

**Craigdale Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31st March 2015**

**Registered Housing Association No.HCB95**

**FCA Reference No. 2296R(S)**

**Scottish Charity No. SC031879**

# CRAIGDALE HOUSING ASSOCIATION LIMITED

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**CRAIGDALE HOUSING ASSOCIATION LIMITED**

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**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS  
YEAR ENDED 31st MARCH 2015**

**MANAGEMENT COMMITTEE**

Patsy Beaton	Chairperson
Christine McCormack	Vice Chairperson
Morag Cameron	Secretary
Margaret Welsh	Treasurer
Marie Lawrence	
Lee Kerr	
Pat Bowden	
Brenda Coyle	
Clare Keenan	
Karen Fitzpatrick	
Isabel Drummond	Co-optee, resigned 14/10/14
Patricia Young	Co-optee

**EXECUTIVE OFFICERS**

Elizabeth McGinniss	Director, resigned 29 May 2015
Ann-Marie McCann	Director, commenced 1 June 2015

**REGISTERED OFFICE**

83-85 Dougrie Road  
Castlemilk  
Glasgow  
G45 9NS

**AUDITORS**

Alexander Sloan  
Chartered Accountants  
38 Cadogan Street  
Glasgow  
G2 7HF

**BANKERS**

Bank of Scotland  
82 Main Street  
Rutherglen  
Glasgow  
G73 2HZ

**SOLICITORS**

Brechin Tindall Oats 48 St Vincent Street Glasgow G2 5HS	Naftalin Duncan & Co 534 Sauchiehall Street Glasgow G2 3LX
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**FINANCE AGENTS**

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

## CRAIGDALE HOUSING ASSOCIATION LIMITED

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### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2015

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2015.

#### **Legal Status**

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2296R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC031879.

#### **Principal Activities**

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

#### **Review of Business and Future Developments**

##### Review of the Year

The Staff and Committee of the Association have continued to work hard over the past year to provide a quality service to all our tenants, owners and service users. Our website means we can be accessed 24 hours a day. In addition to applying for a house, tenants can pay rent, report repairs and download newsletters.

##### Housing Management

Our Housing Services Team had another busy and successful year, particularly in achieving all the targets set by the Association.

We let 18 houses throughout the year without any loss of rental income and our rent arrears level was 1.21% of the net annual rental income. Staff dealt with 16 complaints of anti-social behaviour and all were resolved without recourse of court action or eviction. Our staff continue to carry out weekly estate management visits of our properties to ensure our high standards are maintained.

##### Maintenance

The Association again provided an excellent repairs service to our tenants where we achieved tremendous response times by our Contractors. In total, tenants reported 1239 repairs with a high percentage of completion within our very challenging timescales.

## CRAIGDALE HOUSING ASSOCIATION LIMITED

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### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2015

#### Review of Business and Future Developments (Contd)

##### Tenant Participation

Our panel of tenants are still very involved in the review process of our policies and procedures. Staff and Committee still have an opportunity to make comments and discuss policies prior to Full Management Committee Approval.

During the year the following documents were reviewed:

- Medical Adaptation
- Tenant Alterations & Improvements
- Asbestos
- Estate Management
- Disaster Recovery Plan
- Rechargeable Repairs
- Code of Conduct for Staff & Committee
- Payments Benefits & Corporate Accountability

##### Community Involvement

The Community Events Group have done a tremendous job this year organising events free of charge for tenants as follows:

- Over 50's Away Day (Ayr)
- Father's Day Treat (Vouchers)
- Teenage Kicks (Scotkart)
- Family Day Trip to M & D's
- Family Fun Day
- Halloween Party
- Christmas Grotto
- Tenants - Christmas Party
- Twelve Days of Christmas
- Newsletter Competition
- International Women's Day
- Good Neighbours (Vouchers)
- Mothers Day Treat (Vouchers)
- Easter Eggs

Committee and Staff raised £2,000.98 again this year for various charities including our Community Events.

##### Factoring Service

We have continued to provide an excellent value for money service to our 24 owner occupiers and sharing owners in the vicinity.

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REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2015

**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**

The Co-operative & Community Benefit Societies Act 2014 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;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

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 Determination of Accounting Requirements 2012. 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. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

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

## CRAIGDALE HOUSING ASSOCIATION LIMITED

### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2015

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#### 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;
- 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 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;
- Quarterly 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;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that internal financial controls are in place and are effective and that a 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.

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 2015. 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.

#### Auditors

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

By order of the Management Committee



MORAG CAMERON

Secretary

30 June 2015

CRAIGDALE HOUSING ASSOCIATION LIMITED

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REPORT BY THE AUDITORS TO THE MEMBERS OF  
CRAIGDALE HOUSING ASSOCIATION LIMITED  
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

**Opinion**

In our opinion the Statement on Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain 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 relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

*Alexander Sloan*

ALEXANDER SLOAN  
Chartered Accountants

GLASGOW  
30 June 2015



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CRAIGDALE HOUSING ASSOCIATION LIMITED**

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We have audited the financial statements of Craigdale Housing Association Limited for the year ended 31st March 2015 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with 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 auditors' 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 Statement of Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that 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 on 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 Management Committee's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

### **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 31st March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

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

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.

## CRAIGDALE HOUSING ASSOCIATION LIMITED

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### INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2015

	Notes	2015	2014
		£	£
<b>TURNOVER</b>	2.	1,348,823	1,306,889
Operating Costs	2.	<u>(1,000,980)</u>	<u>(1,044,848)</u>
<b>OPERATING SURPLUS</b>	9.	347,843	262,041
Loss On Sale Of Housing Stock	7.	(4,571)	-
Interest Receivable and Other Income		15,535	16,749
Interest Payable and Similar Charges	8.	<u>(56,472)</u>	<u>(64,143)</u>
		<u>(45,508)</u>	<u>(47,394)</u>
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		302,335	214,647
Tax on surplus on ordinary activities	10.	-	-
<b>SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>302,335</u>	<u>214,647</u>

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.

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## BALANCE SHEET AS AT 31st MARCH 2015

	Notes	£	2015 £	£	2014 £
<b>TANGIBLE FIXED ASSETS</b>					
Housing Properties - Depreciated Cost	11.(a)		22,221,858		22,566,074
<b>Less:</b> Social Housing Grant	11.(a)		(16,869,693)		(16,990,556)
: Other Public Grants	11.(a)		(343,000)		(343,000)
			<u>5,009,165</u>		<u>5,232,518</u>
Other fixed assets	11.(b)		234,751		178,710
			<u>5,243,916</u>		<u>5,411,228</u>
<b>CURRENT ASSETS</b>					
Debtors	13.	36,756		27,560	
Investments	21.	1,182,385		1,318,869	
Cash at bank and in hand		564,430		349,839	
			<u>1,783,571</u>	<u>1,696,268</u>	
<b>CREDITORS:</b> Amounts falling due within one year	14.	(365,918)		(384,644)	
<b>NET CURRENT ASSETS</b>			<u>1,417,653</u>		<u>1,311,624</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>6,661,569</u>		<u>6,722,852</u>
<b>CREDITORS:</b> Amounts falling due after more than one year	15.		(2,627,970)		(2,991,587)
<b>NET ASSETS</b>			<u>4,033,599</u>		<u>3,731,265</u>
<b>CAPITAL AND RESERVES</b>					
Share Capital	17.		170		171
Designated Reserves	18.(a)		1,543,000		1,543,000
Revenue Reserves	18.(b)		2,490,429		2,188,094
			<u>4,033,599</u>		<u>3,731,265</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 30 June 2015.

Chairperson

Vice-Chairperson

Secretary

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED  
31st MARCH 2015**

	Notes	2015 £	2014 £
<b>Net Cash Inflow from Operating Activities</b>	16.	618,365	456,826
<b>Returns on Investment and Servicing of Finance</b>			
Interest Received		15,535	16,749
Interest Paid		(56,472)	(64,143)
<b>Net Cash Outflow from Investment and Servicing of Finance</b>		(40,937)	(47,394)
<b>Capital Expenditure and Financial Investment</b>			
Acquisition and Construction of Properties		(49,378)	(171,945)
Purchase of Other Fixed Assets		(69,255)	(6,300)
Social Housing Grant Repaid		(7,874)	-
Proceeds on Disposal of Properties		16,882	-
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>		(109,625)	(178,245)
<b>Net Cash Inflow before use of Liquid Resources and Financing</b>		467,803	231,187
<b>Management of Liquid Resources</b>			
Change in short term deposits with banks		136,484	122,039
<b>Financing</b>			
Loan Principal Repayments		(389,700)	(213,296)
Share Capital Issued		4	1
<b>Net Cash Outflow from Financing</b>		(389,696)	(213,295)
<b>Increase in Cash</b>	16.	<u>214,591</u>	<u>139,931</u>

# CRAIGDALE HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 PRINCIPAL ACCOUNTING POLICIES

##### **Basis Of Accounting**

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

##### **Turnover**

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

##### **Retirement Benefits**

The Association participates in the Scottish Housing Association Defined Benefit Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole. The Association has opted to operated the defined contribution option for all future accrual from 1 April 2014.

##### **Valuation Of Housing Properties**

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Structure	50 years
Windows	25 years
Central Heating	10 years
Kitchens	20 years
Bathroom	25 years

# CRAIGDALE HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

##### **Depreciation And Impairment Of Other Fixed Assets**

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

Office Premises	2%
Furniture and Fittings	25%
Computer Equipment	33.33%
Office Equipment	20%

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.

##### **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 attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

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 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 and loss on disposal 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.

# CRAIGDALE HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

##### **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.

##### **Designated Reserves**

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

The Planned Maintenance Reserve has been designated to meet future repair and maintenance obligations in accordance with a planned programme of works. These works are planned to ensure that properties are maintained in a state of repairs which at least maintains their residual prices prevailing at the time of acquisition and construction.

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2015			2014		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	1,344,548	993,795	350,753	1,304,032	1,044,848	259,184
Other Activities	4.	4,275	7,185	(2,910)	2,857	-	2,857
<b>Total</b>		<b>1,348,823</b>	<b>1,000,980</b>	<b>347,843</b>	<b>1,306,889</b>	<b>1,044,848</b>	<b>262,041</b>

#### 3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Shared ownership £	2015 Total £	2014 Total £
<b>Income from Lettings</b>				
Rent Receivable Net of Identifiable Service Charges	1,327,624	11,753	1,339,377	1,298,451
<b>Gross Rents Receivable</b>	1,327,624	11,753	1,339,377	1,298,451
Less: Rent losses from voids	44	-	44	-
<b>Net Rents Receivable</b>	1,327,580	11,753	1,339,333	1,298,451
Revenue Grants from Scottish Ministers	5,215	-	5,215	5,581
<b>Total Income From Social Letting</b>	<b>1,332,795</b>	<b>11,753</b>	<b>1,344,548</b>	<b>1,304,032</b>
<b>Expenditure on Social Letting Activities</b>				
Management and maintenance administration costs	517,401	-	517,401	495,172
Reactive Maintenance	68,969	-	68,969	116,401
Bad Debts - Rents and Service Charges	6,741	-	6,741	-
Planned and Cyclical Maintenance, including Major Repairs	141,535	-	141,535	270,377
Depreciation of Social Housing	257,686	1,463	259,149	162,898
<b>Operating Costs of Social Letting</b>	<b>992,332</b>	<b>1,463</b>	<b>993,795</b>	<b>1,044,848</b>
<b>Operating Surplus on Social Letting Activities</b>	<b>340,463</b>	<b>10,290</b>	<b>350,753</b>	<b>259,184</b>
<b>2014</b>	<b>257,056</b>	<b>2,128</b>		



# CRAIGDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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) 2015 £	Operating Surplus /(Deficit) 2014 £
Factoring	-	-	-	1,365	1,365	-	1,365	-	413
Development and construction of property activities	-	2,910	-	-	2,910	5,820	-	(2,910)	2,444
<b>Total From Other Activities</b>	-	2,910	-	1,365	4,275	5,820	1,365	(2,910)	2,857
<b>2014</b>	-	-	-	2,857	2,857	-	-	2,857	-

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

The Officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or servants of the Association.

	2015	2014
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>63,899</u>	<u>61,316</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>63,899</u>	<u>61,316</u>

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

	Number	Number
£60,001 to £70,000	1	1

#### 5. EMPLOYEE INFORMATION

	2015	2014
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>6</u>	<u>6</u>
Staff Costs were:	£	£
Wages and Salaries	205,014	224,666
Social Security Costs	20,037	17,780
Other Pension Costs	53,310	23,235
Temporary, Agency and Seconded Staff	42,639	48,556
	<u>321,000</u>	<u>314,237</u>

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 7. LOSS ON SALE OF HOUSING STOCK

	2015	2014
	£	£
Sales Proceeds	16,884	-
Cost of Sales	21,455	-
Loss On Sale Of Housing Stock	<u>(4,571)</u>	<u>-</u>

#### 8. INTEREST PAYABLE

	2015	2014
	£	£
On Bank Loans & Overdrafts	56,472	64,143
	<u>56,472</u>	<u>64,143</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £nil (2014 £nil).

#### 9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015	2014
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	272,364	172,608
Auditors' Remuneration - Audit Services	8,760	7,000
- Other Services	450	2,000
Operating Lease Rentals - Other	-	-
Gain on sale of fixed assets	-	-
	<u>-</u>	<u>-</u>

#### 10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

# CRAIGDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Completed Shared Ownership Properties £	Total £
<b>COST</b>			
As at 1st April 2014	23,919,092	270,792	24,189,884
Additions	49,378	-	49,378
Disposals	(141,385)	-	(141,385)
As at 31st March 2015	<u>23,827,085</u>	<u>270,792</u>	<u>24,097,877</u>
<b>DEPRECIATION</b>			
As at 1st April 2014	1,604,787	19,023	1,623,810
Charge for Year	257,687	1,463	259,150
Disposals	(6,941)	-	(6,941)
As at 31st March 2015	<u>1,855,533</u>	<u>20,486</u>	<u>1,876,019</u>
<b>SOCIAL HOUSING GRANT</b>			
As at 1st April 2014	16,792,931	197,625	16,990,556
Disposals	(120,863)	-	(120,863)
As at 31st March 2015	<u>16,672,068</u>	<u>197,625</u>	<u>16,869,693</u>
<b>OTHER CAPITAL GRANTS</b>			
As at 1st April 2014	343,000	-	343,000
As at 31st March 2015	<u>343,000</u>	<u>-</u>	<u>343,000</u>
<b>NET BOOK VALUE</b>			
As at 31st March 2015	<u>4,956,484</u>	<u>52,681</u>	<u>5,009,165</u>
As at 31st March 2014	<u>5,178,374</u>	<u>54,144</u>	<u>5,232,518</u>

Additions to housing properties includes capitalised development administration costs of £nil (2014 - £nil) and capitalised major repair costs to existing properties of £49,378 (2014 £nil)

All land and housing properties are freehold

## CRAIGDALE HOUSING ASSOCIATION LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. TANGIBLE FIXED ASSETS (Continued)

##### b) Other Tangible Assets

	Office Equipment £	Computer Equipment £	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>					
As at 1st April 2014	20,005	104,195	250,490	35,811	410,501
Additions		7,734	60,807	714	69,255
As at 31st March 2015	<u>20,005</u>	<u>111,929</u>	<u>311,297</u>	<u>36,525</u>	<u>479,756</u>
<b>AGGREGATE DEPRECIATION</b>					
As at 1st April 2014	16,955	99,174	80,013	35,649	231,791
Charge for year	1,105	5,578	6,226	305	13,214
As at 31st March 2015	<u>18,060</u>	<u>104,752</u>	<u>86,239</u>	<u>35,954</u>	<u>245,005</u>
<b>NET BOOK VALUE</b>					
As at 31st March 2015	<u>1,945</u>	<u>7,177</u>	<u>225,058</u>	<u>571</u>	<u>234,751</u>
As at 31st March 2014	<u>3,050</u>	<u>5,021</u>	<u>170,477</u>	<u>162</u>	<u>178,710</u>

#### 12. CAPITAL COMMITMENTS

	2015 £	2014 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>-</u>	<u>35,757</u>

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**13. DEBTORS**

	2015 £	2014 £
Arrears of Rent & Service Charges	17,400	17,343
Less: Provision for Doubtful Debts	(5,000)	-
	<u>12,400</u>	<u>17,343</u>
Other Debtors	24,356	10,217
	<u>36,756</u>	<u>27,560</u>

**14. CREDITORS: Amounts falling due within one year**

	2015 £	2014 £
Bank Overdrafts (secured)	-	-
Housing Loans	190,969	217,052
Trade Creditors	46,423	36,390
Rent in Advance	81,034	75,842
Other Creditors	27,514	16,545
Accruals and Deferred Income	19,978	38,815
	<u>365,918</u>	<u>384,644</u>

At the balance sheet date there were pension contributions outstanding of £nil (2014 £nil)

**15. CREDITORS: Amounts falling due after more than one year**

	2015 £	2014 £
Housing Loans	<u>2,627,970</u>	<u>2,991,587</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	190,969	217,052
Between one and two years	194,392	219,128
Between two and five years	604,344	444,585
In five years or more	1,829,234	2,327,874
	<u>2,818,939</u>	<u>3,208,639</u>
Less: Amount shown in Current Liabilities	190,969	217,052
	<u>2,627,970</u>	<u>2,991,587</u>

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**16. CASH FLOW STATEMENT**

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2015 £	2014 £
Operating Surplus	347,843	262,041
Depreciation	272,364	172,608
Change in Debtors	(9,194)	(2,012)
Change in Creditors	7,357	24,191
Share Capital Written Off	(5)	(2)
<b>Net Cash Inflow from Operating Activities</b>	<b>618,365</b>	<b>456,826</b>

<i>Reconciliation of net cash flow to movement in net debt</i>	2015 £	£	2014 £	£
Increase in Cash	214,591		139,931	
Cash flow from management of liquid resources	(136,484)		(122,039)	
Cash flow from change in debt	389,700		213,298	
<b>Movement in net debt during year</b>		<b>467,807</b>		<b>231,190</b>
Net debt at 1st April 2014		(1,539,931)		(1,805,463)
<b>Net debt at 31st March 2015</b>		<b>(1,072,124)</b>		<b>(1,574,273)</b>

<i>Analysis of changes in net debt</i>	At 01.04.14 £	Cash Flows £	Other Changes £	At 31.03.15 £
Cash at bank and in hand	349,839	214,591	-	564,430
Liquid Resources	349,839	214,591	-	564,430
Debt: Due within one year	1,318,869	(136,484)	-	1,182,385
Due after more than one year	(217,052)	193,639	(167,556)	(190,969)
	(2,991,587)	196,061	167,556	(2,627,970)
<b>Net Debt</b>	<b>(1,539,931)</b>	<b>467,807</b>	<b>-</b>	<b>(1,072,124)</b>

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 17. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2014	171
Issued in year	4
Cancelled in year	(5)
At 31st March 2015	<u>170</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.

#### 18. RESERVES

(a) Designated Reserves	Planned	Total
	Maintenance £	£
At 1st April 2014	1,543,000	1,543,000
At 31st March 2015	<u>1,543,000</u>	<u>1,543,000</u>

  

(b) Revenue Reserves	Total
	£
At 1st April 2014	2,188,094
Surplus for the year	302,335
At 31st March 2015	<u>2,490,429</u>

#### 19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2015	2014
	No.	No.
General Needs - New Build	223	224
- Rehabilitation	143	143
Shared Ownership	6	6
	<u>372</u>	<u>373</u>



# CRAIGDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 20. 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:

11 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.

#### 21. CURRENT ASSET INVESTMENTS

	2015	2014
	£	£
Short Term Deposits	1,182,385	1,318,869

#### 22. PENSION SCHEME

During 2014/15, Craigdale Housing Association Limited gave the Pensions Trust notice of its intention to close the Scottish Housing Associations' Pension Scheme final salary benefit option to new members and existing members.

The Association remains a participant of the Scheme but has switched from a defined benefit option to a defined contribution (DC) benefit option for all pension accrual from 1 April 2014.

The past service deficit contribution in respect of the defined benefit option remains payable on a monthly basis through the existing recovery plan. The Association is currently paying £41,319 per annum in this respect. From 1 April 2015 Craigdale Housing Association Limited will be required to pay £42,516 per annum as a contribution to the past service deficit. The deficit contribution will increase each April by 3%.

In respect of the defined contribution benefit option operated from 1 April 2014, the Association contributes 10% and member contributions range from 5% to 6.5%.

# CRAIGDALE HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 23. RETIREMENT BENEFIT OBLIGATIONS

##### General

As detailed in note 22, as of 1 April 2014 Craigdale Housing Association 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 six 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
- Defined Contribution

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.

As detailed in note 22, Craigdale Housing Association Limited has elected to operate the defined contribution option from 1 April 2014.

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 Craigdale Housing Association Limited paid contributions at the rate of 10% of pensionable salaries. Member contributions were 5 and 6.5%.

As at the balance sheet date there were 4 active members of the Scheme employed by Craigdale Housing Association Limited. The annual pensionable payroll in respect of these members was £138,868. Craigdale 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.

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

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

#### Financial Assumptions

The key financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% p.a.
- Investment return pre-retirement	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Rate of Salary increases	4.1
- Rate of price inflation:	
RPI	2.6
CPI	2.0

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

## CRAIGDALE HOUSING ASSOCIATION LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

##### Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable salaries)</i>
Final salary - 60ths	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

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.

The Trustees have recently supplied Craigdale Housing Association Limited with an updated contribution figure to the past service deficit. From 1 April 2015 Craigdale Housing Association Limited will be required to pay £42,516 per annum as a contribution to the past service deficit. This will represent an increase of 2.8% in Craigdale Housing Association Limited's contribution to the past service deficit. The deficit contribution will increase each April by 3%.

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.