

Cadder Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2015

Registered Housing Association No.HCB270

FCA Reference No. 2436R(S)

Scottish Charity No. SC036455

CADDER HOUSING ASSOCIATION LIMITED

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CADDER HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2015

MANAGEMENT COMMITTEE

Linda Brown	Chairperson
Elizabeth Doherty	Secretary
Ruby Hunter	Vice Chairperson
Baillie Mohammed Razaq	
Zafar Ahmad	
Helen McNab	
May Gahagan	
Sheriff Popoola	Appointed 29 May 2014
Margaret McDade	Resigned 24 April 2014
Lyndsey Connor	Appointed 4 Dec 2014, resigned 26 March 2015

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

REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2015

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2015.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2436R(S). The Association is governed 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

Review of Business

The Association reports a surplus for the year of £1,247,140 (2014 - £90,758).

The surplus for the year includes release of a provision previously made of £613K to cover additional miscellaneous expenditure incurred by the Association as part of the CESP contract with British Gas. This has been reported as an exceptional item in the accounts due to the significant amount of the credit booked through the Income and Expenditure account.

The Association's staff continues perform well across many areas - in particular in working proactively to mitigate the effects of welfare reform and achieving relatively low void losses and bad debt costs during the year of 0.72% and 0.71% of income respectively. The Association will continue to monitor the effects of welfare reform with a view to proactively taking steps to minimise the impact on the finances of the Association.

Following the staff restructure in the last financial year, the Direct Labour Organisation has been fully operational throughout the year and has completed a number of kitchens, bathrooms and full or partial electrical re-wires along with the majority of the day to day repairs and environmental services for the Association. Initial analysis of cost of operating the DLO indicates that the in-house service provides good value for money compared to the cost of using external contractors. The Association will continue to analyse and monitor costs of its services to ensure best value.

During the year the Association secured additional finance through the Royal Bank of Scotland to allow investment in the new Community Centre and to support our investment strategy and business plan. This additional funding of £1.25M will be drawn down in the last quarter of 2015.

Future Developments

The new Community Centre is on target to be completed in the last quarter of 2015 and the Association is now focussing on marketing the centre. Revenue grant funding has been obtained to provide support for the first five years and the Association will continue to pursue other opportunities for grant funding and other revenue streams for the centre.

The existing Community Centre will be refurbished for use as offices for the Association with a view to relocating in early 2016. The Association is considering the options for the existing offices which include converting them back into housing stock or, potentially, disposing of them.

During the year the Association purchased an area of land at Tresta Road with a view to development. The Association will continue to pursue this opportunity and, subject to securing appropriate, affordable finance and development costs, aims to begin the development in 2016.

REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2015

Management Committee and Executive Officers

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

Each member of the Management Committee 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 Management Committee.

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

Statement of Management Committee's Responsibilities

The Co-operative & Community Benefit Societies Act 2014 requires the Management Committee 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 Management Committee 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 Management Committee 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 Management Committee 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 Management Committee 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 Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2015

Statement on Internal Financial Control

The Management Committee 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 Management Committee'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 Management Committee 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;
- Quarterly 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;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that internal financial controls are in place and are effective and that a 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.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2015. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Auditors

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

By order of the Management Committee



ELIZABETH DOHERTY

Secretary

20 August 2015

REPORT BY THE AUDITORS TO THE MEMBERS
CADDER HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 4 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

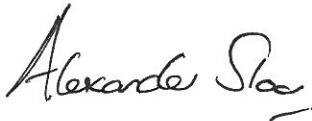
Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. 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 relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls 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 relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
20 August 2015

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 2015 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 Management Committee and Auditors

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

Our responsibility is to audit 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 2015 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:

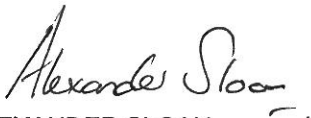
- the information given in the Management Committee's Report is inconsistent with the financial statements.

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

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
20 August 2015

CADDER HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2015

	Notes	2015 £	2014 £
TURNOVER	2.	2,911,680	2,565,903
Operating Costs	2.	<u>(2,108,868)</u>	<u>(2,316,980)</u>
OPERATING SURPLUS	9.	802,812	248,923
Gain On Sale Of Housing Stock	7.	3,489	13,336
Exceptional Item	23.	613,996	-
Interest Receivable and Other Income		6,025	11,859
Interest Payable and Similar Charges	8.	<u>(179,182)</u>	<u>(183,360)</u>
		<u>444,328</u>	<u>(158,165)</u>
SURPLUS FOR THE YEAR		<u>1,247,140</u>	<u>90,758</u>

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

CADDER HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2015

	Notes	£	2015 £	£	2014 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		12,264,363		12,239,916
Less: Social Housing Grant	11.(a)		(4,089,876)		(4,089,876)
: Other Public Grants	11.(a)		(238,841)		-
			<u>7,935,646</u>		<u>8,150,040</u>
Other fixed assets	11.(b)		386,835		230,726
			<u>8,322,481</u>		<u>8,380,766</u>
CURRENT ASSETS					
Stock		30,857		-	
Debtors	14.	112,479		125,999	
Investments	22.	1,000,000		1,701,128	
Cash at bank and in hand		458,617		689,849	
			<u>1,601,953</u>	<u>2,516,976</u>	
CREDITORS: Amounts falling due within one year	15.	(758,112)		(2,625,272)	
NET CURRENT ASSETS			<u>843,841</u>		<u>(108,296)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,166,322</u>		<u>8,272,470</u>
CREDITORS: Amounts falling due after more than one year	16.	(4,448,054)		(4,801,327)	
NET ASSETS			<u>4,718,268</u>		<u>3,471,143</u>
CAPITAL AND RESERVES					
Share Capital	18.		128		143
Designated Reserves	19.(a)		1,151,213		1,151,213
Revenue Reserves	19.(b)		3,566,927		2,319,787
			<u>4,718,268</u>		<u>3,471,143</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 20 August 2015.

Chairperson

L. Brown

Vice-Chairperson

PA Hel

Secretary

S. M. J.

CADDER HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2015

	Notes	2015 £	2014 £
Net Cash Outflow from Operating Activities	17.	(117,736)	(1,711,561)
Returns on Investment and Servicing of Finance			
Interest Received		6,025	11,859
Interest Paid		(185,294)	(177,170)
Net Cash Outflow from Investment and Servicing of Finance		(179,269)	(165,311)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(387,114)	(26,865)
Purchase of Other Fixed Assets		(686,539)	(152,067)
Other Grants Received		740,525	74,286
Proceeds on Disposal of Properties		39,547	16,845
Net Cash Outflow from Capital Expenditure and Financial Investment		(293,581)	(87,801)
Net Cash Outflow before use of Liquid Resources and Financing		(590,586)	(1,964,673)
Management of Liquid Resources			
Change in short term deposits with banks		701,128	899,458
Financing			
Loan Redemption Payments		-	(415,997)
Loan Principal Repayments		(341,778)	-
Share Capital Issued		4	4
Net Cash Outflow from Financing		(341,774)	(415,993)
Decrease in Cash	17.	<u>(231,232)</u>	<u>(1,481,208)</u>

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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 Pension Scheme. From 1 April 2014 the Association participated in the defined contribution scheme. Prior to this date the Association participated in the defined benefit scheme where retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments for the defined benefit scheme, including past service deficits, 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

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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.

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2015			2014		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	2,851,639	1,971,031	880,608	2,530,986	2,238,522	292,464
Other Activities	4.	60,041	137,837	(77,796)	34,917	78,458	(43,541)
Total		2,911,680	2,108,868	802,812	2,565,903	2,316,980	248,923

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	2015	2014
		Total £	Total £
Income from Lettings			
Rent Receivable Net of Identifiable Service Charges	2,459,092	2,459,092	2,358,923
Service Charges Receivable	114,974	114,974	109,813
Gross Rents Receivable	2,574,066	2,574,066	2,468,736
Less: Rent losses from voids	18,664	18,664	18,039
Net Rents Receivable	2,555,402	2,555,402	2,450,697
Revenue Grants From Local Authorities and Other Agencies	296,237	296,237	80,289
Total Income From Social Letting	2,851,639	2,851,639	2,530,986
Expenditure on Social Letting Activities			
Service Costs	300,167	300,167	156,751
Management and maintenance administration costs	941,115	941,115	1,124,879
Reactive Maintenance	232,282	232,282	270,843
Bad Debts - Rents and Service Charges	18,349	18,349	33,926
Planned and Cyclical Maintenance, including Major Repairs	152,509	152,509	327,379
Depreciation of Social Housing	326,609	326,609	324,744
Operating Costs of Social Letting	1,971,031	1,971,031	2,238,522
Operating Surplus on Social Letting Activities	880,608	880,608	292,464
2014	292,464		

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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) 2015	Operating Surplus / (Deficit) 2014
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	31,887	-	-	31,887	-	77,703	(45,816)	(25,936)
Factoring	-	-	-	17,135	17,135	965	13,392	2,778	(1,722)
Welfare Rights	-	-	-	-	-	-	16,540	(16,540)	(11,282)
Community Centre	-	-	-	9,661	9,661	-	28,942	(19,281)	(4,601)
Other Activities	-	-	-	1,358	1,358	-	295	1,063	-
Total From Other Activities	-	31,887	-	28,154	60,041	965	136,872	(77,796)	(43,541)
2014	-	1,250	-	33,667	34,917	5,234	73,224	(43,541)	

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or servants of the Association.

	2015	2014
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	80,994	71,492
Pension contributions made on behalf on Officers with emoluments greater than £60,000	8,626	6,581

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
£70,001 to £80,000	-	1
£80,001 to £90,000	1	-

6. EMPLOYEE INFORMATION

	2015	2014
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	49	31
The average total number of Employees employed during the year was	50	31
Staff Costs were:	£	£
Wages and Salaries	704,596	651,464
Social Security Costs	54,087	57,561
Other Pension Costs	124,413	69,997
Temporary, Agency and Seconded Staff	229,943	98,920
	1,113,039	877,942

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2015	2014
	£	£
Sales Proceeds	39,547	16,845
Cost of Sales	<u>36,058</u>	<u>3,509</u>
Gain On Sale Of Housing Stock	<u>3,489</u>	<u>13,336</u>

8. INTEREST PAYABLE

	2015	2014
	£	£
On Bank Loans & Overdrafts	<u>179,182</u>	<u>183,360</u>

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015	2014
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	355,355	349,682
Auditors' Remuneration - Audit Services	7,000	7,000
- Other Services	840	-
Operating Lease Rentals - Land & Buildings	4,560	4,560
Operating Lease Rentals - Other	<u>1,514</u>	<u>791</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
COST			
As at 1st April 2014	15,014,200	-	15,014,200
Additions	147,978	239,136	387,114
Disposals	(56,866)	-	(56,866)
As at 31st March 2015	<u>15,105,312</u>	<u>239,136</u>	<u>15,344,448</u>
DEPRECIATION			
As at 1st April 2014	2,774,284	-	2,774,284
Charge for Year	324,342	-	324,342
Disposals	(18,541)	-	(18,541)
As at 31st March 2015	<u>3,080,085</u>	<u>-</u>	<u>3,080,085</u>
SOCIAL HOUSING GRANT			
As at 1st April 2014	4,089,876	-	4,089,876
As at 31st March 2015	<u>4,089,876</u>	<u>-</u>	<u>4,089,876</u>
OTHER CAPITAL GRANTS			
As at 1st April 2014	-	-	-
Additions	-	238,841	238,841
As at 31st March 2015	<u>-</u>	<u>238,841</u>	<u>238,841</u>
NET BOOK VALUE			
As at 31st March 2015	<u>7,935,351</u>	<u>295</u>	<u>7,935,646</u>
As at 31st March 2014	<u>8,150,040</u>	<u>-</u>	<u>8,150,040</u>

Additions to housing properties includes capitalised development administration costs of £66,036 (2014 - £nil) and capitalised major repair costs to existing properties of £147,978 (2014 £26,865)

All land and housing properties are freehold

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	Motor Vehicles £	Community Centre £	Computer Equipment £	Office Premises £	Office Furniture & Equipment £	Total £
COST						
As at 1st April 2014	57,499	105,248	108,143	214,461	169,761	655,112
Additions	-	651,427	29,892	-	5,220	686,539
Eliminated on Disposals	-	-	-	-	-	-
As at 31st March 2015	57,499	756,675	138,035	214,461	174,981	1,341,651
GRANTS RECEIVED						
As at 1st April 2014	11,356	74,286	-	-	30,540	116,182
Received in year	-	501,684	-	-	-	501,684
Repaid on Disposal	-	-	-	-	-	-
As at 31st March 2015	11,356	575,970	-	-	30,540	617,866
AGGREGATE DEPRECIATION						
As at 1st April 2014	30,394	-	99,713	41,862	136,235	308,204
Charge for year	5,249	-	15,836	4,289	3,372	28,746
Eliminated on disposal	-	-	-	-	-	-
As at 31st March 2015	35,643	-	115,549	46,151	139,607	336,950
NET BOOK VALUE						
As at 31st March 2015	10,500	180,705	22,486	168,310	4,834	386,835
As at 31st March 2014	15,749	30,962	8,430	172,599	2,986	230,726

12. CAPITAL COMMITMENTS

	2015 £	2014 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	2,413,145	-

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

	2015 £	2014 £
At the year end, the annual commitments under operating leases were as follows:-		
Land and Buildings		
Expiring in over five years	4,560	4,560
Other		
Expiring between two and five years	-	791
Expiring in over five years	1,253	-

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2015	2014
	£	£
Arrears of Rent & Service Charges	93,121	97,830
Less: Provision for Doubtful Debts	<u>(51,092)</u>	<u>(53,981)</u>
	42,029	43,849
Other Debtors	<u>70,450</u>	<u>82,150</u>
	<u>112,479</u>	<u>125,999</u>

15. CREDITORS: Amounts falling due within one year

	2015	2014
	£	£
Housing Loans	438,279	426,784
Trade Creditors	100,077	147,795
Rent in Advance	58,658	56,813
Other Taxation and Social Security	19,056	16,742
Other Creditors	-	1,899,834
Accruals and Deferred Income	<u>142,042</u>	<u>77,304</u>
	<u>758,112</u>	<u>2,625,272</u>

At the balance sheet date there were pension contributions outstanding of £8,966 (2014 : £7,550)

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

	2015	2014
	£	£
Housing Loans	<u>4,448,054</u>	<u>4,801,327</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	438,279	426,784
Between one and two years	450,517	438,279
Between two and five years	1,433,195	1,394,496
In five years or more	<u>2,564,342</u>	<u>2,968,552</u>
	4,886,333	5,228,111
Less: Amount shown in Current Liabilities	<u>438,279</u>	<u>426,784</u>
	<u>4,448,054</u>	<u>4,801,327</u>

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash outflow from operating activities</i>	2015 £	2014 £
Operating Surplus	802,812	248,923
Depreciation	355,355	349,565
Change in Debtors	13,520	13,660
Change in Creditors	(1,872,543)	(2,323,706)
Exceptional Item	613,996	-
Change in Stock	(30,857)	-
Share Capital Written Off	(19)	(3)
Net Cash Outflow from Operating Activities	<u>(117,736)</u>	<u>(1,711,561)</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2015 £	£	2014 £	£
Decrease in Cash	(231,232)		(1,481,208)	
Cash flow from management of liquid resources	(701,128)		(899,458)	
Cash flow from change in debt	<u>341,778</u>		<u>415,997</u>	
Movement in net debt during year		(590,582)		(1,964,669)
Net debt at 1st April 2014		<u>(2,837,134)</u>		<u>(872,465)</u>
Net debt at 31st March 2015		<u>(3,427,716)</u>		<u>(2,837,134)</u>

<i>Analysis of changes in net debt</i>	At 01.04.14 £	Cash Flows £	Other Changes £	At 31.03.15 £
Cash at bank and in hand	<u>689,849</u>	<u>(231,232)</u>		<u>458,617</u>
Liquid Resources	689,849	(231,232)		458,617
Debt: Due within one year	1,701,128	701,128		1,000,000
Due after more than one year	(426,784)	341,778	(353,273)	(438,279)
	<u>(4,801,327)</u>	<u>-</u>	<u>353,273</u>	<u>(4,448,054)</u>
Net Debt	<u>(2,837,134)</u>	<u>811,674</u>	<u>-</u>	<u>(3,427,716)</u>

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2014	143
Issued in year	4
Cancelled in year	(19)
At 31st March 2015	<u>128</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 2014	107,515	1,043,698	1,151,213
At 31st March 2015	<u>107,515</u>	<u>1,043,698</u>	<u>1,151,213</u>

(b) Revenue Reserves	Total £
At 1st April 2014	2,319,787
Surplus for the year	1,247,140
At 31st March 2015	<u>3,566,927</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2015 No.	2014 No.
General Needs - New Build	-	-
- Rehabilitation	648	651
	<u>648</u>	<u>651</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RELATED PARTY TRANSACTIONS

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

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

- 7 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.

Cadder Hills Community Cafe has directors who are members of the Management Committee at Cadder Housing Association. During the year Cadder Housing Association received a grant of £10,000 which was received on behalf of Cadder Hills Community Cafe, with whom the Association shares members of the Management Committee. They advanced £5,557 to the organisation for expenses for which they incurred. At the year end Cadder Housing Association owes £4,443 to Cadder Hills Community Cafe.

22. CURRENT ASSET INVESTMENTS

	2015	2014
	£	£
Short Term Deposits	1,000,000	1,701,128

23. EXCEPTIONAL ITEM

In the prior year, Cadder Housing Association had a creditor in relation to CESP works which amounted to £1,865,371. During the year, the Association made a final payment towards the CESP works which amounted to £1,251,375. The Association obtained legal advice when making the final payment and received written confirmation from British Gas Trading Ltd that this amount represented the settlement of the contract. This left a balance of £613,996, which has been written off during the year as an exceptional item.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS

General

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

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

The Scheme offers the following 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
- Defined Contribution

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 continues to operate the final salary with a 1/60th accrual rate until 31 March 2015 and the defined contribution scheme for new entrants from 1 April 2014. At 1 April 2015 existing and new employees will all be within the defined contribution scheme.

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 of up to 12.3% of pensionable salaries. Member contributions were 12.3%.

As at the balance sheet date there were 18 active members of the Scheme employed by Cadder Housing Association Limited. The annual pensionable payroll in respect of these members was £596,127. Cadder Housing Association Limited continues to offer membership of the Scheme to its employees.

Past Service Deficit - Defined Benefit

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 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. 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%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2014. 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 £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

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.

CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Valuation Results

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

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable 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 Limited with an updated contribution figure to the past service deficit. From 1 April 2015 Cadder Housing Association Limited will be required to pay £74,647 per annum as a contribution to the past service deficit. This will represent an increase of 3% in Cadder Housing Association Limited's contribution to the past service deficit. The deficit contribution will increase each April by 3%.

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

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

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