

Client



Scott-Moncrieff
business advisers and accountants

CRAIGDALE HOUSING ASSOCIATION LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

CRAIGDALE HOUSING ASSOCIATION LIMITED

BOARD, EXECUTIVES AND PROFESSIONAL ADVISORS FOR THE YEAR ENDED 31 MARCH 2018

BOARD

Morag Cameron	Chairperson
Christine McCormack	Vice Chair
Pat Bowden	Secretary
Margaret Welsh	Treasurer
Jeanette Brown	(Appointed 27 June 2017)
Patricia Young	
Jaclyn McCann	
Claire Taylor	(Co-opted - Appointed 25 April 2017)
John Duncan	(Co-opted - Appointed 25 April 2017)
Helen Bayne	(Co-opted - Appointed 25 April 2017)
Brenda Coyle	(Resigned 27 June 2017)
Clare Keenan	(Resigned 24 August 2017)
Marie Wallace	(Resigned 26 September 2017)

EXECUTIVE OFFICERS

Anne Marie Brown	Director
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REGISTERED OFFICE

83/85 Dougrie Road
Castlemilk
Glasgow
G45 9NS

AUDITOR

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

INTERNAL AUDITOR

Wylie & Bisset
168 Bath Street
Glasgow
G2 4TP

BANKERS

Bank of Scotland
82 Main Street
Rutherglen
G73 2HZ

SOLICITORS

Brechin Tindall Oatts	Mellicks
43 St Vincent Street	160 Hope Street
Glasgow	Glasgow
G2 5HS	G2 2TL

FINANCE AGENTS

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

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Registration Particulars:

Financial Conduct Authority

Co-operative and Community Benefit Societies Act 2014
Registered Number 2296R(S)

Scottish Housing Regulator

Housing (Scotland) Act 2010
Registered Number HAL 95

Scottish Charity Number

SC031879

CRAIGDALE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2018

The Board presents their report and financial statements for the year ended 31 March 2018.

Principal activity

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

Review of Business and future developments

Strengthening governance is one of Craigdale's strategic objectives as the Association continues on its journey of change.

Three new Board members were co-opted on to the Board in April 2017 and fully elected at the AGM in August 2017. The new members have a wealth of experience in governance, asset management and human resources and have been a welcomed addition to the governing body, as the Association continues to grow from strength to strength.

The Association approved its new 3 year Business Plan in 2018, which contains 4 strategic objectives:

- Deliver excellent services;
- Strengthening community engagement;
- Strengthen governance; and
- Strong financial & risk management.

The Business Plan will ensure the Association continues to evolve, whilst ensuring Craigdale remains a strong independent community based Housing Association, delivering excellent services, within the context of good governance.

Craigdale's new vision is: "Changing lives for the better" and this statement summarises in a very straightforward way what the Association is aiming to achieve.

In June 2017, the Association was short-listed for the Scottish Home Awards for Housing Association of the Year with under 2000 properties. Although the Association did not win the award, being shortlisted was a welcomed recognition for the Board and staff's hard work over the past year.

Housing Management

The Association's Housing Services Team had another busy and successful year, particularly as they continued to achieve the majority of internal targets set by the Association.

Here are some of the team's achievements for the year ending 31 March 2018:

- 28 properties were re-let during the year;
- The average time to re-let a property was 0.1 days;
- Void loss was 0.08%;
- Gross rent arrears were 2.15%;
- 16 anti-social behaviour complaints were received and none were category 1 complaints (e.g. serious); and
- 97% of the Association's tenants felt the rent charged represented value for money.

The Association's housing stock increased to 367 rented properties, as the Association bought-back one shared ownership property. Craigdale now has 5 shared ownership properties and provides factoring services for 20 home owners.

CRAIGDALE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2018

Maintenance

The Association continued to provide an excellent repairs service to its tenants. Here are some highlights:

- In total, tenants reported 1284 repairs;
- 98.7% of the Association's reactive repairs were completed right first time; and
- 98% of tenants were satisfied with the Association's repairs and maintenance during the year.

Further information on the Association's performance can be found on the Scottish Housing Regulator's website: <https://www.scottishhousingregulator.gov.uk/find-and-compare-landlords/craigdale-housing-association-ltd>

The Association carried out an extensive programme of component replacements during the year, which included replacing:

- 56 new boilers;
- 55 kitchens and fans; and
- 64 new bathrooms and fans.

Craigdale appointed an independent consultant during the year to carry out a stock condition survey of 50% of its stock. As a result of this exercise Craigdale now has a new comprehensive computerised data base for all its properties, including their respective building element details, energy performance characteristics, replacement costs and 30 year life cycle costs.

Community Involvement

Craigdale takes great pride in delivering an exciting schedule of community events and competitions throughout the year, for its tenants and their families. Community events, which are arranged through the Association's Community Group, are free of charge to tenants. The following is a summary of the main community events and competitions run by the Association during the year:

- Recycled Teenagers Away Day to Ayr;
- Vouchers for Father's Day;
- Teenage Kicks Laser Tag trip;
- Family Day out to Heads of Ayr;
- Children's Christmas party;
- Tenant's Christmas Party;
- Twelve Days of Christmas with cash prizes;
- Good Neighbour Award; and
- Vouchers for Mother's Day treat.

Craigdale also takes part in events organised by other community groups and local housing associations in Castlemilk, such as the Castlemilk summer fun day.

The Association has a Community Action Plan in place, and it is hoping to develop various projects contained within the Plan in partnership with other local agencies.

Governance

During the year, the Association carried out an external governance review, which highlighted some areas for improvement. The Board and the staff have been working hard to implement the suggested changes that came out of the review.

Not only has the Association approved a new Business Plan and elected new members onto the Board, it has also developed and approved a new Risk Management Strategy and put in place an Audit & Assurance Committee, which reports directly to the Board. These changes (and changes implemented over the last couple of years) and revised ways of working; ensures the Association has good governance, which will stand it in good stead for the future.

CRAIGDALE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2018

Board and executive officers

The members of the board hold 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.

Statement of the Board's responsibilities

Statute 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 income and expenditure 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Association will continue as a business.

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

Information for the Auditor

As far as the Board is aware there is no relevant audit information of which the auditor is unaware and the Board has taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditor is aware of any such information.

Charitable Donations

During the year, the Association made charitable donations amounting to £50 (2017 - £nil).

Auditor

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

The Report of the Board (incorporating the Strategic Report) has been approved by the Board on 25 June 2018 and signed on their behalf by:


Pat Bowden
Secretary

CRAIGDALE HOUSING ASSOCIATION LIMITED

BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROLS FOR THE YEAR ENDED 31 MARCH 2018

The Board acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

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

It is the 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 include ensuring that:

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's **assets**;
- experienced and suitably qualified staff take responsibility for important business functions, annual appraisal procedures will be established to maintain standards of performance;
- forecasts and budgets are prepared regularly which allow the Board and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term. Regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board;
- the Board review reports, from the director, staff and from the external auditor to provide reasonable assurance that control procedures are in place and are being followed, including a general review of the major risks facing the Association; and
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Board identified weakness in Craigdale's governance. The Board agreed a regulation plan with the regulatory standards of governance and financial management.

The Board have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2018 and until the below date. 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.

The Board's statement on Internal Financial Controls has been approved by the Board on 25 June 2018 and signed on their behalf by:



Pat Bowden
Secretary

CRAIGDALE HOUSING ASSOCIATION LIMITED

**AUDITOR'S REPORT ON CORPORATE GOVERNANCE MATTERS
FOR THE YEAR ENDED 31 MARCH 2018**

In addition to our audit of the Financial Statements, we have reviewed your statements on page 4 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 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 reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 4 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



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

Dated: 25 June 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRAIGDALE HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Opinion

We have audited the financial statements of Craigdale Housing Association Limited (the Association) for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Changes in Capital and Reserves, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator.

Basis for opinion

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

Conclusions relating to going concern

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

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

CRAIGDALE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRAIGDALE HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Other information

The Board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's Responsibilities set out on page 3, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Act and relevant regulations made or having effect thereunder.

CRAIGDALE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRAIGDALE HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014.

Our audit work has been undertaken so that we might state to the Association's members, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Scott-Moncrieff, Statutory Auditor
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

Dated: 25 June 2018:

CRAIGDALE HOUSING ASSOCIATION LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £	2017 £
Turnover	4	1,796,546	1,791,531
Operating expenditure	4	(1,405,821)	(1,335,768)
Operating surplus	4	390,725	455,763
Interest receivable and other income	10	12,815	15,251
Interest payable and similar charges	11	(23,603)	(39,294)
Surplus before taxation		379,937	431,720
Taxation		-	-
Surplus for year		379,937	431,720
Other comprehensive income		-	-
Total comprehensive income for the year		379,937	431,720

The results for the year relate wholly to continuing activities.

The notes on pages 13 to 32 form part of the financial statements.

CRAIGDALE HOUSING ASSOCIATION LIMITED

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2018**

	Share Capital £	Revenue Reserve £	Total Reserves £
Balance at 1 April 2017	148	5,559,568	5,559,716
Issue of shares	7	-	7
Cancellation of shares	(10)	-	(10)
Surplus for year	-	379,937	379,937
Balance at 31 March 2018	145	5,939,505	5,939,650

	Share Capital £	Revenue Reserve £	Total Reserves £
Balance at 1 April 2016	150	5,127,848	5,127,998
Issue of shares	4	-	4
Cancellation of shares	(6)	-	(6)
Surplus for year	-	431,720	431,720
Balance at 31 March 2017	148	5,559,568	5,559,716

The notes on pages 13 to 32 form part of the financial statements.


CRAIGDALE HOUSING ASSOCIATION LIMITED


**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	Notes	£	2018 £	£	2017 £
Tangible Fixed Assets					
Housing properties	12a		16,885,492		16,812,131
Other Assets	12b		214,893		223,888
			<u>17,100,385</u>		<u>17,036,019</u>
Current Assets					
Debtors	13	68,729		36,967	
Cash at bank and in hand	14a	1,024,406		756,774	
Short term deposits	14b	961,694		1,353,408	
		<u>2,054,829</u>		<u>2,147,149</u>	
Creditors:					
Amounts falling due within one year	15	(582,885)		(376,620)	
Net current assets			<u>1,471,944</u>		<u>1,770,529</u>
Total assets less current liabilities			<u>18,572,329</u>		<u>18,806,548</u>
Creditors: Amounts falling due after more than one year	16		(2,153,923)		(2,399,892)
Deferred income					
Social housing grants	17	(10,272,956)		(10,634,280)	
Other grants	17	(205,800)		(212,660)	
			<u>(10,478,756)</u>		<u>(10,846,940)</u>
Net Assets			<u>5,939,650</u>		<u>5,559,716</u>
Capital and Reserves					
Share capital	19		145		148
Revenue reserves	21		5,939,505		5,559,568
			<u>5,939,650</u>		<u>5,559,716</u>

These financial statements were approved by the Board and authorised for issue on 25 June 2018 and signed on its behalf by:

M Cameron (Chairperson) 

P Bowden (Secretary) 

M Welsh (Treasurer) 

The notes on pages 13 to 32 form part of the financial statements.

CRAIGDALE HOUSING ASSOCIATION LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	£	2018 £	£	2017 £
Net cashflows from operating activities	22		667,655		533,292
Cash flow from investing activities					
Purchase of property components		(577,249)		(52,565)	
Purchase of other fixed assets		(2,888)		(10,386)	
Movement of funds on deposit		391,714		(9,348)	
Interest received		12,815		15,251	
			(175,608)		(57,048)
Cash flow from financing activities					
Interest paid		(22,815)		(39,294)	
Repayment of borrowings		(201,607)		(199,598)	
Issue of share capital		7		4	
			(224,415)		(238,888)
Net changes in cash and cash equivalents			267,632		237,356
Cash and cash equivalents at 1 April			756,774		519,418
Cash and cash equivalents at 31 March	14a		1,024,406		756,774

The notes on pages 13 to 32 form part of the financial statements.

1. General information

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Housing Requirements 2014 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2014. The principal accounting policies are set out below.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see note 3).

The presentation currency is pounds sterling and the financial statements are rounded to the nearest whole number.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities. The Association is a registered social landlord in Scotland and its registered number is HAL95. The financial statements present the results of the Association only.

The Association's principal place of business is 83/85 Dougrie Road, Castlemilk, Glasgow. The Association is a registered social housing landlord and Scottish charity that owns and manages social housing property in Castlemilk.

2. Principal accounting policies

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards. The effect of events relating to the year ended 31 March 2018, which occurred before the date of approval of the financial statements by the Board have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2018 and of the results for the year ended on that date.

Going Concern

The Board anticipate that a surplus will be generated in the year to 31 March 2019 and the year to 31 March 2020. The Association has a healthy cash and net current asset position and thus the Board is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Board continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from the Scottish Government, local authorities and other agencies. Also included is any income from first tranche shared ownership disposals and management fees for the factoring of properties for private owners as the provision of factoring services is accounted for on an agency basis.

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

Interest receivable

Interest receivable is recognised in the Statement of Comprehensive Income using the effective interest rate method.

2. Principal accounting policies (continued)

Interest payable

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Housing Properties

Housing properties are stated at cost less accumulated depreciation. The cost of such properties includes the following:

- (i) cost of acquiring land and buildings;
- (ii) development expenditure including applicable overheads; and
- (iii) interest charged on the loans raised to finance the scheme.

These costs are either termed "qualifying costs" for approved Government grant schemes and are considered for mortgage loans by the relevant lending authorities or they are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

Works to existing properties will generally be capitalised under the following circumstances:

- (i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life if replaced or restored; or
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the scheme will not be developed to completion.

Depreciation

(i) Housing Properties

Housing properties are stated at cost, less accumulated depreciation. Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. The following major components and useful lives have been identified by the Association.

Land	not depreciated
Structure	over 50 years
Windows	over 35 years
Kitchens	over 20 years
Bathrooms	over 25 years
Central Heating	over 10 years

2. Principal accounting policies (continued)

(ii) Other fixed assets

The Association's assets are written off evenly over their expected useful lives as follows:

Office property	2% straight line per annum
Furniture & fittings	25% straight line per annum
Computer equipment	33% straight line per annum
Office equipment	20% straight line per annum

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

Sales of housing properties

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

Improvements

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in rental income; or
- a material reduction in future maintenance costs; or
- a significant extension of the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the Statement of Comprehensive Income.

Impairment of fixed assets

A review for impairment for all fixed assets is carried out on an annual basis and any impairment is recognised by a charge to the Statement of Comprehensive Income.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Rental arrears

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed to be recoverable. The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action. Any provision deemed necessary is shown alongside gross rental arrears shown in note 13.

2 Principal accounting policies (continued)

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method.

Loans

Mortgage loans are advanced by financial institutions under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval for Government Capital Grant by the Scottish Government or Glasgow City Council.

Social housing grant & other grants

Social Housing Grants and other capital grants are accounted for using the accrual method as outlined in Section 24 of the 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 grants attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social housing grants received in respect of revenue expenditure are credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

Although social housing grants are 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.

Financial instruments

The Association only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2 Principal accounting policies (continued)

Financial instruments (continued)

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Association has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Operating leases

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Pension Costs (note 24)

The Association participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) 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.

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.

Thus the scheme is accounted for as a defined contribution scheme. However the Association has entered into a past service deficit repayment agreement with the Pension Trust code per FRS 102. This discounted past service deficit liability has been recognised in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. Judgement in applying policies and key sources of uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Management Committee are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

Estimate

Valuation of housing properties

Useful lives of property and equipment

The main components of housing properties and their useful lives

Recoverable amount of rental and other trade receivables

The obligations under the SHAPs pension scheme

The allocation of costs for shared ownership

Basis of estimation

Housing Properties are held at deemed cost which is based on existing use valuations at the date of transition to FRS 102 of 1 April 2014.

The useful lives of property and equipment are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.

The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.

Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.

This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

Management and administration costs are allocated on the basis of rental income that shared ownership properties represent of the Association's total rental income.

4 Particulars of Turnover, Operating Expenditure and Operating Surplus

	Notes	Turnover £	Operating Costs £	Operating surplus/ (deficit) £	Turnover £	Operating costs £	Operating surplus/ (deficit) £

CRAIGDALE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

5. Particulars of income & expenditure from affordable letting activities

	General Needs Housing £	Shared ownership £	2018 Total £	2017 Total £
Revenue from lettings				
Rent receivable net of service charges	1,407,343	11,840	1,419,183	1,393,771
Less: Rent Losses from Voids	(818)	-	(818)	(210)
Net rents receivable	1,406,525	11,840	1,418,365	1,393,561
Grants released from deferred income	368,184	-	368,184	365,899
Other revenue grants from Scottish Ministers	8,505	-	8,505	25,670
Total turnover from affordable letting activities	1,783,214	11,840	1,795,054	1,785,130
Expenditure on affordable letting activities				
Management and maintenance administration costs	599,412	-	599,412	522,225
Planned and cyclical maintenance including major repairs	188,063	-	188,063	188,839
Reactive maintenance	109,967	-	109,967	111,128
Bad debts – rents and service charges	(338)	-	(338)	4,730
Depreciation of affordable let properties	499,375	4,513	503,888	498,760
Operating costs of affordable letting activities	1,396,479	4,513	1,400,992	1,325,682
Operating Surplus on affordable letting activities	386,735	7,327	394,062	459,448
Operating Surplus for social lettings 2017	452,899	6,549		

The amount for service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2017 - £nil).

Included in depreciation of social housing is £26,425 (2017: £28,040) relating to the loss on disposal of components.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

6. Particulars of turnover, operating costs and operating surplus from other activities

	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other income £	Total Turnover £	Operating costs - bad debts £	Other operating costs £	Operating surplus/ (deficit) 2018 £	Operating surplus/ (deficit) 2017 £
Wider role activities	-	-	-	-	-	-	(3,337)	(3,337)	(2,622)
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	1,492	1,492	-	(1,492)	-	-
Development activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency management service	-	-	-	-	-	-	-	-	-
Development and improvements for sale (inc. first tranche shared ownership sales to non-registered social landlords)	-	-	-	-	-	-	-	-	-
Rechargeable repairs	-	-	-	-	-	-	-	-	(1,063)
Total from other activities 2018	-	-	-	1,492	1,492	-	(4,829)	(3,337)	(3,685)
Total from other activities 2017	4,935	-	-	1,466	6,401	(1,063)	(9,023)	(3,685)	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**7. 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. The Association considers key management personnel to be the Board and the Director of the Association only. During the year, a period of cover was provided by an Interim Director, emoluments for this period are included within total emoluments payable to key management personnel.

	2018 £	2017 £
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding Pension contributions)	<u>68,405</u>	<u>64,934</u>
Pension contributions payable to officers with emoluments greater than £60,000	<u>6,678</u>	<u>6,420</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>68,405</u>	<u>64,934</u>
Total emoluments paid to key management personnel	<u>88,558</u>	<u>71,354</u>

The national insurance costs encountered during the year on behalf of the key management personnel were £8,113 (2017: £7,814).

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

	Number 1	Number 1
£60,000 to £70,000	<u>1</u>	<u>1</u>

8. Employees information

	2018	2017
The average total number of employees employed during the year was:	<u>7</u>	<u>6</u>

	2018 £	2017 £
Staff costs were:		
Wages and salaries	228,949	212,091
Social security costs	21,429	19,461
Other pension costs	20,953	20,002
Temporary, agency and seconded staff	23,475	10,000
	<u>294,806</u>	<u>261,554</u>

9. Surplus for the year

	2018 £	2017 £
Surplus is stated after charging:		
Depreciation – Tangible owned fixed assets	515,771	485,052
Auditor's remuneration – Audit services	7,200	6,400
	<u>522,971</u>	<u>491,452</u>

10. Interest receivable

	2018 £	2017 £
Bank interest	12,815	15,251
	<u>12,815</u>	<u>15,251</u>

CRAIGDALE HOUSING ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

11. Interest payable and similar charges	2018 £	2017 £
On bank loans and overdrafts	22,815	25,456
Unwinding of discounted liabilities	(1,212)	2,838
Interest expense	2,000	11,000
	23,603	39,294

12. Tangible fixed assets	Housing properties held for letting £	Completed shared ownership properties £	Total £
a) Housing properties			
Cost			
<i>As at 1 April 2017</i>	23,942,460	270,792	24,213,252
Additions	577,249	-	577,249
Disposals	(393,417)	-	(393,417)
Transfer of shared ownership properties	45,132	(45,132)	-
As at 31 March 2018	24,171,424	225,660	24,397,084
Depreciation			
<i>As at 1 April 2017</i>	7,369,803	31,318	7,401,121
Charge for year	472,950	4,513	477,463
Disposals	(366,992)	-	(366,992)
Transfer of shared ownership properties	13,540	(13,540)	-
As at 31 March 2018	7,489,301	22,291	7,511,592
Net book value			
As at 31 March 2018	16,682,123	203,369	16,885,492
<i>As at 31 March 2017</i>	<i>16,572,657</i>	<i>239,474</i>	<i>16,812,131</i>

Additions to housing properties include capitalised development administration costs of £nil (2017 - £nil) and capitalised major repair costs to existing properties of £556,649 (2017 - £52,565).

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £603,768. The amount capitalised is £577,249, with the balance of £26,519 charged to the Statement of Comprehensive Income. The amounts capitalised can be further split between component replacement of £556,649 and acquisitions of £20,600.

Components with a cost of £393,417 (2017 - £60,448) and depreciation of £366,992 (2017 - £32,408) were disposed in the year.

Housing stock	2018 No	2017 No
The number of units of accommodation in management at the year end was:		
General needs – Built by Association	224	223
General needs – Purchased by Association	143	143
Shared ownership	5	6
	372	372

CRAIGDALE HOUSING ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

12. Non-current assets (continued)

b) Other tangible assets

Cost

As at 1 April 2017

Additions

As at 31 March 2018

Aggregate depreciation

As at 1 April 2017

Charge for year

As at 31 March 2018

Net book value

As at 31 March 2018

As at 31 March 2017

	Computer equipment £	Office equipment £	Office premises £	Furniture & equipment £	Total £
	111,929	25,106	311,297	37,366	485,698
	1,080	240	-	1,568	2,888
	113,009	25,346	311,297	38,934	488,586
	111,209	19,606	98,690	32,305	261,810
	1,800	1,433	6,226	2,424	11,883
	113,009	21,039	104,916	34,729	273,693
	-	4,307	206,381	4,205	214,893
	720	5,500	212,607	5,061	223,888

CRAIGDALE HOUSING ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018	2017
	£	£
13. Debtors		
Arrears of rent & service charge	31,928	22,934
Less: Provision for doubtful debts	(9,957)	(8,892)
	21,971	14,042
Other debtors	46,758	22,925
	68,729	36,967
	2018	2017
	£	£
14a Cash and cash equivalents		
Short term deposits	1,024,406	756,774
	2018	2017
	£	£
14b. Short term deposits		
Balances held in short term deposit accounts	961,694	1,353,408
	2018	2017
	£	£
15. Creditors amounts falling due within one year		
Housing loans	205,240	203,135
Trade creditors	236,140	54,844
Rent in advance	76,581	75,654
Other creditors	662	662
Social security costs	4,109	-
Liability for past service contributions	43,145	41,988
Accruals and deferred income	17,008	337
	582,885	376,620

At the balance sheet date there were pension contributions outstanding of £nil (2017 - £nil).

CRAIGDALE HOUSING ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
16. Creditors amounts falling due after one year		
Liability for past service contributions	128,855	171,112
Housing loans	2,025,068	2,228,780
	<u>2,153,923</u>	<u>2,399,892</u>
Housing loans		
Amounts due within one year	205,240	203,135
Amounts due in one year or more but less than two years	207,412	205,284
Amounts due in two years or more but less than five years	635,505	628,983
Amounts due in more than five years	1,182,151	1,394,513
	<u>2,230,308</u>	<u>2,431,915</u>
Less: Amounts shown in current liabilities	(205,240)	(203,135)
	<u>2,025,068</u>	<u>2,228,780</u>
Liability for past service contributions		
Amounts due within one year	43,145	41,988
Amounts due in one year or more but less than two years	43,478	42,692
Amounts due in two years or more but less than five years	85,377	128,420
	<u>172,000</u>	<u>213,100</u>
Less: Amount shown in current liabilities	(43,145)	(41,988)
	<u>128,855</u>	<u>171,112</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: £2,230,308 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 flows have been discounted at a rate of 1.51% (2017 – 1.06%).

CRAIGDALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

17. Deferred income	Housing properties for letting £	Shared ownership properties £	Total £
<u>Social housing grants</u>			
Balances as at 1 April 2017	16,673,076	197,625	16,870,701
Eliminated on disposal components & properties	(51,870)	-	(51,870)
Balance as at 31 March 2018	16,621,206	197,625	16,818,831
<u>Amortisation</u>			
Balance as at 1 April 2017	6,177,133	59,288	6,236,421
Amortisation in year	332,322	3,294	335,616
Eliminated on disposal	(26,162)	-	(26,162)
Balance as at 31 March 2018	6,483,293	62,582	6,545,875
<u>Net book value</u>			
Balance as at 31 March 2018	10,137,913	135,043	10,272,956
Balance as at 31 March 2017	10,495,943	138,337	10,634,280
<u>Other grants</u>			
Balance as at 1 April 2017	343,000	-	343,000
Balance as at 31 March 2018	343,000	-	343,000
<u>Amortisation</u>			
Balance as at 1 April 2017	130,340	-	130,340
Amortisation in year	6,860	-	6,860
Balance as at 31 March 2018	137,200	-	137,200
<u>Net book value</u>			
Balance as at 31 March 2018	205,800	-	205,800
Balance as at 31 March 2017	212,660	-	212,660
Total grants net book value as at 31 March 2018	10,343,713	135,043	10,478,756

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

	2018 £	2017 £
Amounts due within one year	368,184	347,714
Amounts due after more than one year	10,110,572	10,499,226
	10,478,756	10,846,940

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

18. Financial instruments

	2018 £	2017 £
Financial Assets		
Cash and cash equivalents	1,024,406	756,774
Investments – deposit accounts	961,694	1,353,408
Financial assets measured at amortised cost	68,729	36,967
	<u>2,054,829</u>	<u>2,147,149</u>
Financial Liabilities		
Financial liabilities measured at amortised cost	<u>2,484,118</u>	<u>2,487,758</u>

Financial assets measured at amortised cost comprise rental arrears and other debtors.

Financial liabilities measured at amortised cost comprise housing loans, trade creditors, other creditors accruals and the liability for past service contributions.

No financial instruments are held at fair value through the Statement of Comprehensive Income.

19. Share capital

	2018 £	2017 £
Shares of £1 each issued and fully paid		
At 1 April 2017	148	150
Issued in year	7	4
Cancelled in year	(10)	(6)
Balance as at 31 March 2018	<u>145</u>	<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.

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 transaction 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) included rental income received from Tenants on the Board and their close family members £43,303 (2017: £53,065)

At the year end total rent arrears owed by the tenant members of the Board (and their close family) were £273 (2017: £869).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**21. Revenue reserves**

The revenue reserve includes all current and prior year retained surpluses or deficits.

22. Net cash generated from operating activities

	2018 £	2017 £
Cash flow from operating activities		
Surplus for the year	379,937	431,720
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	515,771	513,092
SHAPS past service deficit movements	2,000	11,000
Increase in trade and other debtors	(31,762)	(5,611)
Decrease/(increase) in trade and other creditors	203,003	(35,549)
<u>Adjustments for investing and financing activities:</u>		
Release of deferred Government capital grants	(368,184)	(365,899)
Shares cancelled	(10)	(6)
Interest payable	21,603	41,784
Interest receivable	(12,815)	(15,251)
SHAPS past deficit payment	(41,888)	(41,988)
	<u>667,655</u>	<u>533,292</u>

23. Governing body member emoluments

Board members received £2,453 (2017: £3,010) in the year by way of reimbursement of expenses. No remuneration is paid to Board members in respect of their duties in the Association.

24. Pension Obligation**General**

Craigdale Housing Association Limited (the Association) participates in the Scottish Housing Associations' Pension Scheme, (the "Scheme"). The scheme is a multi-employer defined benefit scheme. The scheme is funded. 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; a 1/70th accrual rate; a 1/80th accrual rate; 1/120th accrual rate, contracted in; and a Defined Contribution (DC) option.

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. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice. The Association has since moved to a defined contribution scheme but has a net liability for the past service deficit in the defined benefit scheme.

During the accounting period the Association paid contributions at the rate of 10% of pensionable salaries to the defined contribution scheme. Member contributions range from 5% to 13.3%.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

24. Pension Obligation (continued)

As at the Statement of Financial Position date there were 5 (2017 - 5) active members of the Scheme employed by the Association. The Association 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.

Thus the scheme is accounted for as a defined contribution scheme. However the Association has entered into a past service deficit repayment agreement with the Pension Trust and per FRS 102, this discounted past service deficit liability has been recognised in the Statement of Financial Position.

The last formal valuation of the Scheme was performed as at 30 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 £616 million with liabilities of £814m to give a deficit of £198m equivalent to a past service funding level of 76%.

The key valuation assumptions used to determine the assets and liabilities of the Scheme as at 30 September 2015 are detailed below:

Financial Assumptions

The key financial assumptions underlying the valuation as at 30 September 2015 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 pension increases - pension accrued pre 6 April 2005	2.0
- pension accrued from 6 April 2005	1.7
Rate of price inflation:	2.6

30 September 2017 funding update

The Employer Committee has recently received the 30 September 2017 Actuarial Report, the annual funding update which shows the Scheme's ongoing funding position in between each three-yearly valuation.

A summary is shown below:

30 September	Assets	Liabilities	Deficit	Funding
2015	£616m	£814m	£198m	76%
2016	£810m	£1,020m	£210m	79%
2017	£852m	£981m	£129m	87%

The Trustee's view is that the recovery plan remains appropriate and there is no need to take any action ahead of the next actuarial valuation due at 30 September 2018.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

24. Retirement Benefit Obligations (continued)

Following a change in legislation in September 2005 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 employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2017. As of this date the estimated employer debt for the Association was £1,211,692 (2016: £1,598,454).

Past service deficit repayment liability

	2018 £	2017 £
Provision at start of period	213,100	241,598
Unwinding of the discount factor (interest expense)	2,000	11,000
Deficit contribution paid	(41,888)	(41,988)
Remeasurements – impact of any changes in assumptions	(1,212)	2,838
Other movements	-	(348)
Provision at end of period	172,000	213,100

Past service deficit repayment liability

Liability split as:	2018 £	2017 £
< 1 year	43,145	41,988
1 - 2 years	43,478	42,692
2 - 5 years	85,377	128,420
	172,000	213,100

Statement of Comprehensive Income Impact

	2018 £	2017 £
Interest expense	2,000	11,000
Remeasurements – impact of any change in assumptions	(1,212)	2,838
Assumptions	2018	2017
Rate of discount	1.51%	1.06%

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

CRAIGDALE HOUSING ASSOCIATION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

25. Capital commitments	2018	2017
	£	£
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-	229,224

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

26. Commitments under operating leases

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:

Other leases	2018	2017
	£	£
Not later than one year	758	758
Later than one year and not later than five years	758	758
	1,516	1,516