

Caledonia Housing Association Limited

Report of the Management Board and Consolidated Financial Statements Year ended 31 March 2015

Registration Particulars:

Financial Conduct Authority

Registered Number 2343 R (S)

Scottish Housing Regulator

Registered Number HEP 224

The Scottish Charity Register

Charity Number SCO13988

CALEDONIA HOUSING ASSOCIATION LIMITED
REPORT OF THE MANAGEMENT BOARD AND CONSOLIDATED FINANCIAL
STATEMENTS

For the year ended 31 March 2015

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CALEDONIA HOUSING ASSOCIATION LIMITED

ADVISERS

For the year ended 31 March 2015

Registered Office: 5 South St Johns Place
Perth
PH1 5SU

Auditors: Baker Tilly UK Audit LLP
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Bankers: Bank of Scotland
2 West Marketgait
Dundee
DD1 1QN

The Royal Bank of Scotland plc
12 Dunkeld Road
Perth
PH1 5RB

Solicitors: Thorntons WS
Whitehall Road
33 Yeaman Shore
Dundee
DD1 4BJ

TC Young
7 West George Street
Glasgow
G2 1BA

Harper McLeod
The Ca'd'oro
45 Gordon Street
Glasgow
G1 3PE

CALEDONIA HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT BOARD

The Management Board and Executive Officers

The Members of the Management Board of the Association during the year to 31 March 2015 were as follows:

Mrs Helen Archibald
Mr Alistair Barrie (Resigned, 16/09/2014)
Mrs Penny Coburn
Mr Lindsay Darroch
Mr David Grant (Chairman)
Mr Robin Grant (Treasurer)
Mr Ian Gray
Mr Raymond Low
Mr Ian McLaren
Mrs Elaine O'Brien
Mr Tom Potter (Vice Chairman)
Mr William Robertson
Mr Gavin Stewart

Senior Staff Members

Julie Cosgrove	Chief Executive
Tim Calderbank	Operations Director
Ron Hunter	Finance Director / Company Secretary
Andrew Kilpatrick	Asset Management Director
Garry Savage	Business Services Director
Lawrie West	Integration Director
Barry Johnstone	Area Director

STRUCTURE, GOVERNANCE AND MANAGEMENT

PRINCIPAL ACTIVITY

The principal activity of the Association is to build, improve and manage affordable housing and related amenities for those in need by reason of age, ill-health, disability, financial hardship or other disadvantage.

THE MANAGEMENT BOARD, CHIEF EXECUTIVE AND DIRECTORS

Each member of the Management Board holds one fully paid share of £1 in the Association. The Chief Executive and other Directors of the Association hold no interest in the Association's share capital and although not having the legal status of Directors, they act within the authority delegated by the Board. The members of the Management Board are unpaid. The governance arrangements include a Management Board with additional Committees for Audit and Remuneration.

RECRUITMENT AND TRAINING OF BOARD MEMBERS

Vacancies on the Management Board are filled from members of the community who have a commitment to the furtherance of social housing and the aims and objectives of the Association. Members are drawn from a wide range of backgrounds and experience to maintain the necessary mix of skills required to govern and control a complex organisation.

All Board members receive initial induction training and are then eligible to attend internal and external training events which not only build on existing experience but provide an opportunity to develop new skills.

CALEDONIA HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT BOARD

STATEMENT OF MANAGEMENT BOARD'S RESPONSIBILITIES

The Co-operative and Community Benefits Societies Act 2014 and Registered Social Housing Association legislation requires the Management Board 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 income and expenditure of the Association for that period. In preparing those Financial Statements, the Management Board are required to:

- i) Select suitable accounting policies and then apply them consistently.
- ii) Make judgements and estimates that are reasonable and prudent.
- iii) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements.
- iv) Prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Management Board 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 Registered Social Landlords Determination of Accounting Requirements April 2012 and the RSL Statement of Recommended Practice 2010. 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.

STATEMENT ON INTERNAL FINANCIAL CONTROLS

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

- (i) The reliability of financial information used within the Association or for publication.
- (ii) The maintenance of proper accounting records, and
- (iii) The safeguarding of assets against unauthorised use or disposal.

It is the Management Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include ensuring that:

- (i) Formal policies and procedures are in place including the documentation of key systems and rules relating to the delegation of authorities which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- (ii) Experienced and suitably qualified staff take responsibility for important business functions. The Association has appraisal procedures and training & development programmes in place to maintain standards of performance.
- (iii) Cash flow forecasts and budgets are prepared which allow the Board and management to monitor the key financial risks with quarterly management accounts prepared promptly, providing relevant, reliable and up-to-date financial and other information. Significant variances from budgets are investigated as appropriate. Long term financial plans are considered by the Management Board in January each year and further reviewed during the year as required. This demonstrates forward planning and reporting to ensure a sound and viable financial position.
- (iv) All significant new initiatives, major commitments and investment projects are subject to formal appraisal techniques and authorisation procedures, through the Management Board.
- (v) The Audit Committee has the responsibility of reviewing the internal financial and other controls of the Association and will review reports from management, from the internal auditors and from the external Auditors. In addition the Audit Committee reviews the Association's corporate risk map at each meeting to monitor and mitigate assessed key risks.

CALEDONIA HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT BOARD

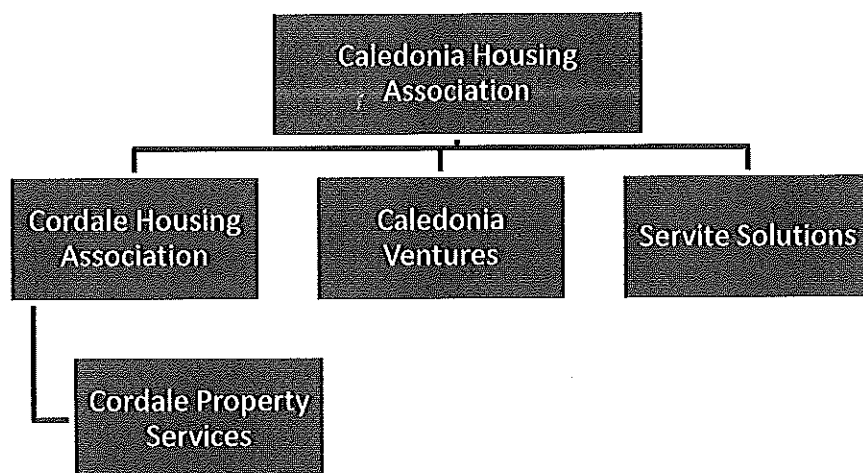
- (vi) Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Management Board 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.

As far as the Board are aware:

- there is no relevant audit information (information needed by the Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- the Board members have taken all the steps that they ought to have taken to make themselves aware of the relevant audit information and to establish that the Association's auditors are aware of that information.

GROUP STRUCTURE



The Caledonia Group comprises

1. Caledonia Housing Association

A registered social landlord registered under the Co-operative and Community Benefits Societies Act 2014 and Scottish charity and one of Scotland's leading providers of high quality affordable homes for people in housing need. With almost 4000 homes owned and managed across Tayside, Fife and the Highlands also one of Scotland's largest Housing Associations.

CALEDONIA HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT BOARD

Caledonia Housing Association Limited

2. Cordale Housing Association

A registered social landlord and Scottish charity owning and managing 520 high quality affordable homes in Renton West Dunbartonshire for people in housing need. The Association became a wholly owned subsidiary of Caledonia on 1st April 2014

3. Caledonia Ventures

A non-charitable private company limited by shares and wholly owned subsidiary of Caledonia Housing Association. Established to provide non-core services for the Group but currently dormant.

4. Servite Solutions

A non-charitable private company limited by shares and wholly owned subsidiary of Caledonia Housing Association. Established to provide non-core services for the Group but currently dormant.

5. Cordale Property Services

A non-charitable private company limited by shares and wholly owned subsidiary of Cordale Housing Association. Established originally to provide development services to the Housing Association but now owns and manages commercial property.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Financial Review

The Caledonia Group ("Caledonia" or the "Group") achieved an operating surplus for the year of £5.2M (year to 31 March 2014 - £4.3M). The Group made a net surplus of £2.1M in the 12 month period to March 2015 (year to March 2014 - £3.3M), a slight decrease due to an increase in interest payable and a gain on disposal of fixed assets by Cordale HA in the year to 31st March 2014. Turnover increased by 3.6% to £19.9M and operating costs reduced by 1% to £14.7M whilst income from social letting activities rose by 3% (£0.5M) reflecting rent increases applied in April 2014 and rents received from new build completions during the year. The turnover from other activities rose by 8.9% due to increased Housing with Care income and grants received relating to the Making Advice Work programme.

Included in operating costs is the expenditure on reactive, cyclical and planned maintenance the cost of which was £2.8m (2014 £3.3m). Total investment on all maintenance activities was £5.9M (2014 £5.8M) £2.6M of which was treated as capital expenditure. Annual expenditure on planned maintenance is derived from a 30 year life cycle costing consultant's report designed to ensure that all housing properties are maintained to a specific standard, thereby continuing to extend the useful life of the properties. Despite this significant investment Caledonia is required by the Statement of Recommended Practice to depreciate its housing properties and retained surpluses are calculated after providing £1.8M (2014 £1.8M) for depreciation.

At 31st March 2015 the Group's total reserves amounted to £27.6M an increase of £2.1M from 2014. The increase in reserves is solely attributed to the surpluses achieved and in addition to providing funds for re-development are a necessary hedge against risk. Included in the £27.6M of total reserves a figure of £1.9M has been designated for deficit contributions to the Scottish Housing Association Pension Scheme (SHAPS) (2014 £1.5M).

Last year the Group secured £15m fixed rate long term private finance by way of an aggregator capital market bond. This long term funding was used to re-finance existing variable rate debt and has been subsequently supplemented by a £20m revolving credit facility which when matched with Scottish Government grant will be used to deliver our development programme. Security for new borrowing has been provided by utilising the Association's unencumbered housing assets.

During the year Commercial Property comprising a Healthy Living Centre in West Dumbarton was re-categorised from Other Fixed Assets to Investment Property. This should have been transferred in 2013 and at that time it should

CALEDONIA HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT BOARD

Caledonia Housing Association Limited

have been revalued to open market valuation. The valuation of this property at 31 December 2012 was £690,000 so a prior year adjustment to reflect the reduction in value of £346,087 has been reflected in these financial statements, as detailed in note 37.

Treasury Management

There is a comprehensive Treasury Management Strategy and Policy in place. The main aim of the Strategy is to control the borrowing and investment activity risks to the Association. At 31 March 2015, the Association has a balance of fixed and variable rate finance funding which is being reviewed as part of the appraisal and selection process for the acquisition of a new private finance facility.

Risk Management

Caledonia HA has a comprehensive risk management policy in place which details how corporate risks are identified, assessed in terms of importance and the steps taken in mitigation. The resultant risk map is reviewed in detail by the Audit Committee, informs the internal audit needs assessment and is discussed at Management Board meetings. Actions to mitigate existing and emerging risks are reviewed regularly by the Audit Committee and reported to the Management Board.

The Management Board has determined that the key risks facing the Association are :

- The financial and social effects of welfare benefit reform.
- The failure of business continuity systems.
- Compliance with new Scottish Government energy efficiency standards.

Performance

The Association monitors corporate performance in terms of finance, operations, business services and asset management. A range of financial and non-financial ratios and indicators are produced on a quarterly basis which are used to monitor how the organisation is performing and more importantly initiate corrective action in under-performing areas. In addition to this departmental monthly performance indicators are produced for the whole Association and reviewed by the operational management team:

Indicators for Caledonia Housing Association	Target	Actual	13/14 Actual
• Void Loss	<0.5%	0.42%	0.6%
• Re-let Performance	<18 Days	18.5 Days	19.6 Days
• Arrears Performance	<3.5%	4.59%	4.2%
• Profitability – Operating surplus	>25%	27.2%	25.3%
• Financial Covenant - Interest Cover	>200%	129.6%	208%
• Financial Covenant – Gearing	<40%	29.0%	28.3%

Indicators in line with the ARC definitions were set for the year to 31st March 2015 based on historic and benchmark material and the results will be used to inform our control mechanisms and targets in future years. Whilst void loss has been well controlled our re-let and arrears performance are below target. Arrears performance is below target principally due to changes in the method of calculation whereby former tenant arrears written off are now included. Re-let performance reflects the fact that the Association has a number of difficult to let properties where plans are in place to deliver corrective action. These performance indicators in our operations department will be monitored closely as Government performance proposals for welfare benefit reform are rolled out.

Operating surplus is on target for the year and gearing and interest cover financial covenants set by our funders have been met. The Association's financial strength will enable us to fund future business plan priorities.

CALEDONIA HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT BOARD

Caledonia Housing Association Limited

Indicators for Cordale Housing Association	Target	Actual
• Void Loss	<0.5%	0.19%
• Re-let Performance	<10 Days	11.6 Days
• Arrears Performance	<4.0%	4.66%
• Profitability – Operating surplus	>30%	29.5%
• Financial Covenant - Interest Cover	>200%	242.1%
• Financial Covenant - Gearing	<30%	18.2%

Indicators in line with ARC definitions were set for the year to 31st March 2015 based on historic and benchmark material and the variance against target will be used to inform our control mechanisms and targets in future years. Much of the year to 31st March 2015 was taken up integrating stand-alone policies and procedures with those of the Caledonia Group and in this respect it is pleasing to note that despite this increased workload the Association has met or where not met is just under target for most key ratios whilst the important financial covenants were well met. Arrears performance whilst being improved from last year still remains below target principally due to the timing of housing benefit payments and the integration of changes to the Association's control mechanisms. This performance indicator will be monitored closely as Government proposals for welfare benefit reform are rolled out.

Sensitivity analysis has been carried out on the Group's and Association's five and thirty year plans to ensure the Group's and Association's long term viability and a stock condition survey completed to inform asset management decisions and ensure compliance with Scottish Housing Quality Standards by 2015. In this respect at March 2015 our stock was 100% compliant after excluding a small number of exemptions and abeyances.

Rental Income

Annual increases in rent for existing properties and rent from new properties resulted in a 2.7% increase in rental income (2014 3.2%). Rents and services charges are set to recover current and future costs and any proposed increases are subject to tenant consultation.

Credit Payment Policy

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is 30 days (2014: 30 days).

Maintenance Policy

The Association's policies encompass reactive, cyclical and planned maintenance. Reactive repairs are carried out by contractors who have been subject to a selection process which examines cost, experience and capacity. Subsequent repairs are then monitored in terms of contractor and Association performance. Planned and cyclical maintenance is carried out in accordance with our life cycle programme modified where necessary by inspection. The resultant works are normally awarded after formal tendering procedures have been applied.

We have undertaken analysis of our stock to determine the amount of work required to comply with the Scottish Housing Quality Standards. The results of this analysis have been incorporated into our planned maintenance programme to ensure that we meet the required standards within the set deadlines

Reserves Policies

The Association was committed to generating sufficient reserves to pursue its core objectives and to meet the following requirements.

- keeping rents as affordable as possible;
- maintaining the Association's properties in a good state of repair;
- financing loan repayments;

CALEDONIA HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT BOARD

Caledonia Housing Association Limited

- providing a cushion against risk and future uncertainties; and
- establishing new services or developments.

Revenue Reserves

The Association has determined that it is appropriate to hold revenue reserves equivalent to a minimum of six months turnover net of LIFT property sales (£8.85m) to minimise future financial risk. The current level of undesignated revenue reserves is £25.7m following a £1.51m transfer to designated reserves and the addition of a £2.07m revenue surplus.

Designated Reserves

The designation reflects the Association's anticipated future liability to meet the cost of pension deficit payments made to SHAPS (Scottish Housing Association Pension Scheme). An amount of £228,785 per annum increasing at 3% per annum is payable from April 2015 for thirteen years. The sums set aside represent the net present value of this liability.

HUMAN RESOURCES

Equity and Diversity re Employment

All applicants for employment are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. We will ensure respect, fairness and understanding and at all times value and embrace diversity and eliminate discrimination.

Employee Involvement and Health & Safety

The Association takes seriously its responsibilities to employees and provides employees with information on matters of concern to them. The Association consults employees or their representatives on a range of issues related to their terms and conditions of employment, including health and safety, so that their views may be taken into account in making decisions likely to affect their interests.

AUDITORS

A resolution for the reappointment of Baker Tilly UK Audit LLP as auditors of the Association will be proposed at the Annual General Meeting.

By order of the Management Board

Mr David Grant (Chairman)



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25th August 2015

CALEDONIA HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

Caledonia Housing Association Limited

We have audited the group and parent association financial statements of Caledonia Housing Association Limited for the year ended 31 March 2015 (the "financial statements") on pages 10 to 43. 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 Part 7 of the 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 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.

Respective responsibilities of the Board and auditor

As explained more fully in the Board's Responsibilities Statement set out on page 3 and 4, the Board are responsible for the preparation of the financial statements and for being satisfied that they 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 of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2015 and of the income and expenditure of the Group and the income and expenditure of the Association for the year then ended;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – April 2012.

Matters on which we are required to report by exception

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:

- A satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements 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.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

Statutory Auditors
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date: 11/09/15

CALEDONIA HOUSING ASSOCIATION LIMITED

Independent Auditor's report to the members of Caledonia Housing Association Limited on Internal Financial Controls

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 3 to 4 concerning the Association's compliance with the information required by the Regulatory Standards for systemically important RSLs in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents. 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 reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 3 to 4 has provided the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory 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.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

Statutory Auditors
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date 11/07/15

CALEDONIA HOUSING ASSOCIATION LIMITED
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2015

	<i>Note</i>	2015	2014
		£	£
Turnover	2,3,4a	19,892,050	19,197,904
Operating costs	2,3,4a	(14,716,463)	(14,861,732)
Operating surplus	2	5,175,587	4,336,172
(Loss)/Gain on disposal of fixed assets		(68,133)	1,192,810
Gain on disposal of fixed asset investments		6,835	-
		5,114,289	5,528,982
Interest receivable	8	29,650	14,923
Interest payable	9	(3,072,934)	(2,292,673)
Surplus on ordinary activities for the financial year	21	2,071,005	3,251,232

All figures relate to continuing operations.

There is no difference between the surplus on ordinary activities for the period and the accumulated surplus for the period stated above, and their historical cost equivalents.

Statement of Total Recognised Gains and Losses

For the year ended 31 March 2015

	<i>Notes</i>	2015	2014
		£	£
Surplus for the year		2,071,005	3,251,232
Total recognised surpluses and deficits for the year		2,071,005	3,251,232
Prior period adjustment	37	(346,087)	
Total surpluses and deficits recognised since the last reporting period		1,724,918	

CALEDONIA HOUSING ASSOCIATION LIMITED
HOUSING ASSOCIATION INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2015

	<i>Note</i>	2015	2014
		£	£
Turnover	<i>2,3,4b</i>	17,710,035	16,994,860
Operating costs	<i>2,3,4b</i>	(13,186,092)	(13,280,746)
Operating surplus	<i>2</i>	4,523,943	3,714,114
(Loss) on disposal of fixed assets		(68,133)	(17,205)
		4,455,810	3,696,909
Interest receivable	<i>8</i>	28,656	14,255
Interest payable	<i>9</i>	(2,755,782)	(1,984,636)
Surplus for the financial year	<i>22</i>	1,728,684	1,726,528

All figures relate to continuing operations.

There is no difference between the surplus on ordinary activities for the period and the accumulated surplus for the period stated above, and their historical cost equivalents.

There were no recognised gains or losses other than the surplus for the year.

CALEDONIA HOUSING ASSOCIATION LIMITED

CONSOLIDATED AND HOUSING ASSOCIATION BALANCE SHEET

As at 31 March 2015

	Note	2015		2014	
		GROUP	ASSOCIATION	GROUP	ASSOCIATION
		£	£	£	£
Tangible fixed assets					
Housing properties – gross cost					
less depreciation	11,12	304,736,420	249,970,275	299,184,411	244,189,658
Less Housing Association Grant	11,12	(207,879,116)	(165,898,960)	(205,108,240)	(162,892,692)
Less Other Capital Funding	11,12	(9,615,292)	(6,804,295)	(9,612,792)	(6,801,795)
		<u>87,242,012</u>	<u>77,267,020</u>	<u>84,463,379</u>	<u>74,495,171</u>
Other fixed assets	13,14	2,027,088	1,281,524	1,811,078	1,090,680
Fixed asset investments					
Investments in subsidiaries	15	104	4	104	4
LIFT loans		4,133,655	4,133,655	4,056,296	4,056,296
LIFT grants		(4,092,043)	(4,092,043)	(4,026,331)	(4,026,331)
		<u>89,310,816</u>	<u>78,590,160</u>	<u>86,304,526</u>	<u>75,615,820</u>
Tangible fixed assets					
		<u>89,310,816</u>	<u>78,590,160</u>	<u>86,304,526</u>	<u>75,615,820</u>
Current assets					
Stock and work in progress	16	28,825	28,825	226,435	196,435
Debtors	17	1,956,871	1,871,505	1,605,308	1,369,005
Cash at bank and in hand		5,908,671	3,817,844	5,138,753	3,231,744
		<u>7,894,367</u>	<u>5,718,174</u>	<u>6,970,496</u>	<u>4,797,184</u>
Creditors: amounts falling due within one year	18	(5,048,894)	(4,594,275)	(5,432,840)	(4,830,325)
		<u>2,845,473</u>	<u>1,123,899</u>	<u>1,537,656</u>	<u>(33,141)</u>
Net current assets					
		<u>2,845,473</u>	<u>1,123,899</u>	<u>1,537,656</u>	<u>(33,141)</u>
Total assets less current liabilities					
		<u>92,156,289</u>	<u>79,714,059</u>	<u>87,842,182</u>	<u>75,582,679</u>
Creditors: amounts falling due after more than one year	19	(64,581,140)	(55,368,985)	(62,337,943)	(52,966,278)
		<u>27,575,149</u>	<u>24,345,074</u>	<u>25,504,239</u>	<u>22,616,401</u>
Net assets					
		<u>27,575,149</u>	<u>24,345,074</u>	<u>25,504,239</u>	<u>22,616,401</u>
Capital and reserves					
Share capital	20	472	211	567	222
Designated reserve	23,24	1,874,478	1,452,424	3,386,476	1,807,131
Revenue reserve	21,22	25,700,199	22,892,439	22,117,196	20,809,048
		<u>27,575,149</u>	<u>24,345,074</u>	<u>25,504,239</u>	<u>22,616,401</u>

These financial statements on pages 11 to 43 were approved and authorised for issue by the Management Board on 25th August 2015 by:

Chairman of the Management Board

Board Member

Secretary

CALEDONIA HOUSING ASSOCIATION LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2015

	<i>Notes</i>	2015		2014	
		£	£	£	£
Cash inflow from operating activities	26		7,489,419		6,207,453
Returns on investments and servicing of finance					
Interest received		29,650		14,923	
Interest paid		(2,852,484)		(2,292,673)	
			(2,822,834)		(2,277,750)
Net cash outflow from returns on investments and servicing of finance					
Taxation					
Corporation tax paid		-		-	
Net cash outflow on taxation			-		-
Capital expenditure and financial investment					
Purchase of housing properties		(8,517,527)		(8,213,134)	
Housing association grant received		3,245,282		567,602	
Housing association grant repaid		(28,107)			
Other capital grants repaid		(9,143)		351,789	
Proceeds of sale of housing properties		70,737		3,392,814	
Purchase of other fixed assets		(404,631)		-	
Proceeds of sale of other fixed assets		-		-	
Net cash outflow from capital expenditure and investing activities			(5,643,389)		(4,820,320)
Net cash outflow before use of liquid resources and financing			(976,804)		(890,617)
Financing					
Bank Loan increase / (decrease)		1,746,722		(96,411)	
Net cash inflow from financing			1,746,722		822,980
Increase/(Decrease) in cash in the year	27, 28		769,918		(67,637)

CALEDONIA HOUSING ASSOCIATION LIMITED
HOUSING ASSOCIATION CASH FLOW STATEMENT

For the year ended 31 March 2015

	<i>Notes</i>	2015	2014
		£	£
Cash inflow from operating activities	29	6,518,728	5,342,076
Returns on investments and servicing of finance			
Interest received		28,656	14,255
Interest paid		(2,535,332)	(1,984,636)
		<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance		(2,506,676)	(1,970,381)
Taxation			
Corporation tax paid		-	-
		<hr/>	<hr/>
Net cash outflow on taxation		-	-
Capital expenditure and financial investment			
Purchase of housing properties		(8,171,676)	(7,609,760)
Housing association grant received		3,185,340	2,849,634
Housing association grant repaid		(28,107)	
Other capital grants repaid		(9,143)	79,159
Proceeds of sale of housing properties		70,188	15,404
Purchase of other fixed assets		(403,030)	(152,619)
Proceeds of sale of other fixed assets		-	-
		<hr/>	<hr/>
Net cash outflow from capital expenditure and investing activities		(5,356,428)	(7,746,975)
		<hr/>	<hr/>
Net cash outflow before use of liquid resources and financing		(1,344,376)	(4,375,280)
Financing			
			2,849,634
			79,159
Bank Loan increase		1,930,476	303,282
Share capital (reduction)		-	(17)
		<hr/>	<hr/>
Net cash inflow from financing		1,930,476	3,232,058
		<hr/>	<hr/>
Increase/(Decrease) in cash in the year	30,31	586,100	(1,143,222)
		<hr/>	<hr/>

CALEDONIA HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. Accounting policies

Basis of preparation

The Association is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014. The financial statements have been prepared in accordance with applicable Accounting Standards and the Statement of Recommended Practice (SORP), "Accounting by Registered Social Housing Providers, Update 2010". They also comply with the Registered Social landlords Determination of Accounting Requirements - April 2012. The Association has formal authority from the Financial Conduct Authority to exclude its subsidiaries from inclusion or consolidation into group accounts due to the immateriality of the amounts involved.

Basis of Accounting

The financial statements are prepared under the historical cost convention. Following the Transfer of Engagements of Servite Housing Association into Perthshire Housing Association in 2011, the amalgamation has been treated as a merger with the appropriate accounting treatments being applied.

Basis of consolidation

The Group financial statements consolidate the results of Caledonia Housing Association Limited and Cordale Housing Association Limited using merger accounting.

Going Concern

The Association's business activities, together with the factors likely to affect its future development, performance and position are set out within the Review of Business and Future Developments and Financial Review. The Review of Business and Future Developments and Financial Review also includes a review of the financial position of the association, its cash flows, liquidity position and borrowing facilities. As a result the Association completed the acquisition of £14,973,611 additional private finance on the 13th May 2014 from GB Social Housing by way of a twenty five year aggregator bond secured by unencumbered housing assets. Any future borrowing will be provided by utilising the Association's unencumbered assets currently amounting to over 500 housing units.

The Association's financial projections demonstrate that the Association has sufficient financial resources to ensure that it meets its commitments in the short, medium and longer term. Therefore, the Management Board believes that the Association is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Management Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements.

Turnover

Turnover represents rents, service charges and revenue grants receivable in respect of tenanted properties, amounts receivable from the sale of housing accommodation and amounts invoiced in respect of the provision of services.

CALEDONIA HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

Fixed Assets – Housing Land and Buildings

Housing Properties are stated at cost less social housing and other public grants less accumulated depreciation.

Works to existing properties will generally be capitalised under the following circumstances:

- (i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Income and Expenditure account.

The major components are deemed to be Land, Structure, Roofs, Windows, Kitchens, Bathrooms, Lifts, Warden Call/Fire Alarm and Central Heating. Each component has a substantially different economic life and is depreciated over this individual life. Depreciation rates are shown in Note 1. The accounting policy is compliant with the SORP 2010.

Impairment is calculated as the difference between the carrying value of income generating units and the estimated value in use at the date an impairment loss is recognised. Value in use represents the net present value of expected future cash flows from these units. Impairment of assets would be recognised in the Income and Expenditure account.

Sales of Housing Properties

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

Capitalised Development Overheads and Development Interest

Costs which are directly attributable to bringing housing properties into working condition are included in housing properties cost. Directly attributable costs include direct labour cost of the Association and incremental costs which would have been avoided only if the property had not been constructed or acquired. All other development costs are written off to the Income and Expenditure Account in the period in which it occurs.

Interest charges incurred on the financing of housing properties are capitalised up to the date of practical completion. Interest charges arising after that date are charged to the Income and Expenditure Account.

CALEDONIA HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

Depreciation

Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows:

Land	Not depreciated
Structure	Over 75 years
Roof	Over 65 years
Windows	Over 35 years
Kitchen	Over 20 years
Bathroom	Over 30 years
Central Heating- Individual Boilers	Over 20 years
Central Heating- Common Plant	Over 30 years
Lifts	Over 20 years
Warden Call/ Fire Alarm	Over 20 years

Scheme plant and equipment is depreciated at 10% per annum on cost.

Office Furniture and Equipment is depreciated at 10% per annum on cost, with the exception of computer equipment which is depreciated at 33.3% per annum on cost, and photocopiers which are depreciated at 20% per annum.

Motor Vehicles are depreciated at 25% per annum on cost.

Office Premises are depreciated on a straight line basis over the expected remaining useful life. It is assumed to have an estimated useful life of 75 years. The Association has carried out the necessary impairment review to ensure properties are not shown at an amount exceeding their recoverable amount.

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

In accordance with SSAP 19, (i) investment properties are revalued annually by persons holding a recognised professional qualification and at least every five years by an external valuer; and the aggregate surplus or deficit is transferred to a revaluation reserve, and (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties.

Housing Association Grant (HAG) and other grants

Grants for capital expenditure are deducted from the cost of the fixed assets to which they relate as they become receivable. HAG is repayable under certain circumstances, primarily following a sale of a property but will normally be restricted to net proceeds of sale. Grants received in advance of the relevant expenditure are included in short-term creditors and represent amounts to be utilised in the next accounting period. Grants for revenue expenditure are credited to the Income and Expenditure Account as they become receivable.

Housing Loans

Mortgage loans on housing land and properties are advanced under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of these developments that have been given approval for Housing Association Grant by Scottish Housing Regulator. Mortgage loans in the balance sheet include amounts due but not received.

Designated Reserves

The designation reflects the Association's anticipated future liability to meet the cost of pension deficit payments made to SHAPS (Scottish Housing Association Pension Scheme). The sums set aside represent the net present value of this liability.

CALEDONIA HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

Revenue Reserves

The Association has determined that it is appropriate to hold revenue reserves equivalent to a minimum of six months turnover net of LIFT property sales to minimise future financial risk.

Operating lease commitments

Rentals paid under operating leases are charged to the Income and Expenditure Account on a straight line basis.

Pensions

The Association operates both a Defined Contribution and a Defined Benefit pension scheme. Both are held separately from the Association and administered independently. Contributions payable to the Defined Contribution Scheme are charged to the Income and Expenditure Account so as to spread the cost of pension over the service lives of employees in the Scheme.

The cost of the Defined Benefit Scheme is written off on an accruals basis.

VAT

Whilst being VAT Registered, most of the Association's income is exempt for VAT purposes. Expenditure is therefore shown inclusive of VAT.

Low-cost Initiative for First-Time Buyers – LIFT (Formally undertaken under Homestake)

During the development of LIFT properties the costs and HAG received are shown in the Balance Sheet as a Current Asset, once sold they are reported as a Fixed Asset Investment at nil net book value. The Current Asset treatment reflects the risks to the Association until a sale is achieved. LIFT income received from sales is included within turnover and the expenses are included as Cost of Sales to reflect the level of activity undertaken.

Business Combinations

For non-exchange transactions, relating to the acquisition of other entities, the fair value of the gifted assets and liabilities are recognised as a gain or loss in the Income and Expenditure Account in the year of the transaction.

Shared Ownership

Proceeds from first tranche disposals of shared ownership properties are accounted for in the Income and Expenditure account of the period in which the disposal occurs, with any surpluses on disposal recognised in the Income & Expenditure account as turnover. The cost of disposal of first tranche disposals is included within cost of sales. The first tranche element of any unsold properties is shown as a current asset. The remainder of costs are recorded within fixed assets and subsequent disposals are accounted for through the disposal of fixed assets.

Stock and Work in Progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Component replacement programmes not completed in the year are held within WIP and transferred to fixed assets on completion. Developments in Progress for other Associations are included in WIP at cost, net of any related HAG. Shared Ownership Development costs for estimated first tranche sales are included in WIP.

CALEDONIA HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. Particulars of turnover, operating costs and operating surplus for the financial period by class of business

Group:

	Turnover	Operating costs	Operating surplus 31 March 2015	Operating surplus 31 March 2014
	£	£	£	£
Social lettings (note 3)	17,795,645	(12,569,844)	5,225,801	4,202,231
Other activities (note 4a)	2,096,405	(2,146,619)	(50,214)	133,941
Total	19,892,050	(14,716,463)	5,175,587	4,336,172

Housing Association:

	Turnover	Operating costs	Operating surplus 31 March 2015	Operating surplus 31 March 2014
	£	£	£	£
Social lettings (note 3)	15,682,082	(11,081,003)	4,601,079	3,604,526
Other activities (note 4b)	2,027,953	(2,105,089)	(77,136)	109,588
Total	17,710,035	(13,186,092)	4,523,943	3,714,114

CALEDONIA HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. Particulars of turnover, operating costs and operating surplus from social letting activities

Group	General Needs Housing £	Supported £	Shared Ownership Housing £	Total – 31 March 2015 £	Total - 31 March 2014 £
Rent receivable net of service charges	11,242,543	2,632,192	781,195	14,655,930	14,159,024
Service charges	925,824	2,097,858	178,162	3,201,844	3,170,897
Gross income from rents and service charges	12,168,367	4,730,050	959,357	17,857,774	17,329,921
Less Voids	(30,270)	(31,859)	-	(62,129)	(57,738)
Net income from rents and service charges	12,138,097	4,698,191	959,357	17,795,645	17,272,183
Grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from social letting activities	12,138,097	4,698,191	959,357	17,795,645	17,272,183
Management and maintenance administration costs	3,444,761	951,011	266,402	4,622,174	4,631,817
Service costs	1,106,676	1,909,742	138,596	3,155,014	3,155,497
Planned and cyclical maintenance including major repairs costs	1,009,234	359,537	-	1,368,771	1,989,843
Reactive maintenance costs	1,179,171	264,734	-	1,443,905	1,260,829
Bad debts – rent and service charges	124,441	3,095	8,902	136,438	221,956
Depreciation of social housing	1,404,659	344,576	54,307	1,803,542	1,810,010
Operating costs for social letting activities	8,268,942	3,832,695	468,207	12,569,844	13,069,952
Operating surplus for social letting activities	3,869,155	865,496	491,150	5,225,801	4,202,231
Operating surplus for social letting activities for previous accounting period	3,207,839	515,153	479,239	4,202,231	

CALEDONIA HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. Particulars of turnover, operating costs and operating surplus from social letting activities (cont'd.)

Association	General Needs Housing £	Supported £	Shared Ownership Housing £	Total – 31 March 2015 £	Total - 31 March 2014 £
Rent receivable net of service charges	9,522,472	2,439,602	759,335	12,721,409	12,231,060
Service charges	897,000	1,943,047	178,162	3,018,209	2,981,100
Gross income from rents and service charges	10,419,472	4,382,649	937,497	15,739,618	15,212,160
Less Voids	(27,066)	(30,470)	-	(57,536)	(55,319)
Net income from rents and service charges	10,392,406	4,352,179	937,497	15,682,082	15,156,841
Grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from social letting activities	10,392,406	4,352,179	937,497	15,682,082	15,156,841
Management and maintenance administration costs	2,891,156	951,011	260,811	4,102,978	3,934,963
Service costs	1,078,435	1,764,076	138,596	2,981,107	2,952,103
Planned and cyclical maintenance including major repairs costs	815,812	359,537	-	1,175,349	1,864,426
Reactive maintenance costs	1,011,695	256,814	-	1,268,509	1,116,719
Bad debts – rent and service charges	80,870	3,095	8,902	92,867	217,931
Depreciation of social housing	1,089,404	318,190	52,599	1,460,193	1,466,173
Operating costs for social letting activities	6,967,372	3,652,723	460,908	11,081,003	11,552,315
Operating surplus for social letting activities	3,425,034	699,456	476,589	4,601,079	3,604,526
Operating surplus for social letting activities for previous accounting period	2,760,158	378,012	466,356	3,604,526	

CALEDONIA HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

4a. Particulars of turnover, operating costs and operating (deficit) / surplus from other activities

Group:	Grants from Scottish Ministers	Other revenue grants	Supporting Income	Other Income	Total turnover	Operating costs – bad debts	Other operating costs	Operating (deficit) / surplus	Total from Other Activities- 2014
	£	£	£	£	£	£	£	£	£
Community Jobs Fund	-	26,554	-	-	26,554	-	(26,554)	-	-
Care and repair of property	330,718	-	-	-	330,718	-	(326,429)	4,289	5,135
Factoring	-	-	-	1,508	1,508	-	(1,508)	-	494
Development and construction of property activities	18,000	-	-	391,511	409,511	-	(584,854)	(175,343)	79,705
Stage 3 Adaptations	-	-	-	285,266	285,266	-	(259,760)	25,506	(40,889)
Support activities	-	-	410,841	-	410,841	-	(417,922)	(7,081)	47,000
Commercial rents	-	-	47,000	-	47,000	-	-	47,000	(17,016)
Tenant participation	-	-	-	-	-	-	(14,300)	(14,300)	1,005
Care activities (Home Help)	-	-	-	189,148	189,148	-	(186,488)	2,660	2,400
Housing with Care	-	-	-	122,290	122,290	-	(121,459)	831	3,816
Dundee Voluntary Action	-	-	-	32,643	32,643	-	(27,440)	5,203	-
Making Advice Work Project	-	-	-	73,944	73,944	-	(73,944)	-	46,080
Income from Office Lease	-	-	-	46,080	46,080	-	-	46,080	11,183
Agency management services	-	-	-	85,478	85,478	-	(74,430)	11,048	(6,353)
Rechargeable Repairs	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Donations	-	-	-	390	390	-	-	390	-
Other Activities	-	-	-	35,034	35,034	-	(31,531)	3,503	1,381
Total from other activities	348,718	26,554	457,841	1,263,292	2,096,405	-	(2,146,619)	(50,214)	133,941
Total from other activities – 2014	544,233	25,249	422,498	933,741	1,925,721	1,925,721	(1,791,780)	133,941	

CALEDONIA HOUSING ASSOCIATION LIMITED

For the year ended 31 March 2015

4b.	Particulars of turnover, operating costs and operating (deficit) / surplus from other activities	Grants from Scottish Ministers	Supporting Income	Other income	Total turnover	Operating costs – bad debts	Other operating costs	Operating (deficit) / surplus	Total from Other Activities-2014
Association:		£	£	£	£	£	£	£	£
	Care and repair of property	330,718	-	-	330,718	-	(326,429)	4,289	5,135
	Development and construction of property activities	-	-	391,511	391,511	-	(560,686)	(169,175)	79,705
	Stage 3 Adaptations	-	-	285,266	285,266	-	(259,760)	25,506	-
	Support activities	-	410,841	-	410,841	-	(417,922)	(7,081)	(40,889)
	Care activities	-	-	189,148	189,148	-	(186,488)	2,660	1,005
	Housing with Care	-	-	122,290	122,290	-	(121,459)	831	2,400
	Dundee Voluntary Action	-	-	32,643	32,643	-	(27,440)	5,203	3,816
	Making Advice Work Project	-	-	73,944	73,944	-	(73,944)	-	-
	Income from Office Lease	-	-	46,080	46,080	-	-	46,080	46,080
	Agency management services	-	-	110,478	110,478	-	(99,430)	11,048	10,955
	Other Activities	-	-	35,034	35,034	-	(31,531)	3,503	1,381
	Total from other activities	330,718	410,841	1,286,394	2,027,953	-	(2,105,089)	(77,136)	109,588
	Total from other activities – 2014	544,233	422,498	871,288	1,838,019	-	(1,728,431)	109,588	

CALEDONIA HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

5. Housing stock (Group)

	2015 No.	2014 No.
New build	3,874	3,865
Rehabilitation	61	61
Shared Ownership	404	404
Supported housing	40	40
	<hr/> 4,379	<hr/> 4,370

Housing stock (Association)

	2015 No.	2014 No.
New build	3,466	3,457
Shared Ownership	393	393
	<hr/> 3,859	<hr/> 3,850

6. Remuneration of members of the Group and Association Management Board and directors

No members of the Management Board received any remuneration from the Association.

Directors are defined as the Chief Executive and any other senior staff reporting directly to the Chief Executive or the Board and who are receiving emoluments of £60,000 or more.

	2015 £	2014 £
Total emoluments payable to directors (excluding pension contributions)	436,273	472,816
	<hr/>	<hr/>
Emoluments payable to the highest paid director (excluding pension contributions)	92,500	88,300
Pension contributions	10,290	8,400
	<hr/>	<hr/>

The Chief Executive is an ordinary member of the Association's pension scheme described below. No enhanced or special terms apply to memberships and there are no other pension arrangements to which the Association contributes.

The Association made pension contributions of £44,417 (2014: £32,387) in respect of directors.

CALEDONIA HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

The directors' emoluments (including pension contributions) fell within the following band distributions:

	2015 No	2014 No
£60,001 - £70,000	-	2
£70,001 - £80,000	5	3
£80,001 - £90,000	-	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-

7. Staff numbers and costs (Group and Association)

The full time equivalent number of persons employed (excluding board members) in the year, analysed by category, was as follows:

	Number of employees 2015	2014
Average Number of Employees	161	157

The aggregate payroll costs of these persons were as follows:

	2015 £	2014 £
Wages and salaries	4,186,278	4,019,778
Social security costs	349,402	321,746
Other pension costs	543,258	411,812
	5,078,938	4,753,336

Redundancy Costs totalling £31,144 were recognised in the financial statements to 31 March 2015. This was due to a staff member opting for voluntary redundancy as part of a staffing restructure.

CALEDONIA HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

8. Interest receivable

	2015 Group £	2015 Association £	2014 Group £	2014 Association £
Bank and Building Society interest	29,650	28,656	14,923	14,255
	<hr/>	<hr/>	<hr/>	<hr/>

9. Interest payable and similar charges

	2015 Group £	2015 Association £	2014 Group £	2014 Association £
Housing Accommodation	2,501,283	2,501,283	1,817,343	1,817,343
Shared Ownership	283,746	283,746	206,540	206,540
On bank loans and overdrafts	317,152	-	308,037	-
Less interest capitalised	(29,247)	(29,247)	(39,247)	(39,247)
	<hr/>	<hr/>	<hr/>	<hr/>
	3,072,934	2,755,782	2,292,673	1,984,636
	<hr/>	<hr/>	<hr/>	<hr/>

10. Taxation

Group

The Association has charitable status for taxation purposes and all income falls within the charitable exemptions.

Association

The Association has charitable status for taxation purposes and all income falls within the charitable exemptions.

CALEDONIA HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

11. Tangible fixed assets - housing properties (Group)

	Held for letting £	Under Construction £	Completed Shared Ownership £	Total £
<i>Cost</i>				
At 1 April 2014	292,500,075	4,199,394	17,349,688	314,049,157
Additions	3,044,372	5,471,155	-	8,517,527
Disposals	(1,308,551)	-	(39,299)	(1,347,850)
Transfers	791,362	(791,362)	-	-
At 31 March 2015	295,027,258	8,879,187	17,310,389	321,216,834
<i>Depreciation</i>				
At 1 April 2014	14,684,390	-	180,356	14,864,746
Provided during year	1,749,235	-	54,307	1,803,542
Eliminated on disposals	(187,874)	-	-	(187,874)
At 31 March 2015	16,245,751	-	234,663	16,480,414
<i>Cost less depreciation</i>	278,781,507	8,879,187	17,075,726	304,736,420
<i>Housing Association Grant</i>				
At 1 April 2014	189,167,897	2,718,834	13,221,509	205,108,240
Additions	205,424	3,621,496	-	3,826,920
Disposals / repayments	(1,027,937)	-	(28,107)	(1,056,044)
Transfers	405,480	(405,480)	-	-
At 31 March 2015	188,750,864	5,934,850	13,193,402	207,879,116
<i>Other Grants</i>				
At 1 April 2014	9,612,263	-	529	9,612,792
Public grant received	2,500	-	-	2,500
At 31 March 2015	9,614,763	-	529	9,615,292
<i>Net book value</i>				
At 31 March 2015	80,415,880	2,944,337	3,881,795	87,242,012
At 31 March 2014	79,035,525	1,480,560	3,947,294	84,463,379

Additions to housing properties included capitalised development administration costs of £399,870 (2014:£387,993) of which development allowances of £nil (2014: £nil) were received in respect of these costs and capitalised. Major repairs capitalised in year totalled £2,536,501 (2014:£2,325,594) with building / component enhancements of £108,001.

CALEDONIA HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

12. Tangible fixed assets - housing properties (Association)

	Held for letting	Under Construction	Completed Shared Ownership	Total
	£	£	£	£
<i>Cost</i>				
At 1 April 2014	235,736,156	4,199,394	16,723,788	256,659,338
Additions	2,700,521	5,471,155	-	8,171,676
Disposals	(1,001,100)	-	(39,299)	(1,040,399)
Transfers	791,362	(791,362)	-	-
At 31 March 2015	238,226,939	8,879,187	16,684,489	263,790,615
<i>Depreciation</i>				
At 1 April 2014	12,317,582	-	152,098	12,469,680
Provided during year	1,407,594	-	52,599	1,460,193
Eliminated on disposals	(109,533)	-	-	(109,533)
At 31 March 2015	13,615,643	-	204,697	13,820,340
<i>Cost less depreciation</i>	224,611,296	8,879,187	16,479,792	249,970,275
<i>Housing Association Grant</i>				
At 1 April 2014	147,394,983	2,718,834	12,778,875	162,892,692
Additions	205,424	3,621,496	-	3,826,920
Disposals/repayments	(792,545)	-	(28,107)	(820,652)
Transfers	405,480	(405,480)	-	-
At 31 March 2015	147,213,342	5,934,850	12,750,768	165,898,960
<i>Other Grants</i>				
At 1 April 2014	6,801,795	-	-	6,801,795
Public grant received	2,500	-	-	2,500
At 31 March 2015	6,804,295	-	-	6,804,295
<i>Net book value</i>				
At 31 March 2015	70,593,659	2,944,337	3,729,024	77,267,020
At 31 March 2014	69,221,796	1,480,560	3,792,815	74,495,171

Additions to housing properties included capitalised development administration costs of £391,511 (2014: £365,862) of which development allowances of £nil (2014: £nil) were received in respect of these costs and capitalised. Major repairs capitalised in year totalled £2,413,642 (2014: £2,121,279).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Tangible fixed assets – other (Group)

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CALEDONIA HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

13. Tangible fixed assets – other (Group) cont'd.

Investment property at Scott Street, which is freehold, was valued on an open market existing use basis at 24 July 2014 by Shepherd Commercial. The Management Board do not believe there has been any material change in the value of this property in the period to 31 March 2015. No depreciation is provided in respect of investment properties.

	Investment Properties	
	2015	2014
	£	£
Cost	1,446,692	1,446,692

On an historical cost basis these fixed assets would have been included at:

The initial Investment property of an Integrated Healthy Living Centre, which is freehold, was valued on an open market existing use basis at December 2012 by DTZ. The freehold property transferred in from Stock was valued on an open market value basis on 13 December 2012 by DVS. Both DTZ and DVS are RICS qualified. The Management Board do not believe there has been any material change in the value of these properties in the period to 31 March 2015. No depreciation is provided in respect of investment properties.

	Investment Properties	
	2015	2014
	£	£
Cost	1,153,078	1,153,078

On an historical cost basis these fixed assets would have been included at:

CALEDONIA HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

14. Tangible fixed assets – other (Association)

	Investment properties	Office Furniture and Equipment	Scheme Plant and Equipment	Scheme Furniture Fittings and Equipment	Office Accommodation	Leasehold Property	Motor Vehicles	Total
	£	£	£	£	£	£	£	£
<i>Cost</i>								
At 1 April 2014	354,305	1,275,450	283,688	195,247	475,000	235,861	127,717	2,947,268
Additions	-	124,251	-	185,519	-	-	93,260	403,030
Disposals	-	-	-	-	-	-	(20,820)	(20,820)
At 31 March 2015	354,305	1,399,701	283,688	380,766	475,000	235,861	200,157	3,329,479
<i>Depreciation</i>								
At 1 April 2014	-	1,156,790	216,215	120,483	37,998	235,861	89,241	1,856,588
Provided during year	-	105,016	28,369	27,788	6,333	-	44,680	212,186
Eliminated on disposals	-	-	-	-	-	-	(20,820)	(20,820)
At 31 March 2015	-	1,261,806	244,584	148,271	44,331	235,861	113,101	2,047,954
<i>Net book value</i>								
At 31 March 2015	354,305	137,895	39,104	232,495	430,669	-	87,056	1,281,524
At 1 April 2014	354,305	118,660	67,473	74,764	437,002	-	38,476	1,090,680

Development administration costs capitalised amounted to £391,511 (2014: £387,993) and development allowances amounted to £nil (2014: £nil).

CALEDONIA HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

15. Investment in subsidiaries

Group	2015 £	2014 £
Cost – Caledonia Ventures (formerly known as Servite Ventures)	2	2
Cost – Servite Solutions	2	2
Cost – Cordale Property Services	100	100
	<u>104</u>	<u>104</u>

The investment in subsidiary companies relates to Servite Solutions Limited, Caledonia Ventures Limited and Cordale Property Services Limited, which are wholly owned subsidiaries of the Association which are limited by share capital. Caledonia Ventures and Servite Solutions have issued share capital of 2 £1 shares in each, whilst Cordale Property Services Limited has 100 £1 shares. Both Caledonia Ventures and Servite Solutions were dormant during the financial year and exemption has been granted by the Financial Conduct Authority (FCA) from the inclusion of these in the group accounts.

The aggregate amount of capital and reserves and the results of Cordale Property Services Limited for the year ended 31 March 2015 were as follows:

	Cordale Property Services Limited 31 March 2015 £	31 March 2014 £
Capital and reserves	<u>23,684</u>	<u>20,054</u>
Profit for the year	<u>3,630</u>	<u>3,705</u>

Association	2015 £	2014 £
Cost – Caledonia Ventures (formerly known as Servite Ventures)	2	2
Cost – Servite Solutions	2	2
	<u>4</u>	<u>4</u>

The investment in subsidiary companies relates to Servite Solutions Limited and Caledonia Ventures Limited, which are wholly owned subsidiaries of the Association which are limited by share capital. Caledonia Ventures and Servite Solutions have issued share capital of 2 £1 shares in each. Both companies were dormant during the financial year and exemption has been granted by the Financial Conduct Authority (FCA) from the completion of group accounts.

CALEDONIA HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

16. Stock and work in progress

	2015 Group £	2015 Association £	2014 Group £	2014 Association £
Developments in progress for other Associations:				
Work in progress – Cost	82,795	82,795	-	-
Work in progress – HAG	<u>(82,795)</u>	<u>(82,795)</u>	-	-
	-	-	-	-
LIFT Property – held for sale	41,612	41,612	-	-
Replacement components	28,825	28,825	196,435	196,435
Property held for sale	-	-	30,000	-
	<u>70,437</u>	<u>70,437</u>	<u>226,435</u>	<u>196,435</u>

In 2014 LIFT Work in Progress was shown as a fixed asset of £29,965.

17. Debtors

	2015 Group £	2015 Association £	2014 Group £	2014 Association £
Due < 1 Year				
Gross rent in arrears	816,029	687,420	821,832	664,921
Less: bad debt provision	<u>(356,567)</u>	<u>(312,523)</u>	<u>(315,094)</u>	<u>(303,094)</u>
Net rental debtor	459,462	374,897	506,738	361,827
Prepayments and accrued income	402,490	402,490	426,002	426,002
Other debtors	5,166	-	164,538	134,888
Amount due from subsidiary undertaking	1,885	6,250	1,800	-
Grants Receivable	1,087,868	1,087,868	506,230	446,288
	<u>1,956,871</u>	<u>1,871,505</u>	<u>1,605,308</u>	<u>1,369,005</u>

18. Creditors: amounts falling due within one year

	2015 Group £	2015 Association £	2014 Group £	2014 Association £
Housing Loans (see note 19)	1,430,483	1,138,339	1,926,958	1,610,570
Trade creditors	407,104	388,120	441,256	332,399
Other Taxes and Social Security	100,436	94,205	96,470	90,750
Rent in Advance	631,004	589,514	229,146	197,933
Accruals and Deferred Income	2,416,073	2,330,102	2,574,617	2,556,407
Pensions	59,296	53,995	45,494	42,266
Other Creditors	4,498	-	118,467	-
Amounts due to group undertakings	-	-	432	-
	<u>5,048,894</u>	<u>4,594,275</u>	<u>5,432,840</u>	<u>4,830,325</u>

CALEDONIA HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

19. Creditors: amounts falling due after more than one year

	2015 Group £	2015 Association £	2014 Group £ as restated	2014 Association £
Deferred income	690,250	-	690,250	-
Loans (secured)	65,321,373	56,507,324	63,574,651	54,576,848
Less: due within one year (note 18)	(1,430,483)	(1,138,339)	(1,926,958)	(1,610,570)
	<u>64,581,140</u>	<u>55,368,985</u>	<u>62,337,943</u>	<u>52,966,278</u>

Loans and development overdrafts are secured by specific charges on the Association's properties. Loans and development overdrafts are repayable at rates of interest of between 1.25% and 13.0% (31 March 2014: 1.25% and 13.0%) in instalments due as follows:

	2015 Group £	2015 Association £	2014 Group £	2014 Association £
In one year or less	1,430,483	1,138,339	1,926,958	1,610,570
Between one and two years	1,489,192	1,188,578	2,199,260	1,872,670
Between two and five years	8,851,567	7,892,297	7,036,120	5,987,130
In five years and more	53,550,131	46,288,110	52,412,313	45,106,478
	<u>65,321,373</u>	<u>56,507,324</u>	<u>63,574,651</u>	<u>54,576,848</u>

20. Share capital

Group

	2015 Number	2014 Number	2015 £	2014 £
Shares of £1 each fully paid				
At 1 April 2014	567	561	567	561
Issued in year	18	75	18	75
Withdrawn in year	(113)	(69)	(113)	(69)
At 31 March 2015	<u>472</u>	<u>567</u>	<u>472</u>	<u>567</u>

Association

	2015 Number	2014 Number	2015 £	2014 £
Shares of £1 each fully paid				
At 1 April 2014	222	239	222	239
Issued in year	13	3	13	3
Cancelled in year	(24)	(20)	(24)	(20)
At 31 March 2015	<u>211</u>	<u>222</u>	<u>211</u>	<u>222</u>

CALEDONIA HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

21. Revenue reserve (Group)

	2015 £	2014 £
At 1 April 2014 as originally reported	22,117,196	19,007,057
Prior period adjustment (note 37)	-	(346,087)
At 1 April as restated	22,117,196	18,660,970
Surplus for year	2,071,005	3,251,232
Transfer from designated reserve	1,511,998	204,994
Closing balance at 31 March 2015	25,700,199	22,117,196

22. Revenue reserve (Association)

	2015 £	2014 £
Opening balance at 1 April 2014	20,809,048	18,916,208
Surplus for year	1,728,684	1,726,528
Transfer from designated reserve	354,707	166,312
Closing balance at 31 March 2015	22,892,439	20,809,048

23. Designated reserve (Group)

	<i>Balance at 1 April 2014</i> £	Transfers in £	Transfers out £	Balance at 31 March 2015 £
Past service defined benefit pension provision	1,807,131	473,566	(406,219)	1,874,478
Other:				
Extra Care	74,472	-	(74,472)	-
Cyclical Maintenance	39,306	-	(39,306)	-
Major Repairs	1,465,567	-	(1,465,567)	-
	3,386,476	473,566	(1,985,564)	1,874,478

CALEDONIA HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

24. Designated reserve (Association)

	<i>Balance at 1 April 2014</i>	<i>Transfers in</i>	<i>Transfers out</i>	<i>Balance at 31 March 2015</i>
	£	£	£	£
Past service defined benefit pension provision	1,807,131	-	(354,707)	1,452,424
	<u>1,807,131</u>	<u>-</u>	<u>(354,707)</u>	<u>1,452,424</u>

This reserve relates to the net present value of the Association's share of the past service defined pension provision. Transfers in the year reflect movements in the net present value as a result of repayments made in the year.

25. Commitments – Group and Association

The Group and Association has Annual commitments under non-cancellable operating leases as follows:

	2015	2014
	<i>Land and Buildings</i>	<i>Land and buildings</i>
	£	£
Operating leases which expire: In second to fifth years inclusive	64,000	63,412

26. Reconciliation of operating surplus to net cash inflow from operating activities (Group)

Group	2015	2014
	£	£
Operating surplus	5,175,587	4,336,172
Adjustments:		
Depreciation charge	2,022,167	2,005,987
Decrease in stock	167,610	28,081
Decrease in debtors	230,075	713,375
(Decrease) in creditors	(105,907)	(876,168)
Cancelled share capital	(113)	6
Cash inflow from operating activities	<u>7,489,419</u>	<u>6,207,453</u>

CALEDONIA HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

27. Analysis of changes in net debt (Group)

	<i>At 31 March 2014 £</i>	<i>Cashflows £</i>	<i>Other non-cash movements £</i>	<i>At 31 March 2015 £</i>
Cash in hand, at bank	5,138,753	769,918	-	5,908,671
Debt due within one year	(1,926,958)	496,475	-	(1,430,483)
Debt due after more than one year	(61,647,693)	(2,243,197)	-	(63,890,890)
Total debt	(63,574,651)	(1,746,722)	-	(65,321,373)
Total	(58,435,898)	(976,804)	-	(59,412,702)

28. Reconciliation of net cash flow to movement in net debt (Group)

	<i>2015 £</i>	<i>2014 £</i>
Increase/(Decrease) in cash in the period	769,918	(67,637)
Cash inflow from debt financing	(1,746,722)	96,411
Change in debt resulting from cash flows	(976,804)	28,774
Net debt at beginning of period	(58,435,898)	(58,464,672)
Net debt at end of period	(59,412,702)	(58,435,898)

29. Reconciliation of operating surplus to net cash inflow from operating activities (Association)

<i>Association</i>	<i>2015 £</i>	<i>2014 £</i>
Operating surplus	4,523,943	3,714,114
Adjustments:		
Depreciation charge	1,672,379	1,662,150
Decrease / (increase) in stock	167,610	(1,919)
Decrease in debtors	139,080	78,632
Increase / (Decrease)	15,727	(110,901)
Cancelled share capital	(11)	
Cash inflow from operating activities	6,518,728	5,342,076

CALEDONIA HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

30. Analysis of changes in net debt (Association)

	<i>At 31 March 2014</i>	<i>Cashflows</i>	<i>Other non-cash movements</i>	<i>At 31 March 2015</i>
	£	£	£	£
Cash in hand, at bank	<u>3,231,744</u>	<u>586,100</u>	<u>-</u>	<u>3,817,844</u>
Debt due within one year	<i>(1,610,570)</i>	472,231	-	<i>(1,138,339)</i>
Debt due after more than one year	<i>(52,966,278)</i>	<i>(2,402,707)</i>	-	<i>(55,368,985)</i>
Total debt	<u><i>(54,576,848)</i></u>	<u><i>(1,930,476)</i></u>	<u>-</u>	<u><i>(56,507,324)</i></u>
Total	<u><i>(51,345,104)</i></u>	<u><i>(1,344,376)</i></u>	<u>-</u>	<u><i>(52,689,480)</i></u>

31. Reconciliation of net cash flow to movement in net debt (Association)

	<i>2015</i>	<i>2014</i>
	£	£
Increase/(Decrease) in cash in the period	586,100	<i>(1,143,222)</i>
Cash outflow from debt financing	<u><i>(1,930,476)</i></u>	<u><i>(303,282)</i></u>
Change in debt resulting from cash flows	<i>(1,344,376)</i>	<i>(1,446,504)</i>
Net debt at beginning of period	<u><i>(51,345,104)</i></u>	<u><i>(49,898,600)</i></u>
Net debt at end of period	<u><u><i>(52,689,480)</i></u></u>	<u><u><i>(51,345,104)</i></u></u>

32. Capital commitments

	<i>2015</i>	<i>2014</i>
	£	£
Expenditure authorised by the Committee of Management contracted less certified	<u><u>11,930,794</u></u>	<u><u>15,754,819</u></u>

CALEDONIA HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

33. Pensions

The Association operates both a Defined Contribution Pension Scheme and a Defined Benefit Pension Scheme. The assets of both schemes are held separately from the Association in an independently administered fund. In relation to the Defined Contribution Scheme, the pension cost charge represents the contributions payable by the Association to the fund and amounted to £256,255 (2014: £166,921). Contributions totalling £35,118 (2014: £19,829) were payable to the fund at the year end and are included in creditors.

In addition Caledonia Housing Association Ltd and Cordale Housing Association Ltd ("The Associations") participates in the Scottish Housing Associations' Pension Scheme ("the scheme"). The Scheme is funded and is contracted-out of the State Pension scheme and is now closed to new members.

From 1 April 2011, existing Caledonia Housing Association members transferred to the SHAPS Career average re-valued earnings (CARE) scheme with a 1/60th accrual rate benefit structure. The Association closed the Scheme to new members from 1 April 2011.

From 1 April 2014, existing Cordale Housing Association members transferred to the Scottish Housing Associations' Pension Scheme defined contribution scheme. The Association closed the Scheme to new members from 1 April 2014.

During the accounting period Caledonia Housing Association paid contributions at the rate of 8.6% of pensionable salaries plus an additional 3.5% levy as a result of closing the scheme to new members. The Association also paid £177,273 (2014: £124,050) as a contribution for past service deficits as part of a fifteen year recovery plan. This plan is designed to redress the shortfall in assets as detailed below and the Association's share of this liability has a net present value of £1,874,478. Member contributions were 8.5%. As at the balance sheet date there were 23 active members of the Scheme employed by the Association.

During the accounting period Cordale Housing Association paid contributions at the rate of 10% of pensionable salaries. The Association also paid £51,512 (2014: £23,595) as a contribution for past service deficits as part of a fifteen year recovery plan. This plan is designed to redress the shortfall in assets as detailed below and the Association's share of this liability has a net present value of £422,054. Member contributions were 5%. As at the balance sheet date there were 3 active members of the Scheme employed by the Association.

The last formal valuation of the Scheme was performed as at 30 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 £394 million. The valuation revealed a shortfall of assets compared to liabilities of £304 million, 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 30 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 63%.

The key valuation assumptions used to determine the assets and liabilities of the Scheme are:

2012 Valuation Assumptions		% pa
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 pension increases accrued pre 6 April 2005 in excess of GMP		2.0
Rate of pension increases accrued post 6 April 2005 (For leavers before 1 October 1993 pension increases are 5.0%)		1.7
Rate of price inflation		2.6

CALEDONIA HOUSING ASSOCIATION LIMITED
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For the year ended 31 March 2015

33. Pensions (cont'd.)

Mortality tables	
Non-Pensioners	44% of SIPMA (males) and SIPFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females.
Pensioners	90% of SIPMA (males) and SIPFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females.

Contribution Rates for Future Service (Payable from 1 April 2014)	%
CARE 1/60ths – total contribution employers and members	22.4

Additional deficit contributions are payable from 1st April 2014 and will increase by 3% per annum thereafter. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating the additional contributions. Estimated employer's pension contributions for next financial year amounts to £543,258.

Following a change in legislation in September 2005, 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 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.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer 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 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.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2013. As of this date the estimated employer debt for the Caledonia Housing Association was £6,227,140 and for Cordale Housing Association was £2,039,250. This is shown in note 35 to these Financial Statements as a Contingent Liability.

34. Auditors remuneration

	2015	2014
	£	£
The remuneration of the auditors - Group	35,078	33,612
Remuneration of entities related to the auditors - Group	5,990	24,068
	41,068	57,680

CALEDONIA HOUSING ASSOCIATION LIMITED
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For the year ended 31 March 2015

35. Contingent Liabilities

Group

The Group participates in a multi-employer pension scheme. Should the Group leave the scheme, the amount of the employer debt has been calculated as £8,266,390. At this time there is no intention to leave the scheme.

Association

The Association participates in a multi-employer pension scheme. Should the Association leave the scheme, the amount of the employer debt has been calculated as £6,227,140. At this time there is no intention to leave the scheme.

Housing Association Grant allocated to components that have subsequently been replaced by the Association are recognised in the Income and Expenditure account, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Income and Expenditure account at 31 March 2015 was £3,859,460 (31 March 2014: £3,059,193).

36. Related party disclosures

Group

The Association provides management services to Cordale Housing Association. Management Charges of £25,000 (2014: Nil) were charged in the year. At the year end Cordale Housing Association owed the Association £6,250 (2014: Nil) in respect of management services provided by the Association. At the year end, Cordale Property Services Limited owed Cordale Housing Association £1,885 (2014: £1,800) in respect of property rates and insurance paid on behalf of Cordale Property Services Limited by Cordale Housing Association. This is included within debtors.

At the year end, Cordale Housing Association owed Cordale Property Services Limited £Nil (2014: £432) in respect of commercial rent income and fees. This is included within creditors.

Association

The following Members of the Management Board of Caledonia Housing Association are also directors of Caledonia Ventures Ltd (formerly Servite Ventures Ltd):-

Mr A Barrie (Resigned 16/09/14)

Mr W Robertson

There were no transactions in the year as the Company is dormant.

The Association is also a member of Upper Dens Landscaping Limited, which is a company limited by guarantee. There are four Directors appointed two of which are employees of the Association. During the period there were no material transactions between the Association and Upper Dens Landscaping Limited.

Some board members are also tenants of the Association. The tenancies are under normal tenancy agreements and arrears are pursued in the same manner as other tenancies.

Some board members are employees of related local authorities and other related public or commercial entities. Any transactions with these related parties are made at arm's length, on normal commercial terms and board members cannot use their position to their advantage.

CALEDONIA HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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37. Prior period adjustment

Group

During the preparation of the financial statements, it was noted that the property included in Other Fixed Assets under Commercial Property, should have been classified as Investment Property when it was transferred in during the year ended 31 March 2013. The investment property should have been shown at the December 2012 valuation (note 13) and, as an investment property, this valuation is kept under review and no depreciation is charged. As a result of this, the grant income which was received in respect of this property should have been reallocated to long term deferred income given there are no ongoing costs against which to offset the grant.

The effect of this change on the comparative year Balance Sheet of 31 March 2014 has been to:

	£
Reduce Other Fixed Asset cost by impairing the value to £690,000 as at 31 March 2013	(402,387)
Eliminate Other Fixed Asset aggregate depreciation on commercial properties when adjusting to market value	56,300
Reduce Other Fixed Assets – grants received by reallocating to deferred income	690,250
Increase Creditors: due after one year by reallocating the grant received to deferred income	(690,250)
	<hr/>
Net movement in the Opening reserves at 1 April 2014	(346,087)
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The effect of this change has had no effect on the surplus in the year to 31 March 2014, with the impairment of the investment property taking effect as at 31 March 2013.

