

Cadder Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2012

Registered Housing Association No.HCB 270

FSA Reference No. 2436R(S)

Scottish Charity No. SC036455

CADDER HOUSING ASSOCIATION LIMITED

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CADDER HOUSING ASSOCIATION LIMITED

**COMMITTEE OF MANAGEMENT, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2012**

COMMITTEE OF MANAGEMENT

Linda Brown	Chairperson
George Matthew	Vice Chair
Elizabeth Doherty	Secretary
Jacqui Hunter	Treasurer
Frank Balloch	
Fred Danquah	Resigned November 2011
Fred Dawson	Resigned October 2011
Mary Dawson	Resigned October 2011
Lorraine Foulds	Resigned March 2012
Richard Hunter	
Ruby Hunter	
Margaret McDade	Appointed September 2011
Robert Sutherland	
Mae Sutton	Resigned October 2011
Councillor. M Razaq	
Patricia Arnold	Co-opted November 2011

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 AGENT

FMD Financial Services Ltd
Ladyloan Place
Drumchapel
Glasgow
G15 8LB

CADDER HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2012

The Committee of Management presents its report and the Financial Statements for the year ended 31st March 2012.

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 continued to make good progress against our key strategic objectives in the year, which can be summarised as ensuring we are a viable and sustainable association; providing quality services; and improving the quality of life and living conditions for all Cadder residents.

The Association was supported by Bridges Housing Association following the departure of the Director where they provided leadership and direction to the Association during a very challenging period. The Management Committee assessed the strategic options for the future delivery of the housing service in Cadder and concluded that the Association should remain an independent organisation. The Association has recently reappointed Kenny Mollins as its new Director and he will take up his post early in 2012-13.

The viability and sustainability of the Association is underpinned by our performance in maximising our income, whilst being prudent in our expenditure. We continue to have excellent performance where we are within the top quartile of performers in our Peer Group across many areas, but specifically in the management of rent arrears and empty houses which can affect our income levels. Our performance in the year was £58,095 (2.59%) for current tenant arrears and lost rental income for empty properties was £13,919 (0.62%). The turnover of empty properties each year continues to be low at around 10% and there is good demand for all our housing stock, which are key factors that inform the sustainability of the Association. We expect our sustainability will be enhanced through the major improvement work we are currently undertaking improvements through the Community Energy Saving Programme (CESP) work.

We continue to effectively manage arrears where we take action against tenants who fail to pay their rent, this with the clear objective of maximising our income and allowing us to continue to deliver a programme of improvement work and quality services to our tenants and service users. We support our tenants to pay their rent and maintain any repayment arrangements through close communication with designated Housing Officers, but we also provide support services through our Welfare Rights Officer and Debt counselling service. Our Welfare Rights Service was affected in the year due to unfortunate circumstances, but through this service we were able to support tenants by increasing their income by £128,000 in the payment of personal and housing benefits.

Going forward we continue to recognise the challenge in the economy where many of our households are experiencing financial hardship and difficulty. Tenants on low incomes who are in receipt of housing benefit will likely be affected through the Coalition Government's Welfare Reforms which will change the level and payment arrangements for housing benefit. Our Housing Management and Welfare Rights Officer will identify tenants likely to be affected through Welfare Reform and assess the support and options to mitigate the impact of these changes.

The Association continues to provide a quality repair service where we completed 2,135 repairs in the year. Our performance was also very good where we attended all emergency repairs within the target timescale of 6 hours and completed non emergency repairs at an average of 4 working days.

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2012

Review of Business and Future Developments (Contd.)

We continue to explore opportunities to attract funding to the area to enhance our investment plans. This is clearly evident through our programme of environmental improvements where we completed our renovation of the backcourts in Scapa Street and Tresta Road in partnership with the Wise Group. This work included the installation of new rear door screens, demolition of the rear canopies and bin stores, alternative bin provision and new environmental backcourt landscape project.

The CESP project in partnership with British Gas has attracted further investment and through acceleration of our investment programme we are delivering a full package of improvements. These improvements will improve the condition of our properties and improve the energy efficiency, thus resulting in reduced heating costs for our tenants and owners who participate in the scheme. The project commenced in October 2011 and included the following work:

- External wall insulation and render to 64 tenement buildings and 93 terraced/semi-detached properties;
- Renewal of 474 central heating systems and controls;
- Installation of UPVC windows;
- Renewal of front and back doors to 93 Terraces/semi-detached properties
- Upgrading loft insulation to all properties
- Renewal of associated gutters downpipes and soil and vent pipes to upgraded properties.

The work will cost the association around £5.1 million and it is estimated that the grant to the Association and owner-occupiers totals over £3 million through generated carbon savings. The project is expected to be completed in October 2012

Our Maintenance Department will continue to progress the CESP project through to its scheduled completion date in October 2012; the environmental programme to upgrade the backcourts between 24-62 Vaila Street; and focus on further improving our maintenance service. Another key challenge will be to update our long term investment plans and to facilitate this task we will commence a stock condition survey in 2012-13.

We continue to provide employment opportunities through the Association's work, but mainly in the upkeep and maintenance of the backcourts, common areas and open spaces. We gave 39 long term unemployed people training and work experience and fixed term posts, which complemented our modern apprentice programme. We have commenced a full evaluation of the Estate Caretaking service by Community Regeneration Unit of Cunninghame Housing Association and the Association will assess its findings and address any opportunities to further develop and enhance the work of our Estate Caretaking service.

Finally, the key challenges in 2012-13 will be implementing the Government's Scottish Social Housing Charter where it will identify the key measures for all social landlords to achieve against the Charter outcomes. We will also commence a full review of our Governance structure, update our strategic documents identifying our strategic objectives and management plans for the next 3/5 years, as well as commence a review of the Staff Structure.

CADDER HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2012

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 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. 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.

CADDER HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2012

Statement on Internal Financial Control

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

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

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

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

Auditors

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

By order of the Committee of Management



E DOHERTY

Secretary

27 August 2012

CADDER HOUSING ASSOCIATION LIMITED

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

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

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on Page 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
27 August 2012

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

We have audited the financial statements of Cadder Housing Association Limited for the year ended 31st March 2012 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

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 2012 and of its income and expenditure 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 2001 and the Registered Social Landlords Accounting Requirements

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 LIMITED**

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
27 August 2012

CADDER HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012

	Notes	2012 £	Restated 2011 £
TURNOVER	2.	2,466,085	2,619,542
Operating Costs	2.	<u>(3,066,860)</u>	<u>(1,795,314)</u>
OPERATING (DEFICIT) / SURPLUS	9.	(600,775)	824,228
Gain On Sale Of Housing Stock	7.	32,115	60,138
Interest Receivable and Other Income		36,335	17,712
Interest Payable and Similar Charges	8.	<u>(162,908)</u>	<u>(159,668)</u>
		(94,458)	(81,818)
(DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES		<u><u>(695,233)</u></u>	<u><u>742,410</u></u>

All amounts relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2012 £	Restated 2011 £
(Deficit) / Surplus for the financial year	(695,233)	742,410
Prior year adjustment (as explained in Note 24)	<u>666,010</u>	<u>-</u>
Total losses and gains recognised since last annual report	<u><u>(29,223)</u></u>	<u><u>742,410</u></u>

CADDER HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2012

	Notes	2012	Restated 2011
		£	£
TANGIBLE FIXED ASSETS			
Housing Properties - Depreciated Cost	11.(a)	10,558,224	9,317,205
Less: Social Housing Grant	11.(a)	(4,278,518)	(4,278,518)
		<u>6,279,706</u>	<u>5,038,687</u>
Other fixed assets	11.(b)	142,462	152,053
		<u>6,422,168</u>	<u>5,190,740</u>
CURRENT ASSETS			
Debtors	14.	128,699	162,541
Investments	22.	1,900,279	1,600,000
Cash at bank and in hand		1,470,805	1,263,915
		<u>3,499,783</u>	<u>3,026,456</u>
CREDITORS: Amounts falling due within one year	15.	<u>(3,011,435)</u>	<u>(455,568)</u>
NET CURRENT ASSETS		<u>488,348</u>	<u>2,570,888</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,910,516</u>	<u>7,761,628</u>
CREDITORS: Amounts falling due after more than one year	16.	<u>(4,144,109)</u>	<u>(4,299,975)</u>
NET ASSETS		<u><u>2,766,407</u></u>	<u><u>3,461,653</u></u>
CAPITAL AND RESERVES			
Share Capital	18.	388	401
Designated Reserves	19.(a)	2,151,213	2,151,213
Revenue Reserves	19.(b)	614,806	1,310,039
		<u>2,766,407</u>	<u>3,461,653</u>

The Financial Statements were approved by the Committee of Management and signed on their behalf on 27 August 2012.

Linda Brown
Chairperson

L. Brown.

Ruby Hunter
Committee Member

R. Hunter

Elizabeth Doherty
Secretary

E. Doherty

CADDER HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2012

	Notes	2012 £	2011 £
Net Cash Inflow from Operating Activities	17.	2,155,735	1,046,004
Returns on Investment and Servicing of Finance			
Interest Received		43,948	11,257
Interest Paid		(164,657)	(159,649)
Net Cash Outflow from Investment and Servicing of Finance		<u>(120,709)</u>	<u>(148,392)</u>
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(1,413,368)	(34,498)
Purchase of Other Fixed Assets		(7,041)	(18,285)
Social Housing Grant Received		-	-
Proceeds on Disposal of Properties		38,904	73,267
Proceeds on Disposal of Other Fixed Assets		-	400
Net Cash (Outflow) / Inflow from Capital Expenditure and Financial Investment		<u>(1,381,505)</u>	<u>20,884</u>
Net Cash Inflow before use of Liquid Resources and Financing		<u>653,521</u>	<u>918,496</u>
Management of Liquid Resources			
Change in short term deposits with banks		(300,279)	(700,000)
Financing			
Loan Principal Repayments		(146,353)	(137,421)
Share Capital Issued		1	14
Net Cash Outflow from Financing		<u>(146,352)</u>	<u>(137,407)</u>
Increase in Cash	17.	<u><u>206,890</u></u>	<u><u>81,089</u></u>

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

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 Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

Turnover

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

Retirement Benefits

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

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

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

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

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 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2012			2011		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	2,420,790	2,949,220	(528,430)	2,500,332	1,643,589	856,743
Other Activities	4.	45,295	117,640	(72,345)	119,210	151,725	(32,515)
Total		2,466,085	3,066,860	(600,775)	2,619,542	1,795,314	824,228

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2012 Total £	Restated 2011 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	2,139,293	-	-	2,139,293	2,031,831
Service Charges Receivable	104,326	-	-	104,326	104,454
Gross Rents Receivable	2,243,619	-	-	2,243,619	2,136,285
Less: Rent losses from voids	13,919	-	-	13,919	16,502
Net Rents Receivable	2,229,700	-	-	2,229,700	2,119,783
Revenue Grants from Scottish Ministers	-	-	-	-	39,512
Revenue Grants From Local Authorities and Other Agencies	191,090	-	-	191,090	341,037
Total Income From Social Letting	2,420,790	-	-	2,420,790	2,500,332
Expenditure on Social Letting Activities					
Service Costs	104,326	-	-	104,326	177,868
Management and maintenance administration costs	981,556	-	-	981,556	869,112
Reactive Maintenance	230,007	-	-	230,007	187,988
Bad Debts - Rents and Service Charges	19,111	-	-	19,111	17,280
Planned and Cyclical Maintenance, including Major Repairs	1,448,660	-	-	1,448,660	215,965
Depreciation of Social Housing	165,560	-	-	165,560	175,376
Operating Costs of Social Letting	2,949,220	-	-	2,949,220	1,643,589
Operating Surplus on Social Letting Activities	(528,430)	-	-	(528,430)	856,743
2011	856,743	-	-		

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

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) 2012	Operating Surplus / (Deficit) 2011
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	1,014	(1,014)	(10,899)
Factoring	-	-	-	14,754	14,754	4,818	14,754	(4,818)	(5,058)
Agency / Management services for other RSLs	-	-	-	14,021	14,021	-	14,021	-	-
Welfare Rights	-	-	-	-	-	-	17,947	(17,947)	(3,947)
Community Centre	-	9,600	-	6,920	16,520	-	55,551	(39,031)	-
Rechargeable Repair Bad Debts	-	-	-	-	-	9,535	-	(9,535)	(12,611)
Total From Other Activities	-	<u>9,600</u>	-	<u>35,695</u>	<u>45,295</u>	<u>14,353</u>	<u>103,287</u>	<u>(72,345)</u>	<u>(32,515)</u>
2011	15,750	56,212	-	47,248	119,210	17,822	133,903	(32,515)	

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

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.

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

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

Emoluments payable to Chief Executive (excluding pension contributions)

Payments to other organisations for the provision of Directors' services

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

	Number	Number
£60,001 to £70,000	-	1

6. EMPLOYEE INFORMATION

	2012	2011
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	36	44

The average total number of Employees employed during the year was	36	44
--	----	----

Staff Costs were:	£	£
Wages and Salaries	621,609	711,392
Social Security Costs	43,212	49,678
Other Pension Costs	71,389	55,543
Temporary, Agency and Seconded Staff	83,947	36,248
	<u>820,157</u>	<u>852,861</u>

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2012	2011
	£	£
Sales Proceeds	38,904	73,267
Cost of Sales	6,789	13,129
Gain On Sale Of Housing Stock	<u>32,115</u>	<u>60,138</u>

8. INTEREST PAYABLE

	2012	2011
	£	£
On Bank Loans & Overdrafts	<u>162,908</u>	<u>159,668</u>

9. (DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES

	2012	2011
	£	£
(Deficit) / Surplus on Ordinary Activities before Taxation is stated after charge		
Depreciation - Tangible Owned Fixed Assets	182,192	203,115
Auditors' Remuneration - Audit Services	6,485	6,795
- Other Services	780	-
Operating Lease Rentals - Other	1,706	1,121
Gain on sale of fixed assets	<u>-</u>	<u>(61)</u>

10. TAX ON (DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES

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

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Shared Ownership In course of Construction £	Total £
COST					
As at 1st April 2011- restated	11,297,143	-	-	-	11,297,143
Additions	1,413,368	-	-	-	1,413,368
Disposals	(8,715)	-	-	-	(8,715)
As at 31st March 2012	<u>12,701,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,701,796</u>
DEPRECIATION					
As at 1st April 2011- restated	1,979,938	-	-	-	1,979,938
Charge for Year	165,560	-	-	-	165,560
Disposals	(1,926)	-	-	-	(1,926)
As at 31st March 2012	<u>2,143,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,143,572</u>
SOCIAL HOUSING GRANT					
As at 1st April 2011- restated	4,278,518	-	-	-	4,278,518
As at 31st March 2012	<u>4,278,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,278,518</u>
NET BOOK VALUE					
As at 31st March 2012	<u>6,279,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,279,706</u>
As at 31st March 2011	<u>5,038,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,038,687</u>

Additions to housing properties includes capitalised development administration costs of £Nil (2011 - £Nil) and capitalised major repair costs to existing properties of £1,413,368 (2011 £34,500)

All land and housing properties are freehold.

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Computer Equipment £	Motor Vehicles £	Office Premises £	Furniture & Equipment £	Total £
COST					
As at 1st April 2011	88,769	36,501	149,057	162,568	436,895
Additions	1,760	-	-	5,281	7,041
As at 31st March 2012	<u>90,529</u>	<u>36,501</u>	<u>149,057</u>	<u>167,849</u>	<u>443,936</u>
GRANTS RECEIVED					
As at 1st April 2011	-	11,356	-	30,540	41,896
As at 31st March 2012	-	11,356	-	30,540	41,896
AGGREGATE DEPRECIATION					
As at 1st April 2011	87,618	11,756	30,651	112,921	242,946
Charge for year	1,282	2,735	2,981	9,634	16,632
As at 31st March 2012	<u>88,900</u>	<u>14,491</u>	<u>33,632</u>	<u>122,555</u>	<u>259,578</u>
NET BOOK VALUE					
As at 31st March 2012	<u>1,629</u>	<u>10,654</u>	<u>115,425</u>	<u>14,754</u>	<u>142,462</u>
As at 31st March 2011	<u>1,151</u>	<u>13,389</u>	<u>118,406</u>	<u>19,107</u>	<u>152,053</u>

12. FINANCIAL COMMITMENTS

	2012 £	2011 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>1,397,832</u>	<u>-</u>
Revenue Expenditure for major repairs that has been contracted for but has not been provided for in the Financial Statements	<u>1,121,554</u>	<u>-</u>

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:-	2012 £	2011 £
Other		
Expiring within one year	915	330
Expiring between two and five years	<u>791</u>	<u>791</u>

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2012	2011
	£	£
Arrears of Rent & Service Charges	78,070	79,539
Less: Provision for Doubtful Debts	(38,812)	(36,118)
	<u>39,258</u>	<u>43,421</u>
Other Debtors	89,441	119,120
	<u>128,699</u>	<u>162,541</u>

15. CREDITORS: Amounts falling due within one year

	2012	2011
	£	£
Housing Loans	155,866	146,353
Trade Creditors	55,230	99,230
Rent in Advance	40,528	39,121
Other Taxation and Social Security	11,617	17,842
Other Creditors	65,560	96,684
Accruals and Deferred Income	2,682,634	56,338
	<u>3,011,435</u>	<u>455,568</u>

At the balance sheet date there were pension contributions outstanding of £8,134 (2011 £6,726)

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

	2012	2011
	£	£
Housing Loans	<u>4,144,109</u>	<u>4,299,975</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	155,866	146,353
Between one and two years	165,998	155,867
Between two and five years	565,584	531,063
In five years or more	3,412,527	3,613,045
	<u>4,299,975</u>	<u>4,446,328</u>
Less: Amount shown in Current Liabilities	155,866	146,353
	<u>4,144,109</u>	<u>4,299,975</u>

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH FLOW STATEMENT

<i>Reconciliation of operating (deficit) / surplus to net cash inflow from operating activities</i>	2012 £	2011 £
Operating (Deficit) / Surplus	(600,775)	824,228
Depreciation	182,192	203,115
Change in Debtors	26,229	2,926
Change in Creditors	2,548,103	15,824
Gain on sale of fixed assets	-	(61)
Share Capital Written Off	(14)	(28)
Net Cash Inflow from Operating Activities	<u>2,155,735</u>	<u>1,046,004</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2012 £	£	2011 £	£
Increase in Cash	206,890		81,089	
Cash flow from management of liquid resources	300,279		700,000	
Cash flow from change in debt	<u>146,353</u>		<u>137,421</u>	
Movement in net debt during year		653,522		918,510
Net debt at 1st April 2011		(1,582,413)		(2,500,923)
Net debt at 31st March 2012		<u>(928,891)</u>		<u>(1,582,413)</u>

<i>Analysis of changes in net debt</i>	At 01.04.11 £	Cash Flows £	Other Changes £	At 31.03.12 £
Cash at bank and in hand	1,263,915	206,890		1,470,805
Liquid Resources	1,600,000	300,279		1,900,279
Debt: Due within one year	(146,353)	146,353	(155,866)	(155,866)
Due after more than one year	<u>(4,299,975)</u>	-	155,866	<u>(4,144,109)</u>
Net Debt	<u>(1,582,413)</u>	<u>653,522</u>	-	<u>(928,891)</u>

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2011	401
Issued in year	1
Cancelled in year	(14)
At 31st March 2012	<u>388</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 2011	107,515	2,043,698	2,151,213
Transfer to / (from) Revenue Reserves	-	-	-
At 31st March 2012	<u>107,515</u>	<u>2,043,698</u>	<u>2,151,213</u>

(b) Revenue Reserves

	Total £
At 1st April 2011 as previous stated	644,029
Prior year adjustment	666,010
At 1st April 2011 (as restated)	<u>1,310,039</u>
(Deficit) / Surplus for the year	(695,233)
Transfer (to) / from Designated Reserves	-
At 31st March 2012	<u>614,806</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2012	2011
General Needs - Rehabilitation	<u>No.</u> 652	<u>No.</u> 653

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

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:

- 5 members are tenants of the Association
- 1 member is a factored owner
- 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.

The following transactions took place during the year between the Association and its related parties:

Seven members of the Management Committee were reimbursed for out of pocket expenses totalling £2,075. (2011: Four members received £246.)

22. CURRENT ASSET INVESTMENTS

	2012	2011
	£	£
Short Term Deposits	<u>1,900,279</u>	<u>1,600,000</u>

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS

General

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

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

The Scheme offers five benefit structures to employers, namely:

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

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

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

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

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

During the accounting period Cadder Housing Association Limited paid contributions at the rate of 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 Limited. The annual pensionable payroll in respect of these members was £354,387. Cadder Housing Association Limited continues to offer membership of the Scheme to its employees.

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

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

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

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

Financial Assumptions

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

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

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

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	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80ths	13.2
Career average 120ths	9.4

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

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

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

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

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

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. PRIOR YEAR ADJUSTMENT

During the year, the Association changed its accounting policy in relation to housing properties and depreciation, as detailed in Note 1 of the Financial Statements, in order to incorporate component accounting. Major repairs which relate to identified components are capitalised, with major components being depreciated over the estimated useful economic lives of each identified component.

As a result of the change in accounting policy, a prior year adjustment has been required under Financial Reporting Standard 3 - Reporting Financial Performance and Financial Reporting Standard 18 - Accounting Policies, as follows:

The effect of adopting component accounting has been to increase reserves as at 1 April 2010 by £690,258

The figures in the 2011 Financial Statements have been adjusted as follows:

	Reported in 2011 Accounts £	Restated 2011 figures £	Change £
Housing Property	4,372,677	5,038,687	666,010
Revenue Reserves	<u>644,029</u>	<u>1,310,039</u>	<u>666,010</u>
Housing Depreciation Charge	104,957	175,376	70,419
Major Repairs Charge	<u>95,414</u>	<u>49,243</u>	<u>(46,171)</u>

The reported surplus in 2011 has been decreased by £24,248 and now stands at £742,410