

**CORDALE HOUSING ASSOCIATION LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 March 2019**

**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 2019**

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**Management Committee, Executives and Advisers**

The Management Committee present their report and audited Financial Statements for the year to 31 March 2019.

**Principal Activity**

The principal activity of the Association is to improve and manage affordable housing and related amenities for those in need by reason of age, ill-health, disability, financial hardship or other disadvantage.

**Members of the Management Committee**

P Coburn (Resigned 13/09/18)  
V Hamilton  
G Kemsley (Resigned 13/09/18)  
M McCallion (Chair)  
P Morris  
K Underhill (Resigned (14/08/18)  
M Walker (Vice Chair)  
L Peters  
J Bell (Resigned 23/08/18)  
E Buckley (Resigned 19/01/19)  
A Overend  
G Wilson  
G Logan (Appointed 18/09/18)  
S Erskine (Appointed 23/04/19)  
L Keegab (Appointed 23/04/19)

**Secretary**

R Hunter

**Executive Officer**

Barry Johnstone

Area Director

**Registered Office**

1 Red Row  
Renton  
G82 4PL

**Auditor**

RSM UK Audit LLP  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

**Bankers**

Royal Bank of Scotland  
37 High Street  
Dumbarton  
G82 1LX

**Solicitors**

T C Young  
7 West George Street  
Glasgow  
G2 1BA

**Report of the Management Committee  
For the year ended 31 March 2019****Management Committee and Executive Officer**

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

Each member of the Management Committee holds one fully paid share of £1 in the Association. 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**

The Co-operative and Community Benefit Societies Act 2014 and Registered Social Housing Association Legislation 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 for that period. In preparing these Financial Statements, the Management Committee are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; 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 and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2019. 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 their 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;

**Report of the Management Committee  
For the year ended 31 March 2019**

- 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; and
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2019. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the Financial Statements or in the auditor's report on the Financial Statements.

In so far as the Committee are aware:

- There is no relevant audit information (information needed by the Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Committee members have taken all the steps that they ought to have taken to make themselves aware of the relevant audit information and to establish that the Association's auditors are aware of that information.

**Review of business and future developments**

Cordale Housing Association ('Cordale HA') owns and manages 517 (2018: 517) high quality affordable homes in Renton, West Dunbartonshire for people in housing need. The Association became a wholly owned subsidiary of Caledonia Housing Association on 1 April 2014.

Caledonia Housing Association is one of Scotland's leading providers of high quality affordable homes with over 4000 homes owned and managed across Tayside, Fife and the Highlands making them one of Scotland's largest Housing Associations.

Being part of the Caledonia Group, Cordale HA benefits from a range of specialist services, expertise and economies of scale whilst retaining the ability to address local priorities. Tenant services are delivered by Cordale HA staff from a local office in Renton.

In general terms Caledonia Group's strategic objectives have been adopted by Cordale HA but in recognition of the specific requirements of the organisation and the community which it serves these objectives have been tailored to take into account local issues and priorities.

**Report of the Management Committee  
For the year ended 31 March 2019****Strategic Objectives****Achieving Excellence**

Our Achieving Excellence strategic objective expresses our commitment to achieve excellence through our people to deliver quality homes and services that are affordable, sustainable and valued by our customers. This involves a strong focus on achieving high levels of customer and service performance whilst also ensuring that our homes and services are cost effective for our tenants and other customers.

**Building Success**

Our Building Success strategic objective expresses our commitment to make the Association stronger for the future by ensuring resilience in all areas of our business, creating a strong base for our continued growth. This involves ensuring that we are a well-managed and financially strong Association that has a clear focus on governance, financial planning and viability, treasury management, asset management and risk management. We will then use this resilience as a platform for our future business growth activities.

A Group Asset Management Strategy was developed in 2016/17 that sets out the framework for ensuring the quality, sustainability and viability of the Association's housing assets. Implementing this Strategy was an important aspect of our work over the period of the 2018-2023 Business Plan.

**Creating Innovation**

Our Creating Innovation strategic objective sets out our intention to innovate to create efficiencies and deliver value for money through the effective use of our resources. This involves using our resources in the best way possible to ensure the efficiency and effectiveness of the Association as well as identifying and implementing improvements in key business areas. It will also involve a clear focus on the development of partnerships that will benefit the Association, investment in information technology and effectively using our housing and other business assets to achieve savings, generate capacity and improve services.

**Financial Review**

Cordale Housing Association achieved an operating surplus for the year of £712k (2018: £664k) and a net surplus of £113K (2018: £403k). This decrease is due to a re-measurement of the Scottish Housing Association Pension Scheme (SHAPS) past service deficit resulting in a £269k increase in the liability that is recognised in the Statement of Comprehensive Income. In the prior year there was a re-measurement gain of £2k.

The SHAPS pension scheme had previously been treated as a defined contribution scheme in line with FRS 102 with a liability of £200k recognised as at 31 March 2018 based on the Net Present Value of the past service deficit funding agreement. Due to recent developments as at 1 April 2018 the share of assets and liabilities per employer is now available such that the scheme can now be accounted for on a defined benefit basis. Further detail in relation to this change in accounting is included in the accounting policy on pages 14 and 15 and Note 23 to the Financial Statements.

The new defined benefit liability as at 1 April 2018 is £426k, resulting in a remeasurement through other comprehensive income of £226k. The new defined benefit liability as at 31 March 2019 is £432k. This has therefore resulted in an increase in the liability at 31 March of £6k. The revised accounting changes in relation to pensions do not have a material impact on loan covenant compliance and it is not anticipated that there will be any material change to this of the overall financial position in future accounting periods as a result of these accounting changes.

Included in operating costs are sums for reactive, cyclical and planned maintenance of £490k (2018: £470k). Annual expenditure on planned maintenance is derived from a 30 year life cycle costing consultant's report designed to ensure that all housing properties are maintained to a specific standard, thereby continuing to extend the useful life of the properties. Despite this significant investment Cordale is required to depreciate its housing properties and retained surpluses are calculated after providing £1.4m (2018: £1.4m) for depreciation.

**Report of the Management Committee  
For the year ended 31 March 2019**

At 31 March 2019 the Association’s total reserves amounted to £5.35m (2018: £5.24m), an increase of £113k (2018: £403k). The increase in reserves is solely attributed to the surpluses achieved and in addition to providing funds for re-development are a necessary hedge against risk.

**Risk Management**

As part of the Caledonia Group, Cordale HA has adopted a comprehensive risk management policy which details how corporate risks are identified, assessed in terms of importance and the steps taken in mitigation. The resultant risk map is reviewed in detail by the Group Audit Committee, informs the internal audit needs assessment and is discussed at Cordale HA Committee of Management. Actions to mitigate existing and emerging risks are reviewed regularly by the Group Audit Committee and reported to the appropriate management group.

The Group Audit Committee has determined that the key risks facing the Association are:

Risk	Mitigation
<ul style="list-style-type: none"> <li>• The failure of financial controls</li> </ul>	<ul style="list-style-type: none"> <li>- Comprehensive rent setting policy and procedures.</li> <li>- Treasury management policy with detailed delegated authorities</li> <li>- Detailed sensitivity analysis carried out on long term projections</li> <li>- Competitive tendering of all material expenditure.</li> <li>- Regular internal audit.</li> </ul>
<ul style="list-style-type: none"> <li>• Failure of the Group’s Health &amp; Safety Procedures</li> </ul>	<ul style="list-style-type: none"> <li>- Health, Safety and Wellbeing Advisor appointed to co-ordinate health and safety activities across the Group.</li> <li>- Group Health and Safety Policy and procedure manuals in place.</li> <li>- Comprehensive policies, procedures and working practices in place for the business activities carried out across the Group.</li> <li>- Health and safety advice, training and advice provided for the Group staff team.</li> <li>- Risk assessments in place for key areas of activity across the Group and reviewed on a rolling programme basis.</li> <li>- Comprehensive Health &amp; Safety Action Plans in place across the Group.</li> <li>- Key health and safety issues considered by the Executive Team on a monthly basis and the Health and Safety Committee on a quarterly basis.</li> <li>- Specialist health and safety consultants (ACS) appointed through EVH to advise on relevant issues.</li> <li>- Comprehensive health &amp; safety compliance software package that also includes training modules and a document library implemented from June 2019.</li> </ul>
<ul style="list-style-type: none"> <li>• The failure of business continuity systems</li> </ul>	<ul style="list-style-type: none"> <li>- Comprehensive Group Business Continuity Policy and procedures in place covering key areas of operation.</li> <li>- Business continuity training provided to staff teams.</li> <li>- Testing of the Group’s business continuity systems carried out annually.</li> </ul>
<ul style="list-style-type: none"> <li>• Failure to apply the Asset Management Strategy</li> </ul>	<ul style="list-style-type: none"> <li>- Asset Management Report prepared for specific projects prior to significant investment and re-modelling.</li> <li>- Asset Management Strategy approved by Management Board in June 2019, subject to tenant consultation.</li> <li>- Planned investment, including any stock re-modelling and works to comply with EESSH, based on analysis of stock condition information and built into five year budget projections</li> </ul>

Report of the Management Committee  
For the year ended 31 March 2019

<ul style="list-style-type: none"> <li>• Failure of Group's ICT systems</li> </ul>	<ul style="list-style-type: none"> <li>- All data and processing held and carried out at an off-site tier 3 data centre.</li> <li>- Fully independent links established between area offices and the data centre</li> <li>- Comprehensive back-up and system monitoring procedures in place</li> <li>- Operational policies and procedures relating to ICT activities in place</li> <li>- Annual ICT action plan in place at departmental level</li> <li>- ICT team within the organisational structure supported by third party specialist ICT service providers</li> </ul>
<ul style="list-style-type: none"> <li>• Failure to comply with Fire Safety Regulations</li> </ul>	<ul style="list-style-type: none"> <li>- All new homes designed and constructed to Building Standards current at the time of construction, which includes Fire Safety.</li> <li>- All maintenance work to existing homes and offices complies with necessary fire safety regulation</li> <li>- Fire detection equipment is installed in all homes and offices and regularly checked and maintained in accordance with Building Standards.</li> <li>- Continuous monitoring of changes to legislation and regulation.</li> <li>- Fire Risk Assessment programme in place and carried out on a regular basis by independent consultants to ensure all elements of fire safety are considered.</li> <li>- Remedial or improvements works carried out where necessary and identified by fire risk assessments and changes to legislation and regulation.</li> <li>- Management procedures in place to ensure that Fire Safety guidance is adhered to on a day-to-day basis.</li> </ul>
<ul style="list-style-type: none"> <li>• Failure to comply with the requirements of the new data protection legislation and freedom of information requirements</li> </ul>	<ul style="list-style-type: none"> <li>- Comprehensive staff training on the requirements of the legislation.</li> <li>- Data Protection Officer services provided by external consultant.</li> <li>- Data held within a tier 3 data centre and subject to high levels of security and virus protection.</li> <li>- Data Protection, CCTV and Document Retention Policies in place.</li> <li>- All Group entities currently clearing out historic data that is no longer required.</li> <li>- Operational policies and procedures relating to data protection activities in place.</li> <li>- Operational policies and procedures relating to FOI being developed.</li> <li>- Development of Group electronic document management system.</li> </ul>



**Report of the Management Committee  
For the year ended 31 March 2019**

**Performance**

The Association monitors corporate performance in terms of finance and housing operations. A range of financial and non-financial ratios and indicators are produced on a quarterly basis which are used to monitor how the organisation is performing and more importantly initiate corrective action in under-performing areas.

<b>Indicators</b>	<b>Target</b>	<b>2018/19 Actual</b>	<b>2017/18 Actual</b>
• Void Loss	<0.5%	0.35%	0.4%
• Re-let Performance	<10 days	8.9 days	11.1 days
• Arrears Performance	<3.75%	5.2%	3.9%
• Profitability – Operating surplus	>25%	28.2%	27.7%
• Financial Covenant - Interest Cover	>150%	220.2%	296.6%
• Financial Covenant - Gearing	<30%	13.3%	23.2%

Indicators in line with Annual Return on Charter ('ARC') definitions were set for the year to 31 March 2019 based on historic and benchmark material and the variance against target will be used to inform our control mechanisms and targets in future years. It is pleasing to note that the majority of our performance indicators are sitting within targets set. However arrears performance at 5.2% is above target due to the introduction of universal credit in the West Dunbartonshire area. Analysis has shown that delays in the payment of benefit to claimants has a knock on effect resulting in delayed rent payments, however we are confident that increased tenancy support will control this situation as universal credit procedures become more established.

**Disclosure of Information to the Auditor**

The members of the Management Committee at the date of approval of these Financial Statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

**Auditor**

A resolution for the reappointment of RSM UK Audit LLP, as auditors of the Association, will be proposed at the Annual General meeting.

**By order of the committee**

**Margaret McCallion**  
**Chair**  
Dated:

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORDALE HOUSING ASSOCIATION****Opinion**

We have audited the Financial Statements of Cordale Housing Association (the 'Association') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cashflow and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Other information**

The other information comprises the information included in the annual report, other than the Financial Statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, we do not express any form of assurance conclusion thereon. In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORDALE HOUSING ASSOCIATION****Responsibilities of the Board**

As explained more fully in the Board responsibilities statement set out on page 2, the Board is responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the Financial Statements**

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

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the Association's members as a body, in accordance with Part 7 of 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.

RSM UK AUDIT LLP  
Statutory Auditor  
Chartered Accountants  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

Date

**Report by the Auditors to the Members of Cordale Housing Association on Corporate Governance Matters**

In addition to our audit of the Financial Statements, we have reviewed your statement on Pages 2 and 3 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

**Opinion**

In our opinion the Statement on Internal Financial Control on pages 2 and 3 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

RSM UK AUDIT LLP  
Statutory Auditor  
Chartered Accountants  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

Date

**Statement of Comprehensive Income**  
**For the year ended 31 March 2019**

	Notes	2019	£	2018	£
<b>Turnover</b>	2	3,458,860		3,401,570	
Operating expenditure	2	(2,747,074)		(2,739,348)	
Remeasurement in respect of pension scheme	24	-		2,000	
<b>Operating surplus</b>	8	711,786		664,222	
Gain on revaluation of other fixed assets	9(b)	-		19,362	
(Loss) /gain on sale of fixed assets	6	(39,261)		1,867	
Interest receivable		3,872		1,138	
Interest and financing costs	7	(294,683)		(283,672)	
			(290,811)		(282,534)
<b>Surplus for the year</b>			381,714		402,917
<b>Other comprehensive income</b>					
Initial recognition of multi-employer defined benefit scheme	24	(226,000)		-	
Actuarial losses in respect of pension scheme	24	(43,000)		-	
<b>Total comprehensive income for the year</b>			112,714		402,917

All amounts relate to continuing activities.

The notes on pages 15 to 37 form part of these Financial Statements.

**Statement of Financial Position**  
**As at 31 March 2019**

	Notes	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Housing properties	9(a)		37,708,604		38,724,362
Other fixed assets	9(b)		1,735,330		274,762
Investment properties	10		950,000		950,000
Investments in subsidiaries	11		100		100
			<u>40,394,034</u>		<u>39,949,224</u>
<b>Current assets</b>					
Trade and other debtors	12	134,891		136,439	
Cash and cash equivalents		983,855		2,474,214	
		<u>1,118,746</u>		<u>2,610,653</u>	
<b>Current liabilities</b>					
<b>Creditors:</b> Amounts falling due within one year	13	(2,057,964)		(1,987,801)	
			<u>(939,218)</u>		<u>622,852</u>
<b>Net current (liabilities)/ assets</b>					
<b>Total assets less current liabilities</b>			<u>39,454,816</u>		<u>40,572,076</u>
<b>Creditors:</b> Amounts falling due after more than one year					
	14		(33,668,106)		(35,130,017)
<b>Provisions for liabilities</b>					
Pension provision	23		-		(200,000)
Pension – defined benefit liability	24		(432,000)		-
<b>Total net assets</b>			<u>5,354,710</u>		<u>5,242,059</u>
<b>Capital and reserves</b>					
Share capital	18		122		185
Revenue reserves	19		5,354,588		5,241,874
			<u>5,354,710</u>		<u>5,242,059</u>

The Financial Statements were approved and authorised for issue by the Management Committee on ..... and were signed on its behalf by:


The notes on pages 14 to 36 form part of these Financial Statements.

**Statement of Changes in Reserves  
For the year ended 31 March 2019**

	Share capital	Income and expenditure reserve	Total
	£	£	£
<b>Balance at 1 April 2017</b>	<b>213</b>	<b>4,838,957</b>	<b>4,839,170</b>
Issued in the year	4	-	4
Cancelled in the year	(32)	-	(32)
Total comprehensive income for the year	-	402,917	402,917
	<hr/>	<hr/>	<hr/>
<b>Balance as at 31 March 2018</b>	<b>185</b>	<b>5,241,874</b>	<b>5,242,059</b>
Issued in the year	6	-	6
Cancelled in the year	(69)	-	(69)
Total comprehensive income for the year	-	112,714	112,714
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2019</b>	<b>122</b>	<b>5,354,588</b>	<b>5,354,710</b>

**Statement of Cashflows**  
**For the year ended 31 March 2019**

	Note	2019 £	2018 £
<b>Net cash generated from operating activities</b>	20	1,027,070	915,992
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		(1,908,290)	(300,393)
Proceeds from sale of tangible fixed assets		1,900	107,494
Grant repaid		-	(44,494)
Interest received		3,872	1,138
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<u>(1,902,518)</u>	<u>(236,255)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest paid		(294,683)	(283,672)
Repayments of borrowings		(320,228)	(312,877)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<u>(614,911)</u>	<u>(596,549)</u>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>		(1,490,359)	83,188
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u>2,474,214</u>	<u>2,391,026</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	20	<u>983,855</u>	<u>2,474,214</u>



**Notes to the Financial Statements  
For the year ended 31 March 2019****1. Principal accounting policies****Legal status**

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

The address of the company's registered office and principal place of business is 1 Red Row, Renton, G82 4PL.

The Association's principal activities are to improve and manage affordable housing and related amenities for those in need by reason of age, ill-health, disability, financial hardship or other disadvantage.

Cordale Housing Association Limited is a Public Benefit Entity.

**Basis of accounting**

These Financial Statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2014 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention, modified to include certain financial instruments at fair value.

The Financial Statements are prepared in Sterling which is the functional currency of the Association. Monetary amounts in these Financial Statements are rounded to the nearest £.

**Critical accounting estimates and areas of judgement**

Preparation of the Financial Statements requires management to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included below:-

- Useful lives of housing property- see depreciation and impairment
- Components of housing properties - see depreciation and impairment
- The measurement of the recoverable amount of assets for impairment reviews - see depreciation and impairment
- Recoverable amount of rent arrears and other debtors - see financial instruments
- Amortisation of Government Grants – see government grants
- Defined benefit pension obligation – see defined benefit pension scheme

**Shared ownership – Allocation of costs**

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover.

**Pension****Defined benefit pension scheme**

In previous years, the Association was unable to recognise its share of the scheme assets and scheme liabilities, therefore had applied defined contribution accounting in respect of the SHAPS. For the year ended 31 March 2018, the Association had recognised a past service deficit liability of £200k, within provisions, based on the present value of the Association's deficit funding agreement.

**Notes to the Financial Statements  
For the year ended 31 March 2019****1. Principal accounting policies (continued)**

For the year ended 31 March 2019, the Association is able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and therefore has applied defined benefit accounting from this date onwards. For accounting purposes, the relevant date for accounting for this change from defined contribution to defined benefit accounting is 1 April 2018. The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

The deficit funding agreement liability that was previously recognised within provisions of £200k was derecognised on the 1 April 2018, and an initial net defined benefit pension liability of £426k was recognised at this date in the statement of financial position. The resulting net difference of £226k on initial recognition of the SHAPS obligation was recognised in other comprehensive income.

As at the year ended 31 March 2019, the net defined benefit pension deficit liability was £432k, which has been included within the provisions for pensions liability in the Financial Statements.

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 24).

In the year ended 31 March 2019, the current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. Refer to note 24 for more details.

**Defined contribution plans**

For defined contribution schemes the amount charged to income and expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

**Going concern**

The Association's business activities, together with the factors likely to affect its future development, performance and position are set out within the Strategic Objectives and Financial Review.

During the year the Governing Body took a conscious decision to fund the cost of providing a new office complex in Renton West Dunbartonshire out of existing cash balances. As a consequence cash balances whilst still adequate have been reduced and the Association is now reporting net current liabilities in the Statement of Financial Position. However £4m of fully secured and as yet undrawn lending facilities are in place. The Association's financial projections demonstrate that the Association has sufficient financial resources to ensure that it meets its commitments in the short, medium and longer term. Therefore, the Management Committee believes that the Association is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these Financial Statements.

**Basis of consolidation**

The Association has obtained exemption from the Financial Conduct Authority from producing consolidated Financial Statements. 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 which is dormant.

**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.

**Notes to the Financial Statements  
For the year ended 31 March 2019****1. Principal accounting policies (continued)****Government grants**

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure on a pro-rata basis (excluding land) under the accruals model.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant a liability is included in the Statement of Financial Position to recognise this obligation.

**Other grants**

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

**Housing properties**

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent and shared ownership.

Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses.

**Housing properties**

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income
- A material reduction in future maintenance costs
- A significant extension to 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.

**Sales of housing properties**

First tranche shared ownership disposals are credited to turnover on sale. 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 fixed asset investment with any related HAG in respect of the units recorded as deferred income.

**Notes to the Financial Statements  
For the year ended 31 March 2019****1. Principal accounting policies (continued)****Assets under construction**

Assets in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

**Depreciation of housing properties**

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
Lighting	–	over 15 years

**Depreciation 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	-	3 – 5 years
Estates equipment	-	3 years

**Impairment of fixed assets**

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the RSL estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the income and expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

**Investment properties**

Investment properties (including properties held under an operating lease) consist of commercial properties and properties not held for social benefit. These properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in income and expenditure.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The Management Committee consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

**Notes to the Financial Statements  
For the year ended 31 March 2019****1. Principal accounting policies (continued)**

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the surplus/deficit for the financial year would have been reduced by depreciation. However the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

**Deposits and liquid resources**

Cash comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

**Financial instruments**

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument, and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

*Financial assets**Debtors*

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

*Financial liabilities**Trade creditors*

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

*Borrowings*

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

**Notes to the Financial Statements  
For the year ended 31 March 2019**

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

*Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

**Provisions**

Provisions are recognised when the RSL has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Notes to the Financial Statements  
For the year ended 31 March 2019

2. Particulars of turnover, cost of sales, operating costs and operating surplus

	2019			2018			
	Turnover	Operating costs	Operating surplus 31 March 2019	Turnover	Operating costs	Gain in respect of pension scheme	Operating surplus 31 March 2018
	£	£	£	£	£	£	£
Affordable lettings (Note 3)	3,360,031	(2,700,104)	659,927	3,307,037	(2,701,384)	-	605,653
Other activities (Note 4)	98,829	(46,970)	51,859	94,533	(37,964)	-	56,569
Remeasurement loss in respect of pension scheme (note 23)	-	-	-	-	-	2,000	2,000
<b>Total</b>	<b>3,458,860</b>	<b>(2,747,074)</b>	<b>711,786</b>	<b>3,401,570</b>	<b>(2,739,348)</b>	<b>2,000</b>	<b>664,222</b>

Notes to the Financial Statements  
For the year ended 31 March 2019

3. Particulars of income and expenditure from affordable letting

	General needs housing £	Supported housing £	Shared ownership £	2019 Total £	2018 Total £
<b>Income from lettings</b>					
Rent receivable net of identifiable service charges	1,820,731	185,746	23,273	2,029,750	1,972,472
Service charges receivable	24,629	162,197	-	186,826	181,347
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Gross rents receivable</b>	1,845,360	347,943	23,273	2,216,576	2,153,819
Less: rent losses from voids	(5,657)	(2,126)	-	(7,783)	(7,583)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net rents receivable</b>	1,839,703	345,817	23,273	2,208,793	2,146,236
Grants released from deferred income	1,024,602	115,124	11,512	1,151,238	1,160,801
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total income from affordable letting</b>	2,864,305	460,941	34,785	3,360,031	3,307,037
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditure on affordable letting activities</b>					
Service costs	15,564	148,645	-	164,209	161,928
Management and maintenance administration costs	513,756	58,269	5,827	577,852	604,693
Planned and cyclical maintenance including major repairs costs	233,880	-	-	233,880	193,658
Reactive maintenance costs	240,178	15,520	-	255,698	276,240
Bad debts – rents and service charges	49,760	1,042	-	50,802	26,189
Depreciation of affordable housing	1,269,241	139,397	9,025	1,417,663	1,438,676
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Operating costs of affordable letting</b>	2,322,379	362,873	14,852	2,700,104	2,701,384
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Operating Surplus on affordable letting activities 2019</b>	541,926	98,068	19,933	659,927	
	<hr/>	<hr/>	<hr/>	<hr/>	
<b>Operating Surplus on affordable letting activities 2018</b>	489,095	100,152	16,406		605,653
	<hr/>	<hr/>	<hr/>		<hr/>



## Notes to the Financial Statements for the year ended 31 March 2019

## 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) 2019 £	Operating surplus/ (deficit) 2018 £
Agency services	-	-	-	6,779	<b>6,779</b>	-	(6,779)	-	-
Factoring	-	-	-	7,543	<b>7,543</b>	-	(7,543)	-	-
Commercial rents	-	-	-	59,375	<b>59,375</b>	-	-	<b>59,375</b>	<b>59,375</b>
Stage 3 adaptations	20,000	-	-	-	<b>20,000</b>	-	(25,421)	<b>(5,421)</b>	<b>(3,574)</b>
Tenant participation	-	-	-	-	-	-	(2,095)	<b>(2,095)</b>	-
Big Lottery funding	-	2,232	-	-	<b>2,232</b>	-	(2,232)	-	-
Other income	-	2,900	-	-	<b>2,900</b>	-	(2,900)	-	<b>768</b>
Total from other activities 2019	<u>20,000</u>	<u>5,132</u>	<u>-</u>	<u>73,697</u>	<u><b>98,829</b></u>	<u>-</u>	<u>(46,970)</u>	<u><b>51,859</b></u>	
Total from other activities 2018	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>74,533</u>	<u><b>94,533</b></u>	<u>-</u>	<u>(37,964)</u>		<u><b>56,569</b></u>

**Notes to the Financial Statements**  
**For the year ended 31 March 2019**

**5. Employees**

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
The average monthly number of full time equivalent persons (including key management personnel) employed during the year was:		
Office and management /administration	7	7
	<u>7</u>	<u>7</u>
Staff costs for the above persons were:	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	167,695	191,369
Social security costs	12,124	13,687
Other pension costs	15,737	19,713
Temporary, agency and seconded staff	62,218	13,000
	<u>257,774</u>	<u>237,769</u>

Severance pay of £nil (2018: £8,000) was paid during the year.

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity.

There were no key management personnel employed by the Association; key management personnel are employed by Caledonia Housing Association and recharged via a management charge.

**6. (Loss) / gain on disposal of fixed assets**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Net sales proceeds – housing property	-	37,494
Cost of sales	-	(59,480)
	<u>-</u>	<u>(21,986)</u>
Loss on sale of housing stock	-	(21,986)
Deficit on disposal of components	(41,161)	(9,648)
Gain on sale of other fixed assets	1,900	33,501
	<u>(39,261)</u>	<u>1,867</u>

**7. Interest payable and financing costs**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Interest arising on:		
On bank loans and overdrafts	287,126	280,672
Defined benefit pension charge (note 23)	11,000	3,000
Less: interest capitalised on housing properties under construction	(3,443)	-
	<u>294,683</u>	<u>283,672</u>

Interest incurred in the development period of housing properties which has been written off to the Income and Expenditure account amounted to £3,443 (2018: £nil).

**Notes to the Financial Statements**  
**For the year ended 31 March 2019**

<b>8. Operating surplus</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
The operating surplus is stated after charging/(crediting):		
Depreciation of housing properties	1,417,663	1,438,676
Depreciation of other tangible fixed assets	4,656	5,364
	<u>          </u>	<u>          </u>
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
Audit services	12,480	12,006
	<u>          </u>	<u>          </u>

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

<b>9. Tangible fixed assets</b>	<b>Housing properties held for letting</b>	<b>Under construction</b>	<b>Completed shared ownership properties</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
(a) <b>Housing properties</b>				
<b>Cost</b>				
As at 1 April 2018	56,496,327	-	625,900	57,122,227
Additions	287,846	155,220	-	443,066
Disposals	(386,622)	-	-	(386,622)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
As at 31 March 2019	56,397,551	155,220	625,900	57,178,671
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>				
As at 1 April 2018	18,138,480	-	259,385	18,397,865
Charge for year	1,408,638	-	9,025	1,417,663
Disposals	(345,461)	-	-	(345,461)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
As at 31 March 2019	19,201,657	-	268,410	19,470,067
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>				
As at 31 March 2019	37,195,894	155,220	357,490	37,708,604
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
As at 31 March 2018	38,357,847	-	366,515	38,724,362
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Additions to housing properties included capitalised development administration costs of £nil (2018: £781) of which development allowances of £nil (2018: £nil) were received in respect of these costs and capitalised.

The aggregate amount of capitalised interest included in housing properties is £3,443 (2018 £nil).

Major repairs in the year amounted to £306,234 (2018: £74,781). Of the total £287,846 (2018: £52,731) was capitalised and related to replacement of components with enhancements of £nil (2018: £nil). The remaining £18,388 (2018: £22,050) was charged to the statement of comprehensive income.

Notes to the Financial Statements  
For the year ended 31 March 2019

9. Tangible fixed assets (continued)

	Estates equipment £	Office premises £	Furniture & equipment £	Assets under construction £	Total £
(b) <b>Other tangible assets</b>					
<b>Cost / valuation</b>					
As at 1 April 2018	11,824	-	129,473	265,326	406,623
Additions	-	-	1,907	1,463,317	1,465,224
Revaluation	-	-	-	-	-
Disposals	(1,900)	-	-	-	(1,900)
Transfer	-	1,728,643	-	(1,728,643)	-
As at 31 March 2019	<u>9,924</u>	<u>1,728,643</u>	<u>131,380</u>	<u>-</u>	<u>1,869,947</u>
<b>Aggregate depreciation</b>					
As at 1 April 2018	11,824	-	120,037	-	131,861
Charge for the year	-	-	4,656	-	4,656
Disposals	(1,900)	-	-	-	(1,900)
As at 31 March 2019	<u>9,924</u>	<u>-</u>	<u>124,693</u>	<u>-</u>	<u>134,617</u>
<b>Net book value</b>					
As at 31 March 2019	<u>-</u>	<u>1,728,643</u>	<u>6,687</u>	<u>-</u>	<u>1,735,330</u>
As at 31 March 2018	<u>-</u>	<u>-</u>	<u>9,436</u>	<u>265,326</u>	<u>274,762</u>

During the year, the market value with vacant possession of the office premises was stated to be £70,000 by RICS registered valuers DVS Property Specialists for the Public Sector. The office premises subsequently formed part of an excambion agreement in exchange for a development site with an equal market value. This development site is recognised within office premises which were completed in the year.

**Notes to the Financial Statements  
For the year ended 31 March 2019**

**10. Investment properties**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
At 1 April 2018	950,000	950,000
Additions at cost	-	-
Revaluation gains	-	-
	<u>950,000</u>	<u>950,000</u>
At 31 March 2019	<u>950,000</u>	<u>950,000</u>

The initial investment property was valued at December 2012 by DTZ and DVS at £720,000 on an open market value basis. Subsequently, in July 2016 the investment property with an initial value of £690,000 was revalued at £750,000 by Jones Lang LaSalle Limited. The remaining £30,000 is held at the 2012 valuation.

During the year ended 31 March 2017, the Association purchased a pharmacy from its subsidiary Cordale Property Services Limited for £94,411, which was initially recognised at cost. The pharmacy was valued in July 2016 at £170,000 by Jones Lang LaSalle Limited and was revalued to this amount in the 2016/17 Financial Statements.

There has been no valuation during the year ended 31 March 2019 and the Management Committee believe there is no material change in the value of these properties in the year.

**11. Investments in subsidiaries**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Investments in subsidiaries	<u>100</u>	<u>100</u>

The aggregate amount of capital and reserves and the results of Cordale Property Services Limited for the year ended 31 March 2019 were as follows:

	<b>Cordale Property Services Limited</b>	
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Capital and reserves	<u>(2,400)</u>	<u>(2,400)</u>
(Loss) for the year	<u>-</u>	<u>(5,501)</u>

Cordale Property Services Limited has not traded during the year.

In the opinion of the Management Committee the aggregate value of the assets of the subsidiary is not materially less than the aggregate of the amounts at which those assets are stated in the Association's Statement of Financial Position.

**Notes to the Financial Statements**  
**For the year ended 31 March 2019**

<b>12. Debtors</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Arrears of rent and service charges	141,055	122,999
Less: Provision for doubtful debts	(72,096)	(41,728)
	<u>68,959</u>	<u>81,271</u>
Other debtors	34,429	55,168
Amounts due from group undertakings	31,503	-
	<u>134,891</u>	<u>136,439</u>
	<u><u>134,891</u></u>	<u><u>136,439</u></u>
<b>13. Creditors – amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Loans (note 17)	322,283	322,275
Trade creditors	4,834	1,043
Rent in advance	93,309	67,453
Other taxation and social security	3,978	3,825
Amounts due to group undertakings	56,438	68,713
Other creditors	224,782	198,523
Deferred capital grants (note 15)	1,151,238	1,160,801
Accruals and deferred income	201,102	165,168
	<u>2,057,964</u>	<u>1,987,801</u>
	<u><u>2,057,964</u></u>	<u><u>1,987,801</u></u>

At the balance sheet date there were pension contributions outstanding of £6,356 (2018: £6,327).

<b>14. Creditors – amounts falling due after more than one year</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Loan (note 17)	7,248,372	7,568,608
Deferred capital grants (note 15)	26,419,734	27,561,409
	<u>33,668,106</u>	<u>35,130,017</u>
	<u><u>33,668,106</u></u>	<u><u>35,130,017</u></u>

**Notes to the Financial Statements**  
**For the year ended 31 March 2019**

<b>15. Deferred capital grant</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
As at 1 April 2018	28,722,210	29,927,505
Grant repaid during the year	-	(44,494)
Capital grant released during the year	(1,151,238)	(1,160,801)
	<u>27,570,972</u>	<u>28,722,210</u>
As at 31 March 2019	<u>27,570,972</u>	<u>28,722,210</u>
	<u>27,570,972</u>	<u>28,722,210</u>
Amounts to be released within one year	1,151,238	1,160,801
Amounts to be released in more than one year	26,419,734	27,561,409
	<u>27,570,972</u>	<u>28,722,210</u>
	<u>27,570,972</u>	<u>28,722,210</u>
<b>16. Financial instruments</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Financial assets:		
Debt instruments measured at amortised cost	134,891	136,439
	<u>134,891</u>	<u>136,439</u>
	<u>134,891</u>	<u>136,439</u>
Financial liabilities:		
Measured at amortised cost	8,093,854	8,324,330
	<u>8,093,854</u>	<u>8,324,330</u>
	<u>8,093,854</u>	<u>8,324,330</u>

**Notes to the Financial Statements**  
**For the year ended 31 March 2019**

**17. Debt analysis - Borrowings**

	<b>2019</b>	<b>2018</b>
	£	£
Creditors: amounts falling due within one year:		
Bank loans	322,283	322,275
	<u>322,283</u>	<u>322,275</u>
Creditors: amounts falling due after one year:		
Bank loans	7,248,372	7,568,608
	<u>7,248,372</u>	<u>7,568,608</u>
	<u><u>7,570,655</u></u>	<u><u>7,890,883</u></u>

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are either fixed rates or variable rates linked to LIBOR that are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

Bank borrowings mature between 31 March 2029 and 31 March 2041. Fixed rate loans £3.1m (2018: £3.2m) bear average fixed-rate coupons 5.5% per annum (2018: 5.45% per annum) and £4.5m (2018: £4.7m) variable rate loans bear average variable-rate coupons of 1.86% above LIBOR (2018: 1.82% above LIBOR). The Association makes quarterly interest payments on all bank borrowings.

Bank borrowings of £7.6m (2018: £7.9m) are secured by specific charges against the Association's housing properties.

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	<b>2019</b>	<b>2018</b>
	£	£
Within one year	322,283	322,275
Between one and two years	329,359	327,839
Between two and five years	1,033,887	1,024,723
In five years or more	5,885,126	6,216,046
	<u>7,570,655</u>	<u>7,890,883</u>



**Notes to the Financial Statements  
For the year ended 31 March 2019**

<b>18. Share capital</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Shares of £1 each issued and fully paid</b>		
At 1 April 2018	185	213
Issued in the year	6	4
Cancelled in the year	(69)	(32)
	<hr/>	<hr/>
At 31 March 2019	122	185
	<hr/> <hr/>	<hr/> <hr/>

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.

- 19. Reserves**  
Reserves of the Company represent the following:

*Revenue Reserve*  
The cumulative surplus / deficit.

<b>20. Notes to the cash flow statement</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Reconciliation of surplus to net cash inflow from activities</b>		
Surplus for the year	112,714	402,917
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	1,422,319	1,444,040
Amortisation of capital grant	(1,151,238)	(1,160,801)
Fair value gains on other fixed asset	-	(19,362)
Loss / (gain) on disposal of fixed assets	39,261	(1,867)
Interest received	(3,872)	(1,138)
Interest payable	294,683	283,672
Shares issued	6	4
Shares cancelled	(69)	(32)
	<hr/>	<hr/>
<b>Operating cash flows before movement in working capital</b>	<b>713,804</b>	<b>947,433</b>
Decrease / (increase) in trade and other debtors	1,548	(33,163)
Increase in trade and other creditors	79,718	49,722
Increase / (decrease) in provisions	232,000	(48,000)
	<hr/>	<hr/>
<b>Cash generated from operations</b>	<b>1,027,070</b>	<b>915,992</b>
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the Financial Statements  
For the year ended 31 March 2019**

<b>20. Notes to the cash flow statement (continued)</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Cash and cash equivalents</b>		
Cash at bank	879,547	2,384,644
Short-term deposits	74,275	66,968
Loan servicing account	30,033	22,602
	<u>983,855</u>	<u>2,474,214</u>
<b>21 a) Housing stock</b>	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
The number of units of accommodation in management at the year end was:		
General needs - New build	405	405
- Rehabilitation	61	61
Shared ownership	11	11
Supported housing	40	40
	<u>517</u>	<u>517</u>
<b>21 b) Investment properties</b>		
Office	-	-
Other	3	3
	<u>3</u>	<u>3</u>
Total	<u>3</u>	<u>3</u>

During the year ended 31 March 2019 the office premises were exchanged in an excambion agreement for a development site with an equal market value. This development site is being used for the construction of new office premises. Other investment properties comprise the community hall, medical centre and pharmacy.

**22. Related party transactions**

Seven Management Committee members are also tenants of the Association. Their tenancies are on normal commercial terms. During the year £22,937 (2018: £23,073) of rent was receivable from these tenant members. During the year there were four resignations from the Management Committee and at the year-end there were £413 (2018: £408) of rent arrears due from three tenant members and £nil (2018: £124) of rent in advance due to these tenant members.

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.

At the year end, the Association owed Caledonia Housing Association Limited, the Association's 100% parent, a net amount of £56,438 (2018: £47,885) in respect of management fees services and also owed Bellsmyre Housing Association Limited, a member of the Caledonia Housing Association Group, a net amount £nil (2018: £828) in respect of expenditure paid on the Association's behalf. At the year end Bellsmyre Housing Association owed the Association £31,494 (2018: nil) in respect of administration expenses incurred.

**Notes to the Financial Statements  
For the year ended 31 March 2019**

**22. Related party transactions (continued)**

During the year the association paid £77,862 (2018: £45,000) to Caledonia Housing Association Limited in respect of management fees. The Association received £6,779 (2018: £6,569) from Caledonia Housing Association Limited in respect of agency services provided.

**23. Pension - provision**

	<b>£'000</b>
1 April 2018	200
Derecognition of deficit funding provision (note 24)	(200)
	<hr/>
31 March 2019	<hr/> -

**24. Pensions**

The company participates in the Scottish Housing Associations' Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK. The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2015. This valuation revealed a deficit of £198m. A Recovery Plan has been put in place to eliminate the deficit which runs to 28 February 2022 for the majority of employers, although certain employers have different arrangements. The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For the year ended 31 March 2018, the SHAPS obligation was being accounted for as a defined contribution scheme as there was not sufficient information available to identify each employer's share of assets and liabilities in the scheme. Therefore, for 31 March 2018, the contributions payable from the Association to the SHAPS under the terms of its funding agreement for past deficits was recognised as a liability within provisions in the Association's Financial Statements. The net present value for this contractual obligation was £200k.

For the year ended 31 March 2019, sufficient information is available for the Association in respect of SHAPS to account for its obligation on a defined benefit basis. The most recent formal actuarial valuation was completed as at 30 September 2015 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2019 by a qualified independent actuary.

Under the defined benefit pension accounting approach, the SHAPS net deficit as at 1 April 2018 is £426k and is £432k as at 31 March 2019.

The amendment to FRS102 issued in May 2019 requires the difference on transition from defined contribution accounting to defined benefit accounting to be presented separately in other comprehensive income. The change on transition has resulted in a re-measurement difference of £226k, which has been recognised at the relevant date of application, 1 April 2018, in other comprehensive income.

**Notes to the Financial Statements  
For the year ended 31 March 2019**

**24. Pensions (continued)**

**Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)**

	<b>2019</b> <b>(£000's)</b>	<b>2018</b> <b>(£000's)</b>
Fair value of plan assets	1,718	1,603
Present value of defined benefit obligation	(2,150)	(2,029)
	<hr/>	<hr/>
Defined benefit (liability)	<u>(432)</u>	<u>(426)</u>

**Reconciliation of the impact of the asset ceiling**

	<b>2019</b> <b>(£000's)</b>
Impact of asset ceiling at start of period	-
Effect of asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

**Reconciliation of opening and closing balances of the defined benefit obligation.**

	<b>2019</b> <b>(£000's)</b>
Defined benefit obligation at start of period	2,029
Current service cost	-
Expenses	2
Interest expense	53
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	(79)
Actuarial losses (gains) due to changes in demographic assumptions	5
Actuarial losses (gains) due to changes in financial assumptions	159
Benefits paid and expenses	(19)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchanges rate changes	-
	<hr/>
Defined benefit obligation at end of period	<u>2,150</u>

**Notes to the Financial Statements  
For the year ended 31 March 2019**

**24. Pensions (continued)**

**Reconciliation of opening and closing balances of the fair value of plan assets.**

	<b>2019 (£000's)</b>
Fair value of plan assets start of period	1,603
Interest Income	42
Experience on plan assets (excluding amounts included in interest income) – gain (loss)	42
Contributions by the employer	50
Contributions by plan participants	-
Benefits paid and expenses	(19)
Exchange rate changes	-
	<hr/>
Fair value of plan of assets at end of period	<u>1,718</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £84,000.

**Defined benefit costs recognised in statement of other comprehensive income (SOCl)**

	<b>2019 (£000s)</b>
Current service cost	-
Expenses	2
Net interest expense	11
	<hr/>
Defined benefit costs recognised in statement of comprehensive income (SoCl)	<u>13</u>

**Defined benefit costs recognised in other comprehensive income**

	<b>2019 (£000s)</b>
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	42
Experience gains and losses arising on the plan liabilities – gain (loss)	79
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	(5)
Effects of changes in the financial assumptions underlying the present value of the defined obligation – gain (loss)	(159)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain (loss)	-
Total amount recognised in other comprehensive income – gain (loss)	<hr/> <u>(43)</u>

**Notes to the Financial Statements  
For the year ended 31 March 2019**

**24. Pensions (continued)**

**Assets**

	<b>2019</b>	<b>2018</b>
	<b>(£000's)</b>	<b>(£000's)</b>
Global Equity	276	288
Absolute Return	146	190
Distressed Opportunities	29	7
Credit Relative Value	30	-
Alternative Risk Premia	96	61
Fund of Hedge Funds	5	46
Emerging Markets Debt	55	55
Risk Sharing	50	15
Insurance-Linked Securities	45	44
Property	34	63
Infrastructure	72	29
Private Debt	22	15
Corporate Bond Fund	120	112
Long Lease Property	21	-
Secured Income	60	59
Over 15 Year Gilts	44	52
Index Linked All Stock Gilts	-	-
Liability Driven Investment	611	564
Net Current Assets	2	3
Total assets	<u>1,718</u>	<u>1,603</u>

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

**Key assumptions**

	<b>2019</b>	<b>2018</b>
	<b>% per annum</b>	<b>% per annum</b>
Discount Rate	2.38%	2.60%
Inflation (RPI)	3.23%	3.11%
Inflation (CPI)	2.23%	2.11%
Salary Growth	3.23%	3.11%
Allowance for commutation of pension cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	<b>Life expectancy at age 65 (Years)</b>
Male retiring in 2019	21.7
Female retiring in 2019	23.4
Male retiring in 2039	23.1
Female retiring in 2039	24.7

**Notes to the Financial Statements  
For the year ended 31 March 2019**

**25. Capital commitments**

	<b>2019</b>	<b>2018</b>
Capital expenditure contracted for but not provided in the Financial Statements	12,701,780	1,255,897

**26. Controlling party**

The Association is a wholly owned subsidiary of Caledonia Housing Association.

Caledonia Housing Association is the smallest and largest company for which consolidated accounts including Cordale Housing Association are prepared. The consolidated accounts of Caledonia Housing Association Limited are available from its registered office 5 South St Johns Place, Perth, PH1 5SU.

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