



**Alexander Sloan**  
Accountants and Business Advisers

# **Craigdale Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31st March 2017**

**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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## BOARD, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2017

### BOARD

Morag Cameron	Chairperson
Christine McCormack	Vice Chair
Margaret Welsh	Treasurer
Pat Bowden	Secretary
Lee Kerr	Resigned August 2016
Brenda Coyle	
Clare Keenan	
Patricia Young	
Marie Wallace	
Jaclyn McCann	
Claire Taylor	Co-optee Appointed April 2017
John Duncan	Co-optee Appointed April 2017
Helen Bayne	Co-optee Appointed April 2017
Patsy Beaton	Resigned April 2016

### EXECUTIVE OFFICERS

Anne Marie Brown	Director
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### REGISTERED OFFICE

83/85 Dougrie Road  
Castlemilk  
Glasgow  
G45 9NS

### AUDITORS

Alexander Sloan  
Chartered Accountants  
38 Cadogan Street  
Glasgow  
G2 7HF

### INTERNAL AUDITORS

Wylie + Bisset  
168 Bath Street  
Glasgow  
G2 4TP

### BANKERS

Bank of Scotland  
82 Main Street  
Rutherglen  
G73 2HZ

### SOLICITORS

Brechin Tindall Oatts  
48 St Vincent Street  
Glasgow  
G2 5HS

### FINANCE AGENTS

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

# CRAIGDALE HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2017

The Board presents its report and the Financial Statements for the year ended 31st March 2017.

### 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

Craigdale continued on its journey of change during the year as it keeps growing from strength to strength. A new Chairperson, Vice Chairperson and Secretary were elected at our AGM in August; our governing body changed from being known as a Management Committee to the Board, and we have been working our way through a challenging, yet exciting review of our governance processes.

In June 2016 the Scottish Home Awards voted us the Housing Association of the Year (< under 2000 properties). We were thrilled with this recognition. We carried out an independent tenant satisfaction survey at the end of 2016 which showed that 99% (98% in 2013) of our tenants are satisfied with the overall service provided by us. Excellent service delivery and having satisfied tenants is vitally important to Craigdale, therefore we were delighted to have such positive feedback from our tenants.

We continue to be one of the top performing housing associations in Scotland as evidenced by comparing our Annual Return on the Charter performance to other registered social landlords. For example, as at 31 March 2016, Craigdale took on average 0.06 days to re-let its empty properties, whereas the Scottish median was 19.27 days (see the Scottish Housing Regulator's website).

In terms of our housing stock we currently have 366 social rented properties; 6 shared owners and we provide factoring services to 20 home owners.

### Housing Management

Our Housing Services Team had another busy and successful year, particularly as they achieved all the targets set by the Association.

We re-let 19 properties during the year; we took on average 1.7 days to re-let properties, as a result our void loss was £210, and our gross rent arrears were 1.53% of our annual rental income. Staff dealt with 25 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 to our properties to ensure our high standards are maintained.

The Association continued to provide an excellent repairs service to our tenants. In total, tenants reported 1,450 repairs and 98% of our reactive repairs were completed right first time. We continue to invest in our properties through our cyclical and planned maintenance works, which this year included installing 74 new central heating boilers and external re-decoration works.

# CRAIGDALE HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2017

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

#### Tenant Participation & Consultation

Once again our Tenants' Panel worked with us to produce our Tenants' Report Card, summarising key information from the Association's Annual Return on the Charter.

Tenants and staff had the opportunity to make comments and discuss policies prior to discussion and approval by our Board. Some of the documents we reviewed this year included:

- Payments, Benefits & Entitlements
- Staff Expenses
- Allocations
- Assignment, Subletting, Joint Tenancies & Succession
- Estate Management
- Anti-fraud, Bribery & Corruption

#### Community Involvement

We take great pride in delivering an exciting schedule of community events throughout the year, which are free of charge for our tenants and their families. Our Community Group arranged the following events during the year:

- Recycled Teenagers Away Day to Ayr
- Vouchers for Father's Day
- Teenage Kicks Scotkart trip
- Family Day out to Blair Drummond Safari Park
- Family Fun Day
- Halloween Party
- Christmas Grotto
- Tenants' Christmas Party
- Twelve Days of Christmas with cash prizes
- Good Neighbour Award
- Vouchers for Mother's Day treat

We have a Craigdale Community Action Plan in place and our Board agreed, subject to further consultation with our tenants to progress the idea of developing a community garden.

#### Governance

Our internal auditors reviewed our governance processes during the year and we carried out our own self-assessment against the Scottish Housing Regulator's Regulatory Standards. We identified a series of improvements we wish to make to continue to strengthen our governance. We are developing a new Business Plan, reviewing our Standing Orders, Remits & Delegated Authorities and developing a new approach to Risk Management.

### Board and Executive Officers

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

Each member of the Board 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 Board.

The members of the Board are also Trustees of the Charity. Members of the Board are appointed by the members at the Association's Annual General Meeting.

# CRAIGDALE HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2017

### Statement of Board's Responsibilities

The Co-operative and Community Benefit Act 2014 requires the Board 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 Board 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 Board 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 2014 and the Determination of Accounting Requirements 2015. 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 Board 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 Board 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 members of the Board 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 BOARD FOR THE YEAR ENDED 31ST MARCH 2017

### Statement on Internal Financial Control

The Board 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 Board'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 Board 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 Board;
- the Board receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Board identified weaknesses in Craigdale's governance. The Board agreed a Regulation Plan with the Scottish Housing Regulator, which will address these weaknesses and ensure compliance with the Regulatory Standards of Governance and Financial Management.

### Auditors

The Association is in the process of carrying out a re-tendering exercise in respect of the provision of external audit services. The successful Audit Firm shall be proposed for appointment at the forthcoming Annual General Meeting.

### By order of the Board



**PAT BOWDEN**

Secretary

27 June 2017

# 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 in 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 Auditing Practices Board. 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 with 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 Board and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Board's Statement on Internal Financial Control appropriately reflects the Association's current position as it works to address identified weaknesses and ensure future compliance with relevant Regulatory Standards in respect of internal financial controls 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  
Statutory Auditors  
GLASGOW  
27 June 2017



**Alexander Sloan**  
Accountants and Business Advisers



We have audited the financial statements of Craigdale Housing Association Limited for the year ended 31st March 2017 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting standards of the United Kingdom

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an 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 Board and Auditors**

As explained more fully in the Statement of Board's Responsibilities the Association's Board, 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 Financial Reporting Council's (FRC'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 Board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Board's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

### **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 Board's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.

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

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**Matters on which we are required to report by exception (contd.)**

- the Statement of Comprehensive Income, to which our report relates, and the Statement of Financial Position are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.

*Alexander Sloan*

**ALEXANDER SLOAN**  
Chartered Accountants  
Statutory Auditors  
GLASGOW  
27 June 2017



**Alexander Sloan**  
Accountants and Business Advisers

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2017

	Notes	2017	2016
		£	£
<b>REVENUE</b>	2.	1,791,531	1,807,180
Operating Costs	2.	(1,335,768)	(1,292,384)
<b>OPERATING SURPLUS</b>		455,763	514,796
Interest Receivable and Other Income		15,251	14,293
Interest Payable and Similar Charges	7.	(25,456)	(51,847)
Other Finance Charges	9.	(13,838)	(15,167)
		(24,043)	(52,721)
Surplus on ordinary activities before taxation		431,720	462,075
<b>SURPLUS FOR YEAR</b>	8.	431,720	462,075
Other Comprehensive Income		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		431,720	462,075

The notes on pages 13 to 25 form part of these financial statements.

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2017

	Notes	2017		2016
		£	£	£
<b>NON-CURRENT ASSETS</b>				
Housing Properties - Depreciated Cost	10.(a)		16,812,131	17,258,241
Other Non Current Assets	10.(b)		223,888	227,919
			<u>17,036,019</u>	<u>17,486,160</u>
<b>CURRENT ASSETS</b>				
Receivables	13.	36,967		31,356
Investments	23	1,353,408		1,344,060
Cash at bank and in hand		756,774		519,418
		<u>2,147,149</u>		<u>1,894,834</u>
<b>CREDITORS:</b> Amounts falling due within one year	14.	(376,620)		(403,178)
<b>NET CURRENT ASSETS</b>			<u>1,770,529</u>	<u>1,491,656</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				
			18,806,548	18,977,816
<b>CREDITORS:</b> Amounts falling due after more than one year	15.		(2,399,892)	(2,636,979)
<b>DEFERRED INCOME</b>				
Social Housing Grants	17.	(10,634,280)		(10,993,319)
Other Grants	17.	(212,660)		(219,520)
			<u>(10,846,940)</u>	<u>(11,212,839)</u>
<b>NET ASSETS</b>			<u>5,559,716</u>	<u>5,127,998</u>
<b>EQUITY</b>				
Share Capital	18.		148	150
Revenue Reserves			5,559,568	5,127,848
			<u>5,559,716</u>	<u>5,127,998</u>

The Financial Statements were approved by the Board and authorised for issue and signed on their behalf on 27 June 2017.

  
Chairperson

  
Treasurer

  
Secretary

The notes on pages 13 to 25 form part of these financial statements.

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2017

	Notes	2017	2016
		£	£
<b>Net Cash Inflow from Operating Activities</b>	16.	522,652	602,860
<b>Investing Activities</b>			
Acquisition and Construction of Properties		(52,565)	(253,586)
Purchase of Other Fixed Assets		(10,386)	(7,632)
Changes on short term deposits with banks		(9,348)	(161,675)
<b>Net Cash Outflow from Investing Activities</b>		(72,299)	(422,893)
<b>Financing Activities</b>			
Interest Received on Cash and Cash Equivalents		12,052	14,293
Interest Paid on Loans		(25,456)	(51,847)
Loan Principal Repayments		(199,597)	(187,427)
Share Capital Issued		4	2
<b>Net Cash Outflow from Financing</b>		(212,997)	(224,979)
<b>Increase / (decrease) in Cash</b>		237,356	(45,012)
<b>Opening Cash &amp; Cash Equivalents</b>		519,418	564,430
<b>Closing Cash &amp; Cash Equivalents</b>		756,774	519,418
<b>Cash and Cash equivalents as at 31 March 2017.</b>			
Cash		756,774	519,418
		756,774	519,418

The notes on pages 13 to 25 form part of these financial statements.

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31st MARCH 2017

	Share Capital	Revenue Reserve	Total
	£	£	£
<b>Balance as at 1st April 2015</b>	170	4,665,773	4,665,943
Issue of Shares	2	-	2
Cancellation of Shares	(22)	-	(22)
Surplus for Year	-	462,075	462,075
<b>Balance as at 31 March 2016</b>	<b>150</b>	<b>5,127,848</b>	<b>5,127,998</b>
<b>Balance as at 1st April 2016</b>	150	5,127,848	5,127,998
Issue of Shares	4	-	4
Cancellation of Shares	(6)	-	(6)
Surplus for Year	-	431,720	431,720
<b>Balance as at 31 March 2017</b>	<b>148</b>	<b>5,559,568</b>	<b>5,559,716</b>

The reserves opening balance at 1st January 2015 has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

# CRAIGDALE HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 PRINCIPAL ACCOUNTING POLICIES

##### Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

##### 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 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

##### Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of of the asset to which it relates.

##### Retirement Benefits

The Association participated in the Scottish Housing Association Defined Benefits Pension Scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. The Association has moved from the Defined Benefit scheme to the Scottish Housing Association Defined Contribution Scheme.

The Association has a liability for past service costs contributions to the Scottish Housing Association Defined Benefit Pension Scheme. The Association provides for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for a high quality corporate bond.

##### Valuation Of Housing Properties

Housing Properties are stated at cost 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 10. 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.

<b>Component</b>	<b>Useful Economic Life</b>
Structure	50 years
Windows	35 years
Central Heating	10 years
Kitchens	20 years
Bathrooms	25 years

# CRAIGDALE HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

#### Depreciation And Impairment Of Other Non-Current Assets

Non-Current 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% Straight Line
Furniture and Fittings	25% Straight Line
Computer Equipment	33.33% Straight Line
Office Equipment	20% Straight Line

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

#### Social Housing Grant And Other Grants In Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

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

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

#### 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 non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

#### Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board to exercise judgement in applying Craigdale Housing Association Limited's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

##### a) Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

##### b) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.



# CRAIGDALE HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

##### **c) Useful life of properties, plant and equipment**

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

##### **d) Costs of shared ownership**

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

##### **Leases/Leased Assets**

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position 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.

##### **Key Judgements made in the application of Accounting Policies**

##### **a) The Categorisation of Housing Properties**

In the judgement of the Board the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

##### **b) Identification of cash generating units**

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

##### **c) Financial instrument break clauses**

The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Board, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

##### **d) Pension Liability**

In March 2016 the Association received details from the Pension Trust of the provisional valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions.

The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Board feel this is the best available estimate of the past service liability.

##### **Financial Instruments - Basic**

The Association classifies all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	Notes	2017			2016		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3.	1,785,130	1,325,682	459,448	1,800,780	1,281,484	519,296
Other Activities	4.	6,401	10,086	(3,685)	6,400	10,900	(4,500)
<b>Total</b>		<b>1,791,531</b>	<b>1,335,768</b>	<b>455,763</b>	<b>1,807,180</b>	<b>1,292,384</b>	<b>514,796</b>

#### 3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared ownership £	2017 Total £	2016 Total £
<b>Revenue from Lettings</b>				
Rent Receivable Net of Service Charges	1,381,806	11,965	1,393,771	1,369,137
Less: Rent losses from voids	210	-	210	35
<b>Net Rents Receivable</b>	<b>1,381,596</b>	<b>11,965</b>	<b>1,393,561</b>	<b>1,369,102</b>
Grants released from deferred income	365,899	-	365,898	419,047
Revenue grants from Scottish Ministers	25,670	-	25,670	12,631
<b>Total turnover from affordable letting activities</b>	<b>1,773,165</b>	<b>11,965</b>	<b>1,785,130</b>	<b>1,800,780</b>
<b>Expenditure on affordable letting activities</b>				
Management and maintenance administration costs	522,225	-	522,225	461,393
Planned and cyclical maintenance, including major repairs	188,839	-	188,839	178,005
Reactive maintenance costs	111,128	-	111,128	102,571
Bad Debts - rents and service charges	4,730	-	4,730	3,239
Depreciation of affordable let properties	493,344	5,416	498,760	536,276
<b>Operating costs of affordable letting activities</b>	<b>1,320,266</b>	<b>5,416</b>	<b>1,325,682</b>	<b>1,281,484</b>
<b>Operating surplus on affordable letting activities</b>	<b>452,899</b>	<b>6,549</b>	<b>459,448</b>	<b>519,296</b>
<b>2016</b>	<b>512,747</b>	<b>6,549</b>		

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers	Other Income	Total Turnover	Operating Costs: Bad Debts	Operating Costs: Other	Operating Surplus (Deficit) 2017	Operating Surplus (Deficit) 2016
	£	£	£	£	£	£	£
Wider Role Activities	4,935		4,935		7,557	(2,622)	(4,500)
Factoring		1,466	1,466		1,466	(1,063)	
Rechargeable Repairs				1,063			
<b>Total From Other Activities</b>	<b>4,935</b>	<b>1,466</b>	<b>6,401</b>	<b>1,063</b>	<b>9,023</b>	<b>(3,685)</b>	<b>(4,500)</b>
<b>2016</b>	<b>4,985</b>	<b>1,415</b>	<b>6,400</b>		<b>10,900</b>	<b>(4,500)</b>	

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board, managers and employees of the Association.

	2017	2016
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	64,934	61,050
Pension contributions made on behalf on Officers with emoluments greater than £60,000	6,420	6,074
Emoluments payable to Chief Executive (excluding pension contributions)	64,934	61,050
Total Emoluments paid to key management personnel	71,354	67,124

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

#### 6. EMPLOYEE INFORMATION

	2017	2016
	No.	No.
The average total number of Employees employed during the year was	6	6
Staff Costs were:	£	£
Wages and Salaries	212,091	211,187
Social Security Costs	19,461	20,174
Other Pension Costs	20,002	19,302
Temporary, Agency and Seconded Staff	10,000	10,000
	<u>261,554</u>	<u>260,663</u>

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 7. INTEREST PAYABLE & SIMILAR CHARGES

	2017	2016
	£	£
On Bank Loans & Overdrafts	<u>25,456</u>	<u>51,847</u>

#### 8. SURPLUS FOR YEAR

	2017	2016
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	485,052	497,322
Auditors' Remuneration - Audit Services	<u>6,400</u>	<u>6,100</u>

#### 9. OTHER FINANCE INCOME / CHARGES

	2017	2016
	£	£
Unwinding of Discounted Liabilities	<u>13,838</u>	<u>15,167</u>

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 10. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Completed Shared Ownership Properties £	Total £
<b>COST</b>			
As at 1st April 2016	23,950,343	270,792	24,221,135
Additions	52,565	-	52,565
Disposals	(60,448)	-	(60,448)
As at 31st March 2017	<u>23,942,460</u>	<u>270,792</u>	<u>24,213,252</u>
<b>DEPRECIATION</b>			
As at 1st April 2016	6,936,992	25,902	6,962,894
Charge for Year	465,219	5,416	470,635
Disposals	(32,408)	-	(32,408)
As at 31st March 2017	<u>7,369,803</u>	<u>31,318</u>	<u>7,401,121</u>
<b>NET BOOK VALUE</b>			
As at 31st March 2017	<u>16,572,657</u>	<u>239,474</u>	<u>16,812,131</u>
As at 31st March 2016	<u>17,013,251</u>	<u>244,890</u>	<u>17,258,141</u>

Additions to housing properties include capitalised development administration costs of £nil (2016 - £nil) and capitalised major repair costs to existing properties of £52,565 (2016 - £253,586)

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £58,137. The amount capitalised is £52,565, with the balance of £5,572 charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £52,565 and improvement of £nil.

The Association's Lenders have standard securities over Housing Property with a carrying value of £10,040,271 (2016 - £10,296,389).

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 10. NON CURRENT ASSETS (Continued)

b) Other Tangible Asset	Computer Equipment £	Office Equipment £	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>					
As at 1st April 2016	111,929	20,925	311,297	39,234	483,385
Additions	-	5,681	-	4,705	10,386
Eliminated on Disposals	-	(1,500)	-	(6,573)	(8,073)
As at 31st March 2017	111,929	25,106	311,297	37,366	485,698
<b>AGGREGATE DEPRECIATION</b>					
As at 1st April 2016	106,991	19,165	92,464	36,846	255,466
Charge for year	4,218	1,941	6,226	2,032	14,417
Eliminated on disposal	-	(1,500)	-	(6,573)	(8,073)
As at 31st March 2017	111,209	19,606	98,690	32,305	261,810
<b>NET BOOK VALUE</b>					
As at 31st March 2017	720	5,500	212,607	5,061	223,888
As at 31st March 2016	4,938	1,760	218,833	2,388	227,919

#### 11. CAPITAL COMMITMENTS

	2017 £	2016 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	229,224	-

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

#### 12. COMMITMENTS UNDER OPERATING LEASES

	2017 £	2016 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
<b>Other Leases</b>		
Not later than one year	758	-
Later than one year and not later than five years	758	-
	1,516	-

#### 13. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Arrears of Rent & Service Charges	22,934	19,158
Less: Provision for Doubtful Debts	(8,892)	(7,759)
	14,042	11,399
Other Receivables	22,925	19,957
	36,967	31,356

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 14. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Housing Loans	203,135	194,295
Trade Payables	54,844	53,297
Rent in Advance	75,654	73,548
Other Payables	662	25,224
Liability for Past Service Contributions	41,988	41,837
Accruals and Deferred Income	337	14,977
	<u>376,620</u>	<u>403,178</u>

At the balance sheet date there were pension contributions outstanding of £nil (2016 £nil).

#### 15. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2017 £	2016 £
Liability for Past Service Contributions	171,112	199,761
Housing Loans	<u>2,228,780</u>	<u>2,437,218</u>
	<u>2,399,892</u>	<u>2,636,979</u>
<b>Housing Loans</b>		
Amounts due within one year	203,135	194,295
Amounts due in one year or more but less than two years	205,284	157,028
Amounts due in two years or more but less than five years	128,983	471,081
Amounts due in more than five years	1,394,513	1,809,109
	<u>2,431,915</u>	<u>2,631,513</u>
Less: Amount shown in Current Liabilities	203,135	194,295
	<u>2,228,780</u>	<u>2,437,218</u>
<b>Liability for Past Service Contributions</b>		
Amounts due within one year	41,988	41,837
Amounts due in one year or more but less than two years	42,692	40,330
Amounts due in two years or more but less than five years	128,420	121,853
Amounts due in more than five years	-	37,578
	<u>213,100</u>	<u>241,598</u>
Less: Amount shown in Current Liabilities	41,988	41,837
	<u>171,112</u>	<u>199,761</u>

All of the Association's bank borrowings are repayable in a monthly basis with the principal being amortised over the term of the loans.

The Association has a number of long term housing loans, the terms and conditions of which fall into the following categories: £2,431,915 at base rate plus margin (0.4% - 1.00%) secured over 178 properties, all expiring between 2026 and 2036.

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 1.06% (2015 - 2.64%)



# CRAIGDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 16. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to balance as at 31 March 2017</i>	<b>2017</b>	<b>2016</b>
	£	£
Operating Surplus	455,763	514,796
Depreciation	513,092	550,738
Amortisation of Capital Grants	(365,899)	(419,047)
Change in debtors	(2,412)	5,401
Change in creditors	(64,046)	(33,839)
Unwinding of Discount on Pension Liability	(13,838)	(15,167)
Share Capital Written Off	(6)	(22)
	<u>522,652</u>	<u>602,860</u>
Balance as at 31 March 2017		

#### 17. DEFERRED INCOME

	Housing Properties Held for Letting	Shared Ownership Properties	Total
	£	£	£
<b>Social Housing Grants</b>			
Balance as at 1st April 2016	16,792,931	197,625	16,990,556
Eliminated on disposal components and property	(119,855)	-	(119,855)
Balance as at 31st March 2017	<u>16,673,076</u>	<u>197,625</u>	<u>16,870,701</u>
<b>Amortisation</b>			
Balance as at 1st April 2016	5,941,902	55,335	5,997,237
Amortisation in year	336,901	3,953	340,854
Eliminated on disposal	(101,670)	-	(101,670)
Balance as at 31st March 2017	<u>6,177,133</u>	<u>59,288</u>	<u>6,236,421</u>
<b>Net book value</b>			
Balance as at 31st March 2017	<u>10,495,943</u>	<u>138,337</u>	<u>10,634,280</u>
Balance as at 31st March 2016	<u>10,851,029</u>	<u>142,290</u>	<u>10,993,319</u>
<b>Other Grants</b>			
Balance as at 1st April 2016	343,000	-	343,000
Balance as at 31st March 2017	<u>343,000</u>	<u>-</u>	<u>343,000</u>
<b>Amortisation</b>			
Balance as at 1st April 2016	123,480	-	123,480
Amortisation in year	6,860	-	6,860
Balance as at 31st March 2017	<u>130,340</u>	<u>-</u>	<u>130,340</u>
<b>Net book value</b>			
Balance as at 31st March 2017	<u>212,660</u>	<u>-</u>	<u>212,660</u>
Balance as at 31st March 2016	<u>219,520</u>	<u>-</u>	<u>219,520</u>
<b>Total grants net book value as at 31 March 2017</b>	<u>10,708,603</u>	<u>138,337</u>	<u>10,846,940</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	<b>2017</b>	<b>2016</b>
	£	£
Amounts due within one year	347,714	419,047
Amounts due after more than one year	10,499,226	10,793,792
	<u>10,846,940</u>	<u>11,212,839</u>

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2016	150
Issued in year	4
Cancelled in year	(6)
At 31st March 2017	<u>148</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

#### 19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2017 No.	2016 No.
General Needs - Built by Association	223	223
General Needs - Purchased by Association	143	143
Shared Ownership	6	6
	<u>372</u>	<u>372</u>

#### 20. RELATED PARTY TRANSACTIONS

Members of the Board are related parties of the Association as defined by Financial Reporting Standard 102.

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their position 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 is made at arm's length and under normal commercial terms.

Transactions with governing body members (and their close family) were as follows:  
£

Rent and factoring income received from Tenants on the Board and their close family members 53,065

At the year end total rent arrears and factoring owed by the tenant members of the Board (and their close family) were £869

#### 21. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 83/85 Dougrie Road, Castlemilk, Glasgow.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Castlemilk.

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 22. GOVERNING BODY MEMBER EMOLUMENTS

Board members received £3,010 in the year by way of reimbursement of expenses. (2016 - £1,614). No remuneration is paid to Board members in respect of their duties in the Association.

#### 23. INVESTMENTS

	2017 £	2016 £
Short term deposits	1,353,408	1,344,060

#### 24. RETIREMENT BENEFIT OBLIGATIONS

##### General

Craigdale Housing Association Limited participated 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 Association has since moved to a defined contribution scheme but has a liability for the past service deficit in the defined benefit scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.

The last full valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m equivalent to a past service funding level of 76%.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

All employers in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £213,100 (2016 - £241,598). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.06% (2016 - 2.64%).

The Association made payments totalling £41,988 (2016: £41,837) to the pension scheme during the year.