

**CATHCART & DISTRICT HOUSING ASSOCIATION  
LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2017**

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2017**

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**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**ADVISERS AND REGISTERED OFFICE**

**FOR THE YEAR ENDED 31ST MARCH 2017**

**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 information**

The Scottish Housing Regulator  
Registered number:

Housing (Scotland) Act 2014  
HAL 85

Financial Conduct Authority:

Co-operative and Community Benefit Societies Act 2014  
Registration number MS1821RS

Recognised Scottish Charity:

SC037255

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**REPORT OF THE MANAGEMENT COMMITTEE**

**FOR THE YEAR ENDED 31ST MARCH 2017**

The Committee of Management present their report and the audited financial statements for the year ended 31<sup>st</sup> March 2017.

**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 Statement of Comprehensive Income. The surplus for the year was £492,966 (2016 - £377,833).

**Changes in fixed assets**

Details of changes in fixed assets are set out in Note 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		Glasgow City Council Representative	
. J. Forrest	(Secretary)	. J. McMahon	(Resigned 28.02.17)
. G. Zangrande		. M. McMillan	(Vice Chairperson)
. B. Strathearn		. V. Kyle	
. C. Robb		. E. Carter	
. J. Cosgrove		. A. Wright	
. S. Harper		.	
. A. Penney		.	

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 7<sup>th</sup> November 2005 the Association obtained charitable status, and from that date is exempt from corporation tax.

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**REPORT OF THE MANAGEMENT COMMITTEE**

**FOR THE YEAR ENDED 31ST MARCH 2017**

**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 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 2014 and the Determination of Accounting Requirements 2014. 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 four, 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 :

11th SEPTEMBER 2017

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**COMMITTEE STATEMENT ON THE ASSOCIATION'S**

**SYSTEM OF INTERNAL FINANCIAL CONTROL**

**FOR THE YEAR ENDED 31ST MARCH 2017**

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 being 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 31<sup>st</sup> March 2017 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 Forrest*

Dated: 11th September 2017



**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**REPORT BY THE AUDITORS TO THE COMMITTEE**

**ON CORPORATE GOVERNANCE MATTERS**

**FOR THE YEAR ENDED 31ST MARCH 2017**

**Corporate Governance**

In addition to our audit of the financial statements, we have reviewed the Committee's 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 Advice 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 Advice 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 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 Regulatory Standards contained within the publication "Our Regulatory Framework" and associated Regulatory Advice 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: 11th September 2017

## 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 31<sup>st</sup> March 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

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 (APB'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 31<sup>st</sup> March 2017 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 2014, the Determination of Accounting Requirements 2014, 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 : 11<sup>th</sup> September 2017

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31ST MARCH 2017**

	Notes	2017	2016
		£	£
<b>Turnover</b>	2	2,110,089	2,073,795
Operating costs	2	1,727,029	1,630,135
<b>Operating surplus</b>	2	<u>383,060</u>	<u>443,660</u>
(Loss)/gain on disposal of fixed assets	8	( 78,551)	98,884
Interest receivable and other income	9	214	188
Interest payable and similar charges	10	( 146,757)	( 151,899)
Other finance charges	11	( 16,000)	( 13,000)
<b>Surplus before tax</b>		<u>141,966</u>	<u>377,833</u>
Other comprehensive income		-	-
Remeasurements - amendments to contribution schedule		351,000	-
<b>Total comprehensive income for the year</b>		<u><u>492,966</u></u>	<u><u>377,833</u></u>

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**FOR THE YEAR ENDED 31ST MARCH 2017**

	Notes	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets - social housing	13a	9,677,374	9,459,497
Other tangible assets - plant and equipment	13b	<u>187,242</u>	<u>202,704</u>
		<u>9,864,616</u>	<u>9,662,201</u>
<b>Current assets</b>			
Debtors	14	328,408	221,190
Cash at bank and in hand		<u>2,072,425</u>	<u>2,133,569</u>
		2,400,833	2,354,759
<b>Creditors: amounts falling due within one year</b>	15	( 493,440)	( 622,279)
<b>Net current assets</b>		<u>1,907,393</u>	<u>1,732,480</u>
<b>Total assets less current liabilities</b>		11,772,009	11,394,681
<b>Creditors : amounts falling due after more than one year</b>	16	( 4,440,716)	( 4,971,045)
<b>Deferred income</b>			
Deferred capital grants - Social Housing Grants	18	( 414,698)	-
<b>Net assets</b>		<u>6,916,595</u>	<u>6,423,636</u>
<b>Equity</b>			
Share capital	20	101	108
Revenue reserves		6,916,494	6,423,528
		<u>6,916,595</u>	<u>6,423,636</u>

These financial statements were approved by the Committee on 11/01/17 and signed on their behalf by:

Chairman *Annette Brown*

Committee Member *Albert Wright*

Secretary *John Forrest*

The notes form part of these financial statements.

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31ST MARCH 2017**

	<b>Share Capital £</b>	<b>Revenue Reserve £</b>	<b>Total £</b>
<b>Balance as at 1<sup>st</sup> April 2016</b>	108	6,423,528	6,423,636
Issue of shares	10	-	10
Cancellation of shares	( 17)	-	( 17)
Total comprehensive income	-	492,966	492,966
<b>Balance as at 31<sup>st</sup> March 2017</b>	<u>101</u>	<u>6,916,494</u>	<u>6,916,595</u>

	<b>Share Capital £</b>	<b>Revenue Reserve £</b>	<b>Total £</b>
<b>Balance as at 1<sup>st</sup> April 2015</b>	105	6,045,695	6,045,800
Issue of shares	3	-	3
Cancellation of shares	-	-	-
Total comprehensive income	-	377,833	377,833
<b>Balance as at 31<sup>st</sup> March 2016</b>	<u>108</u>	<u>6,423,528</u>	<u>6,423,636</u>



**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31ST MARCH 2017**

	Notes	2017 £	2016 £
<b>Net cash inflow from operating activities</b>	1	<u>424,574</u>	<u>687,040</u>
<b>Cash flows from investing activities</b>			
Payments to acquire and develop housing properties		( 617,472)	( 81,484)
Proceeds from sale of tangible fixed assets		60,017	134,862
Payments to acquire other fixed assets		-	( 14,232)
Grants received		966,143	-
Interest received		214	188
<b>Net cash outflow from investing activities</b>		<u>408,902</u>	<u>39,334</u>
<b>Cashflow from financing activities</b>			
Grants repaid		( 537,160)	-
Interest paid		( 146,757)	( 151,899)
Repayments of borrowings		( 208,338)	( 176,719)
Issue of share capital		10	3
<b>Net cash outflow from financing activities</b>		<u>( 892,245)</u>	<u>( 328,615)</u>
<b>Net change in cash and cash equivalents</b>		( 58,769)	397,759
<b>Cash and cash equivalents at the beginning of the year</b>		2,131,194	1,733,435
<b>Cash and cash equivalents at the end of the year</b>		<u>2,072,425</u>	<u>2,131,194</u>

**Notes**

	2017 £	2016 £
Surplus for the year	492,966	377,833
<b>Adjustments for non cash items</b>		
Depreciation of tangible fixed assets	276,490	268,760
Decrease/(increase) in trade and other debtors	( 107,218)	( 54,755)
Decrease/(increase) in trade and other creditors	( 82,456)	35,044
Pension costs less contributions payable	( 366,000)	( 45,999)
Share capital written off	( 17)	-
Carrying amount of tangible fixed asset disposals	138,568	( 45,554)
Amortisation of grants	( 14,285)	-
Proceeds of the sale of fixed assets	( 60,017)	-
<b>Adjustments for investing or financing activities</b>		
Interest payable	146,757	151,899
Interest receivable	( 214)	( 188)
	<u>424,574</u>	<u>687,040</u>

# CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

### 1. Principal accounting policies

The financial statements have been prepared in accordance with FRS 102 as issued by the Financial Reporting Council and comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2014, the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator and the Statement of Recommended Practice (SORP) Accounting for social housing providers issued in 2014.

Cathcart & District Housing Association Limited is a public benefit entity (PBE).

#### 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

In previous years completed housing properties were professionally valued on an existing use basis. Surpluses and deficits were reflected in the revaluation reserve. Permanent diminutions in value of housing property were eliminated first against any revaluation reserve in respect of that property with any excess being charged to the Statement of Comprehensive Income. On transition to FRS 102 the Association has taken the option to adopt the valuation as the deemed cost.

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 Statement of Comprehensive Income.

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 Statement of Comprehensive Income. 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 Statement of Comprehensive Income.

#### Depreciation - housing properties

Properties other than heritable land are depreciated 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 2017**

**1. Principal accounting policies (continued)**

**Social Housing Grant and other grants**

Social housing grants and other capital grants are accounted for using the accrual method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social housing grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

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 Statement of Financial Position.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income 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 Statement of Comprehensive Income 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 Statement of Financial Position. 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 Statement of Comprehensive Income over the relevant period. The capital element of the future payments is treated as a liability.

# CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

### 1. Principal accounting policies (continued)

#### **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. In accordance with FRS 102 the payments in respect of the past service deficit plan have been discounted and recognised as a provision within the financial statements.

#### **Estimation uncertainty**

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying Cathcart & District Housing Association Limited's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

#### Rent arrears - bad debt provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, arrangements in place and court action.

#### Life cycle of components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

#### The categorisation of housing properties

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as property, plant and equipment in accordance with FRS 102.

#### Identification of cash generating units

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

#### **Financial instruments - basic**

The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.



**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2017**

**2. Particulars of turnover, cost of sales, operating costs and operating surpluses / (deficits)**

<b>Income and expenditure from lettings</b>	<b>Turnover</b>	<b>2017 Operating costs</b>	<b>Operating surplus / (deficit)</b>
	£	£	£
Social lettings	2,038,994	1,682,015	356,979
Other activities	71,095	45,014	26,081
<b>Total</b>	<u>2,110,089</u>	<u>1,727,029</u>	<u>383,060</u>
	<b>Turnover</b>	<b>2016 Operating costs</b>	<b>Operating surplus / (deficit)</b>
	£	£	£
Social lettings	1,980,472	1,574,301	406,171
Other activities	93,323	55,834	37,489
<b>Total</b>	<u>2,073,795</u>	<u>1,630,135</u>	<u>443,660</u>

**3. Particulars of income and expenditure from social letting activities**

	<b>2017 Total</b>	<b>2016 Total</b>
	£	£
<b>Income from letting</b>		
Rent receivable net of identifiable service charges	2,042,544	1,996,656
Service charges	-	-
<b>Gross income from rents and service charges</b>	<u>2,042,544</u>	<u>1,996,656</u>
Less : voids	( 17,835)	( 16,184)
Release of deferred capital grants	14,285	-
<b>Total turnover from social letting activities</b>	<u>2,038,994</u>	<u>1,980,472</u>
<b>Expenditure on lettings</b>		
Management and maintenance admin costs	728,506	744,202
Reactive maintenance	287,838	219,916
Planned maintenance	396,610	334,448
Bad debts - rents and service charges	8,033	10,339
Depreciation of social housing	261,028	265,396
<b>Total expenditure on lettings</b>	<u>1,682,015</u>	<u>1,574,301</u>
<b>Operating surplus for social lettings for 2017</b>	<u>356,979</u>	<u>406,171</u>
<b>Operating surplus for social lettings for 2016</b>	<u>406,171</u>	

No service charges were receivable on housing accommodation not eligible for Housing Benefit (2016 - £Nil).

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2017**

**4. Particulars of turnover, operating costs and surpluses from other activities**

	<b>Other income £</b>	<b>Operating costs £</b>	<b>2017 Total £</b>	<b>2016 Total £</b>
Wider role	-	6,909	( 6,909)	( 6,251)
Factoring	51,936	17,715	34,221	40,452
Development activities	19,159	17,390	1,769	3,128
Other activities	-	-	-	160
Support activities	-	3,000	( 3,000)	-
<b>Total for other activities for 2017</b>	<u>71,095</u>	<u>45,014</u>	<u>26,081</u>	<u>37,489</u>
<b>Total for other activities for 2016</b>	<u>93,323</u>	<u>55,834</u>	<u>37,489</u>	

**5. Directors emoluments**

The officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.

	<b>2017 £</b>	<b>2016 £</b>
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	<u>68,099</u>	<u>65,087</u>
Pension contributions made on behalf of officers with emoluments greater than £60,000	<u>6,537</u>	<u>6,473</u>
<b>Emoluments paid to the Chief Executive</b>	<b>£</b>	<b>£</b>
Emoluments excluding pension contributions	68,099	65,087
Employer's pension contributions	<u>6,537</u>	<u>6,473</u>
Total emoluments payable	<u>74,636</u>	<u>71,560</u>
The number of officers (including the highest paid officer) who received emoluments (excluding pension contributions) was in the following ranges:-		
£60,001 - £70,000	<u>1</u>	<u>1</u>
Total expenses reimbursed to the Committee in so far as not chargeable to United Kingdom income tax	<u>-</u>	<u>68</u>

None of the Committee members received remuneration during the year.

**6. Employee information**

	<b>2017</b>	<b>2016</b>
The monthly average number of full-time equivalent employees during the year was:-	<u>11</u>	<u>11</u>
	<b>£</b>	<b>£</b>
Staff costs (including Executive emoluments)		
Wages and salaries	356,089	350,416
Social security costs	35,481	34,411
Pension contributions	<u>25,435</u>	<u>27,859</u>
	<u>417,005</u>	<u>412,686</u>

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2017**

**7. Surplus for year**

	<b>2017</b>	<b>2016</b>
	£	£
Surplus is stated after charging (crediting):-		
(Loss)/gain on disposal of fixed assets	78,551	( 98,884)
Operating lease	35,320	35,320
Depreciation/loss on sale - tangible other fixed assets	15,462	15,796
Depreciation - tangible land & buildings fixed assets	261,028	265,396
Auditor's remuneration (including VAT)	6,190	5,730
Bad debts	<u>8,033</u>	<u>10,339</u>

**8. (Loss)/gain on sale of fixed assets**

	<b>2017</b>	<b>2016</b>
	£	£
Sale proceeds	<u>60,017</u>	<u>134,862</u>
Less: Cost of sales		
Value of property	25,267	33,702
Legal and other costs	<u>1,723</u>	<u>2,276</u>
	<u>26,990</u>	<u>35,978</u>
Gain on disposal of housing stock	33,027	98,884
Loss on disposal of components	111,578	-
(Loss)/Gain on disposal	<u>( 78,551)</u>	<u>98,884</u>

**9. Interest receivable and similar income**

	<b>2017</b>	<b>2016</b>
	£	£
Interest receivable	<u>214</u>	<u>188</u>

**10. Interest payable and similar charges**

	<b>2017</b>	<b>2016</b>
	£	£
On bank loans payable by instalments wholly or partly in more than five years	<u>146,757</u>	<u>151,899</u>

**11. Other finance income / charges**

	<b>2017</b>	<b>2016</b>
	£	£
Unwinding of discounted liabilities and remeasurement	<u>16,000</u>	<u>13,000</u>

**12. Taxation**

Cathcart and District Housing Association Limited converted to a charity registered in Scotland on 7<sup>th</sup> 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 2017

13. Non-current assets

a) Housing properties

	Housing property held for letting £
<b>Deemed Cost</b>	
As at 1 <sup>st</sup> April 2016	9,922,632
Additions during year	617,472
Disposals during year	( 143,489)
As at 31 <sup>st</sup> March 2017	<u>10,396,615</u>
<b>Depreciation</b>	
As at 1 <sup>st</sup> April 2016	463,135
Provided during year	261,028
Eliminated on disposal	( 4,922)
As at 31 <sup>st</sup> March 2017	<u>719,241</u>
<b>Net book value at 31.03.17</b>	<u>9,677,374</u>
<b>Net book value at 31.03.16</b>	<u>9,459,497</u>

All housing properties are freehold.

No development allowances were received during the year.



**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2017**

13. **Non-current assets**  
b) **Other tangible assets**

	Equipment fixtures & fittings £	Leasehold improvements £	Total £
<b>Cost</b>			
As at 1 <sup>st</sup> April 2016	234,335	212,772	447,107
Additions during year	-	-	-
As at 31 <sup>st</sup> March 2017	<u>234,335</u>	<u>212,772</u>	<u>447,107</u>
<b>Aggregate depreciation</b>			
As at 1 <sup>st</sup> April 2016	223,128	21,275	244,403
Provided in year	11,207	4,255	15,462
As at 31 <sup>st</sup> March 2017	<u>234,335</u>	<u>25,530</u>	<u>259,865</u>
<b>Net book value at 31.03.17</b>	<u>-</u>	<u>187,242</u>	<u>187,242</u>
<b>Net book value at 31.03.16</b>	<u>11,207</u>	<u>191,497</u>	<u>202,704</u>

14. **Trade and other receivables**

	<b>2017</b> £	<b>2016</b> £
Rent debtors	124,970	94,854
Other debtors	170,323	101,673
Prepayments and accrued income	17,061	14,525
Grants	10,191	-
Group undertaking	5,863	10,138
	<u>328,408</u>	<u>221,190</u>

Rent debtors are stated net of a provision for bad debts amounting to £13,838 (2016 - £13,838).

15. **Creditors and other payables : Amounts due within one year**

	<b>2017</b> £	<b>2016</b> £
Loans due in less than one year	140,234	190,861
Liability for past service contributions	62,060	55,441
Accruals and deferred income	183,566	261,412
Rent in advance	92,991	97,928
Social security and other taxes	14,589	14,262
Bank overdraft	-	2,375
	<u>493,440</u>	<u>622,279</u>

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

	<b>2017</b> £	<b>2016</b> £
Bank loans	4,177,776	4,305,486
Liability for past service contributions	262,940	665,559
	<u>4,440,716</u>	<u>4,971,045</u>

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2017**

**17. Loans and overdrafts**

The Association has four loan agreements in place with the Royal Bank of Scotland. The details of the loans are as follows:-

Royal Bank of Scotland	Security	Interest Rate		Loan Completion Date
Loan (1)	Standard Security	1.66%	Variable	2031
Loan (2)	Standard Security	2.36%	Fixed	2031
Loan (3)	Standard Security	2.37%	Fixed	2036
Loan (4)	Standard Security	2.37%	Fixed	2030

	2017 £	2016 £
Due within one year	<u>140,234</u>	<u>190,861</u>
Between one and two years	144,472	181,921
Between two and five years	460,304	578,614
In five years or more	<u>3,573,000</u>	<u>3,544,951</u>
	<u>4,177,776</u>	<u>4,305,486</u>

**18. Deferred income**

	2017 £	2016 £
At 1 <sup>st</sup> April 2016	-	-
Additions in year	428,983	-
Amortisation in year	( 14,285)	-
At 31 <sup>st</sup> March 2017	<u>414,698</u>	<u>-</u>

This is expected to be released to the Statement of Comprehensive Income in the following year.

Amounts due within one year	14,258	-
Amounts due in one year or more	400,440	-
	<u>414,698</u>	<u>-</u>

**19. Operating leases**

	2017 £	2016 £
Obligations under operating leases.		
Operating leases due within one year - Rent	25,992	25,992
Operating leases due between one and five years - Rent	25,992	51,984
	<u>51,984</u>	<u>77,976</u>

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2017**

**20. Share capital**

	<b>2017</b>	<b>2016</b>
<b>Shares of £1 each issued and fully paid</b>		
At 1 <sup>st</sup> April 2016	108	105
Shares issued at par during the year	10	3
	<u>118</u>	<u>108</u>
Shares forfeited	17	-
	<u>101</u>	<u>108</u>
At 31 <sup>st</sup> March 2017		

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.

**21. Housing Stock**

	<b>2017</b>	<b>2016</b>
The number of units of accommodation in management at the year end was :-		
General Needs - New build	33	33
- Rehabilitation	526	529
Unimproved	17	10
	<u>576</u>	<u>572</u>

**22. Pensions**

**Scheme: The Pensions Trust - Scottish Housing Associations' Pension Scheme**

The company participates in the scheme, a multi-employer scheme which provides benefits to some 155 non-associated employers. The scheme is a defined benefit scheme in the UK.

It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30<sup>th</sup> December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30<sup>th</sup> September 2015. This actuarial valuation showed assets of £612m, liabilities of £816m and a deficit of £198m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Deficit contributions	
From 1 April 2014 to 30 September 2027:	£26,304,000 per annum (payable monthly and increasing by 3% each on 1 <sup>st</sup> April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2017**

22. **Pensions (Continued)**

**PRESENT VALUES OF PROVISION**

	31 March 2017 (£000s)	31 March 2016 (£000s)	31 March 2015 (£000s)
Present value of provision	325	721	767

**RECONCILIATION OF OPENING AND CLOSING PROVISIONS**

	Period Ending 31 March 2017 (£000s)	Period Ending 31 March 2016 (£000s)
Provision at start of period	721	767
Unwinding of the discount factor (interest expense)	16	16
Deficit contribution paid	( 61 )	( 59 )
Remeasurements - impact of any change in assumptions	9	( 3 )
Remeasurements - amendments to the contribution schedule	( 360 )	-
Provision at end of period	<u>325</u>	<u>721</u>

**INCOME AND EXPENDITURE IMPACT**

	Period Ending 31 March 2017 (£000s)	Period Ending 31 March 2016 (£000s)
Interest expense	16	16
Remeasurements - impact of any change in assumptions	9	( 3 )
Remeasurements - amendments to the contribution schedule	-	-
Contributions paid in respect of future service *	-	-
Costs recognised in income and expenditure account	-	-

\* includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

**ASSUMPTIONS**

	31 March 2017 % per annum	31 March 2016 % per annum	31 March 2015 % per annum
Rate of discount	1.06	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 bond yield curve to discount the same recovery plan contributions.

# CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST MARCH 2017

#### 23. Legislative provisions

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

#### 24. Related party transactions

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102.

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. There are 8 members of the Management Committee who are tenants. Transactions with the governing body members were as follows:-

Rent charge to tenants on the Committee of Management were £27,577.

At the year end total arrears owed by tenants who were members of the Committee of Management were £763.

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.

The Association controls CDHA Management and Development Limited by virtue of common Committee and Board membership. CDHA 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 £7,377 (2016 - £8,649) on behalf of CDHA Management and Development Limited. These costs were recharged to the company during the year. At 31st March 2017 the Association was owed £5,863 (2016 - £10,138) by CDHA Management and Development Limited.

During the year CDHA Management and Development Limited provided services to the Association at a value of £66,000 (2016 - £66,000). At the year end £66,000 (2016 - £5,500) was repaid and is included in current liabilities.

#### 25. 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 CDHA 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.