Committee's conclusion that it is appropriate to prepare the financial statements on a going concern basis. In arriving at this conclusion, we have reviewed in detail the forecasts covering the 12 months from the signing of these financial statements, the long-term forecasts in place and post year-end financial performance.

4 Accounting policies, presentation and disclosures

There were no changes in accounting policies in the current financial year.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies adopted. We found the disclosed accounting policies, and the overall disclosures and presentation to be appropriate.

5 Other communication requirements

Fraud or suspected fraud

We have been made aware of a few suspected fraud attempts in the year however the Association have confirmed that none of these attempts have been successful due to adequate controls in place.

Our work as auditor is not intended to identify any instances of fraud of a non- material nature and should not be relied upon for this purpose.

Non-compliance with laws and regulations

As part of our standard audit testing, we have reviewed the laws and regulations impacting the Association.

There are no indications from this work of any significant incidences of non-compliance or material breaches of laws and regulations stopping the Association from continuing as a going concern or that would necessitate a provision or contingent liability.

There are also many other laws and regulations relating to health and safety as well as human resources generally and industry specific requirements. We are not aware of any significant incidences of non- compliance.

Related parties

We are not aware of any related party transactions which have not been disclosed.

6 Misstatements

We are required to inform you of any significant misstatements within the financial statements presented for audit that have been discovered during the course of our audit.

There were no uncorrected misstatements identified from our audit work.

There were no audit adjustments identified from our audit work.

7 Internal controls

The purpose of an audit is to express an opinion on the financial statements. As part of our work, we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. However, this work was not for the purpose of expressing an opinion on the effectiveness of internal controls.

We are required to report to you in writing, significant deficiencies in internal controls that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to you.

The scope of our work is not designed to be an extensive review of all internal controls. If we had performed more extensive procedures, we might have identified more deficiencies.

We note that the investment property was last valued in March 2022 and thus a revised fair valuation should be obtained for 2026/27.

8 Independence

The Ethical Standard and ISA (UK) 260 require us to confirm our independence.

The provision of non-audit services

We have detailed in the table below the non-audit services provided together with the threats to our independence as external auditor these present and the safeguards we put in place to mitigate these threats:

Non-audit service	Type of threat	Safeguard
Corporation tax compliance services	Self-review	Corporation tax compliance services are provided by a separate tax team.
iXBRL tagging of the financial statements	Self-review Management decisions	The iXBRL tagging is performed by an audit assistant, not involved in the actual audit, after the financial statements have been signed. Tagging is a largely mechanical process. In the event there are questions of judgement, these will be passed to management or those charged with governance to answer.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standards. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

In accordance with our profession's ethical guidance and further to our planning letter to you, confirming audit planning arrangements there are no further matters to bring to your attention in relation to Integrity, Objectivity and Independence.

9 Disclaimer

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by your team during our audit.

If we can be of any further assistance, please contact me.

Yours faithfully

James McBride
Senior Statutory Auditor
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