



CASSILTOUN HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

Registered Housing Association No. 84

FCA Registration No. 2190R(S)

Registered Charity No. SC 035544

CASSILTOUN HOUSING ASSOCIATION LIMITED

Contents

	Page
Members of the Board of Management, Executives and Advisers	1
Report of the Board of Management	2 - 10
Statement of the Board of Management's responsibilities	11
Statement on internal financial control	12
Report of the auditor on the financial statements	13
Report of the auditor on internal financial control	14
Income and Expenditure Account	15
Statement of Total Recognised Surpluses and Deficits	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the financial statements	19 – 38

CASSILTOUN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2015

Board of management

Anne M Stuart MBE	Chair
Evelyn Ferguson	Secretary
George Kelly	Vice Chair/Treasurer

Teresa McGowan
Adam Milligan
Jean White
Robert Brennan
William Craig
Teresa Sadler

Executive officers

Charlie Millar	Chief Executive
Gamal Haddou	Director of Finance
Fiona McGowan	Director of Operations

Registered office

Castlemilk Stables
59 Machrie Road
Castlemilk
Glasgow
G45 0AZ

Auditor

Scott-Moncrieff
25 Bothwell Street
Glasgow
G2 6NL

Banker

Bank Of Scotland
82 Main Street
Rutherglen
G73 2HZ

Solicitor

T C Young
7 West George Street
Glasgow
G2 1BA

Registration particulars

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered Number 2190 R (S)
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number 84
Office of the Scottish Charity Regulator	Charities and Trustee Investment (Scotland) Act 2005 Scottish Charity Number SC 035544

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

The Board of Management presents its report and the audited financial statements for the year ended 31 March 2015.

Principal Activities

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

The Association has two subsidiaries, Cassiltoun Trust and Cassiltoun Stables Nursery Limited. Cassiltoun Trust is a company established to conserve for the benefit of the public buildings of historical and architectural significance, advance knowledge about the history and role of Castlemilk; and provide facilities for education, training, employment and recreational time. The principal activity of Cassiltoun Stables Nursery Limited is to provide a first class nursery childcare facility for 0-5 year olds set alongside a local park and woodland environment.

Cassiltoun Housing Association Limited is registered with the Financial Conduct Authority as a Community Benefit entity, 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:-

	2015 £	2014 £
Managed Property Numbers		
Tenanted Property	988	989
Shared Ownership Properties	5	5
Buchanan Lodge Residential Home	40	40
Total	1,033	1,034

Financial Review

The year went well despite the significant economic and welfare reform challenges facing our sector. Our rental trading income was a fraction above what had been budgeted for and we remain confident about the future. Turnover of £4,049k was better than planned due to additional grant funding received and only 1 property was sold under the Right to Buy legislation.

Whilst our reactive maintenance costs have increased this year due to a greater number of emergency repairs, the staffing and office overheads costs were £10k under the £2,094k budget. We continued our wider role activities and grant funding to the Stables Nursery. A new defined contribution pension scheme began on 1 April 2014 for new staff with the final salary scheme closed to new entrants.

Development activity was undertaken with demolishing the unsafe Castlemilk East Church and preparing the land for any future use.

£319k of loans were redeemed in the year which together with a small reduction in our interest rate resulted in a decrease in borrowing and lower interest payments than last year, down from £311k to £302k.

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

Going Concern

The Board of Management has reviewed the results for this year and the projections for the next 5 years. The Board has a good expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting is adopted in preparing the financial statements.

Key financial information is as follows:

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

	<u>2014/15</u>	<u>2013/14</u>
Staff Costs / Turnover	26.0%	23.4%
Management Administration Costs / Turnover	28.9%	28.7%
Reactive Maintenance / Turnover	13.0%	13.8%
Interest Payable / Turnover	7.5%	8.4%
Current Ratio (current assets / current liabilities)	6.7 times	5.5 times
Interest Cover	2.3 times	2.4 times
Asset cover (total assets less current liabilities / creditors > 1yr)	1.6 times	1.6 times
Net Debt per Housing Unit	£ 8,247	£ 8,561

Our Strategic Aims

Cassiltoun Housing Association Limited has as its Strategic Aims:

- Ensure that our rents remain affordable by maintaining 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, (£51m 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 2015

Our Operational Objectives 2014/15

- Continue to deliver the KPI's set out in the Internal Management Plan and Operational Service Plan.
- To complete a full review of our Asset Management Plan for the next 30 years.
- Continue to monitor the effectiveness of our 3 year major contracts – Reactive Repairs, Gas Servicing, Environmental Maintenance and Stair Cleaning.
- To support our Stables Nursery subsidiary social enterprise company.
- To prepare for welfare reform changes first introduced in 2014.
- To explore, for the medium term, uses for the land where the church building was.
- To maintain our Gold Standard in Investors in People.
- To work towards achieving "Healthy Working Lives" Silver award level.
- To maximise funding to continue with the non-housing regeneration in our area of operation.
- To support Cassiltoun Trust to achieve its objectives.
- To progress with the regeneration of Castlemilk Park including continuation of funding to extend the post of Community Woodlands Officer to beyond 2015.

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.

Corporate Governance

Cassiltoun Housing Association Limited has a Board of Management elected by the members of the Association. It is the responsibility of the Board to undertake the strategy, set policy, overall direction and monitor the operational activities of the Association and its subsidiary companies. The members of the Board of Management are unpaid.

As part of our commitment to continuous improvement we have once again 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.

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

During 2014/15 the Board of Management members took part in detailed training needs assessment carried out by an independent external consultant. The outcome was to identify individual strengths, weaknesses and to create training plans that will improve their effectiveness as Board members. In addition 1 to 1 interviews between the Chief Executive and Association office bearers are carried out.

Performance Management

During 2014/15 the Association demonstrated continuous improvement in many areas of our performance and excellent signs of stability in others underpinned by a planning framework set out as follows. All our staff take part in the business review sessions and during our annual review day when we sign off the 3 year Internal Management Plan and 30 year Business Plan. This has been supported by the use of clear planning tools such as SMART planning, Operational Service Plan, Asset Management Plan and the Association's Financial Business Plans.

The Association produced its first Tenants Charter Report Card in October 2014, which outlined our charter performance, how we benchmark locally and against the Scottish average, furthermore areas that require action for improvement have been identified and published.

We have demonstrated that the 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 received.

Best use of resources

A review of the Risk Policy and Risk Register was undertaken during the year to ensure that the Association is prepared to mitigate risks that exist now or may arise in the future and we continue to focus on our business plan objectives.

The Association remains a gold standard Investors in People organisation and we completed a review in June 2014 of our Values, Vision and Mission. Our ongoing performance, future improvements and strong customer focus depends on a highly motivated and well trained staff team and we believe our performance, high levels of tenant satisfaction and attendance management demonstrates this. Investment in our staff team is critical to our success.

The Senior Management Team, as part of the Investors in People recommendation, took part in leadership and development training at the Institute of Leadership Management (ILM Level 5). It is anticipated that by the summer of 2015 the senior team will have completed the training.

The procurement of our reactive repairs, via partnership working with one main contractor, has been successful for the sixth year in succession. Tenant satisfaction levels are consistently high with performance levels between 99% and 100% regularly achieved. Tenants continue to play a vital role in monitoring this performance.

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

Best use of resources (cont'd)

During the year we completed 3,903 repairs, a decrease of 74 from the year prior. The table below summarises our targets, repair type and performance.

CATEGORY	TARGET	NUMBER	COMPLETED ON TIME	% COMPLETED WITHIN TIME
Emergency	6 hours	634	634	100.0%
Urgent and Routine	3 days / 10 days	3,269	3,242	99.2%

In terms of other areas that have improved is our void management performance. The Association set a target of 0.35% void rent loss (£12k) for 2014/15, 0.2% was achieved (£7k) demonstrating our commitment to business efficiency. The Association is aware that having a strong base will help us mitigate ongoing impact of welfare reforms. Our scenario planning includes a void rent loss assumption of 2%, which in monetary terms means we are allowing for future rental income loss assumptions 7 times greater than current performance.

The Association's arrears management faced a number of challenges although performance managed to be better than the target despite the risks posed by welfare reform. We believe that our planned approach to the risks surrounding rental income and arrears levels is being controlled and managed effectively.

Gross target was 4.7%
Gross performance was 3.1%

Realistic and challenging new targets have been set for the next financial year 2015/16 as the Association intends to ensure that welfare reform impact is minimised and tenants are supported through the changes.

The Association prioritised the emerging risks associated with the Welfare Reform changes by increasing staffing resources to assist tenants and to cope with the associated additional work load. We believe our approach has helped to maintain good performance and mitigate this risk.

Following on from previous years we believe that sustained performance has been achieved against a backdrop of business growth and a demanding policy context. The current economic downturn has continued to focus the Board's attention on achieving better value for money and greater efficiencies. This is 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. The Association's overall performance demonstrates that the Board has a successful strategy in place to achieve its aims and it continues to prepare for the future impact and risks that welfare reform changes will have on our business. We will continue to support tenants throughout the introduction of Universal Credit to help minimise risks for tenants and the Association. Our Welfare and Money Advice Team has been in place from April 2014 and made significant progress assisting tenants to maximise their benefits. The team ensured housing benefit is paid directly to the Association and they effectively managed any benefit problems faced by our tenants.

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

Best use of resources (cont'd)

Like every other housing association and local authority with housing stock, the Association has ensured that its properties meet the "Scottish Housing Quality Standard" in advance of the deadline of 2015. This has been independently verified and is excellent news for our tenants and for our long term financial forecasting.

Development and Wider Role / Regeneration Activities

External funding of £193k has enabled the Association to continue its successful regeneration programme. The organisation has worked with a wide range of funders and partners and continued to offer work placements to young people; created an Advice Team to assist people in financial hardship; delivered an art programme for over 50's that prevents social isolation; offered volunteering opportunities in the community garden and continued with the regeneration of Castlemilk Park through delivering a range of events and activities including programmes of Branching Out, Forest Kindergarten, volunteering, employability, education and health initiatives.

The Association has also organised a number of well attended events for tenants and the wider community throughout the year. These give local people (and people new to the area) the chance to socialise and make new friends. It also helps Castlemilk to be seen as a thriving, vibrant place to live and visit.

Events have included

- Family trips to Heads of Ayr and the SECC pantomime;
- Outings for the over 40s;
- A Commonwealth fairies festival;
- Outdoor theatre (Midsummer Night Dream); and
- Halloween Pumpkin Festival .

The Association has continued to support the growth and development of its social enterprise subsidiary, Cassiltoun Stables Nursery Limited. During the year they created 14 jobs, 2 work placements for young unemployed people through the Community Jobs scheme and a number of training placements. Stables Nursery Limited was also fortunate to attract funding from the Enterprise Ready Fund which enabled it to improve facilities and expand the business. By 31 March 2015 there were 41 children attending the nursery, either part or full time.

Operations

Again like previous years 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.

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

Business Continuity Plan

The Board has a combined plan with robust procedures in place to deal with disasters and any severe business interruptions.

In recent years the Board has become more concerned over business interruption, service delivery and health and safety during the severe winter weather and heavy snow. In November 2010 it was agreed to invest resources to combat office closure and maintain service delivery by purchasing two 4x4 cars that could operate safely in very bad weather and allow the office to be kept open. The Business Continuity Plan is reviewed annually.

The extreme weather experienced in recent winters was not repeated locally this year and no business interruption was experienced.

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 pleased that 12 of our 13 objectives were achieved or making considerable progress with no concern. One objective to "Achieve Healthy Working Lives Silver Award" was not achieved until a little after the year end.

Policies and Procedures

The Board approves policy and procedures on a 3 year rolling basis unless changes in guidance or legislation enforce earlier reviews. The Association has over 70 different policies and procedures that provide 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. The target set is within 22 days.

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.

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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 the Senior Management Team and bi-monthly reporting to the Board, 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. 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 deposits between 1-18 months.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2015 the Association has a mix of 54% long term fixed and 46% variable rate finance.

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.

General Reserves

During the year an amount of £135,554 has been transferred from the Revenue Reserves to the Designated Reserves for the past service deficit on the Scottish Housing Association Pension Scheme (SHAPS). The amount transferred equals the change in the net present value of the past service deficit currently estimated to be repaid over the next 11.5 years.

Board of Management

The Board of Management of Cassiltoun Housing Association during the year to 31 March 2015 was as follows:

Mrs Teresa Sadler	Chair	(resigned 12/12/14)
Mrs Anne M Stuart MBE	Chair	(from 17/12/14)
Mr George Kelly	Treasurer	
Ms Evelyn Ferguson	Secretary	
Mrs Teresa McGowan		
Mr Adam Milligan		
Mrs Jean White		
Mr Robert Brennan		
Mr William Craig		

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

Board of Management (cont'd)

Sub-committee membership	7	Staffing
	5	Development & Wider Role
	7	Operations
	4	Audit

Each member of the Board of Management holds one fully paid share of £1 in Cassiltoun Housing Association Limited. The executive officers of Cassiltoun Housing Association Limited 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 Board.

Director

The Director of Cassiltoun Housing Association during the year to 31 March 2015 was as follows:
Mr Charlie Millar - Chief Executive


Information for Auditor

As far as the Board members are aware there is no relevant audit information of which the auditor is unaware and the Board 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 auditor is aware of any such information.

Auditor

Scott-Moncrieff was appointed external auditor for the year ended 31 March 2015 following a competitive tender. The Board will be recommending the re-appointment of Scott-Moncrieff to the members at the AGM.

By order of the Board of Management

Secretary: 
Evelyn Ferguson

Date: 24 June 2015

CASSILTOUN HOUSING ASSOCIATION LIMITED

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES

The Co-operative and Community Benefit Societies Act 2014 requires 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; and
- 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 Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – April 2012 issued by the Scottish Housing Regulator. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board of Management

Name: *Anne M. Stuart MBE*

Date: 24 June 2015

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; and
- 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; and
- 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 2015 and until the date these financial statements have been signed. 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 Auditor's Report on the financial statements.

By order of the Board of Management

Name: *Amne M. Stewart*

Date: 24 June 2015

INDEPENDENT AUDITOR'S 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 2015 which comprise the Income and Expenditure Account, the Statement of Total Recognised Surpluses and Deficits, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Housing Association's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Board of Management and the Auditor

As explained more fully in the Statement of the Board of Management's Responsibilities set out on page 11, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private/cfm

Group accounts: Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969

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 group accounts required to be prepared under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 for the year ended 31 March 2015, because of the immaterial nature of the subsidiaries' transactions in the year.

Opinion on financial statements

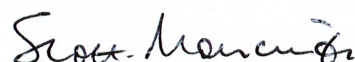
In our opinion the financial statements:

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

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.



Scott-Moncrieff
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

Date: 24 June 2015

**REPORT BY THE AUDITOR TO THE MEMBERS OF CASSILTOUN HOUSING ASSOCIATION
LIMITED ON INTERNAL FINANCIAL CONTROL**

In addition to our audit of the Financial Statements, we have reviewed your statements on page 12 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 12 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through our enquiry of certain members of the Board and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Board's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



Scott-Moncrieff
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

Date: 24 June 2015

CASSILTOUN HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2014 £
Turnover	2	4,049,230	3,707,967
Operating Costs	2	<u>(3,369,566)</u>	<u>(2,962,140)</u>
Operating Surplus		679,664	745,827
Surplus on Sales of Fixed Assets	4	20,266	89,907
Interest Receivable		37,898	37,325
Other Finance Income/(Cost)	20	5,000	(1,000)
Interest Payable	7	<u>(302,100)</u>	<u>(310,526)</u>
Surplus on Ordinary Activities before Taxation	8	440,728	561,533
Tax on Surplus on Ordinary Activities	9	-	-
Surplus for the Year	15	<u>440,728</u>	<u>561,533</u>

All amounts relate to continuing activities.

CASSILTOUN HOUSING ASSOCIATION LIMITED

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 £	2014 £
Surplus for the year		440,728	561,533
Actuarial loss on pension scheme	20	<u>(191,000)</u>	<u>(73,000)</u>
Total surplus recognised since the last annual report		<u>249,728</u>	<u>488,533</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2015

	Notes	2015		Restated 2014	
		£	£	£	£
Tangible Fixed Assets					
Housing Properties – Cost less Depreciation	10(a)		39,835,880		39,888,496
Less: Social Housing Grant	10(a)	(30,057,653)		(29,819,263)	
Other Public Grants	10(a)	(272,443)		(272,443)	
			<u>(30,330,096)</u>		<u>(30,091,706)</u>
			9,505,784		9,796,790
Other Fixed Assets	10(b)		58,905		159,360
Current assets			<u>9,564,689</u>		<u>9,956,150</u>
Debtors					
Amounts falling due after more than one year	11(a)	325,920		340,040	
Amounts falling due within one year	11(b)	181,700		196,876	
Cash at Bank and in Hand		3,804,913		3,326,340	
		<u>4,312,533</u>		<u>3,863,256</u>	
Creditors – Amounts falling due within one year	12	<u>(641,509)</u>		<u>(700,475)</u>	
Net current assets			<u>3,671,024</u>		<u>3,162,781</u>
Total assets less current liabilities			13,235,713		13,118,931
Creditors – Amounts falling due after more than one year	13		(7,834,371)		(8,162,293)
Pension Liability	20		(393,000)		(198,000)
Net Assets			<u>5,008,342</u>		<u>4,758,638</u>
Capital and reserves					
Share Capital	14		333		357
Designated Reserves	15		1,390,925		1,255,371
Revenue Reserves	15		3,617,084		3,502,910
			<u>5,008,342</u>		<u>4,758,638</u>

These financial statements were approved by the Board of Management and authorised for issue on 24 June 2015 and signed on their behalf by:

Chair
Anne M Stuart MBE

Anne M Stuart MBE

Treasurer
George Kelly

G Kelly

Secretary
Evelyn Ferguson

Evelyn Ferguson

CASSILTOUN HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015		2014	
		£	£	£	£
Net Cash Inflow from Operating Activities	16(a)		1,113,640		1,212,460
Returns on Investments and Servicing of Finance					
Interest Received		37,898		37,325	
Interest Paid		<u>(302,100)</u>		<u>(310,526)</u>	
			(264,202)		(273,201)
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties		(339,464)		(458,282)	
Purchase of Other Fixed Assets		(10,218)		(31,897)	
Grants Received		238,390		62,404	
Proceeds on Disposal of Properties		<u>59,510</u>		<u>156,706</u>	
			<u>(51,782)</u>		<u>(271,069)</u>
Net Cash inflow before use of Liquid Resources and Financing			797,656		668,190
Financing					
Loan Principal Repayments		(319,108)		(353,450)	
Issue of Loan to Subsidiary		-		(10,000)	
Share Capital Issued		<u>25</u>		<u>21</u>	
			<u>(319,083)</u>		<u>(363,429)</u>
Increase in Cash	16(b)		<u>478,573</u>		<u>304,761</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. Principal accounting policies

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered by The Financial Conduct 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 Determination of Accounting Requirements – April 2012 and The Statement of Recommended Practice (SORP) "Accounting by Registered Social Housing Providers, Update 2010". A summary of the more important accounting policies is set out below.

(a) Going Concern

The Board of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the Financial Statements.

(b) Group Accounts

The Housing Association is applying for exemption from The Financial Conduct Authority from producing consolidated Financial Statements as provided by Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969. The Financial Statements for Cassiltoun Housing Association Limited present information about it as an individual undertaking and not about its Group.

(c) Turnover

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

(d) 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; and
- (iii) interest charged on the loans raised to finance the scheme.

These costs are either termed "qualifying costs" for approved HAG schemes or 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 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.

(e) 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.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. Principal accounting policies (cont'd)

(f) Depreciation of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows;

Land	Not depreciated
Structure	Over 60 years
Roofs	Over 45 years
Electrical Wiring	Over 30 years
Windows	Over 25 years
Bathrooms	Over 20 years
Kitchens	Over 15 years
Heating (boilers and radiators)	Over 15 years

(g) Depreciation 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;

Freehold Property	10%	Vehicles	25%
Furniture	20%	IT Equipment	20%
Fixtures & Fittings	20%		

(h) 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.

(i) Capitalisation of Major Repairs Expenditure

The Association capitalises major repairs expenditure where these works are a replacement or restoration of a separate identifiable component or where the works result in an enhancement of economic benefits of the tangible fixed assets. Such enhancement can occur if the improvements result in an increase in rental income, a reduction in future maintenance costs or a significant extension to the life of the component.

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

(j) Capitalisation of Development Overheads

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

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. Principal accounting policies (cont'd)

(k) Impairment of Fixed Assets

Reviews for impairment of fixed assets 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.

(l) Designated Reserves

A designated reserve has been set aside to cover the net present value of the Association's liability under the SHAPS pension scheme in relation to contributions towards the past service deficit.

(m) Retirement Benefits

The Scottish Housing Association Defined Benefits Pension Scheme

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 assets and liabilities of the scheme relating to a specific employer cannot be separately identified and as such only contributions paid in respect of employees are charged to the Income and Expenditure Account.

The Strathclyde Pension Fund

The Association has fully adopted accounting standard FRS17 'Retirement Benefits' in respect of the pension obligations accruing for staff under the Strathclyde Pension Fund (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 Surpluses and Deficits.

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
 FOR THE YEAR ENDED 31 MARCH 2015

2. Particulars of turnover, operating costs and operating surplus

	Notes	2015 Turnover £	2015 Operating Costs £	2015 Operating Surplus/ (Deficit) £	2014 Turnover £	2014 Operating Costs £	2014 Operating Surplus/ (Deficit) £
Social Lettings	3a	3,692,336	2,819,612	872,724	3,566,117	2,558,507	1,007,610
Other Activities	3b	356,894	549,954	(193,060)	141,850	403,633	(261,783)
TOTAL		<u>4,049,230</u>	<u>3,369,566</u>	<u>679,664</u>	<u>3,707,967</u>	<u>2,962,140</u>	<u>745,827</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

3a. Particulars of turnover, operating costs and operating surplus from social lettings

	General Needs Housing £	Shared Ownership £	2015 £	2014 £
Social lettings				
Rent receivable net of identifiable service charges	3,675,533	10,349	3,685,882	3,564,850
Service Charges Receivable	11,649	2,138	13,787	13,308
<hr/>				
Gross Income from Rents and Service Charges	3,687,182	12,487	3,699,669	3,578,158
Less: Rent Losses from Voids	(7,333)	-	(7,333)	(12,041)
<hr/>				
Total Turnover from Social Letting Activities	3,679,849	12,487	3,692,336	3,566,117
<hr/>				
Operating costs				
Management & maintenance administration costs	1,146,147	5,660	1,151,807	1,063,603
Service costs	26,265	-	26,265	14,659
Planned and cyclical maintenance including major repairs	620,999	9,374	630,373	503,616
Reactive maintenance	522,710	2,540	525,250	512,557
Bad debts – rent and service charges	22,408	-	22,408	32,501
Depreciation of social housing	463,282	227	463,509	431,571
<hr/>				
Operating Costs for Social Letting Activities	2,801,811	17,801	2,819,612	2,558,507
<hr/>				
Operating Surplus / (loss) for Social Lettings 2015	878,038	(5,314)	872,724	1,007,610
<hr/>				
Operating Surplus for Social Lettings 2014	1,003,406	4,204	1,007,610	

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, (2014: £nil).

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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 / (deficit)	2014
	£	£	£	£	£	£	£	£	£
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	160,866	-	32,022	192,888	-	400,295	(207,407)	(221,644)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	69,062	69,062	-	80,829	(11,767)	(4,474)
Development and construction activities	2,158	-	-	-	2,158	-	-	2,158	2,865
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	17,786	17,786	-	68,830	(51,044)	(38,530)
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non-registered social landlords	-	-	-	-	-	-	-	-	-
Insurance income	-	-	-	75,000	75,000	-	-	75,000	-
Total from other activities 2015	2,158	160,866	-	193,870	356,894	-	549,954	(193,060)	(261,783)
2014	2,865	47,883	-	91,102	141,850	-	403,633	(261,783)	

Insurance income relates to insurance monies received in the year in respect of fire damage at one of the properties owned by the Association.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

4. Surplus on sale of fixed assets

	2015 Total £	2014 Total £
Proceeds on sale of property and other fixed assets	59,510	156,706
Net Book Value of assets at time of sale	<u>(39,244)</u>	<u>(66,799)</u>
	<u>20,266</u>	<u>89,907</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 (excluding pension contributions) exceed £60,000 per year. There was one member of staff whose emoluments (excluding pension contributions) exceeded £60,000 per year. No emoluments were paid to any member of the Board of Management during the year.

	2015 £	2014 £
Aggregate emoluments payable to Directors (excluding pension contributions)	<u>217,315</u>	<u>210,089</u>
Aggregate pensions payable to Directors	<u>83,611</u>	<u>44,242</u>
Emoluments payable to highest paid Director (excluding pension contributions)	<u>85,676</u>	<u>84,079</u>
Total expenses reimbursed insofar as not chargeable to UK Income Tax	<u>-</u>	<u>-</u>

The Housing Association's pension contributions for the Chief Executive in the year amounted to £40,053 (2014 - £16,113) including the past service deficit repayment.

	2015 Number	2014 Number
Total Emoluments		
£80,001 - £90,000	1	1
£70,001 - £80,000	-	-
£60,001 - £70,000	2	2

The Association uses two 4x4 company vehicles to assist providing services during severe winter weather and maintaining operations. The personal taxation is reimbursed by the Association to the two staff.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

6. Employee information

	2015 Number	2014 Number
The average full time equivalent number of persons employed by the Association was as follows;		
Administration and maintenance	<u>23.7</u>	<u>20.5</u>

Staff costs were:	£	£
Wages and Salaries	762,603	678,952
Social Security Costs	64,663	56,584
Pension Costs	217,689	127,935
FRS 17 Pension Charge (note 20)	<u>9,000</u>	<u>5,000</u>
	<u>1,053,955</u>	<u>868,471</u>

7. Interest payable

	2015 £	2014 £
On Bank Loans and Overdrafts	<u>302,100</u>	<u>310,526</u>

8. Surplus on ordinary activities before taxation

	2015 £	2014 £
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	463,509	470,986
Auditors' Remuneration - Audit Services	8,500	8,770
- 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

FOR THE YEAR ENDED 31 MARCH 2015

10. Tangible fixed assets

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties Under Construction £	Completed Shared Ownership Properties £	Total £
Cost				
At 1 April 2014	43,548,575	-	237,669	43,786,244
Additions	280,002	59,462	-	339,464
Disposals	(119,039)	-	-	(119,039)
Transfer from other fixed assets	-	65,000	-	65,000
At 31 March 2015	<u>43,709,538</u>	<u>124,462</u>	<u>237,669</u>	<u>44,071,669</u>
Social Housing Grant				
At 1 April 2014	29,592,948	-	226,315	29,819,263
Additions	142,010	96,380	-	238,390
Disposals	-	-	-	-
Transfer from other fixed assets	-	-	-	-
At 31 March 2015	<u>29,734,958</u>	<u>96,380</u>	<u>226,315</u>	<u>30,057,653</u>
Other Grants				
At 1 April 2014	272,443	-	-	272,443
Transfer from other fixed assets	-	-	-	-
At 31 March 2015	<u>272,443</u>	<u>-</u>	<u>-</u>	<u>272,443</u>
Depreciation				
At 1 April 2014	3,892,217	-	5,531	3,897,748
Charge for year	444,609	-	227	444,836
On disposals	(106,795)	-	-	(106,795)
Transfer from other fixed assets	-	-	-	-
At 31 March 2015	<u>4,230,031</u>	<u>-</u>	<u>5,758</u>	<u>4,235,789</u>
Net Book Values				
As at 31 March 2015	<u>9,472,106</u>	<u>28,082</u>	<u>5,596</u>	<u>9,505,784</u>
As at 31 March 2014	<u>9,790,967</u>	<u>-</u>	<u>5,823</u>	<u>9,796,790</u>

Additions to housing properties during the year includes capitalised administration costs of £nil, (2014 - £nil). All housing properties are freehold.

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

The total major repair costs during the year were £673,591 (2014: £368,623) of which £280,002 (2014: £269,195) was capitalised. Of the amount capitalised £253,138 (2014: £247,227) related to replacement of components and £26,864 (2014: £21,968) related to improvements.

Components with a cost of £108,642 and accumulated depreciation of £105,885 were disposed of in the year.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

10. Tangible fixed assets (Cont'd)

b) Other Tangible Assets

	Freehold Property £	I.T. Equipment £	Furniture £	Fixtures & Fittings £	Vehicles £	Restated Total £
Cost						
At 1 April 2014	131,380	143,297	34,471	125,149	39,995	474,292
Additions	-	6,919	1,109	2,190	-	10,218
Disposals	(66,380)	-	(1,109)	(500)	-	(67,989)
Transfer to Housing Under Construction	(65,000)	-	-	-	-	(65,000)
At 31 March 2015	-	150,216	34,471	126,839	39,995	351,521
Depreciation						
At 1 April 2014	39,380	101,312	32,368	121,876	19,996	314,932
Charge for year	-	11,704	696	1,274	4,999	18,673
Removed on disposal	(39,380)	-	(1,109)	(500)	-	(40,989)
At 31 March 2015	-	113,016	31,955	122,650	24,995	292,616
Net Book Values						
At 31 March 2015	-	37,200	2,516	4,189	15,000	58,905
At 31 March 2014	92,000	41,985	2,103	3,273	19,999	159,360

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

11(a). Debtors - Amounts receivable after more than one year

	2015	Restated
	£	2014
		£
		(Note 24)
Loan to subsidiary undertaking	100,000	100,000
Rent paid in advance to subsidiary	225,920	240,040
	<u>325,920</u>	<u>340,040</u>

11(b). Debtors - Amounts receivable within one year

	2015	2014
	£	£
Arrears of Rent and Service Charges	96,347	117,988
Less: bad debt provision	(16,065)	(18,689)
	<u>80,282</u>	<u>99,299</u>
Prepayments	21,935	12,347
Rent paid in advance to subsidiary undertaking	14,120	14,120
Other Debtors	65,363	71,110
	<u>181,700</u>	<u>196,876</u>

12. Creditors - Amounts falling due within one year:-

	2015	2014
	£	£
Housing Loans (note 13)	313,724	304,910
Trade Creditors	105,609	145,446
Other Taxation and Social Security	20,184	18,057
Accruals and Deferred Income	10,980	17,792
Rent in Advance	186,838	210,000
Other Creditors	4,174	4,270
	<u>641,509</u>	<u>700,475</u>

Included within accruals and deferred income is a pension liability of £nil (2014: £9,045).

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

	2015	2014
	£	£
Housing Loans	<u>7,834,371</u>	<u>8,162,293</u>

Housing Loans are secured by specific charges on the Housing Association's housing properties and are repayable at rates of interest of 1.0% to 6.4% (2014: 1.0% to 6.4%) in instalments, due as follows:-

	2015	2014
	£	£
Within one year (note 12)	313,724	304,910
Between one and two years	323,969	314,630
Between two and five years	1,038,439	1,006,988
In five years or more	6,471,963	6,840,675
	<u>8,148,095</u>	<u>8,467,203</u>
Less: Amount shown in Current Liabilities	<u>(313,724)</u>	<u>(304,910)</u>
	<u>7,834,371</u>	<u>8,162,293</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

14. Share capital

	2015	2014
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April	357	527
Issued in year	25	21
Forfeited in year	<u>(49)</u>	<u>(191)</u>
	<u>333</u>	<u>357</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

(a) Designated Reserves – SHAPS Pension Reserve	2015	2014
	£	£
At 1 April	1,255,371	456,760
Transfer (to) / from Revenue Reserve	<u>135,554</u>	<u>798,611</u>
At 31 March	<u>1,390,925</u>	<u>1,255,371</u>

The amount transferred to the Pensions Reserve in 2014 equals the net present value of the past service deficit of the SHAPS scheme payable over the next 11.5 years.

(b) Revenue Reserves	2015	2014
	£	£
At 1 April	3,502,910	3,812,988
Surplus for the year	440,728	561,533
Actuarial loss recognised	(191,000)	(73,000)
Transfer from / (to) Designated Reserve	<u>(135,554)</u>	<u>(798,611)</u>
At 31 March	<u>3,617,084</u>	<u>3,502,910</u>
Split as:		
Revenue reserve	4,010,084	3,700,910
Pension reserve	<u>(393,000)</u>	<u>(198,000)</u>
At 31 March	<u>3,617,084</u>	<u>3,502,910</u>

The pension reserve is in respect of the Strathclyde Pension Fund. Please refer to note 20.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

16. Cash flow statement

(a) Reconciliation of Operating Surplus to Net Cash Flow from Operating Activities	2015	2014
	£	£
Operating surplus for year	679,664	745,827
Defined benefit operating profit charge less contribution paid	9,000	5,000
Depreciation	463,509	470,980
Decrease/(increase) in debtors	29,296	(3,581)
(Decrease) in creditors	(67,780)	(5,575)
Share Capital forfeited	(49)	(191)
Net Cash Inflow from Operating Activities	<u>1,113,640</u>	<u>1,212,460</u>

(b) Reconciliation of Net Cash Flow to Movement in Net Debt	2015	2014
	£	£
Increase in cash in the year	478,573	304,761
Cash outflow from decrease in debt finance	<u>319,108</u>	<u>353,450</u>
Change in net debt	797,681	658,211
Net debt at 1 st April	<u>(5,140,863)</u>	<u>(5,799,074)</u>
Net debt at 31 st March	<u>(4,343,182)</u>	<u>(5,140,863)</u>

(c) Analysis of Changes in Net Debt	At	Cash	At
	1.04.14	Flows	31.03.15
	£	£	£
Cash at Bank and in Hand	3,326,340	478,573	3,804,913
Debt due within one year	(304,910)	(8,814)	(313,724)
Debt due after one year	<u>(8,162,293)</u>	<u>327,922</u>	<u>(7,834,371)</u>
Total	<u>(5,140,863)</u>	<u>797,681</u>	<u>(4,343,182)</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

17. Housing stock

	2015 Number	2014 Number
The number of units of accommodation in management At the year end was:		
General Needs - New Build	206	206
- Rehabilitation	782	783
Shared Ownership	5	5
Supported	40	40
	<u>1,033</u>	<u>1,034</u>

18. Capital commitments

	2015 £	2014 £
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>863,057</u>	<u>754,111</u>

This will be financed from the Association's reserves.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

THE YEAR ENDED 31 MARCH 2015

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 2012 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 £394 million. The valuation showed a shortfall of assets compared to liabilities of £304 million, equivalent to a past service funding level of 56.4%.

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 scheme actuary has prepared an Actuarial Report that provides an approximate update on the funding position as at 30 September 2014. This report is required by legislation for years in which a full valuation is not carried out. It revealed an increase in the assets of the scheme to £539 million and indicated a decrease in the shortfall of assets to liabilities of £281 million, equivalent to a past service funding level of 66%.

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 SHAPS scheme based on the financial position of the Scheme as at 30 September 2014. As of this date the estimated employer debt for the Housing Association was £2,786,559 with the past service deficit contributions payable for the year to 31 March 2016 being £125,515.

The past service deficit contribution is currently due to increase by 3.0% per annum. This equates to a net present value of £1,163,774, for which an equivalent amount has been transferred from revenue reserves to designated reserves in order to provide for future liability. This amount may be subject to change following the results of the next valuation.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

THE YEAR ENDED 31 MARCH 2015

19. Retirement benefit obligation (cont'd)

General

The Scottish Housing Association Pension Scheme is a multi-employer defined benefit scheme. The Scheme offers six 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.
- Defined contributions (DC) option

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. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

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 2012 and the same benefit structure for any new entrants. During the accounting period the Housing Association effectively paid contributions at the rate of 44% (including the past service deficit) of pensionable salaries. Member contributions were 9.4%.

As at the balance sheet date there were 10 active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £381,841. During the year the scheme was closed to new members and a Defined Contribution scheme opened for new staff and existing if they wished to join it.

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

2012 Valuation Assumptions	% p.a.
Investment return pre retirement	5.3
Investment return post retirement – non pensioners	3.4
– pensioners	3.4
Rate of salary increases	4.1
 Rate of pension increases	
- pension accrued pre 6 April 2005	2.0
-pension accrued from 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	1.7
Rate of price inflation	2.6

Non-pensioners	44% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females
Pensioners	90% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term rate of improvement of 1.50% p.a. for males and 1.25% p.a. for females

Contribution Rates for Future Service (from 1 April 2015)	%
Final Salary 1/60ths	24.6
Career average revalued earnings 1/60ths	22.4
Career average revalued earnings 1/70ths	19.2
Career average revalued earnings 1/80ths	16.9
Career average revalued earnings 1/120ths	11.4
 Additional rate for deficit contributions	 10.4

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

THE YEAR ENDED 31 MARCH 2015

20. Defined Benefit Obligation

The Association is a member of the Strathclyde Pension Fund (SPF). The disclosure for the SPF is as follows:

The last full Actuarial valuation was carried out as at 31 March 2014. The following information is based on updated information. This actuarial valuation of the scheme was carried out by independent actuaries at 31 March 2015 using the following assumptions.

Actuarial assumptions	2015	2014
Rate of increase in salaries	4.4%	5.2%
Expected return on assets	3.3%	6.0%
Discount rate	3.3%	4.3%
Inflation assumption	2.5%	2.9%

Post retirement mortality

In valuing the liabilities of the pension fund at 31 March 2015, 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	22.1 years (male), 23.6 years (female)
a future retiree	24.8 years (male), 26.2 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:

	2015 £	2014 £
Present value of funded obligations	(1,394,000)	(984,000)
Fair value of plan assets	<u>1,001,000</u>	<u>786,000</u>
Net (Liability)	<u>(393,000)</u>	<u>(198,000)</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

THE YEAR ENDED 31 MARCH 2015

20. Defined Benefit Obligation (cont'd)

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

	2015	2014
	£	£
Opening defined benefit obligation	984,000	813,000
Service cost	42,000	39,000
Member Contributions	10,000	10,000
Interest cost	43,000	38,000
Actuarial losses	318,000	85,000
Benefits paid	(3,000)	(1,000)
Closing defined benefit obligation	<u>1,394,000</u>	<u>984,000</u>

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

	2015	2014
	£	£
Opening plan assets	786,000	694,000
Expected return on assets	48,000	37,000
Actuarial gains	127,000	12,000
Contributions by employer	33,000	34,000
Contributions by members	10,000	10,000
Benefits paid	(3,000)	(1,000)
Closing plan assets	<u>1,001,000</u>	<u>786,000</u>

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

	2015	2014
	£	£
Interest on obligation	(43,000)	(38,000)
Expected return on plan assets	48,000	37,000
Finance income/(cost)	<u>5,000</u>	<u>(1,000)</u>
Current service cost	(42,000)	(39,000)
Employers contributions	33,000	34,000
FRS 17 pension charge	<u>(9,000)</u>	<u>(5,000)</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

THE YEAR ENDED 31 MARCH 2015

20. Defined Benefit Obligation (cont'd)

Changes in the amounts recognised in the Statement of Total Recognised Surpluses and Deficits are as follows:

	2015	2014
	£	£
Opening cumulative STRGL	(318,000)	(245,000)
Actuarial losses	<u>(191,000)</u>	<u>(73,000)</u>
	<u>(509,000)</u>	<u>(318,000)</u>

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

	2015	2014
Equities	<u>75%</u>	<u>76%</u>
Properties	11%	7%
Bonds	13%	12%
Cash	<u>1%</u>	<u>5%</u>
	<u>100%</u>	<u>100%</u>

The history of experience gains and losses is as follows:

	2015	2014
Difference between expected and actual return on scheme assets £'000	<u>57</u>	<u>12</u>
Percentage of scheme assets	5.7%	1.5%
Experience (loss) / gain arising on scheme liability £'000	-	-
Percentage of scheme liabilities	0.0%	0.0%
Total amount of actuarial (loss) / gain £'000	(191)	(73)
Percentage of scheme liability	(13.7%)	(7.4%)

21. Subsidiary undertakings

The Housing Association has two subsidiaries; Cassiltoun Stables Nursery Limited and Cassiltoun Trust.

The Housing Association is the sole member of Cassiltoun Trust, a charitable company limited by guarantee. Three members of the Housing Association are Directors of the Trust.

During the year management fees totalling £8,405 (2014: £8,160) were charged from the Housing Association to Cassiltoun Trust. At the year end £nil (2014: £nil) was due to the Housing Association from the Trust.

Advanced rental payments of £353,000 were made to Cassiltoun Trust by the Association in June 2007 in respect of a 25 year lease. £14,120 is being released annually to the Income and Expenditure Account. £14,120 (2014: £14,120) is included in debtors falling due within one year with the balance of £225,920 (2014: £240,040) included in debtors falling due after more than one year.

Additional office space was rented during the year from Cassiltoun Trust totalling £25,544 (2014: £11,860).

In the year ended 31 March 2015 Cassiltoun Trust made a surplus of £2,137 (2014: £18,374) and had net assets of £109,434 (2014: £107,297).

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

THE YEAR ENDED 31 MARCH 2015

21. Subsidiary undertakings (cont'd)

Cassiltoun Stables Nursery Limited is a company limited by guarantee and was formed in July 2012. Its sole member is Cassiltoun Housing Association Limited. Three members of the Housing Association are Directors of the Nursery.

In October 2012 the Housing Association made available a loan of £100,000 to Cassiltoun Stables Nursery Limited at normal commercial rates. Interest of £4,500 (2014: £4,463) is charged on the loan being at the rate of Bank of England base + 4%. This loan is not repayable within the next 12 months and has been included in debtors falling due after more than one year. At the year-end £100,000 (2014: £100,000) was due to the Housing Association in respect of this loan.

Non repayable grants were provided over the course of the year totalling £60,000 (2014: £88,000). Management fees totalling £6,366 (2014: £5,150) were charged by the Housing Association to the Stables Nursery.

In the year ended 31 March 2015 Cassiltoun Stables Nursery Limited made a surplus of £27,124 (2014: £1,953) and had net liabilities of £53,576 (2014: £80,700).

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.

The aggregate of tenant Board members in arrears is £189.

23. Contingent liabilities

Housing Association Grant allocated to components (as detailed in Note 1 (h)) that have subsequently been replaced by the Association are recognised in the Income and Expenditure account, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Income and Expenditure account at 31 March 2015 was £nil (2014: £105,314).

There is also a contingent liability in relation to the Scottish Housing Association Pension Scheme and this has been fully detailed in Note 19.

24. Restatement of comparative figures

During the year, £240,040 was reallocated from other fixed assets to debtors. This amount relates to £353,000 rent in advance paid to Cassiltoun Trust in June 2007. The rent is being released over 25 years at £14,120 per annum. The £100,000 loan to Stables Nursery Ltd has been transferred to debtors due after one year and shown separately on the balance sheet. Neither transaction impacted on the surplus generated in 2013/14 or net assets at 31 March 2014.

25. Revenue commitments

	2015 £	2014 £
	Office space	Office space
< 1 year	25,544	-
1-2 years	-	25,544

This revenue commitment is in respect of four rooms leased from Cassiltoun Trust.