

Cadder Housing Association Ltd
Report and Financial Statements
For the year ended 31st March 2013

Registered Housing Association No.HCB270

FCA Reference No. 2436R(S)

Scottish Charity No. SC036455

CADDER HOUSING ASSOCIATION LTD

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COMMITTEE OF MANAGEMENT, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2013

COMMITTEE OF MANAGEMENT

Linda Brown	Chairperson
George Matthew	Resigned September 2012
Elizabeth Doherty	Secretary
Jacqueline Hunter	
Frank Balloch	Resigned August 2012
Richard Hunter	
Ruby Hunter	Vice Chairperson
Margaret McDade	
Robert Sutherland	Treasurer
Baillie Mohammed Razaq	
Patricia Arnold	Resigned January 2013
John Delaney	From January 2013
Margaret Alexander	From January 2013

EXECUTIVE OFFICERS

Kenny Mollins	Director
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REGISTERED OFFICE

66 Skirsa Street
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 Ltd
Ladyloan Place
Drumchapel
Glasgow
G15 8LB

**REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2013**

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.

Donations

During the year the Association made charitable donations amounting to £500 (2011/12: £Nil).

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

ELIZABETH DOCHERTY

Secretary

26 August 2013

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2013

The Committee of Management presents its report and the Financial Statements for the year ended 31st March 2013.

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 Association has had a successful year in many fronts, firstly improving its governance arrangements through the development and review of key business planning documents; continuing with the Community Energy Saving Programme (C.E.S.P) to improve our tenant's homes; and continually improving aspects of our services.

The Association has made good progress in the development and review of key business planning documents and policies in the year. We have reviewed our strategic objectives and our aims are to: provide high quality services; improve participation and consultation in our work; develop staff and committee to excel in their roles; pursue development and regeneration opportunities to further improve Cadder; and maintain the financial viability of the Association. These objectives will inform our work plans to achieve our vision:

Cadder Housing Association aims to provide high quality services, be innovative in regeneration and customer focused to meet the housing and community needs of Cadder's people.

Our review of key business planning documents has included an assessment of the key risks facing the Association through its work and place in the housing sector. The main risks facing the Association include welfare reform; higher pension costs; maintain appropriate membership of the Committee with sufficient local knowledge, skills and abilities to govern the Association; and reduced public funding compromising our activities and future regeneration aspirations.

We will further develop our business planning and financial management documents through a full review of our Business Plan. This review will be informed by a stock condition survey which will assess the condition of all of our housing stock and inform our investment programme. As part of this survey we will issue a questionnaire to tenants on their aspirations for the improvement of their homes, which we will take into account to finalise our investment plan between 2013 -18 and beyond.

The C.E.S.P contract has been a major success in transforming the Cadder area, whilst providing a comprehensive range of improvements to ensure our properties are modern, warm and comfortable to meet the needs and aspirations of our tenants and their families. The C.E.S.P contract has been particularly challenging due to the scale of the project which required to be completed within prescribed timescales for funding by the Energy Regulator OFGEM, and adverse weather conditions preventing progress on external works for long periods. We would like to thank our tenants and owner-occupiers for their patience and understanding as we worked through the challenges of this project with our main contractor British Gas and other sub contractors.

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2013

Review of Business and Future Developments (Contd.)

The cost of the C.E.S.P contract totalled nearly £7.5million, of which £4.9 million is funded by the Association. We were able to fund these improvements through our cash reserves and a new loan facility. These improvement works ensure we achieve the Scottish Government's targets for the standards and energy efficiency of our homes through the Scottish Housing Quality Standard. We have required to increase our rents above the planned increase of inflation plus 1% to meet these costs, but we are pleased that this has been significantly offset by reductions our tenants are now seeing in their energy costs. Our objective will always be to maintain rents and service charges at an affordable and at the lowest level, although additional rent increases are necessary to pay for these improvements.

The Coalition Government's welfare reforms are a major challenge to the housing sector and its tenants. These reforms include the bedroom tax, which reduces the benefit entitlement of tenants receiving housing benefit where they are under occupying their homes. The Association through its Housing Management department and our Welfare Rights Officer have been pro-active in providing information, advice and assistance to affected tenants to mitigate the impact of this change to their benefit payments. The other main change to the benefits system is the introduction of Universal Credit, which will combine all benefits into one benefit payment. This will change payment arrangements for housing benefit and it is essential that all tenants are fully aware of their responsibilities to pay their rent.

The viability and sustainability of the Association is underpinned by our performance in maximising our income, whilst being prudent in our expenditure. Our performance in maximising income continues to be excellent and compares favourably with other housing associations in our peer group. In terms of current tenant rent arrears they were £56,392 (2.40% of the annual debit amount) and lost rental income for empty houses was £16,687 (0.71%) in the year. We monitor our performance closely in these areas to take early action in arrears cases, also to ensure there is good demand for Cadder and our properties thus allowing us to efficiently re-let our empty houses. We expect our sustainability to be enhanced through the completion of the C.E.S.P contract and the resulting attractiveness of Cadder and quality of our housing stock.

The Association continues to provide a comprehensive and quality repairs service and we attended 2,036 repairs in the year. 213 (10%) of these repairs were of an emergency nature and all were completed within 6 hours. The remaining non-emergency repairs had an average completion time of 4 working days to attend to repairs in our urgent and routine repair categories. We aim to further improve our repairs service through expansion of our direct labour operation through our staff structure review. This will ensure that tradesmen are based locally and being directly employed by the Association will result in greater efficiency and accountability in the delivery of this key service.

Cadder has benefited through the Association's work in regeneration and wider role initiatives. We have a long track record in providing employment opportunities in the delivery of our services. This approach provides long term unemployed people with training and work experience to improve their prospects of future employment; provides the Association with an additional resource in the upkeep and maintenance of the area; and ensures the provision of more affordable services to our tenants and owner-occupiers.

We continue to have plans to build a new community centre on the site of the sports centre at Fara Street. We are making good progress with our funding application to the potential main funder, The Big Lottery, as well as other funding sources to deliver this exciting project. A new community centre for Cadder is essential to meet the needs of our people in the provision of community, recreational and educational activities and services.

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2013

Review of Business and Future Developments (Contd.)

The key challenges for the Association in 2013-14 are to:

- Implement the Scottish Social Housing Charter which sets out standards for the delivery of services and activities to our tenants and other customers;
- Implement the Property Factors Legislation and Code of Conduct in the provision of factoring services to owner-occupiers;
- Complete the review of the staff structure;
- Undertake a stock condition survey to inform our Investment Plans;
- Undertake a full review of our Business Plan;
- Liaise closely with our tenants to mitigate the impact of the Government's Welfare Reforms.

**REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2013**

Committee of Management 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 Committee of Management'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 2010 and the Determination of Accounting Requirements 2012. 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. It is 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.

**REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2013**

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- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.


Donations

During the year the Association made charitable donations amounting to £500 (2011/12: £Nil).

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


ELIZABETH DOHERTY
Secretary
26 August 2013

REPORT BY THE AUDITORS TO THE COMMITTEE OF MANAGEMENT OF
CADDER HOUSING ASSOCIATION LTD
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 5 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
26 August 2013

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

We have audited the financial statements of Cadder Housing Association Ltd for the year ended 31st March 2013 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Committee of Management and Auditors

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law 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 Management Committee; 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 of the state of the Association's affairs as at 31st March 2013 and of its profit 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 Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

Matters on which we are required to report by exception

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

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- 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 LTD

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
26 August 2013

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2013

	Notes	£	2013 £	£	Restated 2012 £
TURNOVER	2.		2,575,013		2,466,085
Operating Costs	2.		(2,242,784)		(2,648,070)
OPERATING SURPLUS / (DEFICIT)	9.		332,229		(181,985)
Gain On Sale Of Housing Stock	7.	-		32,115	
Interest Receivable and Other Income		26,033		36,335	
Interest Payable and Similar Charges	8.	(162,829)		(162,908)	
			(136,796)		(94,458)
SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION			195,433		(276,443)

All amounts relate to continuing activities.

Historical cost surpluses and deficits are identical to those shown in the accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		2013 £	2012 £
Surplus for the financial year		195,433	(276,443)
Prior year adjustment	24.	418,790	666,010
Total gains recognised since last annual report		614,223	389,567

Total gains and losses recognised since last annual report

CADDER HOUSING ASSOCIATION LTD

BALANCE SHEET AS AT 31st MARCH 2013

	Notes	£	2013 £	£	Restated 2012 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		12,583,753		10,977,014
Less: Social Housing Grant	11.(a)		(4,132,442)		(4,278,518)
			<u>8,451,311</u>		<u>6,698,496</u>
Other fixed assets	11.(b)		177,883		142,462
			<u>8,629,194</u>		<u>6,840,958</u>
CURRENT ASSETS					
Debtors	14.	139,659		128,699	
Investments	22	2,600,586		1,900,279	
Cash at bank and in hand		2,171,057		1,470,805	
			<u>4,911,302</u>	<u>3,499,783</u>	
CREDITORS: Amounts falling due within one year	15.	(4,932,002)		(3,011,435)	
(NET CURRENT LIABILITIES)			<u>(20,700)</u>		<u>488,348</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			8,608,494		7,329,306
CREDITORS: Amounts falling due after more than one year	16.		(5,228,110)		(4,144,109)
NET ASSETS			<u>3,380,384</u>		<u>3,185,197</u>
CAPITAL AND RESERVES					
Share Capital	18.		142		388
Designated Reserves	19.(a)		1,151,213		2,151,213
Revenue Reserves	19.(b)		2,229,029		1,033,596
			<u>3,380,384</u>		<u>3,185,197</u>

The Financial Statements were approved by the Committee of Management and signed on their behalf on 26 August 2013.

Chairperson

L. Brown

Vice-Chairperson

R. L. L.

Secretary

E. J. J.

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2013**

	Notes	£	2013 £	£	2012 £
Net Cash Inflow from Operating Activities	17.		2,332,457		2,574,525
Returns on Investment and Servicing of Finance					
Interest Received		26,033		43,948	
Interest Paid		(162,829)		(164,657)	
Net Cash Outflow from Investment and Servicing of Finance			(136,796)		(120,709)
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties		(2,080,137)		(1,832,158)	
Purchase of Other Fixed Assets		(59,109)		(7,041)	
Proceeds on Disposal of Properties		-		38,904	
Net Cash Outflow from Capital Expenditure and Financial Investment			(2,139,246)		(1,800,295)
Net Cash Inflow before use of Liquid Resources and Financing			56,415		653,521
Management of Liquid Resources					
Change in short term deposits with banks			(700,307)		(300,279)
Financing					
Loan Advances Received		1,500,000		-	
Loan Principal Repayments		(155,867)		(146,353)	
Share Capital Issued		11		1	
Net Cash Inflow / (Outflow) from Financing			1,344,144		(146,352)
Increase in Cash	17.		700,252		206,890

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. 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

Retirement Benefits

The Association participates in the Scottish Housing Association 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. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Central Heating	15 years
Electrical Wiring	30 years
Kitchens	15 years
Bathrooms	30 years
Windows	25 years
Structure	50 years
Insulation	30 years

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

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 attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

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.

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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

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.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Income and Expenditure Account in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.

CADDER HOUSING ASSOCIATION LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2013			Restated 2012		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	2,405,657	1,947,357	458,300	2,420,790	2,530,430	(109,640)
Other Activities	4.	169,356	295,427	(126,071)	45,295	117,640	(72,345)
Total		2,575,013	2,242,784	332,229	2,466,085	2,648,070	(181,985)

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2013 Total £	Restated 2012 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	2,244,824	-	-	2,244,824	2,139,293
Service Charges Receivable	104,470	-	-	104,470	104,326
Gross Rents Receivable	2,349,294	-	-	2,349,294	2,243,619
Less: Rent losses from voids	16,687	-	-	16,687	13,919
Net Rents Receivable	2,332,607	-	-	2,332,607	2,229,700
Revenue Grants From Local Authorities and Other Agencies	73,050	-	-	73,050	191,090
Total Income From Social Letting	2,405,657	-	-	2,405,657	2,420,790
Expenditure on Social Letting Activities					
Service Costs	104,470	-	-	104,470	104,326
Management and maintenance administration costs	976,301	-	-	976,301	981,556
Reactive Maintenance	289,504	-	-	289,504	230,007
Bad Debts - Rents and Service Charges	21,795	-	-	21,795	19,111
Planned and Cyclical Maintenance, including Major Repairs	227,965	-	-	227,965	1,029,870
Depreciation of Social Housing	327,322	-	-	327,322	165,560
Operating Costs of Social Letting	1,947,357	-	-	1,947,357	2,530,430
Operating Surplus on Social Letting Activities	458,300	-	-	458,300	(109,640)
2012	(528,430)	-	-		

CADDER HOUSING ASSOCIATION LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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) 2013 £	Operating Surplus / (Deficit) 2012 £
Wider Role Activities	-	-	-	-	-	-	16,167	(16,167)	(1,014)
Factoring	-	-	-	15,928	15,928	1,605	15,928	(1,605)	(4,818)
Welfare Rights	-	-	-	-	-	-	20,702	(20,702)	(17,947)
Community Centre	-	128,133	-	24,535	152,668	-	190,514	(37,846)	(39,031)
Rechargeable Repair Bad debts	-	-	-	-	-	49,751	-	(49,751)	(9,535)
Other Activities	-	-	-	760	760	-	760	-	-
Total From Other Activities	-	128,133	-	41,223	169,356	51,356	244,071	(126,071)	(72,345)
2012	-	9,600	-	35,695	45,295	14,353	103,287	(72,345)	

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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.

2013	2012
£	£

No Officer of the Association received emoluments greater than £60,000.

No Pension contributions were made to Officers receiving greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)	48,866	33,410
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Payments to other organisations for the provision of Directors' services	-	64,271
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6. EMPLOYEE INFORMATION

2013	2012
------	------

No.	No.
-----	-----

The average monthly number of full time equivalent persons employed during the year was

30	36
----	----

The average total number of Employees employed during the year was

30	36
----	----

Staff Costs were:

£	£
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Wages and Salaries	652,298	621,609
Social Security Costs	47,477	43,212
Other Pension Costs	74,428	71,389
Temporary, Agency and Seconded Staff	50,579	83,947
	824,782	820,157

CADDER HOUSING ASSOCIATION LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2013	2012
	£	£
Sales Proceeds	-	38,904
Cost of Sales	-	6,789
Gain On Sale Of Housing Stock	-	32,115

8. INTEREST PAYABLE

	2013	2012
	£	£
On Bank Loans & Overdrafts	162,829	162,908

9. SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013	2012
	£	£
Surplus / (Deficit) on Ordinary Activities before Taxation is stated after charge		
Depreciation - Tangible Owned Fixed Assets	351,010	182,192
Auditors' Remuneration - Audit Services	6,840	6,485
- Other Services	-	780
Operating Lease Rentals - Other	1,294	1,706

10. TAX ON SURPLUS / (DEFICIT) 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 LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
As at 1st April 2012- restated	13,120,586	13,120,586
Additions	2,080,137	2,080,137
Disposals	(160,876)	(160,876)
As at 31st March 2013	15,039,847	15,039,847
DEPRECIATION		
As at 1st April 2012- restated	2,143,572	2,143,572
Charge for Year	327,322	327,322
Disposals	(14,800)	(14,800)
As at 31st March 2013	2,456,094	2,456,094
SOCIAL HOUSING GRANT		
As at 1st April 2012- restated	4,278,518	4,278,518
Disposals	(146,076)	(146,076)
As at 31st March 2013	4,132,442	4,132,442
NET BOOK VALUE		
As at 31st March 2013	8,451,311	8,451,311
As at 31st March 2012	6,698,496	6,698,496

Additions to housing properties includes capitalised development administration costs of £nil (2012 - £Nil) and capitalised major repair costs to existing properties of £2,080,137 (2012 £1,832,158)

All land and housing properties are freehold.

CADDER HOUSING ASSOCIATION LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Motor Vehicles £	Computer Equipment £	Office Premises £	Furniture & Equipment £	Total £
COST					
As at 1st April 2012	36,501	90,529	149,057	167,849	443,936
Additions	-	9,946	48,000	1,163	59,109
As at 31st March 2013	36,501	100,475	197,057	169,012	503,045
GRANTS RECEIVED					
As at 1st April 2012	11,356	-	-	30,540	41,896
As at 31st March 2013	11,356	-	-	30,540	41,896
AGGREGATE DEPRECIATION					
As at 1st April 2012	14,491	88,900	33,632	122,555	259,578
Charge for year	7,103	4,355	3,941	8,289	23,688
As at 31st March 2013	21,594	93,255	37,573	130,844	283,266
NET BOOK VALUE					
As at 31st March 2013	3,551	7,220	159,484	7,628	177,883
As at 31st March 2012	10,654	1,629	115,425	14,754	142,462

12. FINANCIAL COMMITMENTS

	2013 £	2012 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	-	1,397,832
Revenue Expenditure for major repairs that has been contracted for but has not been provided for in the Financial Statements.	223,250	1,121,554

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2013 £	2012 £
Land and Buildings		
Expiring within one year	3,800	-
Other		
Expiring within one year	503	915
Expiring between two and five years	791	791

CADDER HOUSING ASSOCIATION LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2013 £	2012 £
Arrears of Rent & Service Charges	84,519	78,070
Less: Provision for Doubtful Debts	(39,889)	(38,812)
	<u>44,630</u>	<u>39,258</u>
Other Debtors	95,029	89,441
	<u>139,659</u>	<u>128,699</u>

15. CREDITORS: Amounts falling due within one year

	2013 £	2012 £
Housing Loans	415,998	155,866
Trade Creditors	106,801	55,230
Rent in Advance	41,858	40,528
Other Taxation and Social Security	14,173	11,617
Other Creditors	27,163	65,560
Accruals and Deferred Income	4,326,009	2,682,634
	<u>4,932,002</u>	<u>3,011,435</u>

At the balance sheet date there were pension contributions outstanding of £27,324 (2012 £8,134)

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

	2013 £	2012 £
Housing Loans	<u>5,228,110</u>	<u>4,144,109</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	415,998	155,866
Between one and two years	426,787	165,998
Between two and five years	1,352,346	565,584
In five years or more	<u>3,448,977</u>	<u>3,412,527</u>
	5,644,108	4,299,975
Less: Amount shown in Current Liabilities	<u>415,998</u>	<u>155,866</u>
	<u>5,228,110</u>	<u>4,144,109</u>

CADDER HOUSING ASSOCIATION LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus / (deficit) to net cash inflow from operating activities</i>	2013 £	2012 £
Operating Surplus / (Deficit)	332,229	(181,985)
Depreciation	351,010	182,192
Change in Debtors	(10,960)	26,229
Change in Creditors	1,660,435	2,548,103
Share Capital Written Off	(257)	(14)
Net Cash Inflow from Operating Activities	<u>2,332,457</u>	<u>2,574,525</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2013 £	2012 £
Increase in Cash	700,252	206,890
Cash flow from management of liquid resources	700,307	300,279
Cash flow from change in debt	<u>(1,344,133)</u>	<u>146,353</u>
Movement in net debt during year	56,426	653,522
Net debt at 1st April 2012	<u>(928,891)</u>	<u>(1,582,413)</u>
Net debt at 31st March 2013	<u>(872,465)</u>	<u>(928,891)</u>

<i>Analysis of changes in net debt</i>	At 01.04.12 £	Cash Flows £	Other Changes £	At 31.03.13 £
Cash at bank and in hand	1,470,805	700,252		2,171,057
Liquid Resources	1,900,279	(700,307)		2,600,586
Debt: Due within one year	(155,866)	155,867	(415,999)	(415,998)
Due after more than one year	<u>(4,144,109)</u>	<u>(1,500,000)</u>	<u>415,999</u>	<u>(5,228,110)</u>
Net Debt	<u>(928,891)</u>	<u>(1,344,188)</u>	<u>-</u>	<u>(872,465)</u>

CADDER HOUSING ASSOCIATION LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2012	388
Issued in year	11
Cancelled in year	(257)
At 31st March 2013	<u>142</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 2012	107,515	2,043,698	2,151,213
Transfer to Revenue Reserves	-	(1,000,000)	(1,000,000)
At 31st March 2013	<u>107,515</u>	<u>1,043,698</u>	<u>1,151,213</u>

(b) Revenue Reserves	Total £
At 1st April 2012 (as originally stated)	614,806
Prior Year Adjustment	<u>418,790</u>
At 1st April 2012 (as restated)	1,033,596
Surplus for the year	195,433
Transfer from Designated Reserves	<u>1,000,000</u>
At 31st March 2013	<u>2,229,029</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2013 No.	2012 No.
General Needs - Rehabilitation	<u>652</u>	<u>652</u>
	<u>652</u>	<u>652</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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:

6 members are tenants of the Association

1 member is a factored owner

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.

22 CURRENT ASSET INVESTMENTS

	2013	2012
	£	£
Short Term Deposits	2,600,586	1,900,279

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 RETIREMENT BENEFIT OBLIGATIONS

General

Cadder Housing Association Ltd 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 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. This was last reviewed by the Association in March 2011, which maintained the existing arrangements from 1 April 2011.

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 Ltd paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

As at the balance sheet date there were 11 active members of the Scheme employed by Cadder Housing Association Ltd. The annual pensionable payroll in respect of these members was £341,917. Cadder Housing Association Ltd 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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%)."

Financial Assumptions

The key financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% p.a.
- Investment return pre-retirement	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Rate of Salary increases	4.1
- Rate of price inflation	
RPI	2.6
CPI	2.0

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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 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	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

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.

The trustees have recently supplied Cadder Housing Association Limited with an updated contribution figure to the past service deficit. From 1 April 2014 Cadder Housing Association Limited will be required to pay £72,545.26 per annum as a contribution to the past service deficit. This will represent an increase of 67% in Cadder Housing Association Limited's contribution to the past service deficit. The deficit contribution will increase each April by 3%

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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 RETIREMENT BENEFIT OBLIGATIONS (Continued)

Pension Position Going Forward

The Association has no current plans to leave the Pension Scheme due mainly to the significant debt on withdrawal amount. We will undertake a review of pension options for staff in 2013/14 to ensure pension costs do not compromise our ability to achieve our objectives in the management and maintenance of our tenant's homes and other services. This Committee of Management will be supported in this review of pension options by an Independent Pension Actuary.

24. PRIOR YEAR ADJUSTMENT

The Association has decided to classify insulation as a separate component of housing properties as it meets the requirements as set out in FRS 15- Tangible Fixed Assets. The accounting policy has been updated to capitalise insulation. As a result of this change in accounting policy, a prior year adjustment was required under Financial Reporting Standard 3 - Reporting Financial Performance.

The effect of capitalising insulation work has been to increase reserves as at 1 April 2012 by £418,790.

The figures in the 2012 Financial Statements have been adjusted as follows:

	Reported in 2012 Accounts £	Restated 2012 figures £	Change £
Housing Property	12,701,796	13,120,586	418,790
Revenue Reserves	<u>614,806</u>	<u>1,033,596</u>	<u>418,790</u>

The reported deficit in 2012 has been decreased by £418,790 and now stands at £276,443.