

Cadder Housing Association Ltd  
Report and Financial Statements  
For the year ended 31st March 2014

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 2014**

**COMMITTEE OF MANAGEMENT**

Linda Brown	Chairperson
Elizabeth Doherty	Secretary
Jacqueline Hunter	(Resigned 9 September 2013)
Richard Hunter	(Resigned 9 September 2013)
Ruby Hunter	Vice Chairperson
Margaret McDade	(Resigned 24 April 2014)
Robert Sutherland	Treasurer (Deceased 22 September 2013)
Baillie Mohammed Razaq	
John Delaney	Treasurer (Resigned 6 March 2014)
Margaret Alexander	(Resigned 18 February 2014)
Zafar Ahmad	
Helen McNab	(Appointed 23 January 2014)
May Gahagan	(Appointed 23 January 2014)
Quintin Goldie	(Resigned 27 February 2014)
Sheriff Popoola	(Appointed 29 May 2014)

**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	Harper MacLeod
7 West George Street	45 Gordon Street
Glasgow	Glasgow
G2 1BA	G1 3PE

**FINANCE AGENTS**

FMD Financial Services Ltd  
Ladyloan Place  
Drumchapel  
Glasgow  
G15 8LB

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REPORT OF THE COMMITTEE OF MANAGEMENT  
FOR THE YEAR ENDED 31ST MARCH 2014

The Committee of Management presents its report and the Financial Statements for the year ended 31st March 2014.

**Legal Status**

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014. 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 results for the year are shown in the Income and Expenditure Account. The Association reports a surplus for the year of £90,758 (2013 - £195,433)

The Association undertook a complete review of the staff structure during the year, which has seen services previously provided by consultants, contractors and other agencies, brought "in-house". This continued our direction of travel following the structure review in 2005 where maintenance of backcourts, common areas and open spaces were brought in-house through the creation of an estate caretaking team. This has been highly successful in improving the Cadder area. There are now 16 full or part time office staff and a further 10 staff in the direct labour arm of the Technical Services Department. The direct labour staff attend to its repair and maintenance services for tenants' homes and the upkeep and maintenance of the Cadder area. The other areas where we brought services in-house were in the provision of Welfare Rights and the Finance function. There is an improved management and services offering through this review of the staff structure.

During the year the Association also undertook a stock condition survey through David Adamson Surveyors which assessed the internal and external condition of the properties. 100% of properties were surveyed externally and 93% internally. The condition of the Association's stock was found to be very good. A key requirement was to assess the Association's compliance with SHQS and they found that 89% of the properties were compliant with SHQS, with 73 properties non-compliant and requiring work. The non-compliances are mainly alterations to kitchens and some minor works to bathrooms - it is anticipated that these issues will be rectified by the end of September 2014.

In terms of cash resources, the completion of the CESP project and costs of staff matters significantly reduced our cash reserves. This was deliberate to avoid the need to unnecessarily borrow money to boost our "cash in the bank" position. In March 2014 the Management Committee approved that the Association seek additional funding of £1.25 million over a 10 year period to replenish cash resources to a more comfortable level and to fund the Association's contribution to the new Community Centre. The Committee agreed to proceed with the new loan with our existing lender, Royal Bank of Scotland (RBS). RBS are satisfied that the Association is a viable and sustainable organisation with the ability to meet its loan repayments and its service and investment commitments. This matter is currently being progressed with RBS and we expect the funding to be in place by the end of September 2014.

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REPORT OF THE COMMITTEE OF MANAGEMENT  
FOR THE YEAR ENDED 31ST MARCH 2014

Review of Business and Future Developments (Contd)

Welfare reform continues to have an impact on the Association, with the Housing Management and Welfare Rights team continuing to be pro-active in terms of providing information, advice and assistance to affected tenants. The Association continues to monitor performance in this area and to take early action in arrears cases in order to mitigate the affects on the Association's finances.

The Association continues to be active in wider role and regeneration through its work in employability, but also in the management of the local community centre. The Association has managed the centre since the planned closure by Glasgow City Council in 2010 and subsequently acquired the land from the City Council in May 2014. The Association has now developed plans and secured the majority of funding to build a new community centre in Cadder. The build project is currently being tendered with a view to appointing a contractor at the end of August 2014, with work starting at the beginning of September 2014.

This year the Association's level of engagement with the Scottish Housing Regulator has increased from "Low" to "Medium" in recognition of our reduced cash position following the CESP project and also because of our plans and the associated risks of the new proposed Community Centre in Cadder. This means that we will provide the Regulator with detailed financial information in the form of budgets, business plans and quarterly accounts. The change in engagement level has been expected by the Committee due to our regeneration work and plans for Cadder and we will work with the Regulator to ensure that they receive all the information that they require.

During the year the Association undertook a full review of its Business Plan. A surplus of around £339K is projected for the financial year 14/15 resulting in an increase in our net assets. The Business Plan assumes the revised funding package, referred to above, of £1.25 million is in place. No issues arise in respect of covenant compliance or liquidity and the Plan shows that annual surpluses are capable of being achieved, subject to appropriate controls and adherence to Business Plan. We believe that the Plan sufficiently demonstrates to funders, the Scottish Housing Regulator and to other partners that the Association will remain financially viable over the short, medium and long term.

Finally, we have successfully implemented the Scottish Social Housing Charter during the year, reported the required outcomes to the Scottish Housing Regulator and implemented the Property Factors legislation and Code of Conduct in the provision of our factoring services to owners.

We look forward to an exciting year with the development of the new Community Centre, whilst continuing to strive to improve our core services to residents of the Cadder area.

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**REPORT OF THE COMMITTEE OF MANAGEMENT  
FOR THE YEAR ENDED 31ST MARCH 2014**

**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 Co-operative and Community Benefit Societies Act 2014, 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.

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REPORT OF THE COMMITTEE OF MANAGEMENT  
FOR THE YEAR ENDED 31ST MARCH 2014

**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 £800 (2013 £500).

**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

21 August 2014

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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".

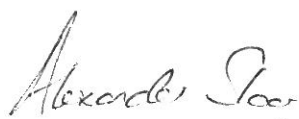
**Basis of Opinion**

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 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  
21 August 2014



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

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We have audited the financial statements of Cadder Housing Association Ltd for the year ended 31st March 2014 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 Co-operative and Community Benefit Societies Act 2014. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. 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 2014 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 Co-operative and Community Benefit Societies Act 2014, 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 Committee of Management Report is inconsistent with the financial statements.

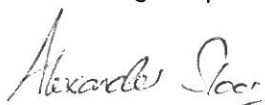
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CADDER HOUSING ASSOCIATION LTD

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

- 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.
- 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  
21 August 2014

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014

	Notes	2014 £	2013 £
TURNOVER	2.	2,565,903	2,575,013
Operating Costs	2.	(2,316,980)	(2,242,784)
OPERATING SURPLUS	9.	248,923	332,229
Gain On Sale Of Housing Stock	7.	13,336	-
Interest Receivable and Other Income		11,859	26,033
Interest Payable and Similar Charges	8.	(183,360)	(162,829)
		(158,165)	(136,796)
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		90,758	195,433

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.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2014 £	2013 £
Surplus for the financial year	90,758	195,433
Prior year adjustment	-	418,790
Total gains recognised since last annual report	90,758	614,223

# CADDER HOUSING ASSOCIATION LTD

## BALANCE SHEET AS AT 31st MARCH 2014

	Notes	£	2014 £	£	2013 £
<b>TANGIBLE FIXED ASSETS</b>					
Housing Properties - Depreciated Cost	11.(a)		12,239,916		12,583,753
Less: Social Housing Grant	11.(a)		(4,089,876)		(4,132,442)
			<u>8,150,040</u>		<u>8,451,311</u>
Other fixed assets	11.(b)		230,726		177,883
			<u>8,380,766</u>		<u>8,629,194</u>
<b>CURRENT ASSETS</b>					
Debtors	14.	125,999		139,659	
Investments	22.	1,701,128		2,600,586	
Cash at bank and in hand		689,849		2,171,057	
			<u>2,516,976</u>	<u>4,911,302</u>	
<b>CREDITORS: Amounts falling due within one year</b>	15.	(2,625,272)		(4,932,002)	
<b>(NET CURRENT LIABILITIES)</b>			<u>(108,296)</u>		<u>(20,700)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>8,272,470</u>		<u>8,608,494</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16.		(4,801,327)		(5,228,110)
<b>NET ASSETS</b>			<u>3,471,143</u>		<u>3,380,384</u>
<b>CAPITAL AND RESERVES</b>					
Share Capital	18.		143		142
Designated Reserves	19.(a)		1,151,213		1,151,213
Revenue Reserves	19.(b)		2,319,787		2,229,029
			<u>3,471,143</u>		<u>3,380,384</u>

The Financial Statements were approved by the Committee of Management and signed on their behalf on 21 August 2014.

*L. Brown.*

Chairperson

*PH*

Vice-Chairperson

*East*

Secretary

# CADDER HOUSING ASSOCIATION LTD

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

	Notes	£	2014 £	£	2013 £
Net Cash (Outflow) / Inflow from Operating Activities	17.		(1,711,561)		2,332,457
<b>Returns on Investment and Servicing of Finance</b>					
Interest Received		11,859		26,033	
Interest Paid		(177,170)		(162,829)	
<b>Net Cash Outflow from Investment and Servicing of Finance</b>			(165,311)		(136,796)
<b>Capital Expenditure and Financial Investment</b>					
Acquisition and Construction of Properties		(26,865)		(2,080,137)	
Purchase of Other Fixed Assets		(152,067)		(59,109)	
Other Grants Received		74,286			
Proceeds on Disposal of Properties		16,845			
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>			(87,801)		(2,139,246)
<b>Net Cash (Outflow) / Inflow before use of Liquid Resources and Financing</b>			(1,964,673)		56,415
<b>Management of Liquid Resources</b>					
Change in short term deposits with banks			899,458		(700,307)
<b>Financing</b>					
Loan Advances Received		-		1,500,000	
Loan Principal Repayments		(415,997)		(155,867)	
Share Capital Issued		4		11	
<b>Net Cash (Outflow) / Inflow from Financing</b>			(415,993)		1,344,144
<b>(Decrease) / Increase in Cash</b>	17.		(1,481,208)		700,252

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### 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 receivable.

##### **Retirement Benefits**

The Association participates in the Scottish Housing Association Defined Benefit 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 2014

### 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 2014

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 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2014			2013		
		Turnover	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£
Social Lettings	3.	2,530,986	2,238,522	292,464	2,405,657	1,947,357	458,300
Other Activities	4.	34,917	78,458	(43,541)	169,356	295,427	(126,071)
<b>Total</b>		<b>2,565,903</b>	<b>2,316,980</b>	<b>248,923</b>	<b>2,575,013</b>	<b>2,242,784</b>	<b>332,229</b>

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

	General Needs Housing	Supported Housing	Shared ownership	2014 Total	2013 Total
	£	£	£	£	£
<b>Income from Lettings</b>					
Rent Receivable Net of Identifiable Service Charges	2,358,923	-	-	2,358,923	2,244,824
Service Charges Receivable	109,813	-	-	109,813	104,470
<b>Gross Rents Receivable</b>	<b>2,468,736</b>	<b>-</b>	<b>-</b>	<b>2,468,736</b>	<b>2,349,294</b>
Less: Rent losses from voids	18,039	-	-	18,039	16,687
<b>Net Rents Receivable</b>	<b>2,450,697</b>	<b>-</b>	<b>-</b>	<b>2,450,697</b>	<b>2,332,607</b>
Revenue Grants from Scottish Ministers	-	-	-	-	-
Revenue Grants From Local Authorities and Other Agencies	80,289	-	-	80,289	73,050
<b>Total Income From Social Letting</b>	<b>2,530,986</b>	<b>-</b>	<b>-</b>	<b>2,530,986</b>	<b>2,405,657</b>
<b>Expenditure on Social Letting Activities</b>					
Service Costs	156,751	-	-	156,751	104,470
Management and maintenance administration costs	1,124,879	-	-	1,124,879	976,301
Reactive Maintenance	270,843	-	-	270,843	289,504
Bad Debts - Rents and Service Charges	33,926	-	-	33,926	21,795
Planned and Cyclical Maintenance, including Major Repairs	327,379	-	-	327,379	227,965
Depreciation of Social Housing	324,744	-	-	324,744	327,322
Impairment of Housing	-	-	-	-	-
<b>Operating Costs of Social Letting</b>	<b>2,238,522</b>	<b>-</b>	<b>-</b>	<b>2,238,522</b>	<b>1,947,357</b>
<b>Operating Surplus on Social Letting Activities</b>	<b>292,464</b>	<b>-</b>	<b>-</b>	<b>292,464</b>	<b>458,300</b>
<b>2013</b>	<b>458,300</b>	<b>-</b>	<b>-</b>		

# CADDER HOUSING ASSOCIATION LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

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) 2014 £	Operating Surplus /(Deficit) 2013 £
Wider Role Activities	-	1,250	-	-	1,250	-	27,186	(25,936)	(16,167)
Factoring	-	-	-	16,284	16,284	5,234	12,772	(1,722)	(1,605)
Welfare Rights	-	-	-	-	-	-	11,282	(11,282)	(20,702)
Community Centre	-	-	-	17,383	17,383	-	21,984	(4,601)	(37,846)
Rechargeable Repair Bad debts	-	-	-	-	-	-	-	-	(49,751)
<b>Total From Other Activities</b>	-	1,250	-	33,667	34,917	5,234	73,224	(43,541)	(126,071)
<b>2013</b>	-	128,133	-	41,223	169,356	51,356	244,071	(126,071)	

# CADDER HOUSING ASSOCIATION LTD

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

The Officers are defined in Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or servants of the Association.

	2014	2013
	£	£
Emoluments payable to Chief Executive (excluding pension contributions)	<u>71,492</u>	<u>48,866</u>

#### 6. EMPLOYEE INFORMATION

	2014	2013
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>31</u>	<u>30</u>
The average total number of Employees employed during the year was	<u>31</u>	<u>30</u>
Staff Costs were:	£	£
Wages and Salaries	651,464	652,298
Social Security Costs	57,561	47,477
Other Pension Costs	69,997	74,428
Temporary, Agency and Seconded Staff	98,920	50,579
	<u>877,942</u>	<u>824,782</u>

# CADDER HOUSING ASSOCIATION LTD

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	2014	2013
	£	£
Sales Proceeds	16,845	-
Cost of Sales	3,509	-
Gain On Sale Of Housing Stock	<u>13,336</u>	<u>-</u>

#### 8. INTEREST PAYABLE

	2014	2013
	£	£
On Bank Loans & Overdrafts	<u>183,360</u>	<u>162,829</u>

#### 9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014	2013
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	349,682	351,010
Auditors' Remuneration - Audit Services	7,000	6,840
- Other Services	-	-
Operating Lease Rentals - Land & Buildings	4,560	-
Operating Lease Rentals - Other	791	1,294
Gain on sale of fixed assets	<u>-</u>	<u>-</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 LTD

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
<b>COST</b>		
As at 1st April 2013	15,039,847	15,039,847
Additions	26,865	26,865
Disposals	(52,512)	(52,512)
Schemes Completed	-	-
As at 31st March 2014	15,014,200	15,014,200
<b>DEPRECIATION</b>		
As at 1st April 2013	2,456,094	2,456,094
Charge for Year	324,627	324,627
Disposals	(6,437)	(6,437)
As at 31st March 2014	2,774,284	2,774,284
<b>SOCIAL HOUSING GRANT</b>		
As at 1st April 2013	4,132,442	4,132,442
Additions	-	-
Disposals	(42,566)	(42,566)
Schemes Completed	-	-
As at 31st March 2014	4,089,876	4,089,876
<b>NET BOOK VALUE</b>		
As at 31st March 2014	8,150,040	8,150,040
As at 31st March 2013	8,451,311	8,451,311

Additions to housing properties includes capitalised development administration costs of £nil (2013 - £nil) and capitalised major repair costs to existing properties of £26,865 (2013 £2,080,137)

All land and housing properties are freehold.

# CADDER HOUSING ASSOCIATION LTD

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

##### b) Other Tangible Assets

	Motor Vehicles £	Computer Equipment £	Office Premises £	Office Furniture & Equipment £	Community Centre £	Total £
<b>COST</b>						
As at 1st April 2013	36,501	100,475	197,057	169,012	-	503,045
Additions	20,998	7,668	17,404	749	105,248	152,067
Eliminated on Disposals	-	-	-	-	-	-
As at 31st March 2014	57,499	108,143	214,461	169,761	105,248	655,112
<b>GRANTS RECEIVED</b>						
As at 1st April 2013	11,356	-	-	30,540	-	41,896
Received in year	-	-	-	-	74,286	74,286
Repaid on Disposal	-	-	-	-	-	-
As at 31st March 2014	11,356	-	-	30,540	74,286	116,182
<b>AGGREGATE DEPRECIATION</b>						
As at 1st April 2013	21,594	93,255	37,573	130,844	-	283,266
Charge for year	8,800	6,458	4,289	5,391	-	24,938
Eliminated on disposal	-	-	-	-	-	-
As at 31st March 2014	30,394	99,713	41,862	136,235	-	308,204
<b>NET BOOK VALUE</b>						
As at 31st March 2014	15,749	8,430	172,599	2,986	30,962	230,726
As at 31st March 2013	3,551	7,220	159,484	7,628	-	177,883

#### 12. CAPITAL COMMITMENTS

	2014 £	2013 £
Revenue Expenditure for major repairs that has been contracted for but has not been provided for in the Financial Statements.	-	223,250

#### 13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-

	2014 £	2013 £
<b>Land and Buildings</b>		
Expiring within one year	-	3,800
Expiring between two and five years	-	-
Expiring in over five years	4,560	-
<b>Other</b>		
Expiring within one year	-	503
Expiring between two and five years	791	791
Expiring in over five years	-	-

# CADDER HOUSING ASSOCIATION LTD

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 14. DEBTORS

	2014	2013
	£	£
Arrears of Rent & Service Charges	97,830	84,519
Less: Provision for Doubtful Debts	(53,981)	(39,889)
	<u>43,849</u>	<u>44,630</u>
Other Debtors	82,150	95,029
	<u>125,999</u>	<u>139,659</u>

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

	2014	2013
	£	£
Housing Loans	426,784	415,998
Trade Creditors	147,795	106,801
Rent in Advance	56,813	41,858
Other Taxation and Social Security	16,742	14,173
Other Creditors	1,899,834	27,163
Accruals and Deferred Income	77,304	4,326,009
	<u>2,625,272</u>	<u>4,932,002</u>

At the balance sheet date there were pension contributions outstanding of £7,550 (2013 £27,324)

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

	2014	2013
	£	£
Housing Loans	<u>4,801,327</u>	<u>5,228,110</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	426,784	415,998
Between one and two years	438,279	426,787
Between two and five years	1,394,496	1,352,346
In five years or more	<u>2,968,552</u>	<u>3,448,977</u>
	5,228,111	5,644,108
Less: Amount shown in Current Liabilities	<u>426,784</u>	<u>415,998</u>
	<u>4,801,327</u>	<u>5,228,110</u>

# CADDER HOUSING ASSOCIATION LTD

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 17. CASH FLOW STATEMENT

##### *Reconciliation of operating surplus to net cash (outflow) / inflow from operating activities*

	2014 £	2013 £
Operating Surplus	248,923	332,229
Depreciation	349,565	351,010
Change in Debtors	13,660	(10,960)
Change in Creditors	(2,323,706)	1,660,435
Share Capital Written Off	(3)	(257)
Net Cash (Outflow) / Inflow from Operating Activities	<u>(1,711,561)</u>	<u>2,332,457</u>

##### *Reconciliation of net cash flow to movement in net debt*

	2014 £	£	2013 £	£
(Decrease) / Increase in Cash	(1,481,208)		700,252	
Cash flow from management of liquid resources	(899,458)		700,307	
Cash flow from change in debt	415,997		(1,344,133)	
Movement in net debt during year		(1,964,669)		56,426
Net debt at 1st April 2013		(872,465)		(928,891)
Net debt at 31st March 2014		<u>(2,837,134)</u>		<u>(872,465)</u>

##### *Analysis of changes in net debt*

	At 01.04.13 £	Cash Flows £	Other Changes £	At 31.03.14 £
Cash at bank and in hand	2,171,057	(1,481,208)		689,849
Bank Overdrafts	-	-		-
Liquid Resources	2,171,057	(1,481,208)		689,849
Debt: Due within one year	2,600,586	899,458		1,701,128
Due after more than one year	(415,998)	415,997	(426,783)	(426,784)
	(5,228,110)		426,783	(4,801,327)
Net Debt	<u>(872,465)</u>	<u>(165,753)</u>	-	<u>(2,837,134)</u>



# CADDER HOUSING ASSOCIATION LTD

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2013	142
Issued in year	4
Cancelled in year	(3)
At 31st March 2014	<u>143</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 2013	107,515	1,043,698	1,151,213
Transfer to / (from) Revenue Res	-	-	-
At 31st March 2014	<u>107,515</u>	<u>1,043,698</u>	<u>1,151,213</u>

##### (b) Revenue Reserves

	Total £
At 1st April 2013	2,229,029
Surplus for the year	90,758
Transfer (to) / from Designated Reserves	-
At 31st March 2014	<u>2,319,787</u>

#### 20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-

General Needs - New Build  
- Rehabilitation

Shared Ownership

Supported Housing

	2014 No.	2013 No.
	-	-
	651	652
	-	-
	-	-
	<u>651</u>	<u>652</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

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:

9 members are tenants of the Association

3 members are factored owners

1 member is a relevant local councillor

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

	2014	2013
	£	£
Short Term Deposits	1,701,128	2,600,586

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

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 continue to offer the Final Salary scheme until 31 March 2015 for existing employees. New employees are eligible to join the SHAPS Defined Contribution scheme and from 1st April 2015 this will be the only active scheme available to employees.

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 6 active members of the Scheme employed by Cadder Housing Association Ltd. The annual pensionable payroll in respect of these members was £234,850. Cadder Housing Association Ltd continues to offer membership of the Final Salary Scheme to its employees and from 1st April 2014 also offers membership of the SHAPS Defined Contribution scheme.

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 2014

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 2014

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 salaries)</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 Ltd with an updated contribution figure to the past service deficit. From 1 April 2014 Cadder Housing Association Ltd will be required to pay £72,545.26 per annum as a 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.