

# **Cadder Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31 March 2018**

**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

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## MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2018

### MANAGEMENT COMMITTEE

Linda Brown	Chairperson
Zafar Ahmed	(Resigned 25/05/17)
Elizabeth Doherty	Secretary
Ruby Hunter	Vice Chairperson
Ballie Mohammed Razaq	(Resigned 01/04/2017)
Helen Macnab	
Alison Vass	(Resigned 1/12/2017)
Fiona Thomson	
Jamila Flynn	
Valerie Davies	
Kristina Bowie	(Appointed 25/05/17)
Ruth Ghumman	(Appointed (25/05/17 Resigned 14/01/2018)

### EXECUTIVE OFFICERS

Kenny Mollins	Director
John McShane	Customer Services Manager
Gerry Casey	Finance & Corporate Services Manager (Appointed 17/04/17)
Anne Smith	Finance & Corporate Services Manager (resigned 21/04/17)
Lisa Reynolds	Maintenance Manager (appointed 06/11/17)

### REGISTERED OFFICE

20 Fara Street  
Glasgow  
G23 5AE

### EXTERNAL AUDITORS

Alexander Sloan  
Accountants & Business Advisers  
180 St Vincent Street  
Glasgow  
G2 5SG

### INTERNAL AUDITORS

TIAA Ltd  
53-55 Gosport Business Centre  
Aerodrome Road  
Gosport

### BANKERS

Royal Bank of Scotland  
129 Kirkintilloch Road  
Bishopbriggs  
G64 2LR

### SOLICITORS

TC Young  
7 West George Street  
Glasgow  
G20 0EQ

### SOLICITORS

Harper Macleod  
45 Gordon Street  
Glasgow  
G1 3PE

# CADDER HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

The Management Committee presents its report and the Financial Statements for the year ended 31 March 2018.

### **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**

Cadder Housing Association reports a surplus for the year of £648,043 (2017- £784,627).

The Association owns 641 properties (2017 – 641) and provides a factoring management service to 408 owner-occupiers (2017 - 408).

The Association is governed by a Management Committee, where they lead, manage and direct the organisation to meet the needs and expectations of our tenants and other customer and to achieve our strategic aims. The Management Committee has improved its capability to ensure there is effective governance through recruitment of new members with particular skills and a programme of training and development.

Through the continuous improvement in the governance of the Association, the Scottish Housing Regulator downgraded our engagement level from 'medium' to 'low' at 31 March 2017. The Association had elevated to the medium level due to increased risks in our work i.e. the new community centre and the impending new housing development at Tresta Road. The Association has provided the Regulator with reassurance of our governance arrangements and management of these risks, which has reduced the regulatory engagement level.

The effectiveness of the Association's governance arrangements is further evidenced where we secured a Governance accreditation through participation in a pilot initiative by Investors in People. The Association also procured the services of a governance consultant, the Indigo House Group to undertake an assessment of our compliance against the Scottish Housing Regulator's Regulatory Standards. The findings showed the Association to have strong and effective governance arrangements with compliance against all Regulatory Standards. The Association has developed an Action Plan to further improve in some areas.

In the year the Association implemented a staff restructuring programme, with a key focus to improve our front line services, in particular repairs and estate caretaking. The new staff structure will contribute towards the achievement of our Strategic Aims, such as provision of quality housing and services, building relationships with our tenants and owner-occupiers and managing the new homes at Tresta Road.

The Association prides itself in its high quality management and maintenance of its housing stock and the Cadder area, whilst aiming to ensure rents and service charges are affordable to our tenants and owner-occupiers, respectively and cover our costs.

# CADDER HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

### Review of Business and Future Developments (Continued)

The Association has performed well in the year, particularly in maximising income through mitigating rent loss from our empty houses and arrears levels from tenants and owner-occupiers. The Association's work in arrears management was supported by the Financial Inclusion Team, where welfare rights staff helped residents maximise their entitlement to personal and housing benefit. There has also been effective action taken against tenants in respect of rent arrears and owner-occupiers for arrears with management fees and improvement works, where there is persistent non-payment.

tenants' homes. In the year, there were 264 installations and the Association is on track to complete the bathroom and kitchen programme to all tenants' homes by March 2019 and March 2022, respectively. In April 2017 the Trade Team achieved a significant milestone with the 500th installation and the 750th in March 2018.

We plan to install a further 238 kitchens and bathrooms to our tenants' homes in 2018-19 through the Trade Team, which will see the completion of the bathroom programme in December 2018, which will be ahead of target (March 2019).

The Association continues to perform well in key areas of our business i.e. our repairs service, there was a reduction in re-active repairs, mainly due to our major repairs investment through installing new kitchens and bathrooms to tenants' homes; rent collection, tenancy sustainment, and management of anti-social behaviour. There has been an improvement in our management of complaints, particularly response times and improving our service shows a reduction in complaints upheld.

There are areas of the ARC we feel we can further improve, which are reducing offer refusals and average re-let times for empty homes and pursuit of former resident's arrears.

The Association undertook a resident's satisfaction survey during the year. The overall responses were positive for the Association's performance and included 92% of tenants satisfied with the overall service provided and 81% responding that the rent was good value for money.

The Association continues to make progress in the regeneration of Cadder, where we commenced the following projects in the year:

- **Tresta Road New Build Development**

The Association is building 50 new homes for rent on the site of the former St. Agnes Primary School at Tresta Road. There will be a variety of different size and types of properties to meet the needs of applicants to our housing list. The properties are scheduled for completion in 2018-19. These properties have been funded by £3.6million in housing association grant through Glasgow City Council / Scottish Government, as well as a new loan facility taken out by the Association through the Bank of Scotland

- **Refurbished Offices**

The Association commenced the refurbishment of the Association's former offices in Skirsa Street in January 2018, which will provide 3 new homes for rent. We were able to attract a further £140,000 in housing association grant, which makes this project viable

- **Home Energy Efficiency Programme in Scotland (HEEPS)**

The Association has been working in partnership with Glasgow City Council to deliver energy improvements to unimproved cottage properties owned by owner-occupiers. This has been achieved where owner-occupiers living in 'non-traditional' properties will have the opportunity to participate in a project to have external wall insulation and render to their property. In terms of owners living in traditional properties, the Association is in discussions with Everwarm to enable these properties to have cavity wall insulation to also improve the energy efficiency of their homes, as they are ineligible for the Scottish Governments' HEEPS funding

The Association will be developing its Vision for Cadder in 2018-19, which will set the agenda to continue our drive to regenerate our area and 'Make Cadder Better'.

# CADDER HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

### Review of Business and Future Developments (Continued)

#### Energy Efficiency

The Association is 100% (2017 - 97%) compliant with the Scottish Government's new energy standards for the social housing sector, Energy Efficiency in Scotland's Social Housing (EESH), which has a deadline of March 2020.

#### Cadder Community Centre

The year to 31 March 2018 was the first full year of operation for the Community Centre. The centre made a small surplus in 2017-18 before depreciation of £2,147 (2017 – deficit £21,221) and there is a focus to continue to improve its viability and sustainability.

The Association is keen to maximise each of the themed uses for the centre, which were developed through consultation with local residents and they are: youth and community facilities, learning and development, recreation and leisure, functions and events, and a community café

In the coming year we will develop key strategic documents to provide direction and leadership to improve the Centre, these include the marketing strategy, the funding strategy and a Business Plan for the period 2019-2022.

The Association key challenges and opportunities in the coming year include the following:

- To mitigate the impact of the UK Government's welfare reforms on the Association and our tenants;
- To further improve the governance of the Association through implementing the action plan from the independent governance assessment, also improving Committee members' capability to lead, manage and direct the Association;
- To continue our improvement of the procurement of work, service and supply contracts to meet legislative requirements and provisions of our Procurement Policy;
- To improve all aspects of our services to meet the needs and expectations of our tenants, owner-occupiers and other customer;
- To progress the major repairs programme and improve our tenants' homes with the installation of new bathrooms and kitchens. In terms of the bathroom programme complete it by December 2018;
- To improve the viability and sustainability of the Cadder Community Centre; and
- To maintain our momentum in the regeneration of Cadder through completion of on-site projects and set the future agenda through the Cadder Vision;
- To review a Treasury Management Policy and long term financing of the services it provides.

# CADDER HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

### 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 and Community Benefit Act 2014 require 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 judgements 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 2014 and the Determination of Accounting Requirements - 2015. 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.



# CADDER HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

### 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 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.

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 2018. No weaknesses were found in the 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.

### Donations

During the year the Association made charitable donations amounting to £600 (2017 - £425).

### 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

28 June 2018



# CADDER HOUSING ASSOCIATION LIMITED

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## REPORT BY THE AUDITORS TO THE MEMBERS 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 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in 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 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 6 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes 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 the relevant Regulatory Standards in respect of internal financial controls 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**

Accountants and Business Advisers

Statutory Auditors

GLASGOW

28 June 2018



**Alexander Sloan**

Accountants and Business Advisers

# CADDER HOUSING ASSOCIATION LIMITED

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

### Opinion

We have audited the financial statements of Cadder Housing Association Limited (the 'Association') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Society 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 auditor's 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Management Committee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# CADDER HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CADDER HOUSING ASSOCIATION LIMITED (Continued)

### **Other information**

The Management Committee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Management Committee.

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of the Management Committee**

As explained more fully in the Statement of Management Committee's Responsibilities as set out on , the Management Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

# CADDER HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CADDER HOUSING ASSOCIATION LIMITED (Continued)

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee.
- Conclude on the appropriateness of the Management Committee use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**[REDACTED]**

### **ALEXANDER SLOAN**

Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
28 June 2018



**Alexander Sloan**  
Accountants and Business Advisers

# **CADDER HOUSING ASSOCIATION LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018	2017
		£	£
<b>REVENUE</b>	2	3,124,989	3,132,996
Operating Costs	2	(2,290,636)	(2,233,747)
<b>OPERATING SURPLUS</b>		834,353	899,249
Gain On Sale Of Housing Stock	7	-	94,710
Interest Receivable and Other Income		1,138	2,782
Interest Payable and Similar Charges	8	(186,661)	(193,072)
Other Finance Income / (Charges)	11	(787)	(19,042)
		(186,310)	(114,622)
Surplus on ordinary activities before taxation		648,043	784,627
Tax on surplus on ordinary activities	10	-	-
<b>SURPLUS FOR THE YEAR</b>	9	<b>648,043</b>	<b>784,627</b>
Other Comprehensive Income		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>648,043</b>	<b>784,627</b>

The notes on pages 15 to 27 form part of these financial statements.

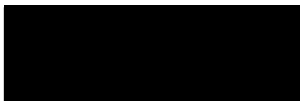
# CADDER HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
<b>NON-CURRENT ASSETS</b>					
Housing Properties - Depreciated Cost	12 (a)		14,144,245		11,016,684
Other Non-current Assets	12 (b)		3,601,137		3,714,105
			<u>17,745,382</u>		<u>14,730,789</u>
<b>CURRENT ASSETS</b>					
Receivables	15	127,342		122,206	
Stock of maintenance materials		63,663		61,844	
Investments	25	1,500,000		1,500,000	
Cash at bank and in hand		1,267,389		698,251	
		<u>2,958,394</u>		<u>2,382,301</u>	
<b>CREDITORS: Amounts falling due within one year</b>	16	<u>(1,672,999)</u>		<u>(1,098,561)</u>	
<b>NET CURRENT ASSETS</b>			<u>1,285,395</u>		<u>1,283,740</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			19,030,777		16,014,529
<b>CREDITORS: Amounts falling due after more than one year</b>	17		(4,407,888)		(4,965,888)
<b>DEFERRED INCOME</b>					
Social Housing Grants	19	(5,587,744)		(2,632,004)	
Other Grants	19	(2,435,398)		(2,464,865)	
			<u>(8,023,142)</u>		<u>(5,096,869)</u>
<b>NET ASSETS</b>			<u>6,599,747</u>		<u>5,951,772</u>
<b>EQUITY</b>					
Share Capital	20		77		145
Revenue Reserves			6,599,670		5,951,627
			<u>6,599,747</u>		<u>5,951,772</u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 28 June 2018.

Chairperson



Vice Chairperson



Secretary



The notes on pages 15 to 27 form part of these financial statements.



# CADDER HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2017
		£	£
<b>Net cash inflow from operating activities</b>	18	1,842,372	956,921
<b>Investing Activities</b>			
Acquisition and Construction of Properties	(3,592,523)	(668,116)	
Purchase of Other Fixed Assets	(27,950)	(530,233)	
Social Housing Grant Received	3,037,537	147,467	
Other Grants Received	21,270	-	
Changes on short term deposits with banks	-	500,000	
Proceeds on Disposal of Properties	-	175,498	
<b>Net cash outflow from investing activities</b>		(561,666)	(375,384)
<b>Financing Activities</b>			
Interest Received on Cash and Cash Equivalents	1,138	2,782	
Interest Paid on Loans	(186,661)	(193,072)	
Loan Principal Repayments	(526,051)	(515,016)	
Share Capital Issued	6	9	
<b>Net cash outflow from financing activities</b>		(711,568)	(705,297)
<b>Increase / (decrease) in cash</b>		569,138	(123,760)
<b>Opening Cash &amp; Cash Equivalents</b>		698,251	822,011
<b>Closing Cash &amp; Cash Equivalents</b>		<b>1,267,389</b>	<b>698,251</b>
<b>Cash and Cash equivalents as at 31 March</b>			
Cash		1,267,389	698,251
		<b>1,267,389</b>	<b>698,251</b>

The notes on pages 15 to 27 form part of these financial statements.



# CADDER HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

	Share Capital £	Revenue Reserve £	Total £
<b>Balance as at 31 March 2016</b>	136	5,167,000	5,167,136
Issue of Shares	9	-	9
Surplus for the year	-	784,627	784,627
<b>Balance as at 31 March 2017</b>	<b>145</b>	<b>5,951,627</b>	<b>5,951,772</b>
<b>Balance as at 1 April 2017</b>	145	5,951,627	5,951,772
Issue of Shares	6	-	6
Cancellation of Shares	(74)	-	(74)
Surplus for the year	-	648,043	648,043
<b>Balance as at 31 March 2018</b>	<b>77</b>	<b>6,599,670</b>	<b>6,599,747</b>

The notes on pages 15 to 27 form part of these financial statements.

# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

#### 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 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

#### Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the asset to which it relates.

#### Retirement Benefits

The Association participated in the Scottish Housing Association Defined Benefits Pension Scheme where retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. The Association has moved from the Defined Benefit scheme to the Scottish Housing Association Defined Contribution Scheme. There is a deficit in the Defined Benefit Scheme and payments are made in accordance with periodic calculations by consulting Actuaries for the past service deficit cost.

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

#### Valuation Of Housing Properties

Housing Properties are stated at cost 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 12. 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.

<b>Component</b>	<b>Useful Economic Life</b>
Central Heating	15 years
Electric 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 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Depreciation and Impairment of Other Non-Current Assets

Non-current Assets are stated at cost less accumulated depreciation. Depreciation is charged on the expected economic useful lives of the assets at the following annual rates:

Asset Category	Sub Category	Depreciation Rate
Office Premises		2% Straight Line
Furniture and Fittings		25% Straight Line
Motor Vehicles		25% Straight Line
Computer & Office Equipment		33.3% Straight Line

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

#### Social Housing Grant and Other Grants in Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income 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

Disposals of housing property under the Right to Buy scheme are treated as non-current asset disposals and any gain or loss on disposal accounted for in the Statement of Comprehensive Income.

#### Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

#### Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board of Management to exercise judgement in applying the Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

##### a) Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

##### b) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

##### c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES

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

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position 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.

#### **Stocks**

Stocks of Maintenance materials have been valued at the lower of cost and net realisable value. Cost is defined as the supplier's invoice price.

#### **Key Judgements made in the application of Accounting Policies**

##### ***a) The Categorisation of Housing Properties***

In the judgement of the Board of Management the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

##### ***b) Identification of cash generating units***

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

##### ***c) Financial instrument break clauses***

The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Board of Management, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

##### ***d) Pension Liability***

In March 2018 the Association received details from the Pension Trust of the valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions. The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Management Committee feels this is the best available estimate of the past service liability.

##### ***e) Capitalised Staff Time***

The Association capitalises estimated staff time for the installation of capital components. Note 12 details the level of staff time that is capitalised.

#### **Financial Instruments - Basic**

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING AND OTHER ACTIVITIES

	Notes	2018			2017		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	2,881,471	1,952,301	929,170	2,881,188	1,856,474	1,024,714
Other Activities	4	243,518	338,335	(94,817)	251,808	377,273	(125,465)
<b>Total</b>		<b>3,124,989</b>	<b>2,290,636</b>	<b>834,353</b>	<b>3,132,996</b>	<b>2,233,747</b>	<b>899,249</b>

### 3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	2018 Total £	2017 Total £
<b>Revenue from Lettings</b>			
Rent receivable net of service charges	2,752,877	2,752,877	2,726,422
Service charges receivable	-	-	101
<b>Gross income from rent and service charges</b>	<b>2,752,877</b>	<b>2,752,877</b>	<b>2,726,523</b>
Less: Rent losses from voids	15,285	15,285	15,459
<b>Net Rents Receivable</b>	<b>2,737,592</b>	<b>2,737,592</b>	<b>2,711,064</b>
Grants released from deferred income	81,797	81,797	81,797
Other revenue grants	62,082	62,082	88,327
<b>Total turnover from affordable letting activities</b>	<b>2,881,471</b>	<b>2,881,471</b>	<b>2,881,188</b>
<b>Expenditure on affordable letting activities</b>			
Management and maintenance administration costs	877,877	877,877	847,925
Service Costs	127,688	127,688	154,643
Planned and cyclical maintenance, including major repairs	160,745	160,745	107,418
Reactive maintenance costs	323,815	323,815	291,897
Bad Debts - rents and service charges	15,020	15,020	26,157
Depreciation of affordable let properties	447,156	447,156	428,434
<b>Operating costs of affordable letting activities</b>	<b>1,952,301</b>	<b>1,952,301</b>	<b>1,856,474</b>
<b>Operating surplus on affordable letting activities</b>	<b>929,170</b>	<b>929,170</b>	<b>1,024,714</b>
<b>2017</b>		<b>1,024,714</b>	

# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Revenue Grants	Other Income	Total Turnover	Operating Costs Other	Operating Surplus / (Deficit) 2018	Operating Surplus / (Deficit) 2017
	£	£	£	£	£	£	£
Wider role activities	32,267	-	-	32,267	70,749	(38,482)	(22,055)
Support activities	-	-	-	-	-	-	(17,831)
Factoring	-	-	19,760	19,760	16,652	3,108	(1,236)
Community centre	-	122,280	67,655	189,935	187,788	2,147	(21,221)
Community centre Depreciation	-	-	-	-	63,146	(63,146)	(63,122)
Rechargeable repairs	-	-	1,556	1,556	-	1,556	-
<b>Total From Other Activities</b>	<b>32,267</b>	<b>122,280</b>	<b>88,971</b>	<b>243,518</b>	<b>338,335</b>	<b>(94,817)</b>	<b>(125,465)</b>
<b>2017</b>	<b>61,441</b>	<b>113,100</b>	<b>77,267</b>	<b>251,808</b>	<b>377,273</b>	<b>(125,465)</b>	



# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 5. OFFICERS' EMOLUMENTS

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

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

Pension contributions made on behalf on Officers with emoluments greater than £60,000

Emoluments payable to Director (excluding pension contributions)

Total Emoluments paid to key management personnel

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

£60,001 to £70,000

£80,001 to £90,000

2018	2017
£	£
134,884	87,254
14,087	8,009
80,586	78,118
240,743	254,943

Number	Number
1	-
1	1

### 6. EMPLOYEE INFORMATION

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

The average total number of Employees employed during the year was:

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

Temporary, Agency and Seconded Staff

2018	2017
No.	No.
42	44
48	49
£	£
898,217	912,214
82,177	83,178
59,970	66,156
92,593	130,709
1,132,957	1,192,257



# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7. GAIN ON SALE OF HOUSING STOCK

	2018	2017
	£	£
Sales Proceeds	-	175,498
Cost of Sales	-	80,788
Gain On Sale Of Housing Stock	<u>-</u>	<u>94,710</u>

### 8. INTEREST PAYABLE & SIMILAR CHARGES

	2018	2017
	£	£
On Bank Loans & Overdrafts	<u>186,661</u>	<u>193,072</u>

### 9. SURPLUS FOR THE YEAR

	2018	2017
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	588,074	575,984
Auditors' Remuneration - Audit Services	7,020	7,200
Operating Lease Rentals - Land & Buildings	4,560	4,560
Operating Lease Rentals - Other	1,313	1,313
Gain on sale of fixed assets	<u>-</u>	<u>94,710</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.

### 11. OTHER FINANCE INCOME / CHARGES

	2018	2017
	£	£
Unwinding of Discounted Liabilities	<u>787</u>	<u>19,042</u>

# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
<b>COST</b>			
As at 1 April 2017	15,541,479	535,175	16,076,654
Additions	476,433	3,116,090	3,592,523
Disposals	(114,368)	-	(114,368)
Schemes Completed	-	-	-
As at 31 March 2018	<u>15,903,544</u>	<u>3,651,265</u>	<u>19,554,809</u>
<b>DEPRECIATION</b>			
As at 1 April 2017	5,059,970	-	5,059,970
Charge for Year	447,156	-	447,156
Disposals	(96,562)	-	(96,562)
As at 31 March 2018	<u>5,410,564</u>	<u>-</u>	<u>5,410,564</u>
<b>NET BOOK VALUE</b>			
As at 31 March 2018	<u>10,492,980</u>	<u>3,651,265</u>	<u>14,144,245</u>
As at 31 March 2017	<u>10,481,509</u>	<u>535,175</u>	<u>11,016,684</u>

Additions to housing properties include capitalised development staff costs of £171,189 (2017 - £203,828) and capitalised major repair costs to existing properties of £305,244 (2017 - £515,018).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £960,993 (2017 - £873,362). The amount capitalised is £476,433 (2017 - £515,018) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £476,433 (2017 - £515,018) and improvement of £0 (2017 - £Nil).

The Association's Lenders have standard securities over Housing Property with a carrying value of £11,069,000 (2017 - £11,069,000).

# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 12. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Community Centre £	Computer Equipment £	Total £
<b>COST</b>					
As at 1 April 2017	474,747	452,159	3,156,124	150,957	4,233,987
Additions	-	17,452	1,200	9,298	27,950
Eliminated on Disposals	-	(22,295)	-	-	(22,295)
As at 31 March 2018	474,747	447,316	3,157,324	160,255	4,239,642
<b>AGGREGATE DEPRECIATION</b>					
As at 1 April 2017	14,478	299,409	63,122	142,873	519,882
Charge for year	9,504	60,858	63,146	7,410	140,918
Eliminated on Disposals	-	(22,295)	-	-	(22,295)
As at 31 March 2018	23,982	337,972	126,268	150,283	638,505
<b>NET BOOK VALUE</b>					
As at 31 March 2018	450,765	109,344	3,031,056	9,972	3,601,137
As at 31 March 2017	460,269	152,750	3,093,002	8,084	3,714,105

### 13. CAPITAL COMMITMENTS

	2018 £	2017 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	2,466,745	-

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

### 14. COMMITMENTS UNDER OPERATING LEASES

	2018 £	2017 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
<b>Land and Buildings</b>		
Not later than one year	4,560	4,560
Later than one year and not later than five years	9,120	13,680
<b>Other</b>		
Not later than one year	1,313	1,252
Later than one year and not later than five years	656	1,879

# CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Arrears of Rent & Service Charges	133,805	111,594
Less: Provision for Doubtful Debts	(72,701)	(61,557)
	<u>61,104</u>	<u>50,037</u>
Other Receivables	66,238	72,169
	<u>127,342</u>	<u>122,206</u>

## 16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Housing Loans	477,431	526,050
Trade Payables	736,006	195,499
Rent Received in Advance	68,114	67,056
Other Taxation and Social Security	22,887	21,875
Liability for Past Service Contributions	81,567	79,000
Accruals and Deferred Income	286,994	209,081
	<u>1,672,999</u>	<u>1,098,561</u>

At the balance sheet date there were pension contributions outstanding of £7,824 (2017 - £8,025).

## 17. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Liability for Past Service Contributions	242,433	323,000
Housing Loans	4,165,455	4,642,888
	<u>4,407,888</u>	<u>4,965,888</u>
<b>Housing Loans</b>		
Amounts due within one year	477,431	526,050
Amounts due in one year or more but less than two years	492,214	477,431
Amounts due in two years or more but less than five years	1,543,432	1,524,898
Amounts due in more than five years	2,129,809	2,640,559
	<u>4,642,886</u>	<u>5,168,938</u>
Less: Amount shown in Current Liabilities	477,431	526,050
	<u>4,165,455</u>	<u>4,642,888</u>
<b>Liability for Past Service Contributions</b>		
Amounts due within one year	81,567	79,000
Amounts due in one year or more but less than two years	81,567	82,000
Amounts due in two years or more but less than five years	160,866	241,000
Amounts due in more than five years	-	-
	<u>324,000</u>	<u>402,000</u>
Less: Amount shown in Current Liabilities	81,567	79,000
	<u>242,433</u>	<u>323,000</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Cooperative Bank	Standard security over 225 properties	4.1%	2029	Fixed & Variable
Royal Bank of Scotland	Standard security over 122 properties	2.7%	2024	Fixed

All of the Association's bank borrowings are repayable on a quarterly basis with the principal being amortised over the term of the loans.

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 1.51% (2017 - 1.06%).

# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 18. STATEMENT OF CASH FLOWS

#### Reconciliation of operating surplus to net cash inflow from operating activities

	2018 £	2017 £
Operating Surplus	834,353	899,249
Depreciation	605,879	584,815
Amortisation of Capital Grants	(132,534)	(132,102)
Change in stock	(1,819)	(17,470)
Change in debtors	(5,136)	27,878
Change in creditors	542,490	(386,407)
Unwinding of Discount on Pension Liability	(787)	(19,042)
Share Capital Written Off	(74)	-
Net cash inflow from operating activities	<u>1,842,372</u>	<u>956,921</u>

### 19. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Other Fixed Assets £	Total £
<b>Social Housing Grants</b>				
As at 1 April 2017	4,089,876	386,308	-	4,476,184
Additions in the year	-	3,037,537	-	3,037,537
As at 31 March 2018	<u>4,089,876</u>	<u>3,423,845</u>	-	<u>7,513,721</u>
<b>Amortisation</b>				
As at 1 April 2017	1,844,180	-	-	1,844,180
Amortisation in year	81,797	-	-	81,797
As at 31 March 2018	<u>1,925,977</u>	-	-	<u>1,925,977</u>
<b>Net book value</b>				
As at 31 March 2018	<u>2,163,899</u>	<u>3,423,845</u>	-	<u>5,587,744</u>
As at 31 March 2017	<u>2,245,696</u>	<u>386,308</u>	-	<u>2,632,004</u>
<b>Other Grants</b>				
As at 1 April 2017	-	-	2,515,168	2,515,168
Additions in the year	-	-	21,270	21,270
As at 31 March 2018	-	-	<u>2,536,438</u>	<u>2,536,438</u>
<b>Amortisation</b>				
As at 1 April 2017	-	-	50,303	50,303
Amortisation in year	-	-	50,737	50,737
As at 31 March 2018	-	-	<u>101,040</u>	<u>101,040</u>
<b>Net book value</b>				
As at 31 March 2018	-	-	<u>2,435,398</u>	<u>2,435,398</u>
As at 31 March 2017	-	-	<u>2,464,865</u>	<u>2,464,865</u>
<b>Total grants net book value as at 31 March 2018</b>	<u>2,163,899</u>	<u>3,423,845</u>	<u>2,435,398</u>	<u>8,023,142</u>
<b>Total grants net book value as at 31 March 2017</b>	<u>2,245,696</u>	<u>386,308</u>	<u>2,464,865</u>	<u>5,096,869</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2018 £	2017 £
Amounts due within one year	132,534	132,102
Amounts due in one year or more	7,890,608	4,964,767
	<u>8,023,142</u>	<u>5,096,869</u>

# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 20. SHARE CAPITAL

#### Shares of £1 each Issued and Fully Paid

	2018	2017
	£	£
As at 1 April 2017	145	136
Issued in year	6	9
Cancelled in year	(74)	-
At 31 March 2018	<u>77</u>	<u>145</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.

### 21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2018	2017
General Needs - Purchased by Association	No.	No.
	<u>641</u>	<u>641</u>
	<u>641</u>	<u>641</u>

### 22. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102.

Those members who 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.

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

Transactions with Management Committee members (and their close family) were as follows:

	2018	2017
	£	£
Rent received from tenants on the Management Committee and their close family members	<u>13,057</u>	<u>15,677</u>
Factoring charges received from factored owners on the Management Committee	<u>421</u>	<u>586</u>

At the year end the balance due by tenant members on the Management Committee (and their close family) were £136 (2017 - £Nil).

Members of the Management Committee who are local councillors	0	1
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# CADDER HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 23. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 20 Fara Street, Glasgow, G23 5AE.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Glasgow.

### 24. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £1,511 (2017 - £1,181) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

### 25. INVESTMENTS

#### Short term deposits

	2018	2017
	£	£
Short term deposits	1,500,000	1,500,000

### 26. RETIREMENT BENEFIT OBLIGATIONS

#### General

Cadder Housing Association Limited participated 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 Association has since moved to a defined contribution scheme but has a liability for the past service deficit in the defined benefit scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.

The last valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employers. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £324,000 (2017 - £402,000). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.51% (2017 - 1.06%).

The Association made payments totalling £78,787 (2017- £79,000) to the pension scheme during the year.



