



**Scott-Moncrieff**  
business advisers and accountants

**CORDALE HOUSING ASSOCIATION LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 March 2014**

**Registered Housing Association No: HCB 259**

**FCA Reference No: 2411R (S)**

**Scottish Charity No: SCO32859**

**CORDALE HOUSING ASSOCIATION LIMITED**

**Report and Financial Statements  
For the year ended 31 March 2014**

	<b>Page</b>
<b>Management Committee, Executives and Advisers</b>	<b>1</b>
<b>Report of the Management Committee</b>	<b>2</b>
<b>Report by the Auditor on Corporate Governance Matters</b>	<b>5</b>
<b>Report of the Auditor</b>	<b>6</b>
<b>Income and Expenditure Account</b>	<b>8</b>
<b>Balance Sheet</b>	<b>9</b>
<b>Cash Flow Statement</b>	<b>10</b>
<b>Notes to the Financial Statements</b>	<b>11</b>

**Management Committee, Executives and Advisers**

**Management Committee**

Isabel Barr	Chairperson
Margaret McCallion	Vice Chairperson
Elizabeth Buckley	
Leeann Campbell	
Veronica Hamilton	
Catherine Hollern	
Graham Kemsley	
Janet Linton	(appointed 25/09/2013, resigned 07/08/2014)
Tom McKeown	
Harvey McNaught	(appointed 25/09/2013, removed 10/03/2014)
John McMorrow	
Shirley Robison	(resigned 08/04/2014)
Brian Ronald	(appointed 25/09/2013, resigned 08/04/2014)
Shona Stephen	(resigned 08/04/2014)
Martin Walker	
Tom Potter	(Partner Appointee 13/05/2014)
Robin Grant	(Partner Appointee 13/05/2014)

**Executive Officers**

Lawrie West	(from 26/03/2014)	Acting Director
Brenda Higgins	(from 04/11/2013 to 26/03/2014)	Acting Director
Colin Sheriff	(to 04/11/2013)	Acting Director

**Registered Office**

1 Red Row  
Renton  
G82 4PL

**Auditor**

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

**Bankers**

Bank of Scotland  
133 Main Street  
Alexandria  
G83 0NX

**Solicitors**

T C Young  
7 West George Street  
Glasgow  
G2 1BA

**Report of the Management Committee  
For the year ended 31 March 2014**

The Management Committee presents its report and the audited financial statements for the year ended 31 March 2014.

**Legal status**

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014. The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SCO32859.

**Principal activities**

The principal activity of the Association is the provision and management of affordable rented accommodation.

**Review of business and future developments**

As a result of the Committee of Management's decision to select Caledonia Housing Association as a strategic partner a considerable amount of time has been spent this year bringing this decision to fruition. The process involved detailed consultation with members of the Association and also required the approval of the Scottish Housing Regulator, lenders to Caledonia HA and Cordale HA and the FCA. Early in 2014 the Association held a special general meeting at which the members voted with a substantial majority to accept a rule change which enabled the Association to become a wholly owned subsidiary of Caledonia Housing Association on the 1 April 2014.

As part of next year's integration processes all permanent staff have been retained in the new structure and tenants will continue to benefit from services being delivered from Cordale HA's existing office in Renton. Following the departure of the interim Chief Executive who oversaw the successful partnership process in the run up to the special general meeting, plans are now in hand to recruit a permanent replacement.

The Association's current business plan is based on the assumption that no new housing development will be undertaken and as a result three sites in ownership were transferred to Caledonia HA. These sites will be developed by Caledonia HA over the next three years and the resultant homes will be managed by Cordale HA. The Association has retained an existing site in Renton adjacent to a housing development and a medium to long term strategy will be developed for the area.

The independent financial viability report produced at the start of this process highlighted the fact that the Association required an immediate cash injection and comprehensive financial planning in order to remain viable. The strategic partnership with Caledonia HA has remedied any short term viability concerns and more importantly provided the platform for the delivery of comprehensive performance in the future.

**Financial Review**

Cordale Housing Association made a surplus of £1,524,704 in the 12 month period to 31 March 2014 (year to 31 March 2013 – deficit £35,705)

**Operating Surplus**

The operating surplus for the 12 months to 31 March 2014 was £622,058 (year to 31 March 2013 £435,933)

The Committee of management has plans under consideration for reinvestment of the balance of funds to meet the Association's objectives

**Report of the Management Committee  
For the year ended 31 March 2014****Management Committee and executive officer**

The members of the Management Committee are listed on page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association with the exception of the two Partner Appointees. The Executive Officer 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 Management Committee.

The members of the Management Committee are also trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Some members of the Management Committee are tenants. Their tenancies are on the Association's normal tenancy terms and the Committee members are precluded from using their positions to their advantage.

**Statement of Management Committee's responsibilities**

Statute requires the Management 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 surplus or deficit of the Association for that period. In preparing those financial statements the Management Committee is required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement on internal financial control**

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

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

It is the Management 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 of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;

**Report of the Management Committee  
For the year ended 31 March 2014**

- regular financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

**Disclosure of information to the auditor**

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

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

**Donations**

During the year the Association made no charitable donations (2013: £10,000).

**Auditor**

As contractual arrangements have come to an end, a resolution to review the appointment of external auditors will be proposed at the Annual General Meeting. Scott-Moncrieff, Chartered Accountants has indicated its willingness to continue in office.

**By order of the committee**



**Margaret McCallion  
Vice Chair**

Dated: 9 September 2014

**Report by the Auditor to the Management Committee of  
Cordale Housing Association Limited on Corporation Governance Matters**

In addition to our audit of the Financial Statements, we have reviewed your Statement on pages 3 and 4 concerning the Association's compliance with the paragraphs of the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing". The objective of our review is to draw attention to non-compliance with those paragraphs of the Code, if not otherwise disclosed.

**Basis of Opinion**

We carried out our review having regard to Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures.

**Opinion**

In our opinion, your statement on internal financial control on pages 3 and 4 has provided the disclosures required by the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing" and is not inconsistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's statement on internal financial control appropriately reflects the Association's compliance with the information required by the section on internal financial control within SFHA's "Raising Standards in Housing".



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

Dated: 9 September 2014

**Report of the Auditor  
To the members of Cordale Housing Association Limited**

We have audited the financial statements of Cordale Housing Association Limited for the year ended 31 March 2014 which comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

**Respective responsibilities of the Management Committee and Auditor**

As explained more fully in the Statement of Management Committee's Responsibilities set out on page 3, the Committee is responsible for the preparation of the financial statements which give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

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

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

We agree with the opinion of the Management Committee of the Association that it would be of no real value to the members of the Association to consolidate or include the accounts of the Association's subsidiary in group accounts required to be prepared under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 for the year ended 31 March 2014, because of the immaterial nature of the subsidiary's transactions in the year.

**Opinion on the financial statements**

In our opinion the financial statements:

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



**Report of the Auditor  
To the members of Cordale Housing Association Limited**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require 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; or
- we have not received all the information and explanations we need for our audit.

*Scott - Moncrieff*

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

Dated: 9 September 2014

**Income and Expenditure Account**  
**For the year ended 31 March 2014**

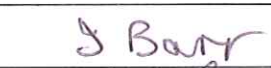
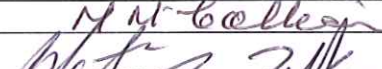

	Notes	2014		2013	
		£	£	£	£
<b>Turnover</b>	2		2,203,044		2,170,125
Less: Operating costs	2		(1,580,986)		(1,734,192)
<b>Operating surplus</b>	9		622,058		435,933
Gain on sale of housing stock	7	1,210,015		6,673	
Exceptional costs	24	-		(114,698)	
Interest receivable and other income		668		491	
Disposal of Investment	22	-		(100)	
Interest payable and similar charges	8	(308,037)		(364,004)	
			902,646		(471,638)
<b>Surplus / (deficit) on ordinary activities</b>			<u>1,524,704</u>		<u>(35,705)</u>

All amounts relate to continuing activities.

**Balance Sheet  
As at 31 March 2014**

	Notes	2014		2013	
		£	£	£	£
<b>Tangible fixed assets</b>					
Housing properties – depreciated cost	11(a)		54,994,753		56,566,676
Less: Social housing grant	11(a)		(42,215,548)		(44,049,841)
Other public grants	11(a)		(2,810,997)		(2,508,402)
			<u>9,968,208</u>		<u>10,008,433</u>
Other fixed assets	11(b)		376,235		387,086
			<u>10,344,443</u>		<u>10,395,519</u>
<b>Fixed asset investments</b>					
Shared equity housing units	22	-		-	
Investment in subsidiaries	22	100		100	
			<u>100</u>		<u>100</u>
			100		100
<b>Current assets</b>					
Stock	13	30,000		60,000	
Debtors	14	236,303		198,296	
Cash at bank and in hand		1,907,009		831,424	
		<u>2,173,312</u>		<u>1,089,720</u>	
<b>Creditors:</b> Amounts falling due within one year	15	(602,515)		(703,624)	
<b>Net current assets</b>			<u>1,570,797</u>		<u>386,096</u>
<b>Total assets less current liabilities</b>			<u>11,915,340</u>		<u>10,781,715</u>
<b>Creditors:</b> Amounts falling due after more than one year	16		(8,681,415)		(9,072,517)
<b>Net assets</b>			<u>3,233,925</u>		<u>1,709,198</u>
<b>Capital and reserves</b>					
Share capital	18		345		322
Designated reserves	19(a)		1,579,345		1,618,027
Revenue reserves	19(b)		1,654,235		90,849
			<u>3,233,925</u>		<u>1,709,198</u>

The financial statements were authorised for issue by the Management Committee on 9 September 2014 and were signed on its behalf by:

	I Barr – Chair
	M McCallion – Vice Chair
	M Walker

The notes form part of these financial statements.

**Cash Flow Statement**  
**For the year ended 31 March 2014**

	Notes	2014		2013	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	17		865,321		861,727
<b>Returns on investments and servicing of finance</b>					
Interest received		668		491	
Interest paid		(308,037)		(364,004)	
<b>Net cash outflow from investment and servicing of finance</b>			(307,369)		(363,513)
<b>Net cash inflow from taxation</b>			-		-
<b>Capital expenditure and financial investment</b>					
Acquisition and construction of properties		(377,896)		(189,008)	
Purchase of other fixed assets		(1,820)		(1,120)	
Grant received		71,657		315,840	
Social Housing Grant repaid		(41,055)		(26,115)	
Exceptional costs (cash spent in year)		-		(29,748)	
Proceeds on disposal of properties		1,266,368		39,118	
<b>Net cash inflow from capital expenditure and financial investment</b>			917,254		108,967
<b>Net cash inflow before use of liquid resourcing and Financing</b>			1,475,206		607,181
<b>Management of liquid resources</b>					
Change in short term deposits with banks			-		-
<b>Financing</b>					
Loan principal repayments		(399,693)		(278,117)	
Share capital issued		72		133	
<b>Net cash outflow from financing</b>			(399,621)		(277,984)
<b>Increase in cash</b>	17		1,075,585		329,197

**Notes to the Financial Statements  
For the year ended 31 March 2014**

**1. Principal accounting policies**

**Basis of accounting**

These financial statements are prepared on the historical cost basis and in accordance with applicable accounting standards 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 2012 issued by the Scottish Housing Regulator and the Statement of Recommended Practice (SORP) Accounting by registered social housing providers 2010. A summary of the more important accounting policies is set out below.

**Going concern**

The Management Committee, having performed a careful enquiry and review of the annual budget and 30 year forecasts prepared, are of the opinion that the Association has adequate resources to continue in operational existence for the foreseeable future. The Association became part of the Caledonia HA Group on the 1 April 2014. As part of the partnership arrangement, it was agreed with the Scottish Government that a direct financial injection of £1.8m was made to the cash flows of Cordale Housing Association Limited. The funding package concluded saw an injection of £1.2m at the date the partnership was created with a further £600k being available by year 10 of the financial projections. As a result, the Management Committee have continued to adopt the going concern basis of accounting in preparing the financial statements.

**Basis of consolidation**

The Association has obtained exemption from the Financial Conduct Authority from producing consolidated financial statements as provided by the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969. The financial statements for Cordale Housing Association Limited present information about it as an individual undertaking and not about its Group, which includes its fully owned subsidiary Cordale Property Services Limited.

**Turnover**

Turnover represents rental and service charge income, factoring service income, and fees or revenue grants receivable from local authorities and from the Scottish Government. Also included is any income from first tranche shared ownership disposals.

**Retirement benefits**

The Association contributes to a defined benefit scheme (Scottish Housing Association Pension Scheme) the cost of which is written off to the Income and Expenditure Account on an accruals basis. The assets of the scheme are held separately from those of the Association in an independently administered fund. In line with FRS17, the pension scheme is accounted for as a defined contribution scheme.

**Depreciation of housing properties**

Housing properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Housing properties are reviewed for impairment if events or circumstances indicate that the carrying value is higher than the recoverable amount. Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. The following major components and useful lives have been identified by the Association:

Land	–	not depreciated
Structure	–	over 50 years
Roof	–	over 50 years
Bathrooms	–	over 30 years
Windows	–	over 25 years
Kitchens	–	over 15 years
Heating systems and Boilers	–	over 20 years
Doors	–	over 25 years

**Notes to the Financial Statements  
For the year ended 31 March 2014**

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

**Depreciation and impairment of other fixed assets**

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Office premises	-	15 years
Furniture and equipment	-	25% & 33.33%
Estates equipment	-	33.33%

The carrying value of tangible fixed assets is reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

**Social Housing Grant and other grants**

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

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

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

**Sales of housing properties**

First tranche shared ownership disposals are credited to turnover on completion. The cost of construction of these sales on disposal is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain or loss on disposal is accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property held on behalf of the Scottish Government is recorded as a debtor with any HAG due in respect of the units being offset against this.

**Capitalisation of development overheads**

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

**Development interest**

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

**Fixed asset investment (note 22)**

Completed properties which are shared equity units have been included as a fixed asset investment. The cost and HAG held by the Association relates to the Scottish Government's share of the property which is administered by the Association on the Government's behalf. This will be disposed of when the private owner buys the property outright.

**Stock**

Stock consists of empty properties which were purchased for redevelopment and held at the lower of cost and net realisable value.

**Notes to the Financial Statements**  
**For the year ended 31 March 2014**

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

**Designated Reserves**

The Association has designated part of its reserves to meet its long term obligations.

The cyclical maintenance reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.

The major repairs reserve is based on the Association's liability to maintain housing properties in a state of repair which at least maintains residual values in prices prevailing at the time of acquisition and construction.

The Extra Care designated reserve is designated to meet future repair and capital costs relating to the supported housing units.

Notes to the Financial Statements  
For the year ended 31 March 2014

2. Particulars of Turnover, Cost of Sales, Operating Costs and Operating Surplus

	2014		2013	
	Turnover £	Operating Costs £	Operating Costs £	Operating Surplus £
Social Lettings (Note 3)	2,115,342	1,517,637	1,686,670	416,133
Other activities (Note 4)	87,702	63,349	47,522	19,800
Total	<u>2,203,044</u>	<u>1,580,986</u>	<u>1,734,192</u>	<u>435,933</u>



Notes to the Financial Statements  
For the year ended 31 March 2014

3. Particulars of income and expenditure from social letting

	General Needs Housing £	Supported Housing £	Shared Ownership £	2014 Total £	2013 Total £
<b>Income from lettings</b>					
Rent receivable net of identifiable service charges	1,698,013	208,382	21,569	1,927,964	1,870,083
Service charges receivable	34,219	155,578	-	189,797	240,302
<b>Gross rents receivable</b>	<u>1,732,232</u>	<u>365,960</u>	<u>21,569</u>	<u>2,117,761</u>	<u>2,110,385</u>
Less: rent losses from voids	(2,419)	-	-	(2,419)	(7,582)
<b>Net rents receivable</b>	<u>1,729,813</u>	<u>363,960</u>	<u>21,569</u>	<u>2,115,342</u>	<u>2,102,803</u>
Revenue grants from Scottish Ministers	-	-	-	-	-
Revenue grants from local authorities and other agents	-	-	-	-	-
<b>Total income from social letting</b>	<u>1,729,813</u>	<u>363,960</u>	<u>21,569</u>	<u>2,115,342</u>	<u>2,102,803</u>
<b>Expenditure on social letting activities</b>					
Service costs	9,144	194,250	-	203,394	214,837
Management and maintenance administration costs*	689,876	-	6,978	696,854	838,134
Reactive maintenance	144,110	-	-	144,110	142,574
Bad debts – rents and service charges	4,025	-	-	4,025	7,452
Planned and cyclical maintenance including major repairs	125,417	-	-	125,417	104,515
Depreciation of social housing	309,560	32,569	1,708	343,837	317,776
Impairment of social housing	-	-	-	-	61,382
<b>Operating costs of social letting</b>	<u>1,282,132</u>	<u>226,819</u>	<u>8,686</u>	<u>1,517,637</u>	<u>1,686,670</u>
<b>Operating Surplus on social letting activities, 2014</b>	<u>447,681</u>	<u>137,141</u>	<u>12,883</u>	<u>597,705</u>	
<b>Operating Surplus on social letting activities, 2013</b>	<u>219,508</u>	<u>185,827</u>	<u>10,798</u>		<u>416,133</u>

\* 2013 - Includes exceptional costs of £36,099 in relation to Grievance Investigation

Notes to the Financial Statements for the year ended 31 March 2014

4. Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other income £	Total turnover £	Operating costs Bad debts £	Operating costs Other £	Operating surplus/ (deficit) 2014 £	Operating surplus/ (deficit) 2013 £
Wider role activities	-	-	-	-	-	-	-	-	-
Community Jobs Fund	-	25,249	-	-	25,249	-	25,249	-	-
Factoring	-	-	-	1,521	1,521	-	1,027	494	3
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency Income	-	-	-	13,932	13,932	-	13,704	228	-
Shared ownership (first tranche sales)	-	-	-	-	-	-	-	-	-
Rechargeable repairs	-	-	-	-	-	6,353	-	(6,353)	(4,168)
Commercial rents	-	-	-	47,000	47,000	-	-	47,000	47,000
Tenant participation	-	-	-	-	-	-	17,016	(17,016)	(13,035)
Donations	-	-	-	-	-	-	-	-	(10,000)
<b>Total from other activities, 2014</b>	-	<b>25,249</b>	-	<b>62,453</b>	<b>87,702</b>	<b>6,353</b>	<b>56,996</b>	<b>24,353</b>	
<b>Total from other activities, 2013</b>	-	<b>11,723</b>	-	<b>55,599</b>	<b>67,322</b>	<b>4,168</b>	<b>43,354</b>	<b>19,800</b>	

**Notes to the Financial Statements**  
**For the year ended 31 March 2014**

**5. Officers' emoluments**

Aggregate emoluments paid to officers with emoluments greater than £60,000 (excluding pension contributions).

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
First Acting Director	56,550	79,388
Former Director	-	66,898
Former Deputy Director	-	46,063

The Association also incurred costs of £22,683 (2013: £29,134) comprising expenses and irrecoverable VAT in respect of the services provided by the First Acting Director.

The following amount relating to loss of office has been paid during the year:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Former Director	-	21,739
Former Deputy Director	20,000	-

Pension contributions made were:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Acting Director	-	-
Former Director	-	6,052
Former Deputy Director	-	5,616

These contributions were made to the Scottish Housing Association Pension Scheme (see note 23).

The number of officers, including the Director, who received emoluments (excluding pension contributions) over £60,000 were in the following ranges:

	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
£60,001 - £70,000	-	1
£70,001 - £80,000	-	1
£80,001 - £90,000	-	-

**6. Employee information**

The average monthly number of full time equivalent persons employed during the year was

	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
	12	10

Staff costs were:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Wages and salaries	293,597	315,237
Social security costs	21,939	28,205
Other pension costs	32,306	37,429
	<u>347,842</u>	<u>380,871</u>

Payments made to the First Acting Director are invoiced and are not included in the above. The total payment made in the year was £79,233 in relation to salary, expenses and irrecoverable VAT (2013: £108,522). The Second Acting Director received less than £60,000 during the year.

Notes to the Financial Statements  
For the year ended 31 March 2014

7. Gain on sale of housing stock	2014 £	2013 £
Net sales proceeds	1,266,368	39,118
Cost of sales	(56,353)	(32,445)
Gain on sale of housing stock	<u>1,210,015</u>	<u>6,673</u>

8. Interest payable	2014 £	2013 £
On bank loans and overdrafts	<u>308,037</u>	<u>364,004</u>

Interest incurred in the development period of housing properties which has been written off to the Income and Expenditure account amounted to £nil (2013: £nil).

9. Operating surplus	2014 £	2013 £
The operating surplus is stated after charging:		
Depreciation	343,837	330,771
Auditors' remuneration - Audit services (incl VAT)	14,973	8,467
- Other services	2,280	863
	<u>361,090</u>	<u>340,101</u>

10. Tax on surplus on ordinary activities

The Association is a registered Scottish charity and is not liable to corporation tax on its charitable activities.

Notes to the Financial Statements  
For the year ended 31 March 2014

11. Tangible Fixed Assets	Housing properties held for letting £	Housing properties in course of construction £	Completed shared ownership properties £	Total £
<b>(a) Housing properties</b>				
As at 1 April 2013	58,083,701	-	625,900	58,709,601
Additions	377,896	-	-	377,896
Disposals	(1,697,678)	-	-	(1,697,678)
	<u>56,763,919</u>	<u>-</u>	<u>625,900</u>	<u>57,389,819</u>
<b>As at 31 March 2014</b>	<b>56,763,919</b>	<b>-</b>	<b>625,900</b>	<b>57,389,819</b>
<b>Depreciation</b>				
As at 1 April 2013	2,116,375	-	26,550	2,142,925
Charge for year	329,458	-	1,708	331,166
Disposals	(79,025)	-	-	(79,025)
	<u>2,366,808</u>	<u>-</u>	<u>28,258</u>	<u>2,395,066</u>
<b>As at 31 March 2014</b>	<b>2,366,808</b>	<b>-</b>	<b>28,258</b>	<b>2,395,066</b>
<b>Social Housing grant</b>				
As at 1 April 2013	43,607,207	-	442,634	44,049,841
Additions	21,257	-	-	21,257
Disposals	(1,601,300)	-	-	(1,601,300)
Transfer	(254,250)	-	-	(254,250)
	<u>41,772,914</u>	<u>-</u>	<u>442,634</u>	<u>42,215,548</u>
<b>As at 31 March 2014</b>	<b>41,772,914</b>	<b>-</b>	<b>442,634</b>	<b>42,215,548</b>
<b>Other capital grants</b>				
As at 1 April 2013	2,507,873	-	529	2,508,402
Additions	50,400	-	-	50,400
Disposals	(2,055)	-	-	(2,055)
Transfer	254,250	-	-	254,250
	<u>2,810,468</u>	<u>-</u>	<u>529</u>	<u>2,810,997</u>
<b>As at 31 March 2014</b>	<b>2,810,468</b>	<b>-</b>	<b>529</b>	<b>2,810,997</b>
<b>Net book value</b>				
As at 31 March 2014	<u>9,813,729</u>	<u>-</u>	<u>154,479</u>	<u>9,968,208</u>
As at 31 March 2013	<u>9,852,246</u>	<u>-</u>	<u>156,187</u>	<u>10,008,433</u>

Additions to housing properties included capitalised development administration costs of £22,131 (2013: £70,644) of which development allowances of £nil (2013: £1,025) were received in respect of these costs and capitalised. Major repairs capitalised in year totalled £204,315 (2013: £43,837).

All land and properties are freehold.

Notes to the Financial Statements  
For the year ended 31 March 2014

11. Tangible Fixed Assets	Commercial Properties £	Estates equipment £	Office premises £	Furniture & equipment £	Total £
<b>(b) Other tangible assets</b>					
<b>Cost</b>					
As at 1 April 2013	1,092,387	8,049	50,638	127,245	1,278,319
Additions	-	1,394	-	426	1,820
As at 31 March 2014	1,092,387	9,443	50,638	127,671	1,280,139
<b>Grants received</b>					
As at 1 April 2013 and 31 March 2014	690,250	-	-	17,896	708,146
<b>Aggregate depreciation</b>					
As at 1 April 2013	56,300	6,567	19,997	100,223	183,087
Charge for year	-	786	3,376	8,509	12,671
As at 31 March 2014	56,300	7,353	23,373	108,732	195,758
<b>Net book value</b>					
As at 31 March 2014	345,837	2,090	27,265	1,043	376,235
As at 31 March 2013	345,837	1,482	30,641	9,126	387,086

**12. Capital commitments**

There were no capital commitments in 2013/14 or 2012/13.

**13. Stock**

As at 1 April 2013, the Association held stock in Dunbartonshire with a carrying value of £60,000. This consisted of empty properties awaiting development which were not generating any rental income. Development funding had not been secured.

During the year, three of the properties were transferred back to West Dunbartonshire council in exchange for three alternative properties which are included within Housing property additions in the year. The remaining property has a carrying value of £30,000.

Notes to the Financial Statements  
For the year ended 31 March 2014

<b>14. Debtors</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Arrears of rent and service charges	156,911	107,395
Less: Provision for doubtful debts	(12,000)	(12,000)
	<u>144,911</u>	<u>95,395</u>
Social Housing grant receivable	59,942	58,020
Other debtors	29,650	38,823
Amounts due from group undertakings	1,800	6,058
	<u>236,303</u>	<u>198,296</u>

Arrears of rent and service charges includes technical arrears of £34,405 (2013: £25,283).

<b>15. Creditors – amounts falling due within one year</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Housing loans	316,388	324,979
Trade creditors	108,857	211,184
Rent in advance	31,213	11,754
Other taxation and social security	5,720	6,208
Amounts due to group undertakings	432	19,020
Other creditors	121,695	127,169
Accruals and deferred income	18,210	3,310
	<u>602,515</u>	<u>703,624</u>

At the balance sheet date there were pension contributions outstanding of £3,228 (2013: £11,074).

<b>16. Creditors – amounts falling due after more than one year</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Housing loans	<u>8,681,415</u>	<u>9,072,517</u>

Housing loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:

Within one year	316,388	324,979
Between one and two years	326,590	324,173
Between two and five years	1,048,990	1,018,397
In five years or more	7,305,835	7,729,947
	<u>8,997,803</u>	<u>9,397,496</u>
Less: amount shown in current liabilities	(316,388)	(324,979)
	<u>8,681,415</u>	<u>9,072,517</u>

Notes to the Financial Statements  
For the year ended 31 March 2014

<b>17. Cash flow statement</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Reconciliation of operating surplus to net cash inflow from operating activities</b>		
Operating surplus	622,058	435,933
Depreciation	343,837	330,771
Change in debtors	(38,007)	(32,941)
Change in creditors	(92,518)	66,699
Share capital written off	(49)	(117)
Decrease in stock	30,000	-
Impairment of stock	-	61,382
Net cash inflow from operating activities	<u>865,321</u>	<u>861,727</u>

**Reconciliation of net cash flow to movement in net debt**

	<b>2014</b>		<b>2013</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Increase in cash	1,075,585		329,197	
Cash flow from change in debt	<u>399,693</u>		<u>278,117</u>	
Movement in net debt during year		1,475,278		607,314
Net debt at 1 April 2013		<u>(8,566,072)</u>		<u>(9,173,386)</u>
Net debt at 31 March 2014		<u><u>(7,090,794)</u></u>		<u><u>(8,566,072)</u></u>

**Analysis of changes in net debt**

	<b>At 1 April 2013</b>	<b>Cash Flows</b>	<b>Other changes</b>	<b>At 31 March 2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	831,424	1,075,585	-	1,907,009
Debt: Due within one year	(324,979)	-	8,591	(316,388)
Due after more than one year	<u>(9,072,517)</u>	<u>399,693</u>	<u>(8,591)</u>	<u>(8,681,415)</u>
Net debt	<u><u>(8,566,072)</u></u>	<u><u>1,475,278</u></u>	<u><u>-</u></u>	<u><u>(7,090,794)</u></u>

<b>18. Share capital</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Shares of £1 each issued and fully paid</b>		
At 1 April 2013	322	306
Issued in the year	72	133
Cancelled/returned in the year	(49)	(117)
At 31 March 2014	<u>345</u>	<u>322</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends or distributions on 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.



**Notes to the Financial Statements  
For the year ended 31 March 2014**

**19. Reserves**

<b>(a) Designated reserves</b>	<b>Extra Care £</b>	<b>Cyclical Maintenance £</b>	<b>Major Repairs £</b>	<b>Total £</b>
At 1 April 2013	74,472	77,988	1,465,567	1,618,027
Transfer to revenue reserves	-	(38,682)	-	(38,682)
	<u>74,472</u>	<u>39,306</u>	<u>1,465,567</u>	<u>1,579,345</u>
At 31 March 2014	<u>74,472</u>	<u>39,306</u>	<u>1,465,567</u>	<u>1,579,345</u>

<b>(b) Revenue reserves</b>	<b>2014 £</b>	<b>2013 £</b>
At 1 April 2013	90,849	136,568
Surplus / (deficit) for year	1,524,704	(35,705)
Transfer from/(to) designated reserves	38,682	(10,014)
	<u>1,654,235</u>	<u>90,849</u>
At 31 March 2014	<u>1,654,235</u>	<u>90,849</u>

**20 a) Housing stock**

**2014**

**2013**

The number of units of accommodation in management at the year end was:

General needs - New build	408	409
- Rehabilitation	61	73
Shared ownership	11	11
Supported housing	40	40
	<u>520</u>	<u>533</u>
	<u>520</u>	<u>533</u>

**20 b) Commercial properties**

Shop	1	1
Office	2	2
Other	2	3
	<u>5</u>	<u>6</u>
Total	<u>5</u>	<u>6</u>

Other commercial properties comprise the community hall and medical centre. The former Leven cottage was included in the properties sold to Caledonia Housing Association for development.

**21. Related party transactions**

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 8. The related party relationships of the members of the Management Committee are summarised as follows:-

8 (2013: 5) members are tenants of the Association.

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they are precluded from using their positions to their advantage.

Any transaction between the Association and any entity with which a management committee member has a connection is made at arm's length and is under normal commercial terms.

**Notes to the Financial Statements  
For the year ended 31 March 2014**

**21. Related party transactions**

At the year end, Cordale Property Services Limited owed the Association £1,800 (2013: £6,058) in respect of property rates and insurance paid on behalf of Cordale Property Services Limited by the Association.

At the year end, the Association owed Cordale Property Services Limited £432 (2013: £19,020) in respect of commercial rental income and fees (net of Management Fee due to Cordale Property Services Limited) paid on the Association's behalf.

**22. Fixed asset investment**

<b>Shared equity properties</b>	<b>2014 £</b>	<b>2013 £</b>
NSSE Cost	672,750	672,750
NSSE HAG	(672,750)	(672,750)
	<u>          </u>	<u>          </u>
	-	-
	<u>          </u>	<u>          </u>

The private owners have purchased a proportion of the equity of each unit. The remaining share held by the Association on behalf of the legal owner, the Scottish Government, is included within the fixed asset investments and is offset by the HAG which relates to this share.

<b>Investments in subsidiaries</b>	<b>2014 £</b>	<b>2013 £</b>
	<u>100</u>	<u>100</u>

The investment above represents the 100% share capital of Cordale Property Services Limited. The investment is held at cost. The relationship between the Association and Cordale Property Services Limited is set out in an independent agreement between the parties. During the previous year, Cordale Support Services Limited was wound up and the £100 investment was thus written off.

The aggregate amount of capital and reserves and the results of Cordale Property Services Limited for the year ended 31 March 2014 were as follows:

	<b>Cordale Property Services Limited</b>	
	<b>31 March 2014 £</b>	<b>30 March 2013 £</b>
Capital and reserves	<u>20,054</u>	<u>16,349</u>
Profit/(Loss) for the year	<u>3,705</u>	<u>(222,346)</u>

In the opinion of the Management Committee the aggregate value of the assets of the subsidiaries is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

Notes to the Financial Statements  
For the year ended 31 March 2014

### 23. Retirement benefit obligations

#### General

Cordale Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme (SHAPS) ('the Scheme').

The Scheme is a multi-employer defined benefit scheme which is funded and is contracted out of the State Pension Scheme, and now offers the option of a defined contribution scheme which is not contracted out of the State Pension Scheme.

In the year to 31 March 2014, Cordale Housing Association Limited operated the final salary scheme with a 1/60th accrual rate benefit structure for active members and all new members.

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

During the accounting period, Cordale Housing Association Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%. There was also a past deficit contribution of £23,595 made in the year (2013: £22,579).

Additional deficit contributions are payable from 1 April 2014 and will increase by 3% per annum thereafter. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating the additional contributions.

As at the balance sheet date there were 3 active members of the Scheme employed by Cordale Housing Association Limited. The annual pensionable payroll in respect of these members was £79,053 (2013: £114,048).

Following the results of the 2012 Actuarial Valuation of the Scheme, a staff consultation was carried out. As a result of the consultation and with the agreement of the members of the Scheme, Cordale Housing Association Limited will offer membership of the Defined Contribution Scheme to its employees with effect from 1 April 2014 in place of the Final Salary Scheme.

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

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million (equivalent to a past service funding level of 56.4%).

**Notes to the Financial Statements**  
**For the year ended 31 March 2014**

**23. Retirement benefit obligations (continued)**

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

**Financial assumptions**

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

<b><u>2012 Valuation Assumptions</u></b>	<b>% pa</b>
- Investment return pre-retirement	5.3
- Investment return post retirement – non-pensioners	3.4
- Investment return post retirement – pensioners	3.4
- Rate of salary increases	4.1
- Rate of pension increases	
Pension accrued pre 6 April 2005 in excess of GMP	2.0
Pension accrued from 6 April 2005	1.7
(for leavers before 1 October 1993 pension increases are 5.0% pa)	
- Rate of price inflation	2.6

**Mortality Tables**

Non-pensioners: 44% of S1PMA (males) and S1PFA (females) projected using CMI\_2011 with a long term rate of improvement of 1.5% p.a for males and 1.25% p.a. for females.

Pensioners: 90% of S1PMA (males) and S1PFA (females) projected using CMI\_2011 with a long term rate of improvement of 1.5% p.a for males and 1.25% p.a. for females.

**Valuation results**

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt would be due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

**Notes to the Financial Statements  
For the year ended 31 March 2014**

**23. Retirement benefit obligations (continued)**

The Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2013. As of this date the estimated employer debt for the Association was £1,523,931. This is shown in note 25 to these Financial Statements as a contingent liability.

**24. Exceptional costs**

There are no exceptional costs for the year ended 31 March 2014 (2013: £66,204 in respect of an aborted second stage transfer proposal and £48,494 relating to an aborted proposed commercial partnership.)

**25. Contingent liabilities**

The Association participates in a multi-employer pension scheme. Should the Association leave the scheme, the amount of the employer debt has been calculated as £1,523,931. At this time there is no intention to leave the scheme.

**26. Controlling party**

At a special general meeting during the year the members voted to accept a rule change which enabled the Association to become a wholly owned subsidiary of Caledonia Housing Association from the 1 April 2014.

The members consider that the controlling party of the Association is Caledonia Housing Association Limited.

