

STATUTORY

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**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**Registered Housing Association No. 84**

**FSA Registration No. 2190R(S)**

**Registered Charity No. SCO35544**

**BAKER TILLY UK AUDIT LLP**  
**CHARTERED ACCOUNTANTS**

# CASSILTOUN HOUSING ASSOCIATION LIMITED

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**CASSILTOUN HOUSING ASSOCIATION LIMITED**

**BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS  
YEAR ENDED 31 MARCH 2010**

**BOARD OF MANAGEMENT**

Anna Stuart	Chair	Glenda Tees
Jean White	Vice Chair	Evelyn Ferguson
Christine Miller	Secretary	Teresa McGowan
George Kelly	Treasurer	Adam Milligan
Daniel Main		Sara McDonald

**EXECUTIVE OFFICERS**

Charlie Millar	Chief Executive
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**REGISTERED OFFICE**

Castlemilk Stables  
59 Machrie Road  
Castlemilk  
GLASGOW  
G45 0AZ

**AUDITORS**

BAKER TILLY UK AUDIT LLP  
BRECKENRIDGE HOUSE  
274 SAUCHIEHALL STREET  
GLASGOW  
G2 3EH

**BANKERS**

BANK OF SCOTLAND  
82 MAIN STREET  
RUTHERGLEN  
G73 2HZ

**SOLICITORS**

T C YOUNG  
7 WEST GEORGE STREET  
GLASGOW  
G2 1BA

**REGISTRATION PARTICULARS**

Financial Services Authority

Industrial and Provident Societies Act 1965  
Registered Number 2190 R (S)

Scottish Housing Regulator

Housing Scotland Act 2001  
Registered Number 84

Office of the Scottish Charity Regulator

Charity and Trustee Investment (Scotland) Act 2005  
Scottish Charity Number SCO 35544

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2010

The Board of Management presents its report and the audited financial statements for the year ended 31 March 2010.

#### Principal Activities

The principal activity of Cassiltoun Housing Association is the development, management and maintenance of housing for people in housing need.

Cassiltoun Housing Association is registered with the Financial Services Authority as a Friendly Association, The Office of the Scottish Charities Regulator (OSCR) as a Charity and Communities Scotland as a Registered Social Landlord

The table below shows the property we own

	2010	2009
<b>Managed Property Numbers</b>		
Tenanted Property	1,030	1,032
Shared Ownership Properties	5	5
<b>Total</b>	<b>1,035</b>	<b>1,037</b>
<b>Developing Property Numbers</b>		
Tenanted Property	40	-
Shared Ownership Properties	-	-
Homestake	-	-

#### Financial Review

The Association's more than doubling in size last financial year with the transfer of ownership of 524 former GHA properties via Second Stage Transfer on 30 March 2009, has secured the Association's financial future, building upon the solid performance of previous years.

In particular key budgetary targets have again been met, with operating costs, capital loan repayments and transfers to designated reserve funds achieved within an impressive net revenue surplus of £289k, compared to a £42k revenue budgeted surplus target. Turnover of £3.212m was augmented by bank investment interest and sales receipts of £36k to a total recorded income of £3.248m, prior to adjustments in respect of the defined benefit pension obligation. Operating costs amounted to £2.064m (inclusive of £298k planned maintenance costs), and loan interest payments of £389k were made, delivering a £837k gross revenue surplus. After a further transfer of £371k to planned maintenance reserves and an actuarial loss recorded of £177k in respect of the defined benefit pension obligation, a £289k net revenue surplus was recorded.

In addition, cash-flow performance also materialized significantly better than forecast. With the receipt of £1.545m refund from GHA in final settlement of the SST stock transfer price negotiation, cash funds as at the financial year-end increased by £1.709m to £2.857m, compared to £1.423m forecast.

The strong revenue and cash-flow performance was mirrored in the balance sheet, where total net assets recorded a healthy increase of £660k (per revenue surplus) to £2.737m this year.

Notwithstanding the 100% debt-funding of the acquisition of SST properties, the Association's strategy of maximising the funding of capital developments from its own reserves has maintained a low level of mortgage interest repayments, and of its long-term liabilities.

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

### Key financial information is as follows:

The financial results of Cassiltoun Housing Association are as follows: -

	<u>This year</u>	<u>Last year</u>
Gross Staff Costs / Turnover	24.4%	27.4%
Net Staff Costs / Turnover	23.0%	19.5%
Overheads / Turnover	6.9%	7.2%
Planned Works Funds / Turnover	20.8%	23.7%
Property & Estate Management / Turnover	11.2%	8.6%
Housing Management / Turnover	2.9%	2.6%
Loan Interest / Turnover	12.1%	12.8%
Current Ratio (Current Assets / Current Liabilities)	846.5%	353.3%
Interest Cover (before planned replacement costs)	364.1%	303.4%
Interest Cover (after planned replacement costs)	345.2%	181.7%
Net Debt per Housing Unit (excluding bank balance offset)	£9,948	£10,632
Net Debt per Housing Unit (including bank balance offset)	£7,174	£9,474
Net Assets	£2,736,765	£2,076,718

### Business Review

#### Our Strategic Aims

Cassiltoun Housing Association has as its Strategic Aims:

- In order to ensure that our rents remain affordable, maintain a stock base sufficient to achieve economies of scale and deliver effective services in a cost efficient way.
- Maintain the high quality of our housing and service provision, ensuring the comfort of tenants and the protection of investment, (£40m to date).
- Maximise opportunities for community involvement in the regeneration process, promoting social inclusion and 'wider action'.
- Ensure that the work of the Association is supported by effective financial, administrative and personnel systems.
- Ensure that the Cassiltoun Group structure is adequately supported to deliver its goals.

# **CASSILTOUN HOUSING ASSOCIATION LIMITED**

## **REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 MARCH 2010**

#### **Our Operational Objectives**

- To deliver the operational targets set out in the Operational Service Plan – Rent Arrears – Voids – Repairs and Tenant Satisfaction, inclusive of owners (Factoring Services).
- To complete the Major Repairs Investment in our stock from April 2010 onwards.
- To monitor the effectiveness of our 3 year major contracts - reactive repairs, gas servicing, environmental maintenance & stair cleaning.
- To achieve “Gold Standard in Investors in People” before March 2011.
- To effectively monitor and review the Strategy Development Funding Plan throughout the year.
- To achieve site start at our Buchanan Lodge 40 unit care home by our tender stage submission approval by DRS. To manage the development phase effectively.
- To deliver the wider role outcomes set out in our agreed proposals with the Scottish Government and other partners.
- To support the Cassiltoun Trust in achieving its business plan objectives.

#### **Our Mission Statement**

We aim to enhance the quality of life of our clients and to regenerate and sustain our community through housing-led and resident controlled initiatives.

# **CASSILTOUN HOUSING ASSOCIATION LIMITED**

## **REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

### **Operational Review**

#### **Corporate Governance**

Cassiltoun Housing Association has a Board of Management, elected by the members of the Association. (See below for details). It is the responsibility of the Committee to undertake the strategy, set policy and overall direction, and monitor the operational activities of the Association. The members of the Board of Management are unpaid.

The Senior Management Team of Cassiltoun Housing Association is responsible for achieving the strategic direction and for undertaking operations in line with the priorities set.

As part of our commitment to continuous improvement we have set challenging targets, which are regularly monitored and reviewed by the Board of Management and senior management team.

Our governing body is our Board of Management which is responsible to the wider membership. Board of Management members serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve high standards of professionalism in our work.

We take governance very seriously, and in the last year we continued to build on work from previous years which strengthened our governance. We reviewed effectiveness of our governance arrangements, by means of carrying out a training needs analysis to all Board of Management members' and one to one interviews between the Director and the Association's office bearers.

This report details issues that have arisen during the year relating to the main activities undertaken by Cassiltoun Housing Association.

#### **Performance Management**

This year again we are delighted to report continued improvement in many areas of our work and excellent signs of stability in others. All our staff take part in the business review sessions and during our annual review day when we sign off and agree the Internal Management Plan. This has been underpinned by the use of clear planning support tools such as SMART planning, Operational Service Plan and the Association's Financial Business Plans.

We believe that shared goals that are understood by all our people allows us to improve as an organisation, which will ultimately lead to our tenants receiving the best housing service possible combined with other activities and non-housing services that the association delivers with its partners.

We receive very few complaints of a serious nature and we take prompt action to resolve and learn from those we receive.

#### **Best use of resources**

The Association continued to review its Risk Policy and Risk Register throughout the year. A further full review is scheduled for the summer of 2010 to ensure that the association is prepared to mitigate risks that may arise in the future.

Our main priority this year has been to monitor our post stock transfer business plan, we wanted to ensure that our key performance targets were achieved. It was extremely important for the association to manage this transitional period carefully after we more than doubled in size.

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2010

Significantly a control measure was successfully introduced by the association on how we procure our reactive repairs contract. In previous years the association overspent its budget and we clearly did not wish this trend to continue.

The association decided to enter into a fix priced reactive repair contract for 12 months immediately after stock transfer, this provided the association with the opportunity to monitor and evaluate the effectiveness of this arrangement. At the end of the financial year we successfully controlled the reactive budget as planned, furthermore our reactive spend came in under budget. Importantly the association's tenants have played a critical role in monitoring performance. Tenant satisfaction levels are consistently high with performance levels between 99% and 100% regularly achieved.

During the year we completed 3,633 repairs, the table below summarises our targets, repair type and performance.

CATEGORY	TARGET	NUMBER	COMPLETED ON TIME	% COMPLETED WITHIN RESPONSE TIME
EMERGENCY	2 HOURS	664	662	99.70%
URGENT	3 DAYS	1,559	1,557	99.87%
ROUTINE	10 DAYS	1,410	1,409	99.93%

The year also saw some staffing changes as the association revised its options when staff left the association. As a result the association now has a leaner senior management team and a staff team with a good blend of experience and skills to help the association achieve our short, medium and long term goals.

We are proud of our staff sickness record which remains low year on year and this year is no exception with a sickness performance of 1.8% days lost against a target of 3%.

In terms of other performance areas that we particularly pleased about, our void management performance is worthy of note. The association set a target of 1% void rent loss (£30k) however we achieved 0.35 % (£10k). The association is confident that in the long term our void rent loss will be kept below 1% which impacts favorably on our long term financial planning.

The association also performed strongly in arrears management and further improved its performance in 2009/10.

**Gross target was 2.40%**

**Gross performance was 2.29%**

Tough new targets have been set for the new financial year 2010/11, as the association sets about ensuring that continuous improvement is embedded within our planning and culture.

It is also significant that improved performance has been achieved against a backdrop of business growth, staffing re structuring and organisational change. The current economic down turn has focused the boards attention on achieving better value for money, achieving greater efficiencies supported by continuous monitoring, to ensure that our key targets are met and also to allow us to take corrective action should the association encounter unplanned trends or changes that may adversely affect it.

Like every other housing association and local authority with housing stock the association has been busy ensuring that our stock meets the "Scottish Housing Quality Standard" by 2015 as set out by the Scottish Government.



## **CASSILTOUN HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 MARCH 2010**

The association is delighted to report that as at the 31 March 2010, 88.6% of our stock meets the SHQS. The association has robust plans in place to ensure that Cassiltoun HA will achieve 100% compliance with the SHQS by 31 March 2011. This is good news for our tenants and for our long term financial forecasting.

#### **Service Standards**

The Senior Management Team review all complaints received to help us make improvements and to understand our customers' dissatisfactions.

New and improved services have been introduced by the association to help deliver better quality services for our tenants these include:-

- Comprehensive close cleaning service;
- Comprehensive environmental service for common areas, back courts, bin stores, bulk uplift and street cleaning service.

Other service improvements include:-

- Extension of office hours;
- Expanded the Welfare Rights Service by retaining this as a core service.

#### **Development and Wider Role Activities**

The association currently has one pipeline development planned at our Buchanan Lodge Project which will create a 40 bed residential home supporting elderly men with severe alcohol addiction. Throughout the year the association has been busy working up design proposals and completing a cost plan in partnership with the service provider (Talbot Association), social work, the design team and the city councils Development and Regeneration Team. Towards the end of the year progress was being made and we anticipate site starts in August 2010. Works cost are in the region of £4m.

The Association has secured Wider Role funding from the Scottish Government to support our partnership work with local schools (Children's Orchard and garden Eco projects). Social enterprise company Impact Arts are delivering a range of training projects targeting the over 50s, young school children and people aged between 16 years and 35 years, generally these projects have been well attended by local people.

Castlemilk Stables has now won 9 major awards including the "Scottish Building of the Year" awarded by the Royal Incorporation of Architects in Scotland. The Stables continues to offer an inspirational setting for our staff, strategic partners, tactical partners and most importantly the local community.

The board as part of their staffing re structure recognized the importance of the association's non housing activity by agreeing to create a new post of "Regeneration Officer" which will be taken up by our current Welfare Rights Officer, Clair Malpas. This post will concentrate on fund raising, management of activities, liaising with our partners and the continuation of the highly successful and popular welfare rights service.

**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

The Association has organised many tenant activities throughout the year including:-

- Family trip to Loudoun Castle
- Summer Bus Trip for over 40s
- Autumn Theatre Trip over 40s
- 2 Gala Days for all the family
- Seasonal parties at Easter, Halloween and Christmas

All these activities are very well attended and are important to the local community.

### **Operations**

During the year we continued to make further improvements to our operational performance through the ongoing integration of service provision, which was underpinned by our robust "Operation Service Plan". Our staff have clear targets and operational objectives to achieve, these targets and objectives are regularly monitored by the Senior Management Team and Board of Management.

Feedback from tenants remains positive with regular high levels of overall satisfaction being identified from satisfaction surveys.

### **Other Areas**

#### **Performance Review**

The Committee carries out two major strategic performance reviews each year to ensure that our Strategic and Operational Objectives are carefully monitored. At the end of the year we were delighted that all of our set objectives were achieved on time.

The Association's internal auditor carried out a major annual review based on a three year rolling programme, with substantial or reasonable control assurance recorded in all areas under review.

#### **Policies and Procedures**

The board approves policy and procedures on a 3 year rolling basis unless changes in guidance or legislation enforce earlier reviews. In 2009/10 the board reviewed its timetable for 71 different policies and procedures that provide the association with the necessary guidance on how it runs and manages its business in accordance with these procedures and rules.

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2010

#### **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 thirty days from receipt of invoice, via a fortnightly payment run.

#### **Rental Income**

The Association's Rent Policy is a points system based on the size, type and facilities of the provided accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. This policy follows the generally accepted practice/principles of the Housing Movement.

#### **Budgetary Process**

Each year the Board of Management approves the annual budget and rolling five-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through monthly reporting to Senior Management Team and quarterly reporting to the Committee of variances from the budget and updated forecasts for the year, together with information on key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

#### **Treasury Management**

The Association has an active treasury management function, which operates in accordance with the Treasury Management Policy approved by the Board of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2010, the Association has a mix of fixed and variable rate finance, which it considers appropriate at this time.

#### **Quality and Integrity of Personnel**

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Director.

#### **General Reserves**

The Association manages its general reserves in such a way that they consistently increase within the medium to long-term. It is recognised that some years may experience a fall in general reserves compared to previous year due to the contingencies of the Association's planned maintenance requirements. However the medium to long-term trend remains upward

**CASSILTOUN HOUSING ASSOCIATION LIMITED**

**REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

**Board of Management**

The Board of Management of Cassiltoun Housing Association during the year to 31 March 2010 was as follows:

Mrs Anna Stuart	Chair	
Mrs Jean White	Vice-Chair	
Mrs Christine Miller	Secretary	
Mr George Kelly	Treasurer	
Mrs Teresa McGowan		
Mr Daniel Main		
Mrs Glenda Tees		
Mrs Evelyn Ferguson		
Mr Adam Milligan		
Ms Sara McDonald		(resigned 1 April 2010)
Karen McGivern		(resigned 20 July 2009)
Mr John Curley		(resigned 26 October 2009)

Sub-committee membership	6	Finance & General Purposes
	6	Staffing
	7	Housing Development & Wider Action
	6	Operations

Each member of the Board of Management holds one fully paid share of £1 in Cassiltoun Housing Association. The executive officers of Cassiltoun Housing Association hold no interest in Cassiltoun Housing Association's share capital and although not having the legal status of "director" they act as executives within the authority delegated by the Committee.

**Directors**

The Director of Cassiltoun Housing Association during the year to 31 March 2010 was as follows:

Mr Charlie Millar                      Director

**Information for Auditors**

As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

**Auditors**

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

**By order of the Board of Management**

Secretary: *C. Miller*

Date: *23/6/10*

**CASSILTOUN HOUSING ASSOCIATION LIMITED**

**STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES**

The Industrial and Provident Societies Acts 1965 to 2002 require the Board of Management to prepare Financial Statements for each financial year which give a true and fair view of the Association's state of affairs and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Board of Management is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.
- prepare a statement on Internal Financial Control

The Board of Management is responsible for proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. The Board of Management must ensure that the Financial Statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. It is 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

By order of the Board of Management

Name: *Anne M. Stuart*

Date: *23/6/10*.....

## CASSILTOUN HOUSING ASSOCIATION LIMITED

### STATEMENT ON INTERNAL FINANCIAL CONTROL

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

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

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

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

The Board of Management have reviewed the system of internal financial control in existence in the Association for the year ended 31 March 2010 and until the below date. The system of internal financial control will ensure that there are no known material losses, contingencies or uncertainties which would require disclosure in the financial statements or in the Auditors' Report on the financial statements.

By order of the Board of Management

Date: 23/6/10.....

Name: Anne M. Stewart

**REPORT BY THE AUDITORS TO THE BOARD OF MANAGEMENT OF  
CASSILTOUN HOUSING ASSOCIATION LIMITED  
ON CORPORATE GOVERNANCE MATTERS**


In addition to our audit of the Financial Statements, we have reviewed your statement on page 12 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

**Basis of Opinion**

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

**Opinion**

In our opinion the Statement on Internal Financial Control on page 12 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.



Baker Tilly UK Audit LLP  
Registered Auditors  
Chartered Accountants  
Glasgow

Date: 25.6.10.....

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

## CASSILTOUN HOUSING ASSOCIATION LIMITED

We have audited the Financial Statements of Cassiltoun Housing Association Limited for the year ended 31 March 2010 on pages 16 to 38. These Financial Statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Housing Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Housing 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 Housing Association and the Co-operative's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of Board of Management and Auditors**

As described in the Statement of Board of Management's Responsibilities the Housing Association's Board of Management are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, the Board of Management's Report is not consistent with the Financial Statements, if the Housing Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Board of Management's remuneration and other transactions with the Housing Association is not disclosed.

We read the Board of Management's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Board of Management in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Housing Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

### **Group accounts Section 14 (2) of the Friendly and Provident Societies Act 1968**

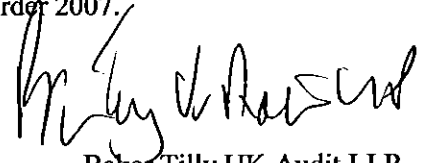
We agree with the opinion of the Board of Management of the Association that it would be of no real value to the members of the Association to consolidate or include the accounts of the Association's subsidiaries, in the group accounts required to be prepared under Section 13 of the Friendly and Industrial and Provident Societies Act 1968 for the year ended 31 March 2010, because the business of the Association and that of the subsidiaries are so different they cannot be treated as a single undertaking.



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

**Opinion**

In our opinion the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Housing Association's affairs as at 31 March 2010 and of its income and expenditure and cash flow for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.



Baker Tilly UK Audit LLP  
Registered Auditors  
Chartered Accountants  
Glasgow

Date: .....25.6.10.....

**CASSILTOUN HOUSING ASSOCIATION LIMITED**

**INCOME AND EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	2010 £	2009 £
<b>Turnover</b>	<b>2</b>	3,211,851	1,783,320
Operating Costs	2	<u>2,064,156</u>	<u>1,464,669</u>
<b>Operating Surplus</b>		1,147,695	318,651
Surplus on Sales of Fixed Assets	4	31,596	-
Interest Receivable		4,775	35,232
Other finance income	20	42,000	-
Interest Payable	7	<u>(389,057)</u>	<u>(228,778)</u>
<b>Surplus on Ordinary Activities before Taxation</b>	<b>8</b>	837,009	125,105
Tax on Surplus on Ordinary Activities	9	-	-
<b>Surplus for the Year</b>	<b>15</b>	<u>837,009</u>	<u>125,105</u>

All amounts relate to continuing activities.

**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF RECOGNISED SURPLUSES AND DEFICITS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

	Note	2010 £	2009 £
<b>Surplus for the year</b>		837,009	125,105
Actuarial (loss)/gain on pension scheme	20	(177,000)	-
		<hr/>	<hr/>
<b>Total surplus/(deficit) recognised since the last annual report</b>		<u>660,009</u>	<u>125,105</u>

**CASSILTOUN HOUSING ASSOCIATION LIMITED**

**BALANCE SHEET**

**AS AT 31 MARCH 2010**

	Notes	£	2010 £	£	2009 £
<b>TANGIBLE FIXED ASSETS</b>					
Housing Properties – Cost less Depreciation	10(a)		35,933,079		36,926,251
Less: Social Housing Grant	10(a)	(25,895,473)		(25,644,927)	
Other Public Grants	10(a)	(237,443)		(237,443)	
			<u>(26,132,916)</u>		<u>(25,882,370)</u>
			9,800,163		11,043,881
Other Fixed Assets	10(b)		616,944		617,647
			<u>10,417,107</u>		<u>11,661,528</u>
<b>CURRENT ASSETS</b>					
Debtors	11	189,401		193,404	
Cash at Bank and in Hand		2,857,342		1,148,080	
			<u>3,046,743</u>	<u>1,341,484</u>	
<b>CREDITORS – Amounts falling due within one year</b>	12	<u>(749,951)</u>		<u>(719,116)</u>	
<b>NET CURRENT ASSETS</b>			<u>2,296,792</u>		<u>622,368</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			12,713,899		12,283,896
<b>CREDITORS – Amounts falling due after more than one year</b>	13		(9,856,134)		(10,207,178)
Pension Liability	20		(121,000)		-
<b>NET ASSETS</b>			<u>2,736,765</u>		<u>2,076,718</u>
<b>CAPITAL AND RESERVES</b>					
Share Capital	14		486		448
Designated Reserves	15		1,929,932		1,558,993
Revenue Reserves	15		806,347		517,277
			<u>2,736,765</u>		<u>2,076,718</u>

These financial statements were approved by the Board of Management and authorised for issue on 23/06/2010 and signed on their behalf by:

Chairperson

*Anne M. Stuart*

Treasurer

*G. Kelly*

Secretary

*L. Muller*

**CASSILTOUN HOUSING ASSOCIATION LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	2010	2009
		£	£
<b>Net Cash Inflow from Operating Activities</b>	<b>16(a)</b>	<b>1,371,963</b>	<b>536,913</b>
<b>Returns on Investments and Servicing of Finance</b>			
Interest Received	4,775		35,232
Interest Paid	<u>(389,057)</u>	<u>(384,282)</u>	<u>(228,778)</u>
			<b>(193,546)</b>
<b>Taxation</b>			
Corporation Tax Paid	-		-
Grant Received	<u>-</u>		<u>-</u>
		-	-
<b>Capital Expenditure and Financial Investment</b>			
Acquisition and Construction of Properties	(836,543)		(7,101,279)
Purchase of Other Fixed Assets	(45,524)		(3,713)
Grants Received	312,863		52,156
Proceeds on Disposal of Properties	46,500		-
Refund Received on Stock	<u>1,544,628</u>	<u>1,021,924</u>	<u>-</u>
			<b>(7,052,836)</b>
<b>Net Cash (outflow) before use of Liquid Resources and Financing</b>		<b>2,009,605</b>	<b>(6,709,469)</b>
<b>Financing</b>			
Loan Advances Received	-		6,972,607
Loan Principal Repayments	(300,404)		(94,991)
Share Capital Issued	<u>61</u>	<u>(300,343)</u>	<u>58</u>
			<b>6,877,647</b>
<b>Increase/(Decrease) in cash</b>		<b><u>1,709,262</u></b>	<b><u>168,178</u></b>

**CASSILTOUN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

**1. PRINCIPAL ACCOUNTING POLICIES**

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered by The Financial Services Authority. The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting for Registered Social Landlords and on the historical cost basis. They also comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

**Group Accounts**

The Housing Association has obtained exemption from the Financial Services Authority from producing consolidated Financial Statements as provided by Section 14 (2A) of the Friendly and Industrial and Provident Societies Act 1968. The Financial Statements for Cassiltoun Housing Association Limited present information about it as an individual undertaking and not about its Group.

**Turnover**

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from local authorities and other agencies.

**Housing Properties**

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the properties at an annual rate of 2%

**Depreciation and Impairment of Other Fixed Assets**

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	- 2%
Furniture and Equipment	- 20%
Computer Equipment	- 20%
Leasehold property	- 4%

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

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

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

**Capitalisation Of Major Repairs Expenditure**

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.

**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**1. PRINCIPAL ACCOUNTING POLICIES (Contd.)**

**Capitalisation of Development Overheads**

Directly attributable external development costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

**Sales Of Housing Properties**

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

First tranche Shared Ownership disposals are credited to turnover on completion, the cost of construction of these sales is taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the income and expenditure account, in accordance with the Statement of Recommended Practice.

**Cyclical and Major Repairs**

The costs of cyclical and major repairs are charged to the Income and Expenditure Account in the year in which they are incurred.

**Designated Reserves**

The Housing Association has designated part of its reserves to meet its long term obligations.

- The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.
- The Major Repairs Reserve is based on the Housing Association's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.
- The Capital Expenditure Reserve represents amounts equivalent to capital expenditure by the Housing Association which has been funded internally and is not regarded by the Committee as part of the free revenue reserves available for general use.
- The Homelink Furniture Reserve represents amounts equivalent to depreciation charges on furnishings in Homelink units, set aside as a provision to cover costs of future replacement, together with a provision for void losses in respect of the Homelink units.

**Retirement Benefits**

The Housing Association participates in The S.F.H.A. Defined Benefits Pension Scheme and retirement benefits to employees of the Housing Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The Association has fully adopted accounting standard FRS17 'Retirement Benefits' in respect of the pension obligations accruing for staff under a Local Government Pension Scheme (see note 20). The impact of this standard has been reflected throughout the financial statements. For defined benefit schemes the amount charged to the income and expenditure account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs/income.

**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**1. PRINCIPAL ACCOUNTING POLICIES (Contd.)**

**Retirement Benefits (cont'd)**

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Total Recognised Deficits and Surpluses.

Defined benefit schemes are funded, with the assets held separately from the association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the association has a legal or constructive obligation to settle the liability.





**CASSILTOUN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**FOR THE YEAR ENDED 31 MARCH 2010**

**3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM SOCIAL LETTINGS**

	<b>General Needs Housing £</b>	<b>Shared Ownership £</b>	<b>2010 £</b>	<b>2009 £</b>
<b>Social lettings</b>				
Rent Receivable net of Identifiable Service Charges	3,036,647	8,735	3,045,382	1,454,566
Service Charges Receivable	20,744	1,806	22,550	11,913
<b>Gross Income from Rents and Service Charges</b>	<b>3,057,391</b>	<b>10,541</b>	<b>3,067,932</b>	<b>1,466,479</b>
Less: Rent Losses from Voids	(10,618)	-	(10,618)	(9,113)
<b>Total Turnover from Social Letting Activities</b>	<b>3,046,773</b>	<b>10,541</b>	<b>3,057,314</b>	<b>1,457,366</b>
<b>Operating costs</b>				
Management & maintenance administration costs	834,342	-	834,342	407,140
Service costs	12,428	-	12,428	5,094
Planned and cyclical maintenance including major repairs	297,671	-	297,671	371,142
Reactive maintenance	360,437	-	360,437	154,134
Bad debts – rent and service charges	9,616	-	9,616	10,596
Depreciation of social housing	212,225	227	212,452	96,956
<b>Operating Costs for Social Letting Activities</b>	<b>1,726,719</b>	<b>227</b>	<b>1,726,946</b>	<b>1,045,062</b>
<b>Operating Surplus for Social Lettings</b>	<b>1,320,054</b>	<b>10,314</b>	<b>1,330,368</b>	<b>412,304</b>
<b>Operating Surplus for Social Lettings For 2009</b>	<b>402,382</b>	<b>9,922</b>	<b>412,304</b>	

There is no other accommodation except for general needs and shared ownership housing.

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £Nil (2009 - £Nil).

The total amount of major repairs expenditure incurred in the year was £73,738 (2009 - £290,826). Major repairs costs of £495,216 were capitalised (2009 - £nil).

**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**FOR THE YEAR ENDED 31 MARCH 2010**

**3b – Particulars of turnover, operating costs and operating surplus or deficit from other activities**

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus or deficit	2009 £
	£	£	£	£	£	£	£	£	£
Wider action/wider role	70,000	-	-	32,639	102,639	-	(182,440)	(79,801)	(26,282)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	44,398	44,398	-	(47,290)	(2,892)	3,543
Development activities	-	-	-	-	-	-	(54,590)	(54,590)	2,394
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	(31,148)
Agency/management services for non-registered social landlords	-	-	-	7,500	7,500	-	(52,890)	(45,390)	(42,160)
Developments for sale to registered social landlords.	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non- registered social landlords	-	-	-	-	-	-	-	-	-
<b>Total from other activities</b>	<b>70,000</b>	<b>-</b>	<b>-</b>	<b>84,537</b>	<b>154,537</b>	<b>-</b>	<b>337,210</b>	<b>(182,673)</b>	<b>(93,653)</b>
<b>2009</b>	<b>228,786</b>	<b>-</b>	<b>-</b>	<b>97,168</b>	<b>325,954</b>	<b>-</b>	<b>419,607</b>	<b>(93,653)</b>	<b>(93,653)</b>

**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**4. SURPLUS ON SALE OF FIXED ASSETS**

	<b>2010</b>	<b>2009</b>
	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
Proceeds on sale of property	46,500	-
Costs of sale	(14,904)	-
	<u>31,596</u>	<u>-</u>

**5. DIRECTORS' EMOLUMENTS**

The Directors are defined as the members of the Board of Management, the Director and any other person reporting directly to the Directors or the Board of Management whose total emoluments exceed £60,000 per year. There was one member of staff whose emoluments exceed £60,000 per year. No emoluments were paid to any member of the Board of Management during the year.

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Emoluments payable to Highest Paid Director (excluding pension contributions)	69,539	57,545
Total expenses reimbursed insofar as not chargeable to UK Income Tax	-	57

The Housing Association's pension contributions for the Director in the year amounted to £10,558 (2009 - £8,346).

**6. EMPLOYEE INFORMATION**

	<b>2010</b>	<b>2009</b>
	<b>Number</b>	<b>Number</b>
The average FTE monthly number of persons employed during the year was:	18.4	11.4
Staff costs were:	<b>£</b>	<b>£</b>
Wages and Salaries	628,714	388,549
Social Security Costs	49,024	30,911
Other Pension Costs	86,622	50,646
	<u>764,360</u>	<u>470,106</u>

**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**7. INTEREST PAYABLE**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
On Bank Loans and Overdrafts	389,057	228,778
Interest capitalized	-	-
	<u>389,057</u>	<u>228,778</u>

**8. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION**

Surplus on Ordinary Activities before Taxation  
is stated after charging:-

Depreciation - Tangible Owned Fixed Assets	258,679	137,447
Auditors' Remuneration - Audit Services	6,000	5,175
- Other Services	-	2,150
	<u>          </u>	<u>          </u>

**9. TAX ON SURPLUS ON ORDINARY ACTIVITIES**

The Association was granted charitable status with effect from 18 May 2004, and no tax now arises on its charitable activities.

**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**10. TANGIBLE FIXED ASSETS**

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties Under Construction £	Completed Shared Ownership Properties £	Total £
<b>Cost</b>				
At 1 <sup>st</sup> April 2009	37,449,141	129,271	237,669	37,816,081
Additions	486,596	349,947	-	836,543
Disposals	(75,893)	-	-	(75,893)
Adjustments to cost	(1,544,628)	-	-	(1,544,628)
At 31 <sup>st</sup> March 2010	<u>36,315,216</u>	<u>479,218</u>	<u>237,699</u>	<u>37,032,103</u>
<b>Social Housing Grant</b>				
At 1 <sup>st</sup> April 2009	25,289,341	129,271	226,315	25,644,927
Additions	37,774	275,089	-	312,863
Disposals	(62,317)	-	-	(62,317)
At 31 <sup>st</sup> March 2010	<u>25,264,798</u>	<u>404,360</u>	<u>226,315</u>	<u>25,895,473</u>
<b>Other Grants</b>				
At 1 <sup>st</sup> April 2009	237,443	-	-	237,443
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 <sup>st</sup> March 2010	<u>237,443</u>	<u>-</u>	<u>-</u>	<u>237,443</u>
<b>Depreciation</b>				
At 1 <sup>st</sup> April 2009	885,435	-	4,395	889,830
Charge for year	212,225	-	227	212,452
On disposals	(3,258)	-	-	(3,258)
At 31 <sup>st</sup> March 2010	<u>1,094,402</u>	<u>-</u>	<u>4,622</u>	<u>1,099,024</u>
<b>Net Book Values</b>				
As at 31 <sup>st</sup> March 2010	<u>9,718,573</u>	<u>74,858</u>	<u>6,732</u>	<u>9,800,163</u>
As at 31 <sup>st</sup> March 2009	<u>11,036,922</u>	<u>-</u>	<u>6,959</u>	<u>11,043,881</u>

Additions to housing properties during the year includes capitalised administration costs of £8,962 (2009 - £32,356). All housing properties are freehold.

The adjustment to cost relates to a refund received from Glasgow Housing Association in final settlement of the SST stock transfer price negotiation.

**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**10. TANGIBLE FIXED ASSETS (Contd.)**

**b) Other Tangible Assets**

	Office Premises	Computers	Furniture	Fixtures & Fittings	Leasehold Property	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 <sup>st</sup> April 2009	295,537	177,575	33,936	108,832	353,000	968,880
Additions	-	25,441	270	19,813	-	45,524
	<u>295,537</u>	<u>203,016</u>	<u>34,206</u>	<u>128,645</u>	<u>353,000</u>	<u>1,014,404</u>
<b>At 31<sup>st</sup> March 2010</b>	<u>295,537</u>	<u>203,016</u>	<u>34,206</u>	<u>128,645</u>	<u>353,000</u>	<u>1,014,404</u>
<b>Depreciation</b>						
At 1 <sup>st</sup> April 2009	53,198	153,757	29,460	86,578	28,240	351,233
Charge for year	5,911	12,996	1,804	11,396	14,120	46,227
	<u>59,109</u>	<u>166,753</u>	<u>31,264</u>	<u>97,974</u>	<u>42,360</u>	<u>397,460</u>
<b>At 31<sup>st</sup> March 2010</b>	<u>59,109</u>	<u>166,753</u>	<u>31,264</u>	<u>97,974</u>	<u>42,360</u>	<u>397,460</u>
<b>Net Book Values</b>						
At 31 <sup>st</sup> March 2010	<u>236,428</u>	<u>36,263</u>	<u>2,942</u>	<u>30,671</u>	<u>310,640</u>	<u>616,944</u>
At 31 <sup>st</sup> March 2009	<u>242,339</u>	<u>23,818</u>	<u>4,476</u>	<u>22,254</u>	<u>324,760</u>	<u>617,647</u>

**11. DEBTORS - Amounts receivable within one year**

	2010	2009
	£	£
Arrears of Rent and Service Charges	90,521	93,084
Less: bad debt provision	(12,000)	(12,000)
	<u>78,521</u>	<u>81,084</u>
Other Debtors	110,880	33,882
Social Housing Grant receivable	-	78,438
	<u>189,401</u>	<u>193,404</u>

**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**FOR THE YEAR ENDED 31 MARCH 2010**

**12. CREDITORS - Amounts falling due within one year:-**

	2010	2009
	£	£
Housing Loans	390,026	339,386
Trade Creditors	54,835	103,658
Other Taxation and Social Security	13,009	13,080
Accruals and Deferred Income	84,701	117,548
Rent in Advance	206,240	144,694
Other Creditors	1,140	750
	<u>749,951</u>	<u>719,116</u>

**13. CREDITORS - Amounts falling due after more than one year:-**

Housing Loans	<u>9,856,134</u>	<u>10,207,178</u>
---------------	------------------	-------------------

Housing Loans are secured by specific charges on the Housing Association's housing properties and are repayable at rates of interest of 1.06% to 13.0% (2009: 6.17% to 13%) in instalments, due as follows:-

	2010	2009
	£	£
Within one year	390,026	339,386
Between one and two years	408,859	357,845
Between two and five years	1,275,238	1,136,169
In five years or more	8,172,037	8,713,164
	<u>10,246,160</u>	<u>10,546,564</u>
<b>Less: Amount shown in Current Liabilities</b>	<u>(390,026)</u>	<u>(339,386)</u>
	<u>9,856,134</u>	<u>10,207,178</u>

**14. SHARE CAPITAL**

	2010	2009
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 <sup>st</sup> April 2009	448	417
Issued in year	61	58
Forfeited in year	(23)	(27)
	<u>486</u>	<u>448</u>

Each member of the Housing Association holds one share of £1 in the Housing 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 Housing Association. Each member has a right to vote at members' meetings.



**CASSILTOUN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**FOR THE YEAR ENDED 31 MARCH 2010**

**15. RESERVES**

	<b>Homelink Furniture Reserve</b>	<b>Capital Expenditure Reserves</b>	<b>Cyclical Maintenance Reserves</b>	<b>Major Repairs Reserve</b>	<b>Total</b>
	£	£	£	£	£
<b>(a) Designated Reserves</b>					
At 1 <sup>st</sup> April 2009	47,363	11,500	320,376	1,179,754	1,558,993
Transfer from Revenue	8,610	-	305,000	355,000	668,610
Transfer to Revenue	-	-	(223,933)	(73,738)	(297,671)
<b>At 31<sup>st</sup> March 2010</b>	<u>55,973</u>	<u>11,500</u>	<u>401,443</u>	<u>1,461,016</u>	<u>1,929,932</u>

**(b) Revenue Reserves**

	<b>2010</b>	<b>2009</b>
	£	£
At 1 <sup>st</sup> April 2009	517,277	444,521
Surplus for the year	837,009	125,105
Actuarial (loss) recognised	(177,000)	-
Transfer to Designated Reserves	(668,610)	(423,491)
Transfer from Designated Reserves	297,671	371,142
<b>At 31<sup>st</sup> March 2010</b>	<u>806,347</u>	<u>517,277</u>

**16. CASH FLOW STATEMENT**

**(a) Reconciliation of Operating Surplus to Net Cash Flow from Operating Activities**

	<b>2010</b>	<b>2009</b>
	£	£
Surplus for year	837,009	125,105
Net interest paid	384,282	193,546
	<u>1,221,291</u>	<u>318,651</u>
Other finance income	(42,000)	-
Defined benefit operating profit charge less contribution paid	(14,000)	-
Depreciation	258,679	137,447
(Gain) on sale of fixed assets	(31,596)	-
Decrease/(Increase) in debtors	4,003	(69,322)
(Decrease)/Increase in creditors	(24,391)	150,164
Share Capital forfeited	(23)	(27)
<b>Net Cash Inflow from Operating Activities</b>	<u>1,371,963</u>	<u>536,913</u>

**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**16. CASH FLOW STATEMENT (Contd.)**

<b>(b) Reconciliation of Net Cash Flow to Movement in Net Debt</b>	<b>2010</b> £	<b>2009</b> £
Increase/(decrease) in cash in the year	1,709,262	168,175
Cash (inflow) from (increase) in debt finance	<u>300,404</u>	<u>(6,877,616)</u>
Change in net debt	2,009,666	(6,709,441)
Net debt at 1 <sup>st</sup> April 2009	<u>(9,398,484)</u>	<u>(2,689,043)</u>
 Net debt at 31 <sup>st</sup> March 2010	 <u>(7,388,818)</u>	 <u>(9,398,484)</u>

<b>(c) Analysis of Changes in Net Debt</b>	<b>At</b> <b>01.04.09</b> £	<b>Cash</b> <b>Flows</b> £	<b>At</b> <b>31.03.10</b> £
Cash at Bank and in Hand	1,148,080	1,709,262	2,857,342
Debt due within one year	(339,386)	(50,640)	(390,026)
Debt due after one year	<u>(10,207,178)</u>	<u>351,044</u>	<u>(9,856,134)</u>
Total	<u>(9,398,484)</u>	<u>2,009,666</u>	<u>(7,388,818)</u>

**17. HOUSING STOCK**

	<b>2010</b>	<b>2009</b>
	<b>Number</b>	<b>Number</b>
The number of units of accommodation in management At the year end was:		
General Needs - New Build	208	208
- Rehabilitation	822	824
Shared Ownership Supported	5	5
	<u>-</u>	<u>-</u>
	<u>1,035</u>	<u>1,037</u>

**18. CAPITAL COMMITMENTS**

	<b>£</b>	<b>£</b>
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>-</u>	<u>-</u>

**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**THE YEAR ENDED 31 MARCH 2010**

**19. RETIREMENT BENEFIT OBLIGATIONS**

**General**

Cassiltoun Housing Association Limited participates in the SFHA Pension Scheme (the "Scheme"). The Scheme is funded and is contracted out of the State Pension scheme.

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 all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

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

The last formal valuation of the Scheme was performed at 30 September 2006 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets as at the valuation date was £268 million. The valuation showed a shortfall of assets compared to liabilities of £54 million, equivalent to a past service funding level of 83.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%.

The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in Autumn 2010.

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 buy-out 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.

Cassiltoun Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for Cassiltoun Housing Association Limited was £2,372,052.

**CASSILTOUN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**THE YEAR ENDED 31 MARCH 2010**

**19. RETIREMENT BENEFIT OBLIGATION (cont'd)**

**General**

The SFHA Scheme is a multi-employer defined benefit scheme. The Scheme offers three benefit structures to employers, namely:

- Final Salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.

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

Cassiltoun Housing Association Limited has elected to continue to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2009 and the same benefit structure for any new entrants.

During the accounting period Cassiltoun Housing Association Limited paid contributions at the rate of 14.0% of pensionable salaries. Member contributions were 7.0%.

As at the balance sheet date there were 9 active members of the Scheme employed by Cassiltoun Housing Association Limited. The annual pensionable payroll in respect of these members was £394,485.

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

<b>2006 Valuation Assumptions</b>	<b>% p.a.</b>
Investment return pre retirement	7.2
Investment return post retirement	4.9
Rate of salary increases	4.6
 <b>Rate of pension increases</b>	
- pension accrued pre 6 April 2005	2.6
-pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
Rate of price inflation	2.6
 <b>Mortality Tables</b>	
Non-pensioners	PA92C2025 short
Pensioners	PA92C2013 short
 <b>Contribution Rates for Future Service</b>	<b>%</b>
Final Salary 1/60ths	17.8
Career average revalued earnings 1/60ths	14.6
Career average revalued earnings 1/70ths	12.6
Additional rate for deficit contributions	5.3

**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**  
**THE YEAR ENDED 31 MARCH 2010**

**20. Defined Benefit Obligation**

The Association is a member of the Local Government Pension Scheme (LGPS). The disclosure for the LGPS is as follows:

**Local Pension Disclosure**

The last full Actuarial valuation was carried out as at 31 March 2008. The following information is based on updated information. This actuarial valuation of the scheme was carried out by independent actuaries at 31 March 2010 using the following assumptions.

Actuarial assumptions	2010
Rate of increase in salaries	5.30%
Expected return on assets	7.20%
Discount rate	5.50%
Inflation assumption	3.80%
Post retirement mortality	Weighted average life expectancy for mortality tables used to determine benefit obligations

The amounts recognised in the balance sheet are as follows:

	2010
	£
Present value of funded obligations	(522,000)
Fair value of plan assets	401,000
Net (Liability)/asset	(121,000)

**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**  
**THE YEAR ENDED 31 MARCH 2010**

**20. Defined Benefit Obligation (cont'd)**

Changes in the present value of the defined benefit obligation are as follows:

Defined Benefit Plans	2010 £
Operating defined benefit obligation	-
Service cost	10,000
Past service cost	3,000
Member Contributions	8,000
Interest cost	16,000
Actuarial (gains)/losses	485,000
Benefits paid	-
Closing defined benefit obligation	522,000

Changes in the fair value of plan assets are as follows:

Defined Benefit Plans	2010 £
Opening plan assets	-
Expected return on assets	58,000
Actuarial (losses)/gains	308,000
Contributions by employer	27,000
Contributions by members	8,000
Benefits paid	-
Closing plan assets	401,000

The amounts recognised in profit and loss account are as follows:

	2010 £
Current service cost	(10,000)
Past service cost	(3,000)
Interest on obligation	(16,000)
Expected return on plan assets	58,000
Total	29,000

**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**THE YEAR ENDED 31 MARCH 2010**

**20. Defined Benefit Obligation (cont'd)**

Changes in the amounts recognised in the statement of total recognised gains and (losses) are as follows:

	<b>2010</b>
	<b>£</b>
Opening cumulative STRGL	-
Actuarial gains/(losses)	(177,000)
	(177,000)

The major categories of plan assets as a percentage of total as a percentage of total plan assets are as follows:

	<b>2010</b>
Equities	77%
Properties	7%
Bonds	13%
Other	3%
	100%

The history of experience gains and losses is as follows:

	<b>2010</b>
Difference between expected and actual return on scheme assets	
Amount £'000	85
Percentage of scheme assets	21.2%
Experience (loss)/gain arising on scheme liability	
Amount £'000	-
Percentage of scheme liabilities	0.0%
Total amount of actuarial (loss)/gain	
Amount £'000	(177)
Percentage of scheme liability	(33.91%)

**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**  
**THE YEAR ENDED 31 MARCH 2010**

**21. SUBSIDIARY UNDERTAKINGS**

The Housing Association was the sole member of Castle Stuart Housing Association Limited, a company limited by guarantee and formed as a Local Housing Organisation to manage properties on behalf of Glasgow Housing Association. Following on from the transfer of GHA stock to Cassiltoun Housing Association at 30 March 2009 this company has wound down in the year to 31 March 2010.

The Housing Association is the sole member of Cassiltoun Trust, a charitable company limited by guarantee. The main objective of the Trust is to renovate and maintain Castlemilk Stables block. Three members of the Association are Directors of the Trust. In 2010 the Trust made a surplus of £13,801 (2009 - £24,468 surplus) and had reserves of £39,091 (2009 - £25,290).

**22. RELATED PARTY TRANSACTIONS**

Various members of the Board of Management are tenants of the Association. The transactions with the Association are all done on standard terms, as applicable to all tenants.



CASSILOIN HOUSING ASSOCIATION LIMITED

STATEMENT OF OPERATING COSTS - PERIOD ENDED 31 MARCH 2010

2009/10	2009/10	Housing	Repairs & Maintenance	Major	Develop-	Tenant	Wider Role etc.	Wider	Trust	Local	Services	Shared	Factor	Housing	Finance
Total	Total	Management	Reactive & Estate	Reactive	ment	Purchase	Welfare	Role	Management	Housing	Furnished	Owners	Admin	Property	& Admin
£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
470,107	764,360	307,502	108,768	33,632	38,677	5,351	45,174	22,319	32,027	-	0	0	8,255	-	134,374
18,252	-14,000	-14,000													
18,252	20,300				20,300										
510,585	649,784		352,113	223,933											
14,691	8,324		8,324	73,738											
36,078	80,781	62,945			17,826										
10,596	9,616	9,616													
14,837	46,046														
90,943	4,450				4,450										
62,920	70,000							70,000							
27,583	0														
14,942	3,778						3,778								
936	198														
2,545	7,412														
2,493	2,711														
6,915	8,451														
8,024	19,267														
7,024	7,621														
6,752	10,982														
3,721	30,078														
7,636	9,530														
12,730	14,586														
4,548	4,861														
11,432	22,619														
1,469	0														
379	816														
11,791	35,963														
1,560	3,310														
18,290	22,050														
20,030	20,030														
96,956	209,194														
1,497,025	2,073,118	380,073	469,205	107,370	63,427	23,177	48,952	92,319	32,027	-	2,343	9,688	777	41,873	208,967
0	199,804	70,674		21,853		3,477		14,502	20,810			99		5,364	
(32,356)	579,877	539,879	539,879	129,223	63,427	26,654	48,952	106,821	52,837		2,343	9,787	777	47,237	208,967
	(8,962)				8,962										
2,064,156	2,064,156	579,877	539,879	129,223	54,465	26,654	48,952	106,821	52,837		2,343	9,787	777	47,237	208,967
	2,064,156	579,877	539,879	129,223	54,465	26,654	48,952	106,821	52,837		2,343	9,787	777	47,237	208,967
1,464,669	260,561	260,561	286,517	105,108	78,633	4,051	56,876	76,116	47,160	147,028	-	5,094	9,743	227	96,729