

Cadder Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2011

Registered Housing Association No.HCB 270

FSA Reference No. 2436R(S)

Scottish Charity No. SC036455

# CADDER HOUSING ASSOCIATION LIMITED

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## CADDER HOUSING ASSOCIATION LIMITED

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### COMMITTEE OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2011

#### COMMITTEE OF MANAGEMENT

L. Brown	Chairperson
G. Matthew	Vice Chairperson
M. Dawson	Secretary
E. Doherty	Treasurer
D. Hart	Resigned September 2010
R. Hunter	Resigned September 2010
F. Balloch	Appointed September 2010
F. Danquah	
F. Dawson	
L. Foulds	
J. Hunter	
R. Hunter	Appointed December 2010
R. Sutherland	
M. Sutton	
Councillor M. Razaq	
J. Meldrum	Resigned June 2010

#### EXECUTIVE OFFICERS

Tom Sweeney	Director
Kevin McAllan	Technical Services Manager
John McShane	Senior Housing Officer

#### REGISTERED OFFICE

66 Skirsa Street  
Cadder  
Glasgow  
G23 5BA

#### AUDITORS

Alexander Sloan  
Chartered Accountants  
38 Cadogan Street  
Glasgow  
G2 7HF

#### BANKERS

Royal Bank of Scotland  
1944 Maryhill Road  
Glasgow  
G20 0EQ

#### SOLICITORS

TC Young  
7 West George Street  
Glasgow  
G2 1BA

#### FINANCE AGENTS

FMD Financial Services  
Ladyloan Place  
Glasgow  
G15 8LB

## CADDER HOUSING ASSOCIATION LIMITED

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### REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2011

The Committee of Management presents its report and the Financial Statements for the year ended 31st March 2011.

#### Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2436R(S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC036455.

#### Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

#### Review of Business and Future Developments

The financial year 2010/11 was business as usual for Cadder Housing Association in respect of our operations and customer service and there follows a brief summary of the highlights.

The main focus areas for Housing Management for the year rested in performance and provision of customer services.

Overall, satisfactory performance was achieved in the core areas:

Current tenant rent arrears	-	£47,594 (2.23%)
Void Loss	-	£16,502 (0.77%)
Re-let Performance	-	23 days

Although targets for the above areas were not achieved, our year end performance compared favourably with our peer group (peer group 6). A high percentage of works carried out to our void properties was carried out by our in-house maintenance division, which drove down costs and helped to off-set our re-let performance. It should be noted that the Association had a higher than usual number of void properties for the year.

In terms of customer service, residents continued to make good use of the well established welfare benefits service, which helped to maximise residents' income and their ability to make rental payments. The Association also introduced other support services during the year to assist residents' financial positions. These consisted of a money / debt advice service, provided by Maryhill Citizens Advice Bureau and an energy advice service, provided by Glasgow Home Energy Advice Team.

The Association also continued its good partnership working with North United Communities, who provided support to a number of families. This helped to prevent tenancies failing and in turn reduced the number of void properties received for the year.

## CADDER HOUSING ASSOCIATION LIMITED

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### REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2011

#### Review of Business and Future Developments (Contd.)

##### Technical Services

The Association has spent the last year in extensive negotiation with Utility companies and assessment of options for upgrading its properties in relation to a Community Energy Savings programme (CESP) for Cadder. British Gas were selected from a number of Utility companies as representing best value for the Association for the following works:

- External Wall insulation and render
- Renewal of central heating systems and controls
- Installation of photo- voltaic panels
- Installation of UPVC windows
- Upgrading loft insulation
- Installation of upvc windows

The work is due to be carried out over 2011/12 and 2012/13.

During this year the Association set up a new in- house Handyperson initiative to carry out the reactive and void repairs to its properties. The initiative was based on the Estate Caretaking Services and Painterwork initiative model which has made a significant improvement to the upkeep and maintenance of the Cadder area. They carry out a range of minor property repairs and void repair works which was previously carried out by external contractors.

By taking the work in house it gives the Association greater control of the specification , work, and the opportunity to provide work for qualified tradespersons who had been affected by the economic downturn. In addition the work will be carried out at a reduced cost and be more responsive to repair requests to the benefit of all residents in Cadder.

This year the squad carried out 1100 repair jobs as well as completing 69 void properties. In addition the resident satisfaction questionnaires confirmed that residents were pleased with the outcome .

The Association's partnership with the Wise Group continued with the environmental project to design the backcourts in Scapa Street and Tresta Road. The work also included the installation of new rear door screens, demolition of the rear canopies and bin stores and alternative bin provision.

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REPORT OF THE COMMITTEE OF MANAGEMENT  
FOR THE YEAR ENDED 31ST MARCH 2011

**Management Committee and Executive Officers**

The members of the Committee of Management and the Executive Officers are listed on Page 1.

Each member of the Committee of Management holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Committee of Management.

The members of the Committee of Management are also Trustees of the Charity. Members of the Committee of Management are appointed by the members at the Association's Annual General Meeting.

**Statement of Management Committee's Responsibilities**

The Industrial and Provident Societies Acts 1965 to 2002 require the Committee of Management to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Committee of Management is required to:-

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

The Committee of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for ensuring the Association's suppliers are paid promptly.

The Committee of Management must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Committee of Management are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Committee of Management have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

## CADDER HOUSING ASSOCIATION LIMITED

### REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2011

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#### Statement on Internal Financial Control

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

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

It is the Committee of Management's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or Loss. Key elements of the Association's systems include ensuring that:

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

#### Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Committee of Management

M.DAWSON  
Secretary  
29 August 2011



CADDER HOUSING ASSOCIATION LIMITED

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REPORT BY THE AUDITORS TO THE COMMITTEE OF MANAGEMENT OF  
CADDER HOUSING ASSOCIATION LIMITED  
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 5 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

**Basis of Opinion**

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

**Opinion**

In our opinion the Statement on Internal Financial Control on page 4 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the section on Internal Financial Control within SFHA's "Raising Standards in Housing".



ALEXANDER SLOAN  
Chartered Accountants

GLASGOW  
29 August 2011

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

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We have audited the financial statements of Cadder Housing Association Limited for the year ended 31st March 2011 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members 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 Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of Management Committee and Auditors**

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that give a true and fair view).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit on the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

### **Opinion on the financial statements**

In our opinion the Financial Statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Association's affairs as at 31st March 2011 and of its income and expenditure and cash flow for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

In our opinion, the information given in the Management Committee's Report is consistent with the financial statements.

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

We are required to report to you if, in our opinion:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CADDER HOUSING ASSOCIATION LIMITED

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Matters on which we are required to report by exception (contd.)

- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



ALEXANDER SLOAN  
Chartered Accountants  
Statutory Auditors  
GLASGOW  
29 August 2011

# CADDER HOUSING ASSOCIATION LIMITED

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

	Notes	£	2011 £	£	2010 £
TURNOVER	2.		2,452,820		2,133,755
Operating Costs	2.		(1,604,344)		(1,455,870)
OPERATING SURPLUS	9.		848,476		677,885
Gain On Sale Of Housing Stock	7.	60,138		30,368	
Exceptional Item	23.	-		331,674	
Interest Receivable and Other Income		17,712		16,843	
Interest Payable and Similar Charges	8.	(159,668)		(169,080)	
			(81,818)		209,805
SURPLUS ON ORDINARY ACTIVITIES			766,658		887,690

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.

# CADDER HOUSING ASSOCIATION LIMITED

## BALANCE SHEET AS AT 31st MARCH 2011

	Notes	£	2011 £	£	2010 £
<b>TANGIBLE FIXED ASSETS</b>					
Housing Properties - Depreciated Cost	11.(a)		10,008,585		9,971,621
Less: Social Housing Grant	11.(a)		(5,635,908)		(5,469,185)
			<u>4,372,677</u>		<u>4,502,436</u>
Other fixed assets	11.(b)		152,053		161,846
			<u>4,524,730</u>		<u>4,664,282</u>
<b>CURRENT ASSETS</b>					
Debtors	14.	162,541		159,012	
Investments- bank deposits	22.	1,600,000		900,000	
Cash at bank and in hand		1,263,915		1,182,826	
		<u>3,026,456</u>		<u>2,241,838</u>	
<b>CREDITORS: Amounts falling due within one year</b>	15.	(455,568)		(430,793)	
<b>NET CURRENT ASSETS</b>			<u>2,570,888</u>		<u>1,811,045</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>7,095,618</u>		<u>6,475,327</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16.		(4,299,975)		(4,446,328)
<b>NET ASSETS</b>			<u><u>2,795,643</u></u>		<u><u>2,028,999</u></u>
<b>CAPITAL AND RESERVES</b>					
Share Capital	18.		401		415
Designated Reserves	19.(a)		2,151,213		1,576,219
Revenue Reserves	19.(b)		644,029		452,365
			<u>2,795,643</u>		<u>2,028,999</u>

The Financial Statements were approved by the Committee of Management and signed on their behalf on 29 August 2011.

Chairperson

*L. Brown*

Vice-Chairperson

*[Signature]*

Secretary

*M. Dawson*

# CADDER HOUSING ASSOCIATION LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

	Notes	£	2011 £	£	2010 £
Net Cash Inflow from Operating Activities	17.		999,833		982,895
Returns on Investment and Servicing of Finance					
Interest Received		11,257		16,843	
Interest Paid		(159,649)		(169,080)	
Net Cash Outflow from Investment and Servicing of Finance			(148,392)		(152,237)
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties		(155,050)		(292,665)	
Purchase of Other Fixed Assets		(18,285)		(26,506)	
Social Housing Grant Received		166,723		192,082	
Other Grants Received		-		7,000	
Proceeds on Disposal of Properties		73,267		37,078	
Proceeds on Disposal of Other Fixed Assets		400		900	
Net Cash Inflow / (Outflow) from Capital Expenditure and Financial Investment			67,055		(82,111)
Net Cash Inflow before use of Liquid Resources and Financing			918,496		748,547
Management of Liquid Resources					
Change in short term deposits with banks			(700,000)		(500,000)
Financing					
Loan Principal Repayments		(137,421)		(129,034)	
Share Capital Issued		14		5	
Net Cash Outflow from Financing			(137,407)		(129,029)
Increase in Cash	17.		81,089		119,518

# CADDER HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 PRINCIPAL ACCOUNTING POLICIES

##### **Basis Of Accounting**

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2008, and on the historical cost basis. They also comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

##### **Turnover**

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

##### **Retirement Benefits**

The Association participates in the Scottish Housing Associations' Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

##### **Valuation Of Housing Properties**

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the properties at an annual rate of 2%. Land is not depreciated. Housing Properties are reviewed for impairment if events or circumstances indicate that the carrying value is higher than the recoverable amount.

##### **Depreciation And Impairment Of Other Fixed Assets**

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	- 2% per annum
Furniture and Fittings	- 20-25% per annum
Computer Equipment	- 33.3% per annum
Office Equipment	- 25% per annum

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

##### **Social Housing Grant And Other Grants In Advance/Arrears**

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant 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.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

## CADDER HOUSING ASSOCIATION LIMITED

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### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

##### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

###### **Sales Of Housing Properties**

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

###### **Leases/Leased Assets**

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

###### **Works to Existing Properties**

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

###### **Capitalisation Of Development Overheads**

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

###### **Development Interest**

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

###### **Designated Reserves**

The Association has designated part of its reserves to meet its long term obligations.

The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.

The Major Repairs Reserve is based on the Association's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2011			2010		
		Turnover	Operating	Operating	Turnover	Operating	Operating
			Costs	Surplus / (Deficit)		Costs	Surplus / (Deficit)
		£	£	£	£	£	£
Social Lettings	3.	2,333,610	1,452,619	880,991	2,108,325	1,362,991	745,334
Other Activities	4.	119,210	151,725	(32,515)	25,430	92,879	(67,449)
<b>Total</b>		<b>2,452,820</b>	<b>1,604,344</b>	<b>848,476</b>	<b>2,133,755</b>	<b>1,455,870</b>	<b>677,885</b>

#### 3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing	Supported Housing	Shared ownership	2011 Total	2010 Total
	£	£	£	£	£
<b>Income from Lettings</b>					
Rent Receivable Net of Identifiable Service Charges	2,031,831	-	-	2,031,831	1,944,530
Service Charges Receivable	104,454	-	-	104,454	104,752
<b>Gross Rents Receivable</b>	<b>2,136,285</b>	<b>-</b>	<b>-</b>	<b>2,136,285</b>	<b>2,049,282</b>
Less: Rent losses from voids	16,502	-	-	16,502	11,743
<b>Net Rents Receivable</b>	<b>2,119,783</b>	<b>-</b>	<b>-</b>	<b>2,119,783</b>	<b>2,037,539</b>
Revenue Grants from Scottish Ministers	39,512	-	-	39,512	25,334
Revenue Grants From Local Authorities and Other Agencies	174,315	-	-	174,315	45,452
<b>Total Income From Social Letting</b>	<b>2,333,610</b>	<b>-</b>	<b>-</b>	<b>2,333,610</b>	<b>2,108,325</b>
<b>Expenditure on Social Letting Activities</b>					
Service Costs	177,868	-	-	177,868	104,752
Management and maintenance administration costs	869,112	-	-	869,112	748,307
Reactive Maintenance	187,988	-	-	187,988	216,898
Bad Debts - Rents and Service Charges	17,280	-	-	17,280	40,032
Planned and Cyclical Maintenance, including Major Repairs	95,414	-	-	95,414	114,201
Depreciation of Social Housing	104,957	-	-	104,957	138,801
<b>Operating Costs of Social Letting</b>	<b>1,452,619</b>	<b>-</b>	<b>-</b>	<b>1,452,619</b>	<b>1,362,991</b>
<b>Operating Surplus on Social Letting Activities</b>	<b>880,991</b>	<b>-</b>	<b>-</b>	<b>880,991</b>	<b>745,334</b>
<b>2010</b>	<b>745,334</b>	<b>-</b>	<b>-</b>		

# CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus /(Deficit) 2011 £	Operating Surplus /(Deficit) 2010 £
Wider Role Activities	-	-	-	-	-	-	10,899	(10,899)	(15,030)
Factoring	-	-	-	13,915	13,915	5,211	13,762	(5,058)	(892)
Agency / Management services for other RSLs	-	16,824	-	25,224	42,048	-	42,048	-	-
Welfare Rights	15,750	-	-	-	15,750	-	19,697	(3,947)	(15,473)
Other Income/Expenditure	-	39,388	-	8,109	47,497	-	47,497	-	124
Rechargeable repairs bad debts	-	-	-	-	-	12,611	-	(12,611)	(36,178)
<b>Total From Other Activities</b>	<b>15,750</b>	<b>56,212</b>	<b>-</b>	<b>47,248</b>	<b>119,210</b>	<b>17,822</b>	<b>133,903</b>	<b>(32,515)</b>	<b>(67,449)</b>
<b>2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,430</b>	<b>25,430</b>	<b>37,070</b>	<b>55,809</b>	<b>(67,449)</b>	

# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of the Association.

	2011	2010
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>64,020</u>	<u>61,419</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>8,507</u>	<u>8,320</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>64,020</u>	<u>61,419</u>

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

	Number	Number
£60,001 to £70,000	1	1

#### 6. EMPLOYEE INFORMATION

	2011	2010
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>44</u>	<u>31</u>
The average total number of Employees employed during the year was	<u>44</u>	<u>31</u>
Staff Costs were:	£	£
Wages and Salaries	711,392	578,877
Social Security Costs	49,678	43,921
Other Pension Costs	55,543	56,180
	<u>816,613</u>	<u>678,978</u>

The Association employed additional staff during the year to assist with the expansion of its estate management service. The additional cost was mainly grant funded

# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 7. GAIN ON SALE OF HOUSING STOCK

	2011	2010
	£	£
Sales Proceeds	73,267	37,078
Cost of Sales	<u>13,129</u>	<u>6,710</u>
Gain On Sale Of Housing Stock	<u>60,138</u>	<u>30,368</u>

#### 8. INTEREST PAYABLE

	2011	2010
	£	£
On Bank Loans & Overdrafts	<u>159,668</u>	<u>169,080</u>

#### 9. SURPLUS ON ORDINARY ACTIVITIES

	2011	2010
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	132,696	162,663
Auditors' Remuneration - Audit Services	6,000	5,290
Operating Lease Rentals - Other	1,121	2,543
Gain on sale of fixed assets	<u>(61)</u>	<u>(124)</u>

#### 10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Shared Ownership In course of Construction £	Total £
<b>COST</b>					
As at 1st April 2010	11,008,167	-	-	-	11,008,167
Additions	155,050	-	-	-	155,050
Disposals	(16,644)	-	-	-	(16,644)
Schemes Completed	-	-	-	-	-
As at 31st March 2011	11,146,573	-	-	-	11,146,573
<b>DEPRECIATION</b>					
As at 1st April 2010	1,036,546	-	-	-	1,036,546
Charge for Year	104,957	-	-	-	104,957
Disposals	(3,515)	-	-	-	(3,515)
As at 31st March 2011	1,137,988	-	-	-	1,137,988
<b>SOCIAL HOUSING GRANT</b>					
As at 1st April 2010	5,469,185	-	-	-	5,469,185
Additions	166,723	-	-	-	166,723
Disposals	-	-	-	-	-
Schemes Completed	-	-	-	-	-
As at 31st March 2011	5,635,908	-	-	-	5,635,908
<b>NET BOOK VALUE</b>					
As at 31st March 2011	4,372,677	-	-	-	4,372,677
As at 31st March 2010	4,502,436	-	-	-	4,502,436

Additions to housing properties includes capitalised development administration costs of £1,055 (2010 - £2,348) and capitalised major repair costs to existing properties of £143,447 (2010 £266,829)

All land and housing properties are freehold.

# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Computer Equipment £	Motor Vehicles £	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>					
As at 1st April 2010	87,414	22,295	149,057	161,543	420,309
Additions	1,355	14,206	-	2,724	18,285
Eliminated on Disposals	-	-	-	(1,699)	(1,699)
As at 31st March 2011	88,769	36,501	149,057	162,568	436,895
<b>GRANTS RECEIVED</b>					
As at 1st April 2010	-	11,356	-	30,540	41,896
Received in year	-	-	-	-	-
Repaid on Disposal	-	-	-	-	-
As at 31st March 2011	-	11,356	-	30,540	41,896
<b>AGGREGATE DEPRECIATION</b>					
As at 1st April 2010	85,525	5,470	27,670	97,902	216,567
Charge for year	2,093	6,286	2,981	16,379	27,739
Eliminated on disposal	-	-	-	(1,360)	(1,360)
As at 31st March 2011	87,618	11,756	30,651	112,921	242,946
<b>NET BOOK VALUE</b>					
As at 31st March 2011	1,151	13,389	118,406	19,107	152,053
As at 31st March 2010	1,889	5,469	121,387	33,101	161,846

#### 12. CAPITAL COMMITMENTS

	2011 £	2010 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	-	-

#### 13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2011 £	2010 £
Other		
Expiring within one year	330	-
Expiring between two and five years	791	1,039

# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 14. DEBTORS

	2011 £	2010 £
Arrears of Rent & Service Charges	79,539	63,855
Less: Provision for Doubtful Debts	(36,118)	(25,907)
	<u>43,421</u>	<u>37,948</u>
Other Debtors	119,120	121,064
	<u>162,541</u>	<u>159,012</u>

#### 15. CREDITORS: Amounts falling due within one year

	2011 £	2010 £
Housing Loans	146,353	137,421
Trade Creditors	99,230	-
Rent in Advance	39,121	43,579
Other Taxation and Social Security	24,568	14,455
Other Creditors	4,216	53,344
Accruals and Deferred Income	142,080	181,994
	<u>455,568</u>	<u>430,793</u>

At the balance sheet date there were pension contributions outstanding of £6,726 (2010 £5,094)

#### 16. CREDITORS: Amounts falling due after more than one year

	2011 £	2010 £
Housing Loans	<u>4,299,975</u>	<u>4,446,328</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	146,353	137,421
Between one and two years	155,867	146,353
Between two and five years	531,063	498,652
In five years or more	<u>3,613,045</u>	<u>3,801,323</u>
	4,446,328	4,583,749
Less: Amount shown in Current Liabilities	<u>146,353</u>	<u>137,421</u>
	<u>4,299,975</u>	<u>4,446,328</u>

# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2011 £	2010 £
Operating Surplus	848,476	677,885
Depreciation	132,696	162,663
Change in Debtors	2,926	302,168
Change in Creditors	15,824	(159,670)
Gain on sale of fixed assets	(61)	(124)
Share Capital Written Off	(28)	(27)
Net Cash Inflow from Operating Activities	<u>999,833</u>	<u>982,895</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2011 £	£	2010 £	£
Increase in Cash	81,089		119,518	
Cash flow from management of liquid resources	700,000		500,000	
Cash flow from change in debt	<u>137,421</u>		<u>129,034</u>	
Movement in net debt during year		918,510		748,552
Net debt at 1st April 2010		(2,500,923)		(3,249,475)
Net debt at 31st March 2011		<u>(1,582,413)</u>		<u>(2,500,923)</u>

<i>Analysis of changes in net debt</i>	At 01.04.10 £	Cash Flows £	Other Changes £	At 31.03.11 £
Cash at bank and in hand	1,182,826	81,089		1,263,915
Liquid Resources	900,000	700,000		1,600,000
Debt: Due within one year	(137,421)	137,421	(146,353)	(146,353)
Due after more than one year	<u>(4,446,328)</u>	-	<u>146,353</u>	<u>(4,299,975)</u>
Net Debt	<u>(2,500,923)</u>	<u>918,510</u>	<u>-</u>	<u>(1,582,413)</u>

# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2010	415
Issued in year	14
Cancelled in year	(28)
At 31st March 2011	<u>401</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

#### 19. RESERVES

(a) Designated Reserves	Cyclical Maintenance	Major Repairs	Total
	£	£	£
At 1st April 2010	107,515	1,468,704	1,576,219
Transfer to / (from) Revenue Reserves	-	574,994	574,994
At 31st March 2011	<u>107,515</u>	<u>2,043,698</u>	<u>2,151,213</u>

(b) Revenue Reserves	Total
	£
At 1st April 2010	452,365
Surplus for the year	766,658
Transfer (to) / from Designated Reserves	(574,994)
At 31st March 2011	<u>644,029</u>

#### 20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2011 No.	2010 No.
General Needs - New Build	-	-
- Rehabilitation	653	655
Shared Ownership	-	-
Supported Housing	-	-
	<u>653</u>	<u>655</u>

## CADDER HOUSING ASSOCIATION LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. RELATED PARTY TRANSACTIONS

Members of the Committee of Management are related parties of the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Committee of Management is summarised as follows:

- 7 members are tenants of the Association
- 4 members are factored owners
- 1 member is a relevant local councillor
- 1 member is an employee of a relevant local authority

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

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

The following transactions took place during the year between the Association and its related parties: Four members of the Management Committee were reimbursed for out of pocket expenses totalling £246.

#### 22. CURRENT ASSET INVESTMENTS

	2011	2010
	£	£
Short Term Deposits	<u>1,600,000</u>	<u>900,000</u>

#### 23. EXCEPTIONAL ITEM

The Association acquired many of its properties from Scottish Homes in 1998. The transfer agreement stipulated that the Association could retain the proceeds of the first 15 Right to Buy sales between October 2003 and October 2008. The proceeds of any Right to Buy sales over this limit would be required to be repaid to Scottish Homes.

The Association sold more than 15 houses during this period and would have been required to repay the sum of £331,674. This amount was included as a creditor in the accounts to March 2009. However, the Scottish Ministers decided that this amount would not require to be repaid subject to certain conditions being met.

The Association was able to satisfy these conditions by using this sum to help fund an extensive major repairs programme and as such the amount in question was released to the Income and Expenditure account in the previous year as an exceptional item.

## CADDER HOUSING ASSOCIATION LIMITED

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### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### **24. RETIREMENT BENEFIT OBLIGATIONS**

##### **General**

Cadder Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Cadder Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31st March 2008 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1st April 2008.

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

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Cadder Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were 14 active members of the Scheme employed by Cadder Housing Association Limited. The annual pensionable payroll in respect of these members was £360,666. Cadder Housing Association Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

## CADDER HOUSING ASSOCIATION LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 24. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2009 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295m. The valuation revealed a shortfall of assets compared with the value of liabilities of £160m (equivalent to a past service funding level of 64.8%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%.

#### Financial Assumptions

The financial assumptions underlying the valuation as at 30th September 2009 were as follows:

	% p.a.
- Investment return pre-retirement	7.4
- Investment return post-retirement - non pensioners	4.6
- Investment return post-retirement - pensioners	4.8
- Rate of Salary increases	4.5
- Rate of pension increases:	
pension accrued pre 6 April 2005 in excess of GMP	2.9
pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	3.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	<i>Males</i>	<i>Females</i>
	<i>Assumed life expectancy in years at age 65</i>	<i>Assumed life expectancy in years at age 65</i>
Non-pensioners	18.1	20.6
Pensioners	18.1	20.6

## CADDER HOUSING ASSOCIATION LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 24. RETIREMENT BENEFIT OBLIGATIONS (Continued)

##### Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable)</i>
Final salary - 60ths	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80ths	13.2
Career average 120ths	9.4

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the valuation it was agreed that the shortfall of £160m would be dealt with by the payment of additional contributions of 10.4% of pensionable salaries per annum with effect from 1st April 2011, increasing each 1 April in line with the rate of salary increases assumption.

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

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

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