

**CATHCART & DISTRICT HOUSING ASSOCIATION
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015

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CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

ADVISERS AND REGISTERED OFFICE

FOR THE YEAR ENDED 31ST MARCH, 2015

Auditors

Armstrongs, Chartered Accountants
142 West Nile Street
Glasgow
G1 2RQ

Bankers

The Royal Bank of Scotland plc
2 Clarkston Road
Glasgow
G44 4EQ

Legal advisors

Messrs Brechin Tindal Oatts
Solicitors & Notaries
48 St Vincent Street
Glasgow
G2 5HS

Registered Office

3 Rhannan Road
Cathcart
Glasgow
G44 3AZ

Registration particulars

Registered Housing Association number:	HAL 85
Financial Conduct Authority number:	Co-operative and Community Benefit Societies Act 2014 Registration number MS1821RS
Charity registration number:	SC037255

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31ST MARCH, 2015

The Committee of Management present their report and the audited financial statements for the year ended 31st March, 2015.

Principal Activities

The principal activities of the Association are the provision, construction, improvement and management of rented accommodation.

Review of the Business and Future Developments

The results for the year are as shown in the attached Income and Expenditure Account. The surplus for the year was £360,564 (2014 - £275,677), and transfers to reserves totalled £Nil (2014 to reserves - £Nil).

Changes in Fixed Assets

Details of changes in fixed assets are set out in Notes 12 and 13.

The Committee of Management and Executive Officer

The Committee of Management and Executive Officer of the Association are as follows:-

Executive Officer

. Christine Leitch

Committee of Management

. A Brown	(Chairperson)	. Councillor Graham -	
. J. Ferguson	(Vice Chairperson)	Glasgow City Council Representative	
. J. Forrest	(Secretary)	. I. Kyle	(Resigned 10.02.15)
. J. Perez	(Resigned 18.06.15)	. J. McMahon	
. G. Zangrande		. M. McMillan	
. B. Strathearn		. V. Kyle	
. C. Robb		. M. Kerr	(Resigned 07.09.14)
. I. Ellis	(Resigned 23.06.15)	. A. Mackinnon	(Resigned 19.03.15)
		E. Carter	

At the annual general meeting one third of all serving members of the Committee will retire from office and may stand for re-election if eligible.

Each member of the Committee of Management holds one fully paid share of £1 in the Association. The Executive Officer of the Association holds no interest in the Association's share capital and although not having the legal status of a director acts as an executive within the authority delegated by the Committee.

Charitable Status

With effect from 7th November 2005 the Association obtained charitable status, and from that date is exempt from corporation tax.

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CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

Statement of Committee's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 require the Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for the year ended on that date. In preparing these financial statements, the Committee is required to:

- . Select suitable accounting policies and then apply them consistently;
- . Make judgements and estimates that are reasonable and prudent;
- . State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- . Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business;
- . Prepare a statement on internal financial control.

The Committee is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Association and to enable it to ensure that the financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements April 2012. It is also responsible for safeguarding the assets of the Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Governance

The Association has complied throughout the accounting period with the Code of Best Practice published by the Cadbury Committee on the Financial Aspects of Corporate Governance in 1992.

In accordance with the requirements of the Housing Regulator, the auditors have confirmed that they consider this statement appropriately reflects the Association's compliance with those paragraphs of the Code of Best Practice required to be reviewed by them. The auditors have also confirmed that, in their opinion, with respect to the Statement on Internal Financial Control on page three, the Management Committee have provided the disclosures required by Paragraph 4.5 of the Code of Best Practice as supplemented by the related guidance for Management Committee and such statement is not inconsistent with the information of which they are aware from their audit work on the Financial Statements.

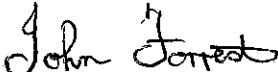
Statement as to Disclosure of Information to Auditors

So far as the Committee are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Association's auditors are unaware, and each Committee Member has taken all the steps that he or she ought to have taken as a Committee Member in order to make himself or herself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Auditors

A resolution to appoint the auditors, Armstrongs, will be proposed at the Annual General Meeting.

By order of the Committee

Secretary 

Dated : 18/08/2015

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

COMMITTEE STATEMENT ON THE ASSOCIATION'S

SYSTEM OF INTERNAL FINANCIAL CONTROL

FOR THE YEAR ENDED 31ST MARCH, 2015

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

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

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

- . Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- . Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- . Forecasts and budgets are prepared regularly which allow the Committee and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term;
- . Regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate;
- . Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- . All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees comprising Committee members and others;
- . The Committee review reports from management, from directors, staff and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association;
- . Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Committee have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31st March 2015 and until the below date. 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 Committee

Secretary *John Jones*
Dated : 18/08/2015

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE COMMITTEE

ON CORPORATE GOVERNANCE MATTERS

FOR THE YEAR ENDED 31ST MARCH, 2015

Corporate Governance

In addition to our audit of the financial statements, we have reviewed your statement on page three 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 to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page four 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 enquiry of certain Committee members, directors and officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Committee'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.



Adam Armstrong, LLB, CA, (Senior Statutory Auditor),
for and on behalf of Armstrongs,
Statutory Auditor,
Chartered Accountants,
Victoria Chambers,
142, West Nile Street,
Glasgow,
G1 2RQ.

Dated : 7th September 2015

**REPORT OF THE INDEPENDENT AUDITORS TO
THE MEMBERS OF CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

We have audited the financial statements of Cathcart & District Housing Association Limited for the year ended 31st March 2015 which comprise the Income and Expenditure Account, Statement of Total Recognised Gains and Losses, Note of Historical Surpluses and Deficits, the Balance Sheet, the Cash Flow Statement and the related notes one to twenty seven. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice.

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014, and to the charity's trustees as a body, in accordance with Section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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, the Association's members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Committee and Auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Committee to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 31st March 2015 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Schedule 1, the Housing (Scotland) Act 2010, the Determination of Accounting Requirements April 2012, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**REPORT OF THE INDEPENDENT AUDITORS TO
THE MEMBERS OF CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

Matters on which we are required to report

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014, or the Charity Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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



Adam Armstrong, LLB, CA, (Senior Statutory Auditor),
for and on behalf of Armstrongs,
Statutory Auditor,
Chartered Accountants,
Victoria Chambers,
142, West Nile Street,
Glasgow,
G1 2RQ.

Dated: 7th September 2015

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2015

	Notes	2015 £	2014 £
Turnover	2	2,008,312	1,896,270
Operating Costs	2	<u>1,499,077</u>	<u>1,446,080</u>
Operating Surplus		509,235	450,190
Gain on Disposal of Property	8	11,968	-
Interest Receivable and Other Income	9	176	128
Interest Payable and Similar Charges	10	(160,815)	(174,641)
Surplus/(deficit) on ordinary activities before taxation		<u>360,564</u>	<u>275,677</u>
Tax on surplus/(deficit) on ordinary activities	11	-	-
Surplus/(deficit) on ordinary activities after taxation		<u>360,564</u>	<u>275,677</u>

The results for the year relate wholly to continuing activities.

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31ST MARCH 2015

	2015	2014
	£	£
Surplus for the year	360,564	275,677
Total recognised gains and losses relating to the year	<u>360,564</u>	<u>275,677</u>

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTE OF HISTORICAL SURPLUSES AND DEFICITS

FOR THE YEAR ENDED 31ST MARCH 2015

	2015	2014
	£	£
Reported surplus/(deficit) on ordinary activities before taxation	360,564	275,677
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	43,116	43,116
Realisation of property revaluation gains of previous years	4,372	-
Historical cost surplus/(deficit) on ordinary activities before taxation	<u>408,052</u>	<u>318,793</u>
Historical cost surplus/(deficit) on ordinary activities after taxation	<u>408,052</u>	<u>318,793</u>

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31ST MARCH, 2015

	Notes	2015 £	2014 £
Tangible Fixed Assets			
Housing Properties	12	9,142,600	9,061,317
Other	13	<u>204,268</u>	<u>207,534</u>
		<u>9,346,868</u>	<u>9,268,851</u>
Current Assets			
Debtors	14	166,435	172,309
Cash at Bank and in Hand		<u>1,739,498</u>	<u>1,894,910</u>
		1,905,933	2,067,219
Creditors : amounts falling due within one year	15	(406,570)	(1,238,989)
Net Current Assets		<u>1,499,363</u>	<u>828,230</u>
Total Assets less Current Liabilities		10,846,231	10,097,081
Creditors : amounts falling due after more than one year	16	(4,488,802)	(4,100,207)
Net Assets		<u>6,357,429</u>	<u>5,996,874</u>
Capital and Reserves			
Share Capital	19	105	114
Revaluation Reserve	20	3,313,103	3,360,591
Designated Reserves	21	905,906	905,906
Accumulated Surplus	25	<u>2,138,315</u>	<u>1,730,263</u>
		<u>6,357,429</u>	<u>5,996,874</u>

These financial statements were approved by the Committee on 18/08/2015 and signed on their behalf by:

Annette Brown.....

Chairman

Alastair Wright.....

Committee Member

John Stewart.....

Secretary

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2015

	2015 £	2014 £
Net Cash inflow/(outflow) from operating activities	<u>724,154</u>	<u>673,422</u>
Returns on investments and servicing of Finance		
Interest Received	176	128
Interest Paid	(160,759)	(174,765)
	<u>(160,583)</u>	<u>(174,637)</u>
Capital Expenditure		
Payments to acquire and develop housing properties	(429,007)	(824,709)
Payments to acquire other fixed assets	(7,428)	(11,142)
Grants Received	32,124	880,888
Proceeds of disposal of housing property	24,931	-
	<u>379,380</u>	<u>45,037</u>
Net Cash inflow/(outflow) before financing	<u>184,191</u>	<u>543,822</u>
Financing		
Loans Received - Housing	750,000	-
Loans Repaid - Housing	(341,206)	(141,735)
Share Capital Issued	12	-
Net cashflow from financing	<u>408,806</u>	<u>(141,735)</u>
Increase/(Decrease) in Cash	<u>592,997</u>	<u>402,087</u>
Reconciliation of net cashflow to movement in net debt		
Increase/(Decrease) in cash in the year	592,997	402,087
Cash inflow/(outflow) from change in loans	(408,794)	141,735
Movement in net debt in year	<u>184,203</u>	<u>543,822</u>
Net funds/(debt) at 01.04.14	<u>(3,123,834)</u>	<u>(3,667,656)</u>
Net funds/(debt) at 31.03.15	<u>(2,939,631)</u>	<u>(3,123,834)</u>

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2015

1. Reconciliation of surplus for the year to net cashflow from operating activities

	2015	2014
	£	£
Operating surplus	509,235	450,190
Depreciation	201,015	181,203
(Increase)/Decrease in Debtors	5,874	28,830
Increase/(Decrease) in Creditors	8,051	13,199
Forfeited Shares	(21)	-
	<u>724,154</u>	<u>673,422</u>

2. Analysis of net debt

	2015	Cash	Other	2014
	£	Flows	Changes	£
		£	£	
Cash at Bank	1,739,498	(155,412)	-	1,894,910
Overdrafts	(6,063)	(1,591)	-	(4,472)
Debt due within one year	(184,264)	164,065	(184,264)	(164,065)
Debt due after one year	(4,488,802)	(572,859)	184,264	(4,100,207)
Development	-	750,000	-	(750,000)
Total	<u>(2,939,631)</u>	<u>184,203</u>	<u>-</u>	<u>(3,123,834)</u>

	2014	Cash	Other	2013
	£	Flows	Changes	£
		£	£	
Cash at Bank	1,894,910	1,152,388	-	742,522
Overdrafts	(4,472)	(301)	-	(4,171)
Debt due within one year	(164,065)	158,186	(164,065)	(158,186)
Debt due after one year	(4,100,207)	(16,451)	164,065	(4,247,821)
Development	(750,000)	(750,000)	-	-
Total	<u>(3,123,834)</u>	<u>543,822</u>	<u>-</u>	<u>(3,667,656)</u>

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015

1. Principal Accounting Policies

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered by the Financial Conduct Authority.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of some fixed assets in accordance with applicable Accounting Standards, the Statement of Recommended Practice: Accounting by Registered Social Landlords Update, issued by the Scottish Federation of Housing Associations in October 2010 and the Determination of Accounting Requirements April 2012. A summary of the more important accounting policies is set out below.

Turnover

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

Housing Properties

Housing properties under construction are stated at cost, less social housing and other public grants and less accumulated depreciation. Completed housing properties are professionally valued on an existing use basis. Surpluses and deficits are reflected in the revaluation reserve. Permanent diminutions in the value of housing property are eliminated first against any revaluation reserve in respect of that property with any excess being charged to the Income and Expenditure account.

The provisions of FRS 15 require that an interim valuation of housing be performed in the prior and current year. The Committee are of the opinion that this would involve unnecessary cost as the properties will be subject to valuation to recognise accounting and format changes to be introduced in the next year.

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property. Works to existing properties, which fail to meet the above criteria, are charged to the Income and Expenditure Account.

Reviews for impairment of housing properties are carried out regularly and any impairment in an income-generating unit is recognised by a charge to the Income and Expenditure Account. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units. Impairment of assets would be recognised in the income and expenditure account.

Depreciation - housing properties

Properties other than heritable land are depreciated in accordance with FRS15 at rates calculated to reduce net book value of each component of the property to its estimated residual value, on a straight line basis, over the expected remaining life of the component. Heritable land is not depreciated. The estimated useful lives of the assets and components is shown in the table below.

Structure	100 years	Central Heating Systems	30 years
Roof	60 years	Boilers	15 years
Electrical Systems	30 years	Bathrooms	25 years
Windows	30 years	Kitchens	20 years

Other Fixed Assets

Furniture and equipment are stated at cost less accumulated depreciation. Depreciation is charged by equal instalments commencing with the year of acquisition at rates estimated to write off costs less any residual value over the expected economic useful lives at the rate of 25% per annum.

Leasehold improvements are stated at cost less accumulated depreciation. Depreciation is charged at an annual rate to write off the leasehold improvements over the term of the lease.

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

1. Principal Accounting Policies/Cont...

Social Housing Grant and Other Grants

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

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

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

Capitalisation of Interest

Interest incurred on financing a development is capitalised up to the date of completion of the scheme.

Development Administration Costs

Development costs incremental to the other costs of the Association have been capitalised.

Cyclical and Major Repairs

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

Designated Reserves

The Association has designated part of its long term obligations as follows :-

Planned Maintenance

The reserve is based on the Association's ability to maintain its properties in accordance with a planned programme of works provided it will not be met from revenue in the year in which it is incurred.

The Association maintains its housing properties in a state of repair which at least maintains their residual value in prices prevailing at the time of acquisition and construction. Provision is made for such future repair expenditure by transfers to this reserve. Previously for some schemes the reserve was established by transfers from the Rent Surplus Fund as directed by the Scottish Housing Regulator.

Hire Purchase and Leasing Commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

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CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

1. Principal Accounting Policies/Cont...

Value Added Tax

The Association is VAT registered. However a large proportion of the income is exempt for VAT purposes, and VAT is not reclaimable on the related expenditure. Expenditure is therefore shown inclusive of VAT.

Pension Costs

The Association participates in the centralised Scottish Housing Associations' defined contribution pension scheme and retirement benefits to employees of the Association are funded by contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The expected costs to the Association of pension is charged to the income and expenditure accounts so as to spread the cost of pensions over the service lives of employees.

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

2. Particulars of Turnover, Operating Costs and Operating Surpluses/(Deficits)

	2015		
	Turnover	Operating	Operating
	£	Costs	Surplus/(Deficit)
		£	£
Social Lettings	1,948,950	1,478,412	470,538
Other Activities	59,362	20,665	38,697
Total	<u>2,008,312</u>	<u>1,499,077</u>	<u>509,235</u>

	2014		
	Turnover	Operating	Operating
	£	Costs	Surplus/(Deficit)
		£	£
Social Lettings	1,834,918	1,424,267	410,651
Other Activities	61,352	21,813	39,539
Total	<u>1,896,270</u>	<u>1,446,080</u>	<u>450,190</u>

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

3. Particulars of Turnover, Operating Costs and Surpluses from Social Letting Activities

	2015 £	2014 £
Income from General Housing Needs		
Rent receivable net of identifiable service charges	1,956,186	1,848,099
Less: voids	(7,236)	(13,181)
Total turnover from social letting activities	<u>1,948,950</u>	<u>1,834,918</u>
Expenditure on Lettings		
Management and maintenance administration costs	792,709	738,554
Reactive Maintenance	231,744	251,673
Planned & cyclical maintenance incl major repairs	247,504	256,778
Depreciation of social housing	190,271	171,099
Bad debts - rents and service charges	16,184	6,163
Total Expenditure on Lettings	<u>1,478,412</u>	<u>1,424,267</u>
Operating surplus for social lettings for 2015	<u>470,538</u>	<u>410,651</u>
Operating surplus for social lettings for 2014	<u>410,651</u>	

No service charges were receivable on housing accommodation not eligible for Housing Benefit (2014 - £nil).

4. Particulars of Turnover, Operating Costs and Surpluses from Other Activities

	Other Income £	Operating Costs £	2015 Total £	2014 Total £
Factoring	56,129	20,665	35,464	39,539
Grants from Scottish Ministers	3,212	-	3,212	-
Other Activities	21	-	21	-
Operating deficit for social lettings for 2015	<u>59,362</u>	<u>20,665</u>	<u>38,697</u>	<u>39,539</u>
Operating deficit for social lettings for 2014	<u>61,352</u>	<u>21,813</u>	<u>39,539</u>	

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

5. Directors Emoluments

The Directors are defined as the members of the Committee of Management, the Executive Officer and any other person reporting to the aforementioned whose total emoluments excluding employer's pension contributions exceed £60,000 per year.

There are no directors whose emoluments exceed £60,000.

	2015	2014
	£	£
Total Emoluments (including pension contributions and benefits in kind)	<u>66,781</u>	<u>64,935</u>
Total Emoluments (excluding pension contributions) to the highest paid director amounted to	<u>64,124</u>	<u>58,701</u>
Total expenses reimbursed to the Committee in so far as not chargeable to United Kingdom Income Tax	<u>4</u>	<u>930</u>

None of the Committee Members received any remuneration during the year.

6. Employee Information

The monthly average number of full-time equivalent employees during the year was:-

	2015	2014
	<u>11</u>	<u>11</u>

	2015	2014
	£	£
Staff costs (including Executive Emoluments)		
Wages and Salaries	330,646	322,217
Social Security Costs	32,183	28,149
Pension Contributions	<u>84,696</u>	<u>46,010</u>
	<u>447,525</u>	<u>396,376</u>

7. Operating Surplus

Operating surplus is stated after charging:-

	2015	2014
	£	£
Depreciation - Property	190,271	171,099
Depreciation - Other Assets	10,694	10,104
Auditor's Remuneration (incl VAT)	<u>6,840</u>	<u>6,300</u>

8. Gain on Disposal of Fixed Assets

	2015	2014
	£	£
Sale price	<u>25,500</u>	<u>-</u>
Less: Cost of sales		
Value of property	12,963	-
Legal and other costs	<u>569</u>	<u>-</u>
	<u>13,532</u>	<u>-</u>
Gain on disposal of property	<u>11,968</u>	<u>-</u>

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

9. Interest Receivable and Similar Income

	2015 £	2014 £
Interest Receivable	<u>176</u>	<u>128</u>

10. Interest Payable and Similar Charges

	2015 £	2014 £
On bank loans payable by instalments wholly or partly in more than five years	<u>160,815</u>	<u>174,641</u>

11. Taxation

Cathcart and District Housing Association Limited converted to a charity registered in Scotland on 7th November 2005 and, as such, is no longer subject to taxation.

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

12. Tangible Fixed Assets - Housing Properties

	Properties Held for Letting £
Cost (Net of Grants) or Valuation	
At 01.04.14	9,463,688
Additions in year	284,517
Disposals in year	(38,391)
Transfer on completion	-
At 31.03.15	<u>9,709,814</u>
Depreciation	
At 01.04.14	402,371
Charge for year	188,155
Disposal in year	(23,312)
At 31.03.15	<u>567,214</u>
Net book value at 31.03.15	<u>9,142,600</u>
Net book value at 31.03.14	<u>9,061,317</u>

Development administration costs capitalised amounted to £Nil (2014 - £Nil) for which no allowances were received in the year.

Completed housing properties were revalued on the basis of existing use value for social housing at 2nd September 2011 by D27 Debenham Tie Leung Limited, Chartered Surveyors. The valuation report has been made in accordance with the RICS Appraisal and Valuation Manual. The Committee do not believe that the values would have been materially different at the balance sheet date.

All housing properties are freehold.

If housing property had not been revalued it would have been shown as the following :-

	2015	2014
	£	£
Cost of Properties	18,556,692	18,481,403
Less : Social Housing and Other Grants	<u>11,588,841</u>	<u>11,928,652</u>
	6,967,851	6,552,751
 Less : Depreciation	 <u>991,635</u>	 <u>870,116</u>
	<u>5,976,216</u>	<u>5,682,635</u>

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

13. Tangible Fixed Assets - Other Fixed Assets

	Equipment Fixtures & Fittings £	Leasehold Improvements £	Total £
Cost			
As at 01.04.14	215,513	212,772	428,285
Additions in year	7,428	-	7,428
Disposals in year	(2,838)	-	(2,838)
As at 31.03.15	<u>220,103</u>	<u>212,772</u>	<u>432,875</u>
Depreciation			
As at 01.04.14	207,986	12,765	220,751
Charge for year	6,439	4,255	10,694
On disposals	(2,838)	-	(2,838)
As at 31.03.15	<u>211,587</u>	<u>17,020</u>	<u>228,607</u>
 NBV as at 31.03.15	 <u>8,516</u>	 <u>195,752</u>	 <u>204,268</u>
 NBV as at 31.03.14	 <u>7,527</u>	 <u>200,007</u>	 <u>207,534</u>

14. Debtors

	2015 £	2014 £
Rent Debtors	59,562	65,062
Other Debtors	83,603	86,317
Prepayments and accrued income	14,422	13,824
Group undertaking	8,848	7,106
	<u>166,435</u>	<u>172,309</u>

Rent debtors are stated net of a provision for bad debts amounting to £13,838 (2014 - £13,838).

15. Creditors : Amounts due within one year

	2015 £	2014 £
Loans due in less than one year	184,264	164,065
Accruals and Deferred Income	112,986	211,995
Rent in advance	90,158	96,906
Social Security and Other Taxes	13,099	11,551
Development Finance	-	750,000
Bank Overdraft	6,063	4,472
	<u>406,570</u>	<u>1,238,989</u>

16. Creditors : Amounts falling due after more than one year

	2015 £	2014 £
Bank loans	<u>4,488,802</u>	<u>4,100,207</u>

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

17. Loans and Overdrafts

The loans are secured by Standard Securities over the housing stock owned by the Association and are repayable at rates of interest varying from 5.0% to 5.25% by instalments due as follows which will mature over a period of thirty years:-

	2015	2014
	£	£
Due within one year	<u>184,264</u>	<u>164,065</u>
Between one and two years	189,667	168,749
Between two and five years	603,250	535,902
In five years or more	<u>3,695,885</u>	<u>3,395,556</u>
	<u><u>4,488,802</u></u>	<u><u>4,100,207</u></u>

18. Operating Leases

	2015	2014
	£	£
Obligations under operating leases.		
Operating leases due within one year - Rent	25,992	25,992
Operating leases due between one and five years - Rent	<u>77,976</u>	<u>103,968</u>
	<u><u>103,968</u></u>	<u><u>129,960</u></u>

19. Called Up Share Capital

Shared of £1 each issued and fully paid	2015	2014
Allotted, issued and fully paid		
At 01.04.14	114	114
Issued in year	12	-
Forfeited during year	(21)	-
Balance at 31.03.15	<u><u>105</u></u>	<u><u>114</u></u>

Each shareholder of the Association holds only one share and is entitled to vote at general meetings of the Association. Shares carry no right to dividend or distribution on a winding up. When a shareholder ceases to be a member that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

20. Revaluation Reserve

	2015	2014
	£	£
Balance b/fwd	3,360,591	3,403,707
Depreciation adjustment	(43,116)	(43,116)
Transfer on disposal of properties	(4,372)	-
	<u><u>3,313,103</u></u>	<u><u>3,360,591</u></u>

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

21. Designated Reserves

	Planned Maintenance £
Balance at 01.04.14	905,906
Transferred from Income and Expenditure a/c	-
Balance at 31.03.15	<u>905,906</u>

The transfer from the reserves was used to partially fund the major repairs expenditure in the year.

22. Housing Stock

	2015	2014
The number of units of accommodation in management at the year end was :-		
General Needs - New Build	33	33
- Rehabilitation	533	534
Unimproved	<u>10</u>	<u>10</u>
	<u>576</u>	<u>577</u>

23. Pensions

The Association participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension scheme.

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the State Pension 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 Contribution (DC) option.

The Association has elected to discontinue the final salary scheme and operate the DC benefit option for active members with effect from 1st April 2014.

During the accounting period Cathcart & District Housing Association Limited paid contributions at the rate of 9.6% to 12.3% of pensionable salaries. Member contributions varied between 4.6% and 12.3%.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

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

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

23. Pensions/Cont...

The last formal valuation of the Scheme was performed as at 30th 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 with the value of liabilities of £304 million, equivalent to a past service funding level of 56.4%.

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

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 Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30th September 2014. As of this date the estimated employer debt for the Association was £2,008,859.

The total pension cost for the Association was £84,696 (2014 - £46,010) of which £7,058 (2014 - £3,834) was unpaid and is included in creditors.

24. Legislative Provisions

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014.

25. Reconciliation of movement in accumulated surplus

	2015	2014
	£	£
Revenue Reserve b/fwd	1,730,263	1,411,470
Surplus/(deficit) for year	360,564	275,677
Transfer from Revaluation Reserve	43,116	43,116
Transfer on Disposal of Properties	4,372	-
	<u>2,138,315</u>	<u>1,730,263</u>

26. Related Party Transactions

There are members of the Management Committee who are tenants. These tenancies are on the Association's normal tenancy terms and they cannot use their position to their advantage.

A member of the Management Committee is the representative of Glasgow City Council. Any transaction with the Council is at arms length on normal commercial terms and this member cannot use their position to their advantage.

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

26. Related Party Transactions/Cont...

The Association controls Cathcart and District Management and Development Limited by virtue of common Committee and Board membership. Cathcart and District Management and Development Limited is registered in Scotland as a company limited by guarantee without having a share capital.

During the year the Association paid costs of £8,848 (2014 - £7,106) on behalf of Cathcart and District Management and Development Limited. These costs were recharged to the company during the year. At 31st March 2015 the Association was owed £8,848 (2014 - £7,106) by Cathcart and District Management and Development Limited.

During the year Cathcart and District Management and Development Limited provided services to the Association at a value of £68,000 (2014 - £48,000). At the year end £5,500 (2014 - £4,000) was repaid and is included in current liabilities.

27. Group Structure

Cathcart and District Housing Association Limited is a Housing Association registered in Scotland and forms part of a group. The other member of the group is Cathcart and District Management and Development Limited, a company registered in Scotland. The principal activity of this company is the provision of cleaning services.

Cathcart and District Housing Association Limited is considered to be the ultimate parent undertaking of the group. Separate accounts are not prepared as the Financial Conduct Authority has exempted the group from this requirement.