

Cordale Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2011

Registered Housing Association No.HCB 259

FSA Reference No. 2411R (S)

Scottish Charity No. SCO32859

CORDALE HOUSING ASSOCIATION LIMITED

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CORDALE HOUSING ASSOCIATION LIMITED

**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2011**

MANAGEMENT COMMITTEE

A Thomson MBE	Chairperson
I Barr	Vice Chairperson
E Buckley	Secretary
E Brogan	Appointed September 2010
G Brown	
J Campbell	Appointed September 2010
G Kemsley	
M McCallion	
M McNicol	
P Rowan	Appointed September 2010
N Wardrop	
T McKeown	
J Brogan	Resigned May 2010
V Hamilton	Resigned May 2010

EXECUTIVE OFFICERS

Stephen Gibson	Director
Louise Percy	Depute Director

REGISTERED OFFICE

1 Red Row
Renton
G82 4PL

AUDITORS

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

ACCOUNTANTS

FMD Financial Services
Unit 29, Ladyloan Place
Drumchapel
G15 8LB

CORDALE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2011

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2011.

Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2411R (S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SCO32859.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

The annual surplus for the year has increased by just over 14% to £291,513. Net assets in the Balance Sheet have increased to £1,932,093

By 31 March, the Association had completed the first phase of a 129 unit development at Dalquhurn Estate that will provide 111 new homes for rent and 18 new supply Shared Equity properties. We anticipate that this project will reach practical completion 6 months ahead of schedule in October 2011.

Looking to the future, the Association in partnership with Cunninghame Housing Association, in

Ardrossan, is developing proposals to build 700 new homes for rent over 3 Local Authority areas by 2014. This exciting project will involve an innovative financial model that combines traditional private finance with a retail bond. The Association will make a collaborative innovation fund bid based on its commercial partnership model. Subject to approval, this investment of circa £35m will create jobs and sustain local businesses.

The Association has also expressed an interest in acquiring stock that may be transferred by West Dunbartonshire in 2012.

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2011**

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives 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.

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 judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The 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.

CORDALE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2011

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 mis-statement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the 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;
- 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;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

Donations

During the year the Association made charitable donations amounting to £11,000 (2010 : £28,070).

Auditors

A resolution to re-appoint the Auditors, Scott Moncrieff, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee

Elizabeth Buckley

Secretary
30 August 2011

CORDALE HOUSING ASSOCIATION LIMITED

**REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF
CORDALE HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS**

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 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 2009/4 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 page 4 has provided the disclosures required by the Internal Financial Control section within 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
30 August 2011

INDEPENDENT AUDITORS' REPORT 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 2011 which comprise the income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice - Accounting by Registered Social Landlords issued in 2008.

This report is made solely to the Association's members as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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 Management Committee and Auditors

As explained more fully in the Management Committee Responsibilities statement set out on page 3, the committee members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Group accounts Section 14 (2) of the Friendly and Provident Societies Act 1968

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 subsidiaries in group accounts required to be prepared under Section 13 of the Friendly and Industrial and Provident Societies Act 1968 for the year ended 31 March 2011, because of the immaterial nature of the subsidiaries' 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 2011 and of its surplus for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice - Accounting by Registered Social Landlords issued in 2008;
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CORDALE HOUSING ASSOCIATION LIMITED (continued)**

Opinion on the financial statements (continued)

In our opinion the information given in the Report of the Management Committee for the financial year for which the financial statements are prepared is consistent with the financial statements.

Scott - Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL
30 August 2011

CORDALE HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

	Notes	£	2011 £	£	2010 £
TURNOVER	2.		1,571,858		1,543,895
Operating Costs	2.		(1,145,975)		(1,129,260)
OPERATING SURPLUS	9.		425,883		414,635
Gain On Sale Of Housing Stock	7.		-	1,908	
Interest Receivable and Other Income		5,499		5,401	
Interest Payable and Similar Charges	8.	(139,869)		(167,022)	
			(134,370)		(159,713)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION			291,513		254,922
Tax on surplus on ordinary activities	10.		-		-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION			291,513		254,922

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.

CORDALE HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2011

	Notes	£	2011 £	£	2010 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		54,661,619		48,422,238
Less: Social Housing Grant	11.(a)		(42,453,366)		(39,510,134)
: Other Public Grants	11.(a)		(3,063,813)		(3,063,813)
			<u>9,144,440</u>		<u>5,848,291</u>
Other fixed assets	11.(b)		59,806		50,632
			<u>9,204,246</u>		<u>5,898,923</u>
FIXED ASSET INVESTMENTS					
Investment in subsidiaries	22.	200		200	
Shared Equity Housing Units	22.	-		-	
			<u>200</u>		<u>200</u>
CURRENT ASSETS					
Stock	13.	121,382		121,382	
Debtors	14.	2,993,081		831,070	
Investments	23.	264,626		509,498	
Cash at bank and in hand		222,951		783,382	
			<u>3,602,040</u>	<u>2,245,332</u>	
CREDITORS: Amounts falling due within one year	15.	(6,676,159)		(1,706,893)	
(NET CURRENT LIABILITIES) / NET ASSETS			<u>(3,074,119)</u>		<u>538,439</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,130,327		6,437,562
CREDITORS: Amounts falling due after more than one year	16.		(4,198,234)		(4,797,010)
			<u>-</u>		<u>-</u>
NET ASSETS			<u>1,932,093</u>		<u>1,640,552</u>
CAPITAL AND RESERVES					
Share Capital	18.		327		299
Designated Reserves	19.(a)		1,495,158		1,276,522
Revenue Reserves	19.(b)		436,608		363,731
			<u>1,932,093</u>		<u>1,640,552</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 30 August 2011.

	A Thomson MBE	Chairperson
	I Barr	Vice - Chairperson
	E Buckley	Secretary

CORDALE HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2011

	Notes	2011 £	2010 £
Net Cash (Outflow) / Inflow from Operating Activities	17.	(1,909,772)	1,322,515
Returns on Investment and Servicing of Finance			
Interest Received		5,499	5,401
Interest Paid		(232,196)	(167,022)
Net Cash Outflow from Investment and Servicing of Finance		(226,697)	(161,621)
Taxation			
Corporation Tax Paid		-	-
Grant Received		-	-
Net Cash Inflow from Taxation		-	-
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(9,136,759)	(2,246,126)
Purchase of Other Fixed Assets		(24,205)	(8,960)
Social Housing Grant Received		5,716,980	1,688,805
Social Housing Grant Repaid		-	(22,951)
Other Grants Received		-	-
Proceeds on Disposal of Properties		-	35,096
Proceeds on Disposal of Other Fixed Assets		-	-
Capitalised Interest		92,327	-
Net Cash Outflow from Capital Expenditure and Financial Investment		(3,351,657)	(554,136)
Net Cash (Outflow) / Inflow before use of Liquid Resources and Financing		(5,488,126)	606,758
Management of Liquid Resources			
Change in short term deposits with banks		244,872	(255,117)
Financing			
Loan Advances Received		4,978,444	109,763
Loan Redemption Payments		-	-
Loan Principal Repayments		(283,628)	(268,556)
Share Capital Issued		54	37
Net Cash Inflow / (Outflow) from Financing		4,694,870	(158,756)
(Decrease) / Increase in Cash	17.	(548,384)	192,885

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS

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 Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001, the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice (SORP) Accounting by Registered Social Landlords 2008. A summary of the more important accounting policies is set out below.

Going Concern

The Management Committee anticipate that a surplus will be generated in the year to 31 March 2012. The Association has a healthy cash position and thus the Management Committee is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis Of Consolidation

The Association has obtained exemption from the Financial Services Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The Financial Statements for Cordale Housing Association Limited present information about it as an individual undertaking and not about its Group.

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 (SFHA 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.

Depreciation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the properties at an annual rate of 2%. Land is not depreciated. Housing Properties are reviewed for impairment if events or circumstances indicate that the carrying value is higher than the recoverable amount.

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	- 20% & 33.33%
Estates Equipment	- 33.33%

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

CORDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Social Housing Grant And Other Grants In Advance/Arrears

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 grants receivable is shown separately on the Balance Sheet.

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

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would 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 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 is treated as a fixed asset investment, which is matched with the grant received.

Leases/Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

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.

CORDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 their residual values in prices prevailing at the time of acquisition and construction.

CORDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2011			2010		
		Turnover £	Operating Costs £	Operating Surplus £	Turnover £	Operating Costs £	Operating Surplus £
Social Lettings	3.	1,524,646	1,107,998	416,648	1,496,378	1,088,460	407,918
Other Activities	4.	47,212	37,977	9,235	47,517	40,800	6,717
Total		<u>1,571,858</u>	<u>1,145,975</u>	<u>425,883</u>	<u>1,543,895</u>	<u>1,129,260</u>	<u>414,635</u>

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2011 Total £	2010 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	1,140,115	191,371	19,332	1,350,818	1,294,645
Service Charges Receivable	-	176,490	-	176,490	207,354
Gross Rents Receivable	<u>1,140,115</u>	<u>367,861</u>	<u>19,332</u>	<u>1,527,308</u>	<u>1,501,999</u>
Less: Rent losses from voids	2,662	-	-	2,662	5,621
Net Rents Receivable	<u>1,137,453</u>	<u>367,861</u>	<u>19,332</u>	<u>1,524,646</u>	<u>1,496,378</u>
Revenue Grants from Scottish Ministers	-	-	-	-	-
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-	-
Total Income From Social Letting	<u>1,137,453</u>	<u>367,861</u>	<u>19,332</u>	<u>1,524,646</u>	<u>1,496,378</u>
Expenditure on Social Letting Activities					
Service Costs	-	176,490	-	176,490	207,354
Management and maintenance administration costs	467,545	52,359	14,372	534,276	441,429
Reactive Maintenance	134,756	-	-	134,756	77,896
Bad Debts - Rents and Service Charges	(3,951)	-	-	(3,951)	1,852
Planned and Cyclical Maintenance, including Major Repairs	142,797	-	-	142,797	236,299
Depreciation of Social Housing	105,171	16,751	1,708	123,630	123,630
Impairment of Housing	-	-	-	-	-
Operating Costs of Social Letting	<u>846,318</u>	<u>245,600</u>	<u>16,080</u>	<u>1,107,998</u>	<u>1,088,460</u>
Operating Surplus on Social Letting Activities -2011	<u>291,135</u>	<u>122,261</u>	<u>3,252</u>	<u>416,648</u>	<u>407,918</u>
Operating Surplus on Social Letting Activities -2010	<u>278,041</u>	<u>125,075</u>	<u>4,802</u>		

CORDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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) 2011 £	Operating Surplus / (Deficit) 2010 £
Wider Role Activities	-	-	-	-	-	-	-	-	-
Care and Repair of Property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	212	212	-	215	(3)	27
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support Activities	-	-	-	-	-	-	-	-	-
Care Activities	-	-	-	-	-	-	-	-	-
Agency / Management services for other RSLs	-	-	-	-	-	-	-	-	-
Shared Ownership (First Tranche Sales)	-	-	-	-	-	-	-	-	-
Other Agency or Management Services	-	-	-	-	-	-	-	-	-
Rechargeable Repairs	-	-	-	-	-	(174)	-	174	(154)
Commercial Rents	-	-	-	47,000	47,000	-	-	47,000	47,000
Tenant Participation	-	-	-	-	-	-	27,304	(27,304)	(8,541)
Other Income/Community Dev/Econ Dev	-	-	-	-	-	-	10,632	(10,632)	(31,615)
Total From Other Activities -2011	-	-	-	47,212	47,212	(174)	38,151	9,235	6,717
Total From Other Activities -2010	-	-	-	47,517	47,517	154	40,646	6,717	

CORDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of the Association.

	2011 £	2010 £
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>150,527</u>	<u>74,190</u>
Pension contributions made on behalf of Officers with emoluments greater than £60,000	<u>16,837</u>	<u>9,181</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>81,666</u>	<u>74,190</u>
Pension contributions to Chief Executive	<u>9,387</u>	<u>9,181</u>

The number of Officers, including the Chief Executive, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	1	-
£70,001 to £80,000	-	1
£80,001 to £90,000	1	-

6. EMPLOYEE INFORMATION

	2011 No.	2010 No.
The average monthly number of full time equivalent persons employed during the year was	<u>10</u>	<u>9</u>
Staff Costs were:	£	£
Wages and Salaries	334,636	275,771
Social Security Costs	29,587	23,102
Other Pension Costs	30,144	30,011
	<u>394,367</u>	<u>328,884</u>

CORDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2011	2010
	£	£
Sales Proceeds	-	35,096
Cost of Sales	-	33,188
Gain On Sale Of Housing Stock	-	1,908

8. INTEREST PAYABLE

	2011	2010
	£	£
On Bank Loans & Overdrafts	232,196	167,022
On Other Loans	-	-
	232,196	167,022
Less: Interest Capitalised	92,327	-
	139,869	167,022

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £0 (2010 £0).

Interest capitalised was incurred at varying rates of interest.

9. OPERATING SURPLUS

	2011	2010
	£	£
The operating surplus is stated after charging:		
Depreciation	138,661	132,458
Auditors' Remuneration - Audit Services (incl VAT)	5,760	5,700
- Other Services	817	-
Operating Lease Rentals - Land & Buildings	-	-
Operating Lease Rentals - Other	-	-
Gain on sale of other fixed assets	-	-

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.

CORDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Shared Ownership In course of Construction £	Total £
COST					
As at 1st April 2010	37,180,515	11,545,942	625,900	-	49,352,357
Additions	214,144	6,148,867	-	-	6,363,011
Disposals	-	-	-	-	-
Schemes Completed	6,317,981	(6,317,981)	-	-	-
As at 31st March 2011	43,712,640	11,376,828	625,900	-	55,715,368
DEPRECIATION					
As at 1st April 2010	908,693	-	21,426	-	930,119
Charge for Year	121,922	-	1,708	-	123,630
Disposals	-	-	-	-	-
As at 31st March 2011	1,030,615	-	23,134	-	1,053,749
SOCIAL HOUSING GRANT					
As at 1st April 2010	29,618,801	9,448,699	442,634	-	39,510,134
Additions	35,390	2,907,842	-	-	2,943,232
Disposals	-	-	-	-	-
Schemes Completed	4,621,322	(4,621,322)	-	-	-
As at 31st March 2011	34,275,513	7,735,219	442,634	-	42,453,366
OTHER CAPITAL GRANTS					
As at 1st April 2010	1,065,395	1,997,889	529	-	3,063,813
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Schemes Completed	634,988	(634,988)	-	-	-
As at 31st March 2011	1,700,383	1,362,901	529	-	3,063,813
NET BOOK VALUE					
As at 31st March 2011	6,706,129	2,278,708	159,603	-	9,144,440
As at 31st March 2010	5,587,626	99,354	161,311	-	5,848,291

Additions to housing properties included capitalised development administration costs of £220,692 (2010 - £138,698) of which development allowances of £40,784 (2010: £41,637) were received in respect of these costs and capitalised

All land and housing properties are freehold.

CORDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Estates Equipment £	Office Premises £	Furniture & Equipment £	Total £
COST				
As at 1st April 2010	6,118	50,638	105,234	161,990
Additions	193	-	24,012	24,205
Eliminated on Disposals	-	-	(10,573)	(10,573)
As at 31st March 2011	<u>6,311</u>	<u>50,638</u>	<u>118,673</u>	<u>175,622</u>
GRANTS RECEIVED				
As at 1st April 2010	-	-	17,896	17,896
Received in year	-	-	-	-
Repaid on Disposal	-	-	-	-
As at 31st March 2011	<u>-</u>	<u>-</u>	<u>17,896</u>	<u>17,896</u>
AGGREGATE DEPRECIATION				
As at 1st April 2010	3,627	9,869	79,966	93,462
Charge for year	2,103	3,376	9,552	15,031
Eliminated on disposal	-	-	(10,573)	(10,573)
As at 31st March 2011	<u>5,730</u>	<u>13,245</u>	<u>78,945</u>	<u>97,920</u>
NET BOOK VALUE				
As at 31st March 2011	<u>581</u>	<u>37,393</u>	<u>21,832</u>	<u>59,806</u>
As at 31st March 2010	<u>2,491</u>	<u>40,769</u>	<u>7,372</u>	<u>50,632</u>

12. CAPITAL COMMITMENTS

	2011 £	2010 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>4,293,968</u>	<u>13,629,830</u>

Funded by:

	£
HAG	2,608,447
Other	106,312
Sales	1,263,600
Private Finance	315,609
	<u>4,293,968</u>

13. STOCK

The Association has acquired properties in Dunbartonshire at a cost of £121,382. The intention is for these properties to be used as part of a future development, if funding can be secured, and if not then the properties will be resold. The Association has classified these properties as stock until funding for the development is approved. As stock they have been valued at the lower of their cost and net realisable value.

CORDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2011	2010
	£	£
Arrears of Rent & Service Charges	50,470	32,421
Less: Provision for Doubtful Debts	(2,727)	(6,791)
	<u>47,743</u>	<u>25,630</u>
Social Housing Grant Receivable	2,643,500	714,773
Other Debtors	121,342	90,667
Amounts Due from Group Undertakings	180,496	-
	<u>2,993,081</u>	<u>831,070</u>

Arrears of rent & service charges includes technical arrears of £30,135 (2010: £17,070)

15. CREDITORS: Amounts falling due within one year

	2011	2010
	£	£
Bank Overdrafts (secured)	10,506	22,553
Housing Loans	5,507,554	213,962
Trade Creditors	131,851	602,121
Rent in Advance	14,240	14,380
Other Taxation and Social Security	10,468	8,154
Amounts Due to Group Undertakings	26,864	-
Other Creditors	807,932	717,196
Accruals and Deferred Income	166,744	128,527
	<u>6,676,159</u>	<u>1,706,893</u>

At the balance sheet date there were pension contributions outstanding of £3,550 (2010 £3,817)

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

	2011	2010
	£	£
Housing Loans	<u>4,198,234</u>	<u>4,797,010</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	5,507,554	213,962
Between one and two years	214,164	215,064
Between two and five years	687,743	691,943
In five years or more	3,296,327	3,890,003
	<u>9,705,788</u>	<u>5,010,972</u>
Less: Amount shown in Current Liabilities	5,507,554	213,962
	<u>4,198,234</u>	<u>4,797,010</u>

CORDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash (outflow) / inflow from operating activities</i>	2011 £	2010 £
Operating Surplus	425,883	414,635
Depreciation	138,661	132,458
Change in Provisions for liabilities and charges	-	-
Change in Debtors	(2,162,011)	(14,434)
Change in Creditors	(312,279)	911,298
Gain on sale of other fixed assets	-	-
Share Capital Written Off	(26)	(60)
Change in properties held as stock	-	(121,382)
Net Cash (Outflow) / Inflow from Operating Activities	<u>(1,909,772)</u>	<u>1,322,515</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2011 £	£	2010 £	£
(Decrease) / Increase in Cash	(548,384)		192,885	
Cash flow from management of liquid resources	(244,872)		255,117	
Cash flow from change in debt	<u>(4,694,816)</u>		<u>158,792</u>	
Movement in net debt during year		(5,488,072)		606,794
Net debt at 1st April 2010		<u>(3,740,645)</u>		<u>(4,347,439)</u>
Net debt at 31st March 2011		<u>(9,228,717)</u>		<u>(3,740,645)</u>

<i>Analysis of changes in net debt</i>	At 01.04.10 £	Cash Flows £	Other Changes £	At 31.03.11 £
Cash at bank and in hand	783,382	(560,431)	-	222,951
Bank Overdrafts	<u>(22,553)</u>	<u>12,047</u>	<u>-</u>	<u>(10,506)</u>
	760,829	(548,384)	-	212,445
Liquid Resources	509,498	(244,872)	-	264,626
Debt: Due within one year	(213,962)	(5,293,592)	-	(5,507,554)
Due after more than one year	<u>(4,797,010)</u>	<u>598,776</u>	<u>-</u>	<u>(4,198,234)</u>
Net Debt	<u>(3,740,645)</u>	<u>(5,488,072)</u>	<u>-</u>	<u>(9,228,717)</u>

Major Non-Cash Transactions

CORDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

	2011	2010
Shares of £1 each Issued and Fully Paid	£	£
At 1st April 2010	299	322
Issued in year	54	37
Cancelled in year	(26)	(60)
At 31st March 2011	<u>327</u>	<u>299</u>

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

19. RESERVES

(a) Designated Reserves	Cyclical Maintenance £	Major Repairs £	Total £
At 1st April 2010	77,988	1,198,534	1,276,522
Transfer from Revenue Reserves	-	218,636	218,636
At 31st March 2011	<u>77,988</u>	<u>1,417,170</u>	<u>1,495,158</u>

(b) Revenue Reserves	Total £
At 1st April 2010	363,731
Surplus for the year	291,513
Transfer (to) Designated Reserves	(218,636)
At 31st March 2011	<u>436,608</u>

20. HOUSING STOCK

The number of units of accommodation in manageme at the year end was:-	2011 No.	2010 No.
General Needs - New Build	341	300
- Rehabilitation	74	74
Shared Ownership	11	11
Supported Housing	40	40
	<u>466</u>	<u>425</u>

CORDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 is summarised as follows:

8 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 cannot use their positions to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

The Association donated £10,500 (2010 - £11,150) to the Renton Community Trust. One of the Association's Management Committee members is an employee of the Renton Community Trust.

At the year end, Cordale Property Services Limited (see note 22) owed the Association £180,496 (2010 - Nil) in respect of £178,295 of VAT reclaimed on behalf of the Association and £2,201 of property rates paid on behalf of Cordale Property Services Ltd by the Association. The balance owed is included within debtors.

At the year end the Association owed Cordale Property Services Limited £26,864 (2010 - Nil) in respect of commercial rental income and fees paid on the Association's behalf. This is included within creditors.

22. FIXED ASSET INVESTMENT

	2011 £	2010 £
Shared Equity Properties		
Development Cost of Shared Equity Property	2,773,748	-
Less: Grants Receivable	2,773,748	-
	<u> </u>	<u> </u>
	-	-
	<u> </u>	<u> </u>

This relates to the LIFT properties at the Dalquhurn Estate.

Investments in Subsidiaries

As at 31st March 2011 & 31st March 2010	<u>200</u>	<u>200</u>
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In the opinion of the Management Committee the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

The Association has two 100% owned subsidiaries called Cordale Property Services Limited and Cordale Support Services Limited respectively. The relationship between the Association and its subsidiaries is set out in an independent agreement between the parties.

CORDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. FIXED ASSET INVESTMENT (Cont'd)

The aggregate amount of capital and reserves and the results of the subsidiaries for the year ended 30th September 2010 were as follows:

	<i>Cordale Support Services Limited</i>		<i>Cordale Property Services Limited</i>	
	2010	2009	2010	2009
	£	£	£	£
Capital & Reserves	32	32	244,898	253,739
	<hr/>	<hr/>	<hr/>	<hr/>
Loss for the year	(68)	(554)	(8,841)	(45,493)
	<hr/>	<hr/>	<hr/>	<hr/>

23. CURRENT ASSET INVESTMENTS

	2011	2010
	£	£
Short Term Deposits	264,626	509,498
	<hr/>	<hr/>

CORDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS

General

Cordale Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Cordale Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31st March 2008 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1st April 2008.

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

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

During the accounting period Cordale Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%

Housing Association Limited. The annual pensionable payroll in respect of these members was £183,636. Cordale Housing Association Limited continues to offer membership of the Scheme to its employees.

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.

CORDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2009 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295m. The valuation revealed a shortfall of assets compared with the value of liabilities of £160m (equivalent to a past service funding level of 64.8%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2010. 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 £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%.

Financial Assumptions

The financial assumptions underlying the valuation as at 30th September 2009 were as follows:

	% p.a.
- Investment return pre-retirement	7.4
- Investment return post-retirement - non pensioners	4.6
- Investment return post-retirement - pensioners	4.8
- Rate of Salary increases	4.5
- Rate of pension increases:	
pension accrued pre 6 April 2005 in excess of GMP	2.9
pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation:	3

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

CORDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Valuation Results

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

Following consideration of the results of the valuation it was agreed that the shortfall of £160m would be dealt with by the payment of additional contributions of 10.4% of pensionable salaries per annum with effect from 1st April 2011, increasing each 1 April in line with the rate of salary increases assumption.

The next full actuarial valuation will be carried out as at 30 September 2011.

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 is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a 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.

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 2010. As of this date the estimated employer debt for the Association was £1,355,364.

The Association does not intend to withdraw from the scheme and the trustee has confirmed that there is no intention to wind up the Scheme.