



CASSILTOUN HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

Registered Housing Association No. 84

FCA Registration No. 2190R(S)

Registered Charity No. SC 035544

CASSILTOUN HOUSING ASSOCIATION LIMITED

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CASSILTOUN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2016

Board of Management

Anne M Stuart MBE	Chair
Evelyn Ferguson	Secretary
Teresa McGowan	Treasurer
George Kelly	Vice Chair
Adam Milligan	
Jean White	
Robert Brennan	
William Craig	
Nicola Wilson	
James Garrow	

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 (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2016

The Board of Management presents its Report of the Management (incorporating the Strategic Report) and the financial statements for the year ended 31 March 2016.

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 Association is incorporated in Scotland.

The table below shows the property we own:-

	2016 £	2015 £
<i>Managed Property Numbers</i>		
Tenanted Property	988	988
Shared Ownership Properties	4	5
Buchanan Lodge Residential Home	40	40
<i>Total</i>	<u>1,032</u>	<u>1,033</u>

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, (£52m 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 (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2016

Our Operational Objectives 2015/16

- To recruit further new Board members to assist with the strategic leadership and implement the actions arising from a recent independent training needs analysis.
- To maintain performance across the KPI's set out in the Internal Management Plan and the Operational Service Plan.
- To ensure that we deliver the objectives set in the Asset Management Plan and effectively deliver our major repair improvement plans.
- Continue to maintain the effectiveness of our reactive, cyclical and environmental contracts.
- To support our social enterprise subsidiary "Stables Children's Nursery" business in its third year of operation.
- Ensure that the Association's welfare reform mitigation plans are effective and that we remain flexible in our approach to managing the full range of welfare changes.
- Support Cassiltoun Trust to achieve its objectives.
- Maximise funding opportunities to continue with the non-housing regeneration plans.
- To deliver the Castlemilk Park Events programme in 2015/16 and to progress with the ongoing regeneration of the park.
- To complete a feasibility report to determine the future use of the vacant Castlemilk East Church site.
- Prepare an action plan to effectively prepare for 2020 Energy Efficiency Targets.
- Complete a staff survey assessing Cassiltoun Housing Association as an employer.
- To achieve Healthy Working Lives gold award.
- To make preparations for the introduction of the Housing (Scotland) Act 2014 once the timetable for implementation is known.
- To be prepared for the introduction on 1st April 2016 of the Procurement Reform (Scotland) Act 2014.

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.

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 we had budgeted for and we remain confident about the future. Turnover of £4,644k was better than planned due to additional grant funding received and only one property was sold under the Right to Buy legislation. One shared ownership unit was bought back by the Association.

The introduction of Financial Reporting Standard 102 (FRS 102) has materially changed the presentation of our accounts and, similar to other housing associations, will make historical comparisons and benchmarking more difficult over the next couple of years. Our accounting systems and fixed asset software have been robust enough to accommodate the necessary changes whilst maintaining a clear view of underlying performance.

Reactive maintenance costs are £11k lower than last year and staffing and office overheads costs were £5k under the £2,159k budget after allowing for not requiring to fund our Nursery subsidiary. Rental income was £5k higher than the budget set and benefited from fewer Right to Buy sales than expected.

Development activity was undertaken with preparing a feasibility study to construct 18 flats at the former Castlemilk East Parish Church site and purchasing land at 3 Barlia Street.

Loans redeemed in the year were £359k which together with a small reduction in our interest rate resulted in lower interest payments than last year, down from £302k to £295k.

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2016

Principal Risk and Uncertainties

The Association has a robust planning framework in place which includes how we manage risk and uncertainties. Included in our Internal Management Plan we set out risks that we anticipate and explain how we monitor and manage risks. We regularly review and consider risks in all our decision making.

Welfare reform changes have been mitigated through having a Money Advice Team to support tenants and owners helping them manage and budget personal finances. The affordability of pensions is under close scrutiny and external advice has been taken on continuing the final salary scheme. This scheme is closed to new entrants and auto enrolment will commence in June 2016 with a defined contribution scheme and an employers rate of 6% which meets the Pension Quality Mark. The EU referendum result is unlikely to have a significant impact on the Association as there is no exposure to house selling from development activity and interest rates on loans are significantly fixed.

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.

Future Plans

The Association has agreed with Glasgow City Council to develop three sites of land to complete 38 new build houses. We anticipate a site start in March 2017.

In addition the Association intends to carry out further feasibility reports to explore further land acquisition to continue a modest development programme for the next 3 to 5 years which will contribute to the Scottish Government's stated desire to increase supply of accommodation.

Financial and Non-Financial Key Performance Indicators

Key financial information is as follows:

	<u>2015/16</u>	<u>2014/15</u>
Staff Costs / Turnover	21.1%	20.4%
Management Administration Costs / Turnover	22.7%	25.3%
Reactive Maintenance / Turnover	11.1%	11.5%
Loan Interest Payable / Turnover	6.4%	6.6%
Current Ratio (current assets / current liabilities)	3.4 times	3.3 times
Interest Cover	3.3 times	1.9 times
Asset cover (total assets less current liabilities / creditors > 1yr)	1.2 times	1.1 times
Debt per Housing Unit	£7,547	£ 7,888

Corporate Governance

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. The members of the Board of Management are unpaid.

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

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.

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2016

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.

Performance Management

During 2015/16 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 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, the Operational Service Plan, the Asset Management Plan and the Association's Financial Business Plans.

The Association produced its second Tenants Charter Report Card in October 2015, which outlined our charter performance and 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

The Association remains a Gold Standard Investors in People organisation and we completed a review in June 2015 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, successfully completed their Leadership and Development training through the Institute of Leadership Management (ILM Level 5).

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.

During the year we completed 2,899 repairs, a decrease of 1,004 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	410	409	99.8%
Urgent and Routine	3 days / 10 days	2,489	2,489	100.0%

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2016

Best use of resources (cont'd)

Void management performance again improved from last year. The Association set a target of lower than £12k for rent lost through voids and £6k was achieved (0.15%) demonstrating our commitment to business efficiency. The Association is aware that having a strong base will help us mitigate the ongoing impact of Welfare Reform. Our business planning assumption for voids is very conservative at 2%.

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.

Budget target was	3.5%
Performance was	2.2%

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 and manage debts and costs more effectively. The benefit of this to the Association is directly translated into lower arrears over the past two years and more staff time to devote to service delivery.

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 2016 deadline. This was 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 £246k has enabled the Association to continue its successful regeneration programme. The organisation has worked with a wide range of funders and partners and has: 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;
- Recycled art festival; and
- Photography exhibition.

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2016

Development and Wider Role / Regeneration Activities (cont'd)

The Association has continued to support the growth and development of its social enterprise subsidiary, Cassiltoun Stables Nursery Limited. During the year they created 10 jobs, 2 work placements for young unemployed people through the Community Jobs scheme and a number of training placements. By March 2016 there were 63 children attending the nursery, either part or full time. This is the equivalent of 32 full time children at March 2016 compared to 20 at the start of the year.

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.

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 become more concerned over business interruption and service delivery during severe winter weather and heavy snow. One 4x4 vehicle is owned which can operate safely in bad weather and allow the office to be kept open.

In addition a new phone system is being considered which will allow continuity of service away from the office and lessen the time taken to restore communications with tenants and suppliers.

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 14 of our 15 objectives were achieved or making considerable progress towards completion with one objective not being met due to external factors.

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 20 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 (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2016

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. Variations from the budget are explained and updated forecasts are prepared 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 March 2016 the Association continued to have a mix of 54% long term fixed and 46% variable rate loan 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.

Board of Management

The Board of Management of Cassiltoun Housing Association Limited during the year to 31 March 2016 was as follows:

Mrs Anne M Stuart MBE	Chair
Mrs Teresa McGowan	Treasurer
Ms Evelyn Ferguson	Secretary
Mr George Kelly	Vice-Chair
Mr Adam Milligan	
Mrs Jean White	
Mr Robert Brennan	
Mr William Craig	
Mr James Garrow	(appointed 30 September 2015)
Ms Nicola Wilson	(appointed 25 November 2015, resigned 20 April 2016)

Sub-committee membership	4	Staffing
	4	Development & Wider Role
	6	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 a "director" they act as executives within the authority delegated by the Board.

CASSILTOUN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2016

Board of Management (cont'd)

During 2015/16 Board members undertook both internal and external training sessions as identified during their formal appraisal and needs assessment carried out by an external consultant. The outcome was to identify individual strengths and 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.

Disclosure of Information to the Auditor

To the knowledge and belief of each of the persons who are members of the Board of Management at the time the report is approved:

- So far as the Board of Management members are aware, there is no relevant information of which the Association's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Board of Management member in order to make himself/herself aware of any relevant audit information, and to establish that the Association's auditor is aware of the information.

Auditor

A resolution to re-appoint Scott-Moncrieff, Chartered Accountants, as auditor will be put to the members at the Annual General Meeting.

By order of the Board of Management

Secretary:

Evelyn Ferguson

Date: 6 July 2016

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 income and expenditure 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; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

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 2014 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.

CASSILTOUN HOUSING ASSOCIATION LIMITED

STATEMENT ON INTERNAL FINANCIAL CONTROL

FOR THE YEAR ENDED 31 MARCH 2016

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 2016 and until the date these financial statements have been signed. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the Auditor's Report on the financial statements.

By order of the Board of Management

Secretary: 
Evelyn Ferguson

Date: 6 July 2016

CASSILTOUN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASSILTOUN HOUSING ASSOCIATION LIMITED

FOR THE YEAR ENDED 31 MARCH 2016

We have audited the Financial Statements of Cassiltoun Housing Association Limited for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Statement of Changes in Capital and Reserves, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice – Accounting for Social Housing Providers issued in 2014.

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 10, 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/auditscopeukprivate.

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 2016 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for Social Housing Providers issued in 2014; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014 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

Scott-Moncrieff, Statutory Auditor
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL
Date: 6 July 2016

CASSILTOUN HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2016

In addition to our audit of the Financial Statements, we have reviewed your statement on page 11 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 2009/4 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 any non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 11 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

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

Date: 6 July 2016

CASSILTOUN HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	Restated 2015 £
Turnover	4	4,644,093	4,552,227
Operating expenditure	4	<u>(3,529,120)</u>	<u>(3,883,494)</u>
Operating surplus	8	1,114,973	668,733
(Loss)/gain on sale of property, plant and equipment	9	(19,306)	20,266
Interest receivable		38,419	38,506
Interest and financing costs	10	<u>(340,707)</u>	<u>(347,100)</u>
Surplus before tax		793,379	380,405
Taxation	11	-	-
Surplus for the year		<u>793,379</u>	<u>380,405</u>
Other comprehensive income	24	217,000	(191,000)
Total comprehensive income for the year		<u><u>1,010,379</u></u>	<u><u>189,405</u></u>

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

CASSILTOUN HOUSING ASSOCIATION LIMITED**STATEMENT OF CHANGES IN CAPITAL AND RESERVES AT 31 MARCH 2016**

	Share capital £	Pension reserve £	Revenue reserve £	Total reserves £
Restated balance at 1 April 2015	333	(393,000)	4,704,576	4,311,909
Total comprehensive income for the year	-	217,000	793,379	1,010,379
Shares issued during the year	26	-	-	26
Shares cancelled during the year	(16)	-	-	(16)
Transfer	-	(23,000)	23,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Restated balance at 31 March 2016	<u>343</u>	<u>(199,000)</u>	<u>5,520,955</u>	<u>5,322,298</u>

STATEMENT OF CHANGES IN CAPITAL AND RESERVES AT 31 MARCH 2015

	Share capital £	Pension reserve £	Revenue reserve £	Total reserves £
Restated balance at 1 April 2014	357	(198,000)	4,320,171	4,122,528
Total comprehensive income for the year	-	(191,000)	380,405	189,405
Shares issued during the year	25	-	-	25
Shares cancelled during the year	(49)	-	-	(49)
Transfer	-	(4,000)	4,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Restated balance at 31 March 2015	<u>333</u>	<u>(393,000)</u>	<u>4,704,576</u>	<u>4,311,909</u>

The notes form part of the financial statements.

CASSILTOUN HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Notes	2016		Restated 2015	
		£	£	£	£
Tangible Fixed Assets					
Housing Properties	12(a)	31,154,445		31,344,610	
Other Fixed Assets	12(b)	80,102		58,905	
Investments	14	67,296		74,734	
			31,301,843		31,478,249
Current assets					
Debtors					
Amounts falling due after more than one year	15a	232,884		245,257	
Amounts falling due within one year	15b	241,816		188,237	
Current asset investments	16a	2,800,000		2,700,000	
Cash and cash equivalents	16b	1,062,010		1,104,913	
			4,336,710		4,238,407
Creditors – Amounts falling due within one year	17	(1,261,304)		(1,265,504)	
Net current assets			3,075,406		2,972,903
Total assets less current liabilities			34,377,249		34,451,152
Creditors – Amounts falling due after more than one year	18		(28,855,951)		(29,746,243)
Pension Liability	24		(199,000)		(393,000)
Net Assets			5,322,298		4,311,909
Capital and reserves					
Share Capital	21		343		333
Revenue Reserve			5,520,955		4,704,576
Pension Reserve			(199,000)		(393,000)
Total capital and reserves			5,322,298		4,311,909

These financial statements were authorised for issue by the Board of Management on 6 July 2016 and signed on its behalf by:

Chair
Anne M Stuart MBE

Treasurer
Teresa McGowan

Secretary
Evelyn Ferguson

Anne M Stuart MBE

T. McGowan

E. Ferguson

CASSILTOUN HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	Restated 2015 £
Net cash generated from operating activities	22	1,409,412	1,213,640
Cash flow from investing activities			
Purchase of housing properties		(900,271)	(339,464)
Purchase of other fixed assets		(46,348)	(10,218)
Proceeds from sale of housing properties		44,477	59,510
Government capital grants received		65,566	238,390
Repayment of Government Capital grant on disposal of housing properties		-	-
Interest received		38,419	37,898
		<u>(798,157)</u>	<u>(13,884)</u>
Cash flow from financing activities			
Interest paid		(294,707)	(302,100)
Repayment of borrowings		(359,477)	(319,108)
Issue of share capital		26	25
		<u>(654,158)</u>	<u>(621,183)</u>
Net change in cash and cash equivalent		(42,903)	578,573
Cash and cash equivalents at 1 April		1,104,913	526,340
Cash and cash equivalents at 31 March		<u><u>1,062,010</u></u>	<u><u>1,104,913</u></u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

1. General information

The financial statements have been prepared in accordance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the Determination of Accounting Requirements 2014 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2014. A summary of the principal accounting policies is set out below.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities. The Association is a registered social landlord in Scotland and its registered number is 84. The registered address is included on page 1.

The financial statements represent the results of the Association only. The presentation currency is pound sterling and the financial statements are rounded to the nearest whole number.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Association's accounting policies (see note 3).

2. Principal accounting policies

(a) Basis of preparation

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards. The effect of events relating to the year ended 31 March 2016, which occurred before the date of approval of the financial statements by the Board of Management have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2016 and of the results for the year ended on that date.

(b) 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.

(c) Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from the Scottish Government, Glasgow City Council and other agencies. Also included is any income from first tranche shared ownership disposals and management fees for the factoring of properties for private owners.

(d) Apportionment of management expenses

Direct employee, administration and operating expenditure have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

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

(e) Interest receivable

Interest receivable is recognised in the Statement of Comprehensive Income using the effective interest method.

(f) Interest payable

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

2. Principal accounting policies (continued)

(g) Housing Properties

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 during the construction phase on the loans raised to finance the scheme.

These costs are either termed "qualifying costs" for approved Government Grant schemes or are considered for mortgage loans by the relevant lending authorities or 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. Government Grant 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.

(h) 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. 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 expenditure. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the Statement of Comprehensive Income, in accordance with the Statement of Recommended Practice.

(i) 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

(j) 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:

Furniture	20%	Vehicles	25%
Fixtures & Fittings	20%	IT Equipment	20%

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

2. Principal accounting policies (cont'd)

(k) 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 Statement of Comprehensive Income.

(l) Capitalisation of Development Overheads

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

(m) 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 Statement of Comprehensive Income. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value, its value in use or in the case of housing properties, its depreciated replacement cost. Value in use represents the net present value of expected future cash flows from these units.

(n) Debtors

Short term debtors are measured at transaction price, less any impairment.

(o) Rental arrears

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Management regularly review rental arrears and write them down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in Note 15b.

(p) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

(q) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

(r) Financial Instruments

The Association only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a rental arrear deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

2. Principal accounting policies (cont'd)

(s) Government Capital Grants

Government Capital Grants, at amounts approved by The Scottish Government or Glasgow City Council, are paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Association to recognise income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

(t) Government Revenue Grants

Government revenue grants are recognised using the accrual model which means the Association recognises the grant in income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

(u) Non-government capital and revenue grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

(v) Loans

Mortgage loans are advanced by financial institutions under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval for Government Capital Grant by the Scottish Government or Glasgow City Council.

(w) 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.

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

Thus the Scheme is accounted for as a defined contribution scheme. However the Association has entered into a past service deficit repayment agreement with the Pension Trust and per FRS 102, this discounted past service deficit liability has been recognised in the Statement of Financial Position.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

2. Principal accounting policies (cont'd)

The Strathclyde Pension Fund

The Association has fully adopted accounting standard FRS 102 in respect of the pension obligations accruing for staff under the Strathclyde Pension Fund (see note 24). The impact of this standard has been reflected throughout the financial statements. For defined benefit schemes the amount charged to the Statement of Comprehensive Income 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 is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

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 reporting 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 Statement of Financial Position 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 reporting date. A pension scheme liability is recognised to the extent that the Association has a legal or constructive obligation to settle the liability.

3. Judgements in applying policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The members of the Board of Management are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

Estimate

Useful lives of property, plant and equipment

The main components of housing properties and their useful lives

Recoverable amount of rental and other trade receivables

Basis of estimation

The useful lives of property, plant and equipment are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.

The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.

Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. Judgements in applying policies and key sources of estimation uncertainty (cont'd)

Estimate

Basis of estimation

The obligations under the SHAPs pension scheme

This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

The obligations under the Strathclyde Pension Fund

This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

The allocation of costs for shared ownership

Management and administration costs are apportioned on the basis of costs of staff directly attributable to the management of the shared ownership units.

CASSILTOUN HOUSING ASSOCIATION LIMITED
 NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

4. Particulars of turnover, operating expenditure and operating surplus

	Notes	2016 Turnover	2016 Operating Expenditure	2016 Operating Surplus/ (Deficit)	2015 Turnover	Restated 2015 Operating Expenditure	2015 Operating Surplus/ (Deficit)
		£	£	£	£	£	£
Social Lettings	5a	4,299,199	3,029,419	1,269,780	4,195,333	3,333,540	861,793
Other Activities	5b	344,894	499,701	(154,807)	356,894	549,954	(193,060)
		<u>4,644,093</u>	<u>3,529,120</u>	<u>1,114,973</u>	<u>4,552,227</u>	<u>3,883,494</u>	<u>668,733</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

5a. Particulars of turnover, operating expenditure and operating surplus from social lettings

	General Needs Housing £	Shared Ownership £	2016 £	Restated 2015 £
Social Lettings				
Rent receivable net of identifiable service charges	3,789,447	8,933	3,798,380	3,685,882
Service charges receivable	12,008	1,865	13,873	13,787
Gross Income from Rents and Service Charges	3,801,455	10,798	3,812,253	3,699,669
Less: Rent losses from voids	(5,900)	-	(5,900)	(7,333)
Release of deferred Government Capital Grants	492,369	477	492,846	502,997
Total Turnover from Social Letting Activities	<u>4,287,924</u>	<u>11,275</u>	<u>4,299,199</u>	<u>4,195,333</u>
Operating Expenditure				
Management & maintenance administration costs	1,049,878	4,475	1,054,353	1,151,807
Service costs	32,381	-	32,381	26,265
Planned and cyclical maintenance including major repairs	376,549	876	377,425	630,373
Reactive maintenance	512,361	1,992	514,353	525,250
Bad debts – rent and service charges	17,588	-	17,588	22,408
Depreciation of social housing	1,030,091	3,228	1,033,319	977,437
Operating Expenditure for Social Letting Activities	<u>3,018,848</u>	<u>10,571</u>	<u>3,029,419</u>	<u>3,333,540</u>
Operating Surplus for Social Lettings 2016	<u>1,269,076</u>	<u>704</u>	<u>1,269,780</u>	<u>861,793</u>
Operating Surplus for Social Lettings 2015	<u>866,957</u>	<u>(5,164)</u>	<u>861,793</u>	

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, (2015: £nil).

Included in depreciation of social housing is £41,270 (2015: £2,757) relating to the loss on disposal of components.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

5b – Particulars of turnover, operating expenditure and operating surplus or deficit from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other Income	Total Turnover	Operating expenditure – bad debts	Other operating expenditure	Operating surplus / (deficit)	Restated 2015
	£	£	£	£	£	£	£	£	£
Wider role activities	50,000	195,470	-	378	245,848	-	329,380	(83,532)	(207,407)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	76,887	76,887	13,413	50,221	13,253	(11,767)
Development and construction of property activities	3,609	-	-	-	3,609	-	34,518	(30,909)	2,158
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for other RSLs	-	-	-	18,550	18,550	-	72,169	(53,619)	(51,044)
Agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to RSLs	-	-	-	-	-	-	-	-	-
Insurance income	-	-	-	-	-	-	-	-	-
Total from other activities 2016	53,609	195,470	-	95,815	344,894	13,413	486,288	(154,807)	75,000
Total from other activities 2015 as restated	2,158	160,866	-	193,870	356,894	-	549,954	(193,960)	(193,060)

Insurance income relates to insurance monies received in the prior year in respect of fire damage at one of the properties owned by the Association. No such income was received in the current year.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

6. 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. No emoluments were paid to any member of the Board of Management during the year.

The Association considers key management personnel to be the Board of Management and senior management team, consisting of the Chief Executive, Director of Finance and Director of Operations.

	2016	2015
	£	£
Emoluments of Chief Executive (excluding pension contributions)	<u>80,267</u>	<u>85,676</u>

The Chief Executive is an ordinary member of the Association's pension scheme described in Note 23. No enhanced or special terms apply to membership and he has no other pension arrangements to which the Association contributes. The Association's contributions for the Chief Executive in the year amounted to £43,806 (2015 - £40,053), which includes a proportion of the deficit contribution payment made to the scheme in the year (Note 23).

	2016	2015
	£	£
Emoluments of key management personnel (excluding pension contributions)	<u>206,458</u>	<u>217,315</u>
Aggregate pensions payable to key management personnel (including past service deficit contributions)	<u>89,613</u>	<u>83,611</u>

	2016	2015
	£	£
Total expenses reimbursed insofar as not chargeable to UK income tax	<u>-</u>	<u>-</u>

	2016	2015
	Number	Number
Total Emoluments		
£80,001 - £90,000	1	1
£70,001 - £80,000	-	-
£60,001 - £70,000	2	2

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

7. Employee information

	2016 Number	2015 Number
The average number of full time equivalent employees during the year was:		
Administration and maintenance	<u>26.0</u>	<u>23.7</u>
Staff costs were:	2016	Restated 2015
	£	£
Wages and Salaries	807,913	762,603
Social Security Costs	68,209	64,663
Pension Contributions	94,440	92,174
Pension Charge (note 23)	<u>10,000</u>	<u>9,000</u>
	<u>980,562</u>	<u>928,440</u>

The SHAPS past service deficit liability is subject to remeasurement each financial year.

	2016 £	Restated 2015 £
Remeasurement – impact of any change in assumptions	<u>(6,110)</u>	<u>110,000</u>

This is included in management and administration costs.

During the year past service deficit contributions of £128,196 (2015: £124,462) were paid. Of this payment, £121,000 (2015: £118,000) was a payment in respect of the SHAPS past service deficit liability. The remainder of £7,196 (2015: £6,462) was pension management costs which have been included in the pension contributions total included in staff costs above.

The unwinding of the discount has been charged to finance costs in the Statement of Comprehensive Income. This finance cost was £33,000 (2015: £50,000) in the year.

8. Operating surplus

	2016 £	Restated 2015 £
Operating surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	1,051,804	996,110
Auditor's Remuneration - Audit Services (inc VAT)	7,225	7,225
- Other Services (inc VAT)	4,384	1,278
	<u> </u>	<u> </u>

9. (Loss)/gain on sale of property, plant and equipment

	2016 Total £	Restated 2015 Total £
Proceeds on sale of property, plant and equipment	44,477	59,510
Net Book Value of assets at time of sale	<u>(63,783)</u>	<u>(39,244)</u>
	<u>(19,306)</u>	<u>20,266</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

10. Interest payable

	2016	Restated 2015
	£	£
On bank loans and overdrafts	294,707	302,100
SHAPS deficit repayment plan – interest expense (Note 23)	33,000	50,000
Strathclyde Pension Fund – finance cost (Note 24)	13,000	(5,000)
	<u>340,707</u>	<u>347,100</u>

11. Taxation

The Association was granted charitable status with effect from 18 May 2004 and no tax now arises on its charitable activities. No corporation tax is due on the Association's other activities due to the loss incurred. (2015: £nil).

12. Tangible fixed assets

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties Under Construction £	Completed Shared Ownership Properties £	Total £
Cost				
At 1 April 2015 restated	43,757,071	124,462	190,136	44,071,669
Additions during year				
Property	179,437	63,948	17,000	260,385
Components	639,886	-	-	639,886
Disposals during year				
Property	(65,783)	-	-	(65,783)
Components	(385,230)	-	-	(385,230)
At 31 March 2016	<u>44,125,381</u>	<u>188,410</u>	<u>207,136</u>	<u>44,520,927</u>
Depreciation				
At 1 April 2015 as restated	12,685,636	-	41,423	12,727,059
Charge for year	988,821	-	3,228	992,049
On disposals during year				
Property	(8,666)	-	-	(8,666)
Components	(343,960)	-	-	(343,960)
At 31 March 2016	<u>13,321,831</u>	<u>-</u>	<u>44,651</u>	<u>13,366,482</u>
Net Book Value				
As at 31 March 2016	<u>30,803,550</u>	<u>188,410</u>	<u>162,485</u>	<u>31,154,445</u>
As at 31 March 2015 as restated	<u>31,071,435</u>	<u>124,462</u>	<u>148,713</u>	<u>31,344,610</u>

Additions to housing properties during the year includes no capitalised interest (2015: £nil) and no capitalised administration costs (2015 - £nil). All housing properties are freehold.

The Association would not be able to sell its properties without the repayment of Government Capital Grants.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

12. Tangible fixed assets (Cont'd)

b) Other Tangible Assets

	I.T. Equipment £	Furniture £	Fixtures & Fittings £	Vehicles £	Total £
Cost					
At 1 April 2015	150,216	34,471	126,839	39,995	351,521
Additions	27,029	-	1,379	17,940	46,348
Disposals	(2,350)	-	(1,169)	(20,000)	(23,519)
At 31 March 2016	174,895	34,471	127,049	37,935	374,350
Depreciation					
At 1 April 2015	113,016	31,955	122,650	24,995	292,616
Charge for year	12,349	735	1,158	4,243	18,485
Disposals	(2,350)	-	(1,169)	(13,334)	(16,853)
At 31 March 2016	123,015	32,690	122,639	15,904	294,248
Net Book Value					
At 31 March 2016	51,880	1,781	4,410	22,031	80,102
At 31 March 2015	37,200	2,516	4,189	15,000	58,905

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

13. Housing stock

	2016 Number	2015 Number
Number of units of accommodation in management at the year end:		
General Needs - New Build	207	206
- Rehabilitation	781	782
Shared Ownership	4	5
Supported	40	40
	<u>1,032</u>	<u>1,033</u>

14. Investments

	2016 £	Restated 2015 £
At 1 April 2015	74,734	74,734
Impairment	(7,438)	-
At 31 March 2015	<u>67,296</u>	<u>74,734</u>

This investment relates to the rental paid in advance to Cassiltoun Trust as explained in note 25. This represents the investment in the subsidiary made by the Association due to its paying this rent in advance under non commercial terms and thus per FRS 102 it is accounted for under the effective interest rate method.

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

	2016 £	Restated 2015 £
Rent paid in advance to subsidiary	132,884	145,257
Loan to subsidiary undertaking	100,000	100,000
	<u>232,884</u>	<u>245,257</u>

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

	2016 £	Restated 2015 £
Arrears of rent and service charges	84,757	96,347
Less: bad debt provision	(12,700)	(16,065)
	<u>72,057</u>	<u>80,282</u>
Prepayments	12,126	21,935
Rent paid in advance to subsidiary undertaking	12,373	12,930
Other debtors	145,260	73,090
	<u>241,816</u>	<u>188,237</u>

16(a). Current asset investments

	2016 £	2015 £
Restricted deposits	<u>2,800,000</u>	<u>2,700,000</u>

16(b). Cash and cash equivalents

	2016 £	2015 £
Balances with banks	1,055,742	1,100,252
Deposits with banks (up to 30 days' notice)	6,268	4,661
	<u>1,062,010</u>	<u>1,104,913</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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

	2016	Restated
	£	2015
		£
Housing loans (note 18)	320,452	313,724
Trade creditors	80,068	105,609
Other taxation and social security	21,176	20,184
Accruals and deferred income	23,692	10,980
Rent in advance	185,141	186,838
Deferred capital grant	502,995	502,995
SHAPS past service deficit repayment plan	123,697	121,000
Other Creditors	4,083	4,174
	<u>1,261,304</u>	<u>1,265,504</u>

No pension contributions were outstanding at the year end (2015: £nil).

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

	2016	Restated
	£	2015
		£
Housing loans	7,468,166	7,834,371
Deferred capital grants	20,787,482	21,214,762
SHAPS past service deficit repayment plan	600,303	697,110
	<u>28,855,951</u>	<u>29,746,243</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% (2015: 1.0% to 6.4%) in instalments, due as follows:-

	2016	2015
	£	£
Within one year (note 17)	320,452	313,724
Between one and two years	331,201	323,969
Between two and five years	1,063,473	1,038,439
In five years or more	6,073,492	6,471,963
	<u>7,788,618</u>	<u>8,148,095</u>
Less: Amount shown in current liabilities	<u>(320,452)</u>	<u>(313,724)</u>
	<u>7,468,166</u>	<u>7,834,371</u>

19. Financial Instruments

	2016	2015
	£	£
Financial Assets		
Financial assets measured at amortised cost	<u>303,342</u>	<u>245,645</u>
Financial Liabilities		
Financial liabilities measured at amortised cost	<u>8,620,461</u>	<u>9,086,968</u>

Financial assets measured at amortised cost comprised rental arrears, loan to subsidiary undertakings and other debtors.

Financial liabilities measured at amortised cost comprised housing loans, trade creditors, accruals, other creditors and the SHAPS deficit repayment plan.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

20. Deferred capital grants	2016	Restated 2015
	£	£
Deferred capital grants 1 April	21,717,757	21,982,364
Grants received in year	65,566	238,390
Released to income in year	(492,846)	(502,997)
Deferred capital grants at 31 March	<u>21,290,477</u>	<u>21,717,757</u>
Liability split as:		
< 1 year	502,995	502,995
1 – 2 years	502,995	502,995
2 – 5 years	1,508,985	1,508,985
> 5 years	<u>18,775,502</u>	<u>19,202,782</u>
	<u>21,290,477</u>	<u>21,717,757</u>
21. Share Capital	2016	2015
	£	£
Shares of £1 each fully paid and issued as at 1 April	333	357
Shares issued in year	26	25
Shares cancelled in year	(16)	(49)
As at 31 March 2016	<u>343</u>	<u>333</u>
22. Net Cash Flow from Operating Activities	2016	Restated 2015
	£	£
Surplus for the year	793,379	380,405
<u>Adjustments for non cash items:</u>		
Carrying amount of tangible fixed asset disposals	63,783	39,244
Depreciation of tangible fixed assets	1,051,804	984,437
SHAPS past service deficit liability	26,890	160,000
Strathclyde Pension Scheme pension liability	23,000	4,000
Impairment of investments	7,438	-
(Increase)/decrease in debtors	(41,206)	29,688
(Increase)/decrease in current asset investments	(100,000)	100,000
Decrease in creditors	(13,625)	(67,780)
Shares cancelled in the year	(16)	(49)
<u>Adjustments for investing and financing activities:</u>		
Proceeds from sale of tangible fixed assets	(44,477)	(59,510)
Interest payable	294,707	302,100
Interest received	(38,419)	(37,898)
Release of deferred Government Capital Grant	(492,846)	(502,997)
SHAPS past service deficit payment	(121,000)	(118,000)
Net cash generated from operating activities	<u>1,409,412</u>	<u>1,213,640</u>

23. Scottish Housing Association Pension Scheme

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.

The 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 contracted in.
- Defined contributions (DC) option.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

23. Scottish Housing Association Pension Scheme (continued)

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 offer the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2015 and also offers a Defined Contribution scheme to all other staff. During the accounting period the Housing Association effectively paid contributions at the rate of 12.3% (excluding the past service deficit) of pensionable salaries. Member contributions were 12.3%. There was an additional annual employer past service deficit contribution of £121,000 made in the year ended 31 March 2016 (2015 - £118,000). The past service deficit contribution for 2016/17 is £124,986.

The Trustees commission 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 actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

As at the balance sheet date there were 7 active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £330,869.

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

Thus the scheme is accounted for as a defined contribution scheme. However the Association has entered into a past service deficit repayment agreement with the Pension Trust and per FRS 102, this discounted past service deficit liability has been recognised in the Statement of Financial Position.

The last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared to liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The key valuation assumptions used to determine the assets and liabilities of the Scheme as at 30 September 2012 are detailed below:

Financial Assumptions

The key financial assumptions underlying the valuation as at 30 September 2012 were as follows:

	% p.a.
Investment return pre-retirement	5.3
Investment return post-retirement – non-pensioners	3.4
Investment return post-retirement – pensioners	3.4
Rate of Salary increases	4.1
Rate of price inflation:	
RPI	2.6
CPI	2.0

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

23. Scottish Housing Association Pension Scheme (continued)

The valuation was carried out using the SAPS (S1PA). All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

The joint contribution rates required from employers and members to meet the cost of future benefit accrual for the Career average 1/80ths benefit structure was assessed as 16.9%.

This is split between employers and members. Accordingly the contribution rates for the Final Salary with 1/60th accrual from 1 April 2015 is 12.3% employer contributions and 12.3% member contributions.

2015 valuation

As highlighted at the 2015 Employer Forums, the triennial valuation has been undertaken against a challenging economic backdrop for defined benefit (DB) schemes like SHAPS. That said, the deficit has reduced from £304m as at 30 September 2012 to £198m as at 30 September 2015; an improvement in the funding position from 56% to 76%.

A summary of the headline provisional valuation results is set out in the table below:

Valuation	2012	2015
Assets (£ million)	394	612
(Liabilities) (£ million)	(698)	(810)
(Deficit) (£ million)	(304)	(198)*
Funding level	56%	76%
Aggregate annual deficit contributions for the year from 1 April 2017 (£ million)	28.7	28.7
	(26.3 on inception from 1 April 2014)	
Annual increases to deficit contributions	3.0%	3.0%
Proposed deficit contribution (recovery) plan) and date	30 September 2027	28 February 2022

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Trustees have recently supplied Cassiltoun Housing Association Limited with an estimated updated contribution figure to the past service deficit. From 1 April 2017, Cassiltoun Housing Association Limited will be required to pay £128,196 (net of administration costs) per annum as a contribution to the past service deficit. This will increase by 3% per year. The deficit is now expected to be removed from the Scheme by 28 February 2022 (previously 30 September 2027). The past service deficit liability recognised in the financial statements is based on the revised estimated contribution schedule provided to the Association on 3 March 2016 by the Pensions Trust.

Past service deficit discounted repayment liability

	2016 £	Restated 2015 £
Provision at start of period	818,110	776,110
Unwinding of the discount factor (interest expense)	33,000	50,000
Deficit contribution paid	(121,000)	(118,000)
Remeasurements – impact of any changes in assumptions	(6,110)	110,000
Remeasurements – amendments to the contributions schedule	-	-
Provision at end of period	724,000	818,110

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

23. Scottish Housing Association Pension Scheme (continued)

	2016	Restated
	£	2015
		£
Liability split as:		
< 1 year	123,697	121,000
1-2 years	120,442	123,697
2-5 years	366,366	363,840
> 5 years	113,495	209,573
	<hr/>	<hr/>
	724,000	818,110
	<hr/>	<hr/>
Statement of Comprehensive Income Impact	2016	2015
	£	£
Interest expense	33,000	50,000
Remeasurements – impact of any change in assumptions	(6,110)	110,000
	<hr/>	<hr/>
	26,890	160,000
	<hr/>	<hr/>
Assumptions	2016	2015
Rate of discount	2.29%	2.22%

The discount rates shown above are the equivalent single discount rates, which when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate band yield curve to discount the same recovery plan contributions.

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.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2015 is £3,984,797 (2015: £2,786,559).

24. Strathclyde Pension Scheme

Cassiltoun Housing Association Limited participates in the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended.

From 1 April 2015, the Scheme changed from a final salary 1/60th accrual scheme to a CARE 1/49th accrual scheme.

An updated valuation of the Strathclyde Pension Fund was performed as at 31 March 2016.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

24. Strathclyde Pension Scheme (cont'd)

The main financial assumptions used by the Council's Actuary, Hymans Robertson, in their calculations are as follows:

Assumptions as at	31 March 2016	31 March 2015
Pension increases	2.2%	2.5%
Salary increases	4.2%	4.4%
Discount rate	3.6%	3.3%

The average future life expectancies at age 65 are summarised below:

Mortality	Males	Females
Current Pensioners	22.1 years	23.6 years
Future Pensioners	24.8 years	26.2 years

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Sensitivity Analysis	Approximate % increase to Employer Liability	Approximate Monetary amount (£000)
0.5% decrease in Real Discount Rate	16%	204
1 year increase in member life expectancy	3%	38
0.5% increase in the Salary Increase Rate	10%	121
0.5% increase in the Pension Increase Rate	6%	76

The table below compares the present value of the scheme liabilities, based on the Actuary's assumptions, with the estimated employer assets.

Net Pension Liability as at	31 March 2016	31 March 2015
	£000	£000
Estimated Employer Assets (A)	1,068	1,001
Present Value of Scheme Liabilities	1,267	1,394
Present Value of Unfunded Liabilities	-	-
	<hr/>	<hr/>
Total Value of Liabilities (B)	1,267	1,394
	<hr/>	<hr/>
Net Pension Liability (A) – (B)	(199)	(393)
	<hr/> <hr/>	<hr/> <hr/>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

THE YEAR ENDED 31 MARCH 2016

24. Strathclyde Pension Scheme (cont'd)

Analysis of the amount charged to operating profit:

	Year to 31 March 2016 £'000	Year to 31 March 2015 £'000
Service cost	43	42
Contributions	(33)	(33)
Past service cost	-	-
Curtailement and Settlements	-	-
Decrease in irrecoverable surplus	-	-
	<u>10</u>	<u>9</u>
 Total operating charge	 <u>10</u>	 <u>9</u>
 Net Interest cost/(income)	 <u>13</u>	 <u>(5)</u>

Analysis of the amount recognised in the Statement of Other Comprehensive Income:

	Year to 31 March 2016 £ 000	Year to 31 March 2015 £ 000
Actuarial gain/(loss) recognised as other comprehensive income	<u>217,000</u>	<u>(191,000)</u>

Movement in pension deficit during the year

	Year to 31 March 2016 £ 000	Year to 31 March 2015 £ 000
Deficit in scheme at beginning of year	(393)	(198)
Current service cost	(43)	(42)
Employer contributions	33	33
Other income	-	-
Other outgoings (e.g. expenses, etc.)	-	-
Past service costs	-	-
Impact of settlements and curtailments	-	-
Net interest cost	(13)	5
Actuarial gain/(loss)	217	(191)
	<u>(199)</u>	<u>(393)</u>
Deficit at end of year	<u>(199)</u>	<u>(393)</u>

25. 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 £8,640 (2015: £8,405) were charged from the Housing Association to Cassiltoun Trust.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

THE YEAR ENDED 31 MARCH 2016

25. Subsidiary undertakings (continued)

Advanced rental payments of £353,000 were made to Cassiltoun Trust by the Association in June 2007 in respect of a 25 year lease. This is treated as rents paid in advance and is accountable for under the effective interest rate method. At the year end the discounted total rent paid in advance was £145,257 (2015: £158,187). £14,120 is being released annually to the Statement of Comprehensive Income. £12,373 (2015: £12,930) is included in debtors falling due within one year with the balance of £132,884 (2015: £145,257) included in debtors falling due after more than one year.

Additional office space was rented during the year from Cassiltoun Trust totalling £26,260 (2015: £151,794). The Association also contributed £5,000 (2015: £nil) to heating costs.

No amounts are due to/from Cassiltoun Trust (2015: £nil).

In the year ended 31 March 2016 Cassiltoun Trust made a surplus of £67 (2015: £811 loss) and had net assets of £355,434 (2015 as restated: £355,367).

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 (2015: £4,500) is charged on the loan being at the rate of Bank of England base + 4%. The loan is repayable over 10 years once the Nursery trades profitably without grant funding from the Association, so there is no set payment amounts or dates. No repayment is expected in the next financial year and thus the loan is treated as a debtor falling due after more than one year. At the year-end £100,000 (2015: £100,000) was due to the Housing Association in respect of this loan.

No amounts are due to/from Cassiltoun Stables Nursery Limited outwith the loan noted above (2015: £nil).

Management fees totalling £6,545 (2015: £6,366) were charged by the Housing Association to the Stables Nursery. In 2014/15, a grant of £60,000 was made to Cassiltoun Housing Association Limited. No such grant was paid in 2015/16.

In the year ended 31 March 2016 Cassiltoun Stables Nursery Limited made a loss of £29,868 (2015: £29,406 surplus) and had net liabilities of £81,162 (2015: £51,294).

26. Related party transactions

The Association has members of the Board of Management who are also tenants. The total rent charged in the year relating to Board of Management members who are tenants is £34,962 (2015: £34,043). The total rent arrears relating to Board of Management members who are tenants included within debtors at the year end is £nil (2015: £189). The total prepaid rent relating to Board of Management members who are tenants included within creditors at the year end is £2,248 (2015: £2,220).

27. Contingent liabilities

Capital Government Grants allocated to components are amortised over the useful life of the structure and recognised in the Statement of Comprehensive Income along with any Government Grant relating to any units disposed in the year. In the event the Association sells a housing unit it may be liable to pay back to the Scottish Government any Capital Government Grant receivable in the construction of the housing units. The recycled grant included in the release of deferred Capital Grants in note 5a was £48,086 (2015: £nil).

There is also a contingent liability in relation to the Scottish Housing Association Pension Scheme and this has been fully detailed in Note 23.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

THE YEAR ENDED 31 MARCH 2016

28. Revenue commitments

	2016 £	2016 £	2015 £	2015 £
	Office space	Office equipment	Office space	Office equipment
< 1 year	27,050	4,360	25,544	4,360
1-2 years	-	4,360	-	4,360
2-5 years	-	1,090	-	5,450
	<u>27,050</u>	<u>9,810</u>	<u>25,544</u>	<u>14,170</u>

The office space revenue commitment is in respect of four rooms leased from Cassiltoun Trust.

29. Capital Commitments

	2016 £	2015 £
Contracted for but not provided in these accounts	859,625	863,057
This is to be funded by:		
HAG	-	-
Private Finance	-	-
Reserves	<u>859,625</u>	<u>863,057</u>
	<u>859,625</u>	<u>863,057</u>
Approved by the Board of Management but not contracted for	<u>-</u>	<u>-</u>

30. Transition to FRS 102

The Association has adopted Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for Social Housing Providers (SORP 2014) for the year ended 31 March 2016. This has led to a number of changes in accounting policy, judgements and estimates and necessitates the prior year comparative amounts to be restated using these new policies in order that they give a comparable view of the prior year position.

The following changes to accounting policies and estimates have been applied:

In accordance with FRS 102 the Association does not present an Income and Expenditure Account or a Statement of Recognised Gains and Losses (STRGL) as was presented in the financial statements for the year ended 31 March 2015 as items that previously appeared in these statements are now included in the Statement of Comprehensive Income.

As permitted by FRS 102 the Association has renamed the Balance Sheet as the Statement of Financial Position.

As prescribed by FRS 102 the Association now prepares a Statement of Changes in Capital and Reserves whereas in the financial statements to 31 March 2015 capital and reserves were analysed as part of the notes to the financial statements.

Housing Association Grant (HAG) is now recognised in line with the accrual model. The accrual model requires the grant to be recognised over the expected useful life of the housing property structure.

Depreciation of housing property was previously based on gross cost less Government Capital Grants but is now based on gross cost only.

Designated reserves are no longer shown separately in the financial statements and instead are combined with the revenue reserve.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

THE YEAR ENDED 31 MARCH 2016

30. Transition to FRS 102

The Association participates in the SHAPs defined benefit scheme and makes annual contributions towards the deficit in line with the fund plan. Under FRS 102, the future contributions in respect of the deficit must now be shown as a discounted liability on the Statement of Financial Position.

The Association made advanced rental payments to Cassiltoun Trust in June 2007 in respect of a 25 year lease. This is deemed to be a financing transaction under FRS 102 and is thus accounted for under the effective interest rates method. At 1 April 2014, an investment of £74,734 was recognised with the rent prepaid reduced by this amount. It thus had a £nil impact on the capital and reserves at 1 April 2014.

	£
Capital and reserves as at 1 April 2014 as previously stated	4,758,638
Effects of:	
Amortisation of Government grants received for housing properties and shared ownership housing units	8,109,342
Restatement of depreciation of housing properties and shared ownership housing units	(7,970,342)
Recognition of SHAPS past service pension deficit liability	(775,110)
Restated capital and reserves as at 1 April 2014	<u>4,122,528</u>

	£
Capital and reserves as at 31 March 2015 as previously stated	5,008,342
Effects of:	
<u>Prior year adjustments</u>	
Amortisation of Government grants received for housing properties and shared ownership housing units	8,109,342
Restatement of depreciation of housing properties and shared ownership housing units	(7,970,342)
Recognition of SHAPS past service pension deficit liability	(775,110)

<u>In year adjustments</u>	
Amortisation of Government grants received for housing properties and shared ownership housing units	502,997
Restatement of depreciation of housing properties and shared ownership housing units	(520,928)
Movement in SHAPS past service pension deficit liability	(43,000)
Restatement of financing transaction with subsidiary in respect of rent paid in advance	608
Restated capital and reserves as at 31 March 2015	<u>4,311,909</u>

Surplus for the year ended 31 March 2015 as previously stated	440,728
Effects of:	
Amortisation of Government grants received for housing properties and shared ownership housing units	502,997
Restatement of depreciation of housing properties and shared ownership housing units	(520,928)
Movement in SHAPS past service pension deficit liability	(43,000)
Restatement of financing transaction with subsidiary in respect of rent paid in advance	608
Restated surplus for the year ended 31 March 2015	<u>380,405</u>