

**CATHCART & DISTRICT HOUSING ASSOCIATION
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

INDEX

1. Advisers and Registered Office
- 2 - 3. Report of the Management Committee
4. Committee Statement on the Association's System of Internal Financial Control
5. Report by the Independent Auditor to the Committee on Corporate Governance Matters
- 6 - 8. Report of the Independent Auditors
9. Statement of Comprehensive Income
10. Statement of Financial Position
11. Statement of Changes in Equity
12. Statement of Cash Flows
- 13 - 24. Notes to the Financial Statements

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

ADVISERS AND REGISTERED OFFICE

FOR THE YEAR ENDED 31ST MARCH 2018

Auditors

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

Bankers

Royal Bank of Scotland plc
23 Sauchiehall Street
Glasgow
G2 3AD

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 2010
HAL 85

Financial Conduct Authority:

Co-operative and Community Benefit Societies Act 2010
Registration number MS1821RS

Recognised Scottish Charity:

SC037255

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31ST MARCH 2018

The Committee of Management present their report and the audited financial statements for the year ended 31st March 2018.

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 £30,268 (2017 - £492,966).

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

. M. McMillan	(Chairperson)	. S. Harper	
. A. Penney	(Vice Chairperson)	. A. Brown	
. C. Leitch	(Secretary)	. E. Carter	
. V. Kyle	(Treasurer)	. A. Wright	(Resigned 21.11.17)
. J. Ferguson		. K. Stocks	(Appointed 19.09.17)
. J. Forrest		. S. MacDonald	(Appointed 19.09.17)
. B. Strathearn		. Councillor Graham -	
. C. Robb		Glasgow City Council Representative	(Resigned 20.06.17)
. J. Cosgrove	(Resigned 23.01.18)	. G. Zangrande	(Resigned 11.09.17)

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.

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31ST MARCH 2018

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 2010 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

[Redacted Signature]

Dated :

[Redacted Date]

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

COMMITTEE STATEMENT ON THE ASSOCIATION'S

SYSTEM OF INTERNAL FINANCIAL CONTROL

FOR THE YEAR ENDED 31ST MARCH 2018

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.

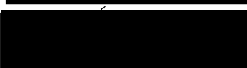
The Committee have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31st March 2018 and until the below date. No weaknesses were found in internal financial controls, which resulted in material losses, contingencies, or uncertainties, which require disclosure in the financial statements or in the Auditor's Report on the financial statements.

By order of the Committee

Secretary



Dated :



CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE COMMITTEE

ON CORPORATE GOVERNANCE MATTERS

FOR THE YEAR ENDED 31ST MARCH 2018

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.

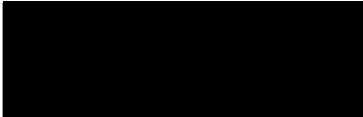
Basis of opinion

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 : 

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

Opinion

We have audited the financial statements of Cathcart & District Housing Association Limited for the year ended 31st March 2018 which comprise a 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 including FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2018 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, Part 6, the Housing (Scotland) Act 2010, 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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Management Committee members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Management Committee members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Management Committee is responsible for the other information. The other information comprises the information in the Report of the Management Committee, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Management Committee.

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) requires us to report to you if, in our opinion:

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

Responsibilities of the Management Committee

As explained more fully in the Statement of Committee's Responsibilities set out on page three, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee members.
- conclude on the appropriateness of the Management Committees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Association to cease to continue as a going concern.

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

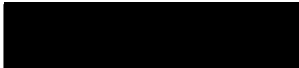
Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during 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 :



CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2018

	Notes	2018	2017
		£	£
Turnover	2	2,130,019	2,110,089
Operating costs	2	1,748,812	1,727,029
Operating surplus	2	381,207	383,060
(Loss)/gain on disposal of fixed assets	8	(223,149)	(78,551)
Interest receivable and other income	9	1,316	214
Interest payable and similar charges	10	(126,106)	(146,757)
Other finance charges	11	(3,000)	(16,000)
Surplus before tax		30,268	141,966
Other comprehensive income		-	-
Remeasurements - amendments to contribution schedule		-	351,000
Total comprehensive income for the year		30,268	492,966

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 2018

	Notes	2018 £	2017 £
Non-current assets			
Tangible assets - social housing	13a	9,836,663	9,677,374
Other tangible assets - plant and equipment	13b	<u>183,933</u>	<u>187,242</u>
		<u>10,020,596</u>	<u>9,864,616</u>
Current assets			
Trade and other debtors	14	304,102	328,408
Cash at bank and in hand		<u>1,992,778</u>	<u>2,072,425</u>
		<u>2,296,880</u>	<u>2,400,833</u>
Creditors: amounts falling due within one year	15	(467,379)	(493,440)
Net current assets		<u>1,829,501</u>	<u>1,907,393</u>
Total assets less current liabilities		11,850,097	11,772,009
Creditors : amounts falling due after more than one year	16	(4,185,761)	(4,440,716)
Deferred income			
Deferred capital grants - Social Housing Grants	18	(717,510)	(414,698)
Net assets		<u>6,946,826</u>	<u>6,916,595</u>
Equity			
Share capital	20	64	101
Revenue reserves		<u>6,946,762</u>	<u>6,916,494</u>
		<u>6,946,826</u>	<u>6,916,595</u>

These financial statements were approved by the Committee on [REDACTED] and signed on their behalf by:

Chairperson [REDACTED]

Committee Member [REDACTED]

Secretary [REDACTED]

The notes form part of these financial statements.

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2018

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1st April 2017	101	6,916,494	6,916,595
Issue of shares	17	-	17
Cancellation of shares	(54)	-	(54)
Total comprehensive income	-	30,268	30,268
Balance as at 31st March 2018	<u>64</u>	<u>6,946,762</u>	<u>6,946,826</u>

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

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2018

	Notes	2018 £	2017 £
Net cash inflow from operating activities	1	<u>537,339</u>	<u>440,574</u>
Cash flows from investing activities			
Payments to acquire and develop housing properties		(696,517)	(617,472)
Payments to acquire other fixed assets		(1,419)	-
Grants received		328,368	966,143
Interest received		1,316	214
Proceeds of fixed assets		38,313	60,017
Net cash outflow from investing activities		<u>(329,939)</u>	<u>408,902</u>
Cashflow from financing activities			
Grant repaid		-	(537,160)
Interest and other finance charges paid		(129,106)	(162,757)
Repayments of borrowings		(157,958)	(208,338)
Issue of share capital		17	10
Net cash outflow from financing activities		<u>(287,047)</u>	<u>(908,245)</u>
Net change in cash and cash equivalents		(79,647)	(58,769)
Cash and cash equivalents at the beginning of the year		2,072,425	2,131,194
Cash and cash equivalents at the end of the year		<u>1,992,778</u>	<u>2,072,425</u>

Notes

	2018 £	2017 £
Surplus for the year	30,268	492,966
Adjustments for non cash items		
Depreciation of tangible fixed assets	280,494	276,490
Decrease/(increase) in trade and other debtors	24,306	(107,218)
Decrease/(increase) in trade and other creditors	(30,058)	(82,456)
Pension costs less contributions payable	(93,000)	(366,000)
Share capital written off	(54)	(17)
Carrying amount of tangible fixed asset disposals	261,462	138,568
Amortisation of grants	(25,556)	(14,285)
Proceeds of the sale of fixed assets	(38,313)	(60,017)
Adjustments for investing or financing activities		
Interest received	(1,316)	(214)
Interest payable	126,106	146,757
Other finance charges	3,000	16,000
	<u>537,339</u>	<u>440,574</u>

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

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 2010, 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 2018

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 2018

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 2018

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

	Turnover	2018 Operating costs	Operating surplus / (deficit)
Income and expenditure from lettings	£	£	£
Social lettings	2,055,350	1,670,332	385,018
Other activities	74,669	78,480	(3,811)
Total	<u>2,130,019</u>	<u>1,748,812</u>	<u>381,207</u>
		2017 Operating costs	Operating surplus / (deficit)
		£	£
Social lettings	2,038,994	1,682,015	356,979
Other activities	71,095	45,014	26,081
Total	<u>2,110,089</u>	<u>1,727,029</u>	<u>383,060</u>

3. Particulars of income and expenditure from social letting activities

	2018 Total £	2017 Total £
Income from letting		
Rent receivable net of identifiable service charges	2,040,054	2,042,544
Service charges	-	-
Gross income from rents and service charges	<u>2,040,054</u>	<u>2,042,544</u>
Less : voids	(10,260)	(17,835)
Release of deferred capital grants	25,556	14,285
Total turnover from social letting activities	<u>2,055,350</u>	<u>2,038,994</u>
Expenditure on lettings		
Management and maintenance admin costs	767,950	728,506
Reactive maintenance	336,019	287,838
Planned maintenance	270,631	396,610
Bad debts - rents and service charges	19,966	8,033
Depreciation of social housing	275,766	261,028
Total expenditure on lettings	<u>1,670,332</u>	<u>1,682,015</u>
Operating surplus for social lettings for 2018	<u>385,018</u>	<u>356,979</u>
Operating surplus for social lettings for 2017	<u>356,979</u>	

No service charges were receivable on housing accommodation not eligible for Housing Benefit (2017 - £Nil).

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

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

	Other income £	Operating costs £	2018 Total £	2017 Total £
Wider role	-	-	-	(6,909)
Factoring	58,511	52,745	5,766	34,221
Development activities	16,085	16,085	-	1,769
Other activities	73	-	73	-
Support activities	-	9,650	(9,650)	(3,000)
Total for other activities for 2018	<u>74,669</u>	<u>78,480</u>	<u>3,811</u>	<u>26,081</u>
Total for other activities for 2017	<u>71,095</u>	<u>45,014</u>	<u>26,081</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.

	2018 £	2017 £
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	<u>69,359</u>	<u>68,099</u>
Pension contributions made on behalf of officers with emoluments greater than £60,000	<u>6,658</u>	<u>6,537</u>
Emoluments paid to the Chief Executive	£	£
Emoluments excluding pension contributions	69,359	68,099
Employer's pension contributions	6,658	6,537
Total emoluments payable	<u>76,017</u>	<u>74,636</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>68</u>	<u>-</u>

None of the Committee members received remuneration during the year.

6. Employee information

	2018	2017
The monthly average number of full-time equivalent employees during the year was:-	<u>12</u>	<u>11</u>
	2018 £	2017 £
Staff costs (including Executive emoluments)		
Wages and salaries	405,290	356,089
Social security costs	39,431	35,481
Pension contributions	35,059	25,435
	<u>479,780</u>	<u>417,005</u>

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

7. Surplus for year

	2018	2017
	£	£
Surplus is stated after charging (crediting):-		
(Loss)/gain on disposal of fixed assets	(223,149)	(78,551)
Operating lease	35,320	35,320
Depreciation/loss on sale - tangible other fixed assets	4,728	15,462
Depreciation - tangible land & buildings fixed assets	275,766	261,028
Auditor's remuneration (including VAT)	5,826	6,190
Bad debts	<u>19,966</u>	<u>8,033</u>

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

	2018	2017
	£	£
Sale proceeds inclusive of disposal cost	<u>39,900</u>	<u>60,017</u>
Less: Cost of sales		
Value of property	17,120	25,267
Legal and other costs	<u>1,587</u>	<u>1,723</u>
	<u>18,707</u>	<u>26,990</u>
Gain on disposal of housing stock	21,193	33,027
Loss on disposal of components	244,342	111,578
(Loss)/Gain on disposal	<u>(223,149)</u>	<u>(78,551)</u>

9. Interest receivable and similar income

	2018	2017
	£	£
Interest receivable	<u>1,316</u>	<u>214</u>

10. Interest payable and similar charges

	2018	2017
	£	£
On bank loans payable by instalments wholly or partly in more than five years	<u>126,106</u>	<u>146,757</u>

11. Other finance income / charges

	2018	2017
	£	£
Unwinding of discounted liabilities and remeasurement	<u>3,000</u>	<u>16,000</u>

12. 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 2018

13. **Non-current assets**
a) **Housing properties**

	Housing property held for letting £
Deemed Cost	
As at 1 st April 2017	10,396,615
Additions during year	696,517
Disposals during year	(285,356)
As at 31 st March 2018	<u>10,807,776</u>
Depreciation	
As at 1 st April 2017	719,241
Provided during year	275,766
Eliminated on disposal	(23,894)
As at 31 st March 2018	<u>971,113</u>
Net book value at 31.03.18	<u>9,836,663</u>
Net book value at 31.03.17	<u>9,677,374</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 2018

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

	Equipment fixtures & fittings £	Leasehold improvements £	Total £
Cost			
As at 1 st April 2017	234,335	212,772	447,107
Additions during year	1,419	-	1,419
As at 31 st March 2018	235,754	212,772	448,526
Aggregate depreciation			
As at 1 st April 2017	234,335	25,530	259,865
Provided in year	473	4,255	4,728
As at 31 st March 2018	234,808	29,785	264,593
Net book value at 31.03.18	946	182,987	183,933
Net book value at 31.03.17	-	187,242	187,242

14. **Trade and other receivables**

	2018 £		2017 £
Rent debtors	121,767		124,970
Other debtors	155,950		170,323
Prepayments and accrued income	10,512		17,061
Grants	-		10,191
Group undertaking	15,873		5,863
	304,102		328,408

Rent debtors are stated net of a provision for bad debts amounting to £13,838 (2017 - £13,838).

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

	2018 £		2017 £
Loans due in less than one year	143,021		140,234
Liability for past service contributions	63,270		62,060
Accruals and deferred income	122,483		183,566
Rent in advance	124,462		92,991
Social security and other taxes	14,143		14,589
	467,379		493,440

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

	2018 £		2017 £
Bank loans	3,987,031		4,177,776
Liability for past service contributions	198,730		262,940
	4,185,761		4,440,716

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

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

	2018 £	2017 £
Due within one year	<u>143,021</u>	<u>140,234</u>
Between one and two years	147,348	144,472
Between two and five years	616,847	460,304
In five years or more	<u>3,222,836</u>	<u>3,573,000</u>
	<u><u>3,987,031</u></u>	<u><u>4,177,776</u></u>

18. Deferred income

	2018 £	2017 £
At 1 st April 2017	414,698	-
Additions in year	328,368	428,983
Amortisation in year	(25,556)	(14,285)
At 31 st March 2018	<u><u>717,510</u></u>	<u><u>414,698</u></u>

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

Amounts due within one year	25,556	14,258
Amounts due in one year or more	691,954	400,440
	<u><u>717,510</u></u>	<u><u>414,698</u></u>

19. Operating leases

	2018 £	2017 £
Obligations under operating leases.		
Operating leases due within one year - Rent	40,545	40,545
Operating leases due between one and five years - Rent	162,220	162,220
Operating leases due after five years - Rent	<u>689,435</u>	<u>729,980</u>
	<u><u>892,200</u></u>	<u><u>932,745</u></u>

CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

20. Share capital

	2018	2017
Shares of £1 each issued and fully paid		
At 1 st April 2017	101	108
Shares issued at par during the year	<u>17</u>	<u>10</u>
	118	118
Shares forfeited	54	17
	<u>64</u>	<u>101</u>
At 31 st March 2018	<u>64</u>	<u>101</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.

21. Housing Stock

	2018	2017
The number of units of accommodation in management at the year end was :-		
General Needs - New build	33	33
- Rehabilitation	524	526
Unimproved	<u>23</u>	<u>17</u>
	<u>580</u>	<u>576</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 30th 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 30th 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 1st 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 2018

22. **Pensions (Continued)**

PRESENT VALUES OF PROVISION

	31 March 2018 (£000s)	31 March 2017 (£000s)	31 March 2016 (£000s)
Present value of provision	262	325	721

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2018 (£000s)	Period Ending 31 March 2017 (£000s)
Provision at start of period	325	721
Unwinding of the discount factor (interest expense)	3	16
Deficit contribution paid	(64)	(61)
Remeasurements - impact of any change in assumptions	(2)	9
Remeasurements - amendments to the contribution schedule	-	(360)
Provision at end of period	<u>262</u>	<u>325</u>

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2018 (£000s)	Period Ending 31 March 2017 (£000s)
Interest expense	3	16
Remeasurements - impact of any change in assumptions	(2)	9
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 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum
Rate of discount	1.51	1.06	2.29

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 2018

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 £30,053.

At the year end the total of rental payments in advance due to tenants who were members of the Committee of Management were £1,354.

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. This Management Committee member resigned on 20th June 2017.

A Committee member acquired a property from the Association under the Right to Buy legislation. The acquisition of the property was compliant with a Tenancy Agreement, the Rules of the Association and the Right to Buy legislation.

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 £10,010 (2017 - £7,377) on behalf of CDHA Management and Development Limited. These costs were recharged to the company during the year. At 31st March 2018 the Association was owed £15,873 (2017 - £5,863) 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 (2017 - £66,000). At the year end £5,500 (2017 - £65,500) was unpaid 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.