



**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**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 2011

### BOARD OF MANAGEMENT

Anna Stuart	Chair	Teresa McGowan
Jean White	Vice Chair	Adam Milligan
Christine Miller	Secretary	Teresa Sadler
George Kelly	Treasurer	Darren Stuart
Anne Buchanan		Lorraine Young
Evelyn Ferguson		

### EXECUTIVE OFFICERS

Charlie Millar	Chief Executive
Fiona McTaggart	Deputy Chief Executive
Gamal Haddou	Head of Finance & IT
Fiona McGowan	Head of Operations

### 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 2011

The Board of Management presents its report and the audited financial statements for the year ended 31 March 2011.

#### 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 the Scottish Housing Regulator as a Registered Social Landlord.

The table below shows the property we own

	2011	2010
<b>Managed Property Numbers</b>		
Tenanted Property	989	989
Shared Ownership Properties	5	5
<b>Total</b>	<b>994</b>	<b>994</b>
<b>Developing Property Numbers</b>		
Tenanted Property	46	40
Shared Ownership Properties	-	-

#### Financial Review

The year progressed very well despite the significant economic challenges facing the sector. Our income and costs were each slightly better than had been budgeted for and we remain confident about the future and being strong at the end of the recession.

Operating costs, major repairs to our housing properties and loan repayments were achieved within an impressive net revenue surplus of £124k, compared to a £35k budgeted deficit target. Turnover of £3.278m was augmented by bank investment interest and sales receipts of £31k to a total recorded income of £3.309m prior to an adjustment in respect of the defined benefit pension obligation. Operating costs amounted to £2.822m (inclusive of £818k major repair costs) and loan interest payments of £366k were made, resulting in a £124k surplus on ordinary activities.

In addition, cashflow performance was better than expected due to good arrears management and prompt receipt of housing association grant for our two developments. Cash funds as at the financial year-end increased by £137k to £2.995m compared to an initial forecast of £1.583m.

The strong revenue and cashflow performance was mirrored in the balance sheet where total net assets recorded an ongoing healthy increase of £205k (per revenue reserves) to £2.941m 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. £511k of loans were redeemed in the year resulting in a large drop in borrowing and lower interest payments than last year, from £389k to £366k.

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

### Key financial information is as follows:

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

	<u>This Year</u>	<u>Last Year</u>
Staff Costs / Turnover	22.3%	23.0%
Overheads / Turnover	20.1%	19.1%
Reactive Maintenance / Turnover	12.7%	11.2%
Interest Payable / Turnover	11.2%	12.1%
Current Ratio (current assets / current liabilities)	444.6%	406.3%
Interest Cover	8.9 times	8.3 times
Asset cover (total assets less current liabilities / creditors > 1yr)	1.32 times	1.29 times
Net Debt per Housing Unit	£9,509	£9,948
Net Assets	£2,941,395	£2,736,765

### 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, (£50m 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 2011**

#### **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 and stair cleaning.
- To work towards achieving “Gold Standard in Investors in People” by the summer of 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 per the tender stage submission proposal, as approved by Glasgow City Council. 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 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 2011

### **Operational Review**

#### **Corporate Governance**

Cassiltoun Housing Association has a Board of Management elected by the members of the Association. 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 outlines the 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 improved performance 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**

A full review of the Risk Policy and Risk Register was undertaken in the summer of 2010 to ensure that the association is prepared to mitigate risks that exist now or may arise in the future.

We continued to focus on our business plan objectives in our second full year after stock transfer. In addition, the Association closely managed the risks involved with the two planned development projects within a volatile building industry. The Association successfully achieved our set funding targets to ensure the financial viability of both developments.

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2011

Significantly a control measure that was successfully introduced in 2009 was how the Association procures its reactive repairs contract to operate within budget and also deliver record levels of tenant satisfaction.

The Association's fixed priced reactive repair contract has been monitored to 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 continued to play 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 3,654 repairs, the table below summarises our targets, repair type and performance.

CATEGORY	TARGET	NUMBER	COMPLETED ON TIME	% COMPLETED WITHIN TIME
Emergency	2 hours	208	208	100.0%
Urgent and Routine	3 days / 10 days	3,446	3,439	99.8%

The year also saw one senior staff change which provided an opportunity to slightly restructure operations. As a result the Association continues to have a lean 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 **2.0%** days lost against a target of **3.0%**.

In terms of other performance areas that we are particularly pleased about, our void management performance is worthy of note. The Association set a target of **0.35%** void rent loss (£11k) however we achieved **0.33%** (£10k). The Association is confident that in the long term our void rent loss will be kept below 1% which impacts favourably on our long term financial planning.

The Association also continued to perform strongly in arrears management and further improved its performance in 2010/11.

**Gross target was 2.6%**

**Gross performance was 1.8%**

Tough new targets have been set for the new financial year 2011/12 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 properties meet 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 2011

The Association is delighted to report that as at the 31 March 2011 all of our stock meets the SHQS. This is excellent 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.

Last year the Association's annual report highlighted new services to help deliver better quality services for our tenants covering a:-

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

Importantly the Association sought tenants' views, who had transferred from GHA, to establish whether they thought that stock transfer promises were being met. The Board approved an independent tenant satisfaction survey by seeking the views of 50% of those tenants. The fantastic results which have been published in a special newsletter recorded significant improvement across every aspect of the Association's services and promises made pre transfer.

The Association still has work to do improving aspects of service delivery and we will use the outcome of the satisfaction survey to assist us in our aim to improve.

During the year work was completed on a new interactive website, [www.cassiltoun.org.uk](http://www.cassiltoun.org.uk), which went live on 1 April 2011. The new site allows tenants to report repairs, pay rent and make enquiries online.

#### Development and Wider Role Activities

The Association has two developments ongoing; one at Buchanan Lodge which will create a 40 bed residential home supporting elderly men with severe alcohol addiction and the second at 70 Machrie Road to create 6 supported needs flatted accommodation.

Throughout the year design plans for Buchanan Lodge were finalised in partnership with the service provider (Talbot Association), social work and the city council Development and Regeneration team. CBC Ltd were awarded the contract which is valued at £4.5 million and they went on site in October 2010 with an expected finish date of March 2012.

70 Machrie Road was the Association's old office and this is being converted into residential accommodation. The £334k contract was awarded to Stewart & Shields Ltd who went on site in February 2011 and the completion date is August 2011. We are delighted to be working in partnership with Fair Deal and the City Council's social work services by creating 6 flats designed for clients with support needs who will live as independently as possible in their own home by moving from residential care.

The Association secured £80k 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.

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2011

Castlemilk Stables has now won 10 major awards including the “Scottish Building of the Year” awarded by the Royal Incorporation of Architects in Scotland. In April the Stables won the “My Place Awards” awarded by the Scottish Civic Trust. The judges said “it’s an outstanding project and has obviously made a real impact on the local community”. The Stables continues to offer an inspirational setting for our staff, strategic partners, tactical partners and most importantly the local community.

The Board have recognised the importance of the Association’s non housing activity through the post of Regeneration Officer which concentrates on fund raising, management of activities, liaising with our partners and the continuation of the highly successful and popular welfare rights service. In addition it has been agreed to create the post of Community Woodlands Officer and this post will be recruited to start in the next financial year.

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

- Family trip to Blair Drummond Safari Park
- 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
- Teenager Adventure Outdoor Away Day

All these activities have been attended by hundreds of local people and are important to supporting aspects of community sustainability. It gives people the opportunity to meet their neighbours and friends and spend time relaxing and having fun.

#### **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**

##### **Business Continuity Plan**

The Board introduced a combined plan to ensure that the Association has robust procedures in place to deal with disasters and severe business interruption.

Over recent years the Board has become more concerned over business interruption, service delivery and health and safety during the severe winter weather and very heavy snow. In November 2010 the Board agreed to invest resources to combat office closure and maintain service delivery by purchasing two second hand 4x4 cars that could operate safely in very bad weather, keep staff safe and allow the office to be kept open.

During the extreme weather experienced in November and December 2010 our office stayed open avoiding any interruption to service delivery. Office closure can result in wasted costs therefore the Board wished to minimise this risk and it will carry out a further review in May 2011 to decide the future of the 4x4 car policy.

# **CASSILTOUN HOUSING ASSOCIATION LIMITED**

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

**FOR THE YEAR ENDED 31 MARCH 2011**

### **Performance Review**

The Board carries out two major strategic performance reviews each year to ensure that our Strategic and Operational Objectives are carefully monitored. The Association uses a traffic light monitoring system to quickly identify any sign that a set objective may not be achieved. 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 had reviewed its timetable for 72 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.

### **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 19 days from receipt of invoice, via a weekly 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 sector.

### **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. Excess balances are placed on short term deposit.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2011 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 Chief Executive.

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2011

#### General Reserves

The Association consolidated its furniture and cyclical maintenance reserves moving these into revenue reserves. The balance of these reserves on the 31 March 2011 is £nil.

#### Board of Management

The Board of Management of Cassiltoun Housing Association during the year to 31 March 2011 was as follows:

Mrs Anna Stuart	Chair
Mrs Jean White	Vice-Chair
Mrs Christine Miller	Secretary
Mr George Kelly	Treasurer
Mrs Teresa McGowan	
Mrs Glenda Tees	(resigned 11 February 2011)
Mrs Evelyn Ferguson	
Mr Adam Milligan	
Mrs Anne Buchanan	
Mrs Theresa Sadler	
Mr Daniel Main	(resigned 11 February 2011)
Mrs Lorraine Young	
Mr Darren Stuart	

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 its 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 2011 was as follows:  
Mr Charlie Millar Chief Executive

#### Information for Auditors

As far as the Board 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: 29 June 2011

# 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: *Ann M. Stuart*.....

Date: 29 June 2011

# 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 2011 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**

Name: *Anne M Stuart*.....

Date: 29 June 2011

**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 14 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 14 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*

Baker Tilly UK Audit LLP  
Statutory Auditors  
Glasgow

Date: 30 June 2011

**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 2011 on pages 18 to 41. 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 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 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 Board of Management and Auditors**

As explained more fully in the Board of Management's Responsibilities Statement set out on page 13, 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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

We agree with the opinion of the Board 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 subsidiary, within 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 2011, because of the insignificant amounts involved.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**CASSILTOUN HOUSING ASSOCIATION LIMITED**

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

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 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  
Breckenridge House  
274 Sauchiehall Street  
Glasgow, G2 3EH

Date: 30 June 2011

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
<b>Turnover</b>	2	3,277,880	3,211,851
Operating Costs	2	<u>2,821,514</u>	<u>2,064,156</u>
<b>Operating Surplus</b>		456,366	1,147,695
Surplus on Sales of Fixed Assets	4	9,903	31,596
Interest Receivable		21,488	4,775
Other finance income	20	2,000	42,000
Interest Payable	7	<u>(366,146)</u>	<u>(389,057)</u>
<b>Surplus on Ordinary Activities before Taxation</b>	8	123,611	837,009
Tax on Surplus on Ordinary Activities	9	-	-
<b>Surplus for the Year</b>	15	<u><u>123,611</u></u>	<u><u>837,009</u></u>

All amounts relate to continuing activities.

**CASSILTOUN HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF RECOGNISED SURPLUSES AND DEFICITS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2011 £	2010 £
<b>Surplus for the year</b>		123,611	837,009
Actuarial gain / (loss) on pension scheme	<b>20</b>	81,000	(177,000)
		204,611	660,009
Total surplus recognised since the last annual report		204,611	660,009

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2011

	Notes	£	2011 £	£	2010 £
<b>TANGIBLE FIXED ASSETS</b>					
Housing Properties – Cost less Depreciation	10(a)		36,345,983		35,933,079
<b>Less:</b> Social Housing Grant	10(a)	(26,609,506)		(25,895,473)	
Other Public Grants	10(a)	<u>(237,443)</u>		<u>(237,443)</u>	
			<u>(26,846,949)</u>		<u>(26,132,916)</u>
			9,499,034		9,800,163
 Other Fixed Assets	 10(b)		 379,706		 616,944
			<u>9,878,740</u>		<u>10,417,107</u>
<b>CURRENT ASSETS</b>					
Debtors	11	129,709		189,401	
Cash at Bank and in Hand		2,994,619		2,857,342	
		<u>3,124,328</u>		<u>3,046,743</u>	
<b>CREDITORS</b> – Amounts falling due within one year	12	<u>(932,841)</u>		<u>(749,951)</u>	
<b>NET CURRENT ASSETS</b>			<u>2,191,487</u>		<u>2,296,792</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			12,070,227		12,713,899
<b>CREDITORS</b> – Amounts falling due after more than one year	13		(9,135,832)		(9,856,134)
Pension Asset / (Liability)	20		7,000		(121,000)
<b>NET ASSETS</b>			<u>2,941,395</u>		<u>2,736,765</u>
<b>CAPITAL AND RESERVES</b>					
Share Capital	14		505		486
Designated Reserves	15		1,461,016		1,929,932
Revenue Reserves	15		1,479,874		806,347
			<u>2,941,395</u>		<u>2,736,765</u>

These financial statements were approved by the Board of Management and authorised for issue on 29 June 2011 and signed on their behalf by:

Chairperson

*Anne M. Stuart*

Treasurer

*G. Kelly*

Secretary

*L. Miller*

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	£	2011 £	£	2010 £
<b>Net Cash Inflow from Operating Activities</b>	<b>16(a)</b>		1,006,001		1,371,963
<b>Returns on Investments and Servicing of Finance</b>					
Interest Received		21,488		4,775	
Interest Paid		<u>(366,146)</u>	(344,658)	<u>(389,057)</u>	(384,282)
<b>Taxation</b>					
Corporation Tax Paid		-		-	
Grant Received		<u>-</u>	-	<u>-</u>	-
<b>Capital Expenditure and Financial Investment</b>					
Acquisition and Construction of Properties		(693,161)		(836,543)	
Purchase of Other Fixed Assets		(63,119)		(45,524)	
Grants Received		714,033		312,863	
Proceeds on Disposal of Properties		19,892		46,500	
Fire Insurance Claim		311,286		-	
Refund Received on Stock		<u>-</u>		<u>1,544,628</u>	
			<u>288,931</u>		<u>1,021,924</u>
<b>Net Cash inflow before use of Liquid Resources and Financing</b>			950,274		2,009,605
<b>Financing</b>					
Loan Advances Received		-		-	
Loan Principal Repayments		(813,032)		(300,404)	
Share Capital Issued		<u>35</u>		<u>61</u>	
			<u>(812,997)</u>		<u>(300,343)</u>
<b>Increase in cash</b>			<u>137,277</u>		<u>1,709,262</u>

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

### 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%
Vehicles	- 20%

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 2011

#### 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.

##### **Designated Reserves**

The Housing Association had previously 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 which has been funded internally and is not regarded by the Board as part of the 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.

##### **Retirement Benefits**

The Housing Association participates in The Scottish Housing Association 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. 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.

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### FOR THE YEAR ENDED 31 MARCH 2011

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

##### **Retirement Benefits (cont'd)**

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.

##### **Impairment of Fixed Assets**

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the income and expenditure account. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. 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.

##### **Fixed Assets - Housing Land and Buildings (note 10)**

Properties included in housing properties are stated at cost. The cost of such properties includes the following:

- (i) cost of acquiring land and buildings
- (ii) development expenditure including applicable overheads
- (iii) interest charged on the loans raised to finance the scheme

These costs are either termed "qualifying costs" for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities or they are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end. Development costs are capitalised to the extent that they are attributable to specific schemes and where such costs are not excessive.

If expenditure does not qualify for HAG, it is nevertheless capitalised.

Expenditure on schemes, which are subsequently aborted, is written off in the year in which it is recognised that the scheme will not be developed to completion.

Interest on any loan financing the development is capitalised up to the relevant date of completion.

##### **Improvements**

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in rental income or
- 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.



**CASSILTOUN HOUSING ASSOCIATION LIMITED**

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

**FOR THE YEAR ENDED 31 MARCH 2011**

**2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS**

	Turnover £	2011 Operating Costs £	Operating Surplus/(Deficit) £	Turnover £	2010 Operating Costs £	Operating Surplus/(Deficit) £
Social Lettings	3,136,154	2,550,461	585,693	3,057,314	1,726,946	1,330,368
Other Activities	141,726	271,053	(129,327)	154,537	337,210	(182,673)
<b>TOTAL</b>	<b>3,277,880</b>	<b>2,821,514</b>	<b>456,366</b>	<b>3,211,851</b>	<b>2,064,156</b>	<b>1,147,695</b>

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### FOR THE YEAR ENDED 31 MARCH 2011

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

	General Needs Housing £	Shared Ownership £	2011 £	2010 £
<b>Social lettings</b>				
Rent Receivable net of				
Identifiable Service Charges	3,118,091	9,003	3,127,094	3,045,382
Service Charges Receivable	17,359	1,862	19,221	22,550
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Gross Income from Rents and Service Charges</b>	3,135,450	10,865	3,146,315	3,067,932
Less: Rent Losses from Voids	(10,161)	-	(10,161)	(10,618)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Turnover from Social Letting Activities</b>	3,125,289	10,865	3,136,154	3,057,314
<b>Operating costs</b>				
Management & maintenance administration costs	888,543	4,492	893,035	834,342
Service costs	11,994	-	11,994	12,428
Planned and cyclical maintenance including major repairs	1,007,079	-	1,007,079	297,671
Reactive maintenance	416,961	-	416,961	360,437
Bad debts – rent and service charges	5,110	-	5,110	9,616
Depreciation of social housing	216,055	227	216,282	212,452
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Operating Costs for Social Letting Activities</b>	2,545,742	4,719	2,550,461	1,726,946
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Operating Surplus for Social Lettings</b>	579,547	6,146	585,693	1,330,368
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Operating Surplus for Social Lettings For 2010</b>	1,320,054	10,314	1,330,368	

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 £0 (2010 - £Nil).

The total amount of major repairs expenditure incurred in the year was £818,440 (2010 - £73,738). Major repairs costs of £0 were capitalised (2010 - £495,216).

## CASSILTOUN HOUSING ASSOCIATION LIMITED

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

#### FOR THE YEAR ENDED 31 MARCH 2011

#### 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 £	Total operating costs £	Operating surplus / (deficit) £	2010 £
Wider action/wider role	80,000	8,487	-	16	88,503	164,237	(75,734)	(79,801)
Care and repair of property	-	-	-	-	-	-	-	-
Factoring	-	-	-	39,245	39,245	42,253	(3,008)	(2,892)
Development activities	-	-	-	-	-	-	-	(54,590)
Support activities	1,323	-	-	-	1,323	26,505	(25,182)	-
Care activities	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-
Agency/management services for non-registered social landlords	-	-	-	12,655	12,655	38,058	(25,403)	(45,390)
Developments for sale to registered social landlords.	-	-	-	-	-	-	-	-
Developments and improvements for sale to non- registered social landlords	-	-	-	-	-	-	-	-
<b>Total from other activities</b>	<b>81,323</b>	<b>8,487</b>	<b>-</b>	<b>51,916</b>	<b>141,726</b>	<b>271,053</b>	<b>(129,327)</b>	<b>(182,673)</b>
<b>2010</b>	<b>70,000</b>	<b>-</b>	<b>-</b>	<b>84,537</b>	<b>154,537</b>	<b>337,210</b>	<b>(182,673)</b>	

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### FOR THE YEAR ENDED 31 MARCH 2011

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

	<b>2011</b>	<b>2010</b>
	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
Proceeds on sale of property	19,892	46,500
Costs of sale	<u>(9,989)</u>	<u>(14,904)</u>
	<u>9,903</u>	<u>31,596</u>

#### 5. DIRECTORS' EMOLUMENTS

The Directors are defined as the members of the Board of Management, the Chief Executive and any other person reporting directly to the Chief Executive 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>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>71,001</u>	<u>69,539</u>
Total expenses reimbursed insofar as not chargeable to UK Income Tax	<u>-</u>	<u>-</u>

The Housing Association's pension contributions for the Director in the year amounted to £10,795 (2010 - £10,558).

#### 6. EMPLOYEE INFORMATION

	<b>2011</b>	<b>2010</b>
	<b>Number</b>	<b>Number</b>
The average full time equivalent number of persons employed by the Association were as follows;		
Administration and maintenance	<u>16.4</u>	<u>18.4</u>
Staff costs were:	<b>£</b>	<b>£</b>
Wages and Salaries	603,306	628,714
Social Security Costs	44,875	49,024
Other Pension Costs	<u>83,616</u>	<u>86,622</u>
	<u>731,797</u>	<u>764,360</u>

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### FOR THE YEAR ENDED 31 MARCH 2011

#### 7. INTEREST PAYABLE

	2011	2010
	£	£
On Bank Loans and Overdrafts	366,146	389,057
Interest capitalised	-	-
	<u>366,146</u>	<u>389,057</u>

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

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

Depreciation - Tangible Owned Fixed Assets	259,339	258,679
Auditors' Remuneration - Audit Services	7,931	7,050
- Other Services	-	-
	<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 2011

#### 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 2010	36,315,216	479,218	237,669	37,032,103
Additions	20,872	381,875	-	402,747
Disposals	(10,193)	-	-	(10,193)
Transfer from offices	-	236,428	-	236,428
At 31 <sup>st</sup> March 2011	<u>36,325,895</u>	<u>1,097,521</u>	<u>237,669</u>	<u>37,661,085</u>
<b>Social Housing Grant</b>				
At 1 <sup>st</sup> April 2010	25,264,798	404,360	226,315	25,895,473
Additions	20,872	693,161	-	714,033
Disposals	-	-	-	-
At 31 <sup>st</sup> March 2011	<u>25,285,670</u>	<u>1,097,521</u>	<u>226,315</u>	<u>26,609,506</u>
<b>Other Grants</b>				
At 1 <sup>st</sup> April 2010	237,443	-	-	237,443
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 <sup>st</sup> March 2011	<u>237,443</u>	<u>-</u>	<u>-</u>	<u>237,443</u>
<b>Depreciation</b>				
At 1 <sup>st</sup> April 2010	1,094,402	-	4,622	1,099,024
Charge for year	216,054	-	228	216,282
On disposals	(204)	-	-	(204)
At 31 <sup>st</sup> March 2011	<u>1,310,252</u>	<u>-</u>	<u>4,850</u>	<u>1,315,102</u>
<b>Net Book Values</b>				
As at 31 <sup>st</sup> March 2011	<u>9,492,530</u>	<u>-</u>	<u>6,504</u>	<u>9,499,034</u>
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>

Additions to housing properties during the year includes capitalised administration costs of £0, (2010 - £8,962). All housing properties are freehold.

The Association would not be able to sell its properties without the repayment of Social Housing Grant.

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### FOR THE YEAR ENDED 31 MARCH 2011

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

##### b) Other Tangible Assets

Cost	Office Premises £	Leasehold Property £	I.T. £	Furniture £	Fixtures & Fittings £	Vehicles £	Total £
At 1 <sup>st</sup> April 2010	295,537	353,000	203,016	34,206	128,645	-	1,014,404
Additions	-	-	-	-	2,252	39,995	42,247
Disposals	-	-	(69,493)	-	-	-	(69,493)
Transfers to housing	(295,537)	-	-	-	-	-	(295,537)
At 31 <sup>st</sup> March 2011	-	353,000	133,523	34,206	130,897	39,995	691,621
<b>Depreciation</b>							
At 1 <sup>st</sup> April 2010	59,109	42,360	166,753	31,264	97,974	-	397,460
Charge for year	-	14,120	13,027	1,466	9,445	4,999	43,057
Removed on disposal /trf	(59,109)	-	(69,493)	-	-	-	(128,602)
At 31 <sup>st</sup> March 2011	-	56,480	110,287	32,730	107,419	4,999	311,915
<b>Net Book Values</b>							
At 31 <sup>st</sup> March 2011	-	296,520	23,236	1,476	23,478	34,996	379,706
At 31 <sup>st</sup> March 2010	236,428	310,640	36,263	2,942	30,671	-	616,944

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### FOR THE YEAR ENDED 31 MARCH 2011

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

	2011	2010
	£	£
Arrears of Rent and Service Charges	54,989	90,521
Less: bad debt provision	<u>(12,000)</u>	<u>(12,000)</u>
	42,989	78,521
Other Debtors	79,266	110,880
Social Housing Grant receivable	<u>7,454</u>	<u>-</u>
	<u>129,709</u>	<u>189,401</u>

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

	2011	2010
	£	£
Housing Loans	297,296	390,026
Trade Creditors	60,705	54,835
Other Taxation and Social Security	16,395	13,009
Accruals and Deferred Income	234,277	84,701
Rent in Advance	213,931	206,240
Other Creditors	<u>110,237</u>	<u>1,140</u>
	<u>932,841</u>	<u>749,951</u>

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

Housing Loans	<u>9,135,832</u>	<u>9,856,134</u>
---------------	------------------	------------------

Housing Loans are secured by specific charges on the Housing Association's housing properties and are repayable at rates of interest of 1.2% to 6.4% (2010: 1.1% to 13.0%) in instalments, due as follows:-

	2011	2010
	£	£
Within one year	297,296	390,026
Between one and two years	304,490	408,859
Between two and five years	959,249	1,275,238
In five years or more	<u>7,872,093</u>	<u>8,172,037</u>
	9,433,128	10,246,16
<b>Less:</b> Amount shown in Current Liabilities	<u>(297,296)</u>	<u>(390,026)</u>
	<u>9,135,832</u>	<u>9,856,134</u>



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

**FOR THE YEAR ENDED 31 MARCH 2011**

**14. SHARE CAPITAL**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Shares of £1 each Issued and Fully Paid		
At 1 <sup>st</sup> April 2010	486	448
Issued in year	35	61
Forfeited in year	<u>(16)</u>	<u>(23)</u>
	<u>505</u>	<u>486</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.

**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>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 <sup>st</sup> April 2010	55,973	11,500	401,443	1,461,016	1,929,932
Transfer from Revenue	-	-	-	-	-
Transfer to Revenue	<u>(55,973)</u>	<u>(11,500)</u>	<u>(401,443)</u>	<u>-</u>	<u>(468,916)</u>
At 31 <sup>st</sup> March 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,461,016</u>	<u>1,461,016</u>

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>(b) Revenue Reserves</b>		
At 1 <sup>st</sup> April 2010	806,347	517,277
Surplus for the year	123,611	837,009
Actuarial gain / (loss) recognised	81,000	(177,000)
Transfer to Designated Reserves	-	(668,610)
Transfer from Designated Reserves	<u>468,916</u>	<u>297,671</u>
At 31 <sup>st</sup> March 2011	<u>1,479,874</u>	<u>806,347</u>

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### FOR THE YEAR ENDED 31 MARCH 2011

#### 16. CASH FLOW STATEMENT

<b>(a) Reconciliation of Operating Surplus to Net Cash Flow from Operating Activities</b>	<b>2011</b> £	<b>2010</b> £
Surplus for year	123,611	837,009
Net interest paid	344,658	384,282
	<u>468,269</u>	<u>1,221,291</u>
Other finance income	(2,000)	(42,000)
Defined benefit operating profit charge less contribution paid	(45,000)	(14,000)
Depreciation	259,339	258,679
(Gain) on sale of fixed assets	(9,903)	(31,596)
Decrease in debtors	59,692	4,003
Increase / (Decrease) in creditors	275,620	(24,391)
Share Capital forfeited	(16)	(23)
	<u>1,006,001</u>	<u>1,371,963</u>
Net Cash Inflow from Operating Activities	<u>1,006,001</u>	<u>1,371,963</u>

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

<b>(b) Reconciliation of Net Cash Flow to Movement in Net Debt</b>	<b>2011</b> £	<b>2010</b> £
Increase in cash in the year	137,277	1,709,262
Cash outflow from decrease in debt finance	813,032	300,404
	<u>950,309</u>	<u>2,009,666</u>
Change in net debt	(7,388,818)	(9,398,484)
Net debt at 1 <sup>st</sup> April 2010	<u>(6,438,509)</u>	<u>(7,388,818)</u>
Net debt at 31 <sup>st</sup> March 2011	<u>(6,438,509)</u>	<u>(7,388,818)</u>

<b>(c) Analysis of Changes in Net Debt</b>	<b>At</b> <b>01.04.10</b> £	<b>Cash</b> <b>Flows</b> £	<b>At</b> <b>31.03.11</b> £
Cash at Bank and in Hand	2,857,342	137,277	2,994,619
Debt due within one year	(390,026)	92,730	(297,296)
Debt due after one year	(9,856,134)	720,302	(9,135,832)
	<u>(7,388,818)</u>	<u>950,309</u>	<u>(6,438,509)</u>
Total	<u>(7,388,818)</u>	<u>950,309</u>	<u>(6,438,509)</u>

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### FOR THE YEAR ENDED 31 MARCH 2011

#### 17. HOUSING STOCK

	2011	2010
	Number	Number
The number of units of accommodation in management At the year end was:		
General Needs - New Build	208	208
- Rehabilitation	781	781
Shared Ownership	5	5
Supported	<u>-</u>	<u>-</u>
	<u>994</u>	<u>994</u>

#### 18. CAPITAL COMMITMENTS

	£	£
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>4,540,242</u>	<u>-</u>

This will be financed from a mixture of agreed social housing grant, a £2.07 million loan facility available to utilise before March 2014 and from cash balances.

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### THE YEAR ENDED 31 MARCH 2011

#### 19. RETIREMENT BENEFIT OBLIGATIONS

##### General

Cassiltoun Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the "Scheme") which 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 2009 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 £295 million. The valuation showed a shortfall of assets compared to liabilities of £160 million, equivalent to a past service funding level of 67.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. 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 £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%.

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 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 2010. As of this date the estimated employer debt for the Housing Association was £2,485,989.

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### THE YEAR ENDED 31 MARCH 2011

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

##### General

The Scottish Housing Association Scheme is a multi-employer defined benefit scheme. The Scheme offers five benefit structures to employers, namely:

- Final Salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate.

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 has elected to continue to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2010 and the same benefit structure for any new entrants. During the accounting period the Housing Association paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were 9 active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £343,794. Cassiltoun Housing Association continues to offer membership of the Scheme to its employees.

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

<b>2009 Valuation Assumptions</b>	<b>% p.a.</b>
Investment return pre retirement	7.4
Investment return post retirement – non pensioners	4.6
– pensioners	4.8
Rate of salary increases	4.5
<b>Rate of pension increases</b>	
- pension accrued pre 6 April 2005	2.9
-pension accrued from 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

##### **Mortality Tables**

Non-pensioners and pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
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<b>Contribution Rates for Future Service (from 1 April 2011)</b>	<b>%</b>
Final Salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	9.4
Additional rate for deficit contributions	10.4

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### THE YEAR ENDED 31 MARCH 2011

#### 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 2011. The following information is based on updated information. This actuarial valuation of the scheme was carried out by independent actuaries at 31 March 2011 using the following assumptions.

Actuarial assumptions	2011	2010
Rate of increase in salaries	5.1%	5.30%
Expected return on assets	6.9%	7.20%
Discount rate	5.5%	5.50%
Inflation assumption	2.8%	3.80%
Post retirement mortality		

In valuing the liabilities of the pension fund at 31 March 2011, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard mortality tables and include an allowance for future improvements in longevity.

The assumptions are equivalent to expecting a 65-year old to live for a further number of years as follows:

current pensioner	20.6 years (male), 23.9 years (female)
a future retiree	22.6 years (male), 26.0 years (female).

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The amounts recognised in the balance sheet are as follows:

	2011	2010
	£	£
Present value of funded obligations	(465,000)	(522,000)
Fair value of plan assets	472,000	401,000
Net Asset / (Liability)	7,000	(121,000)

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### THE YEAR ENDED 31 MARCH 2011

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

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

Defined Benefit Plans	2011	2010
	£	£
Opening defined benefit obligation	522,000	-
Service cost	29,000	10,000
Past service (gain) / cost	(45,000)	3,000
Member Contributions	9,000	8,000
Interest cost	28,000	16,000
Actuarial (gains) / losses	(78,000)	485,000
Benefits paid		-
Closing defined benefit obligation	465,000	522,000

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

Defined Benefit Plans	2011	2010
	£	£
Opening plan assets	401,000	-
Expected return on assets	30,000	58,000
Actuarial gains	3,000	308,000
Contributions by employer	29,000	27,000
Contributions by members	9,000	8,000
Benefits paid	-	-
Closing plan assets	472,000	401,000

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

	2011	2010
	£	£
Current service cost	(29,000)	(10,000)
Past service gain / (cost)	45,000	(3,000)
Interest on obligation	(28,000)	(16,000)
Expected return on plan assets	30,000	58,000
Total	18,000	29,000

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### THE YEAR ENDED 31 MARCH 2011

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

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

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Opening cumulative STRGL	(177,000)	-
Actuarial gains / (losses)	81,000	(177,000)
	(96,000)	(177,000)

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

	<b>2011</b>	<b>2010</b>
Equities	77%	77%
Properties	6%	7%
Bonds	13%	13%
Cash	4%	3%
	100%	100%

The history of experience gains and losses is as follows:

	<b>2011</b>	<b>2010</b>
Difference between expected and actual return on scheme assets £'000	3	85
Percentage of scheme assets	0.6%	21.2%
Experience (loss) / gain arising on scheme liability £'000	-	-
Percentage of scheme liabilities	0.0%	0.0%
Total amount of actuarial gain / (loss) £'000	81	(177)
Percentage of scheme liability	17.4%	(33.9%)



**CASSILTOUN HOUSING ASSOCIATION LIMITED**

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

**THE YEAR ENDED 31 MARCH 2011**

**21. SUBSIDIARY UNDERTAKINGS**

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 building. Three members of the Association are Directors of the Trust.

During the year management fees totalling £7,650 (2010 - £7,500) were charged from the Housing Association to Cassiltoun Trust. At the year end £nil (2010 - £nil) was due to the Housing Association from the Trust.

In 2011 the Trust made a deficit of £1,027 (2010 - £13,801 surplus) and had reserves of £38,064 (2010 - £39,091).

**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.