

**CRAIGDALE HOUSING ASSOCIATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

Registered Housing Association No. HAL 95

Financial Conduct Authority No. 2296R(S)

Scottish Charity No. SC031879

**CRAIGDALE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS**  
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**CRAIGDALE HOUSING ASSOCIATION LIMITED**  
**BOARD, EXECUTIVES AND PROFESSIONAL ADVISORS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**BOARD**

Morag Cameron	Chairperson
Christine McCormack	
Pat Bowden	
Margaret Welsh	(Resigned 27/08/2018)
Jeanette Brown	Secretary
Patricia Young	(Resigned 27/08/2018)
Jaclyn McCann	Treasurer
Claire Taylor	
John Duncan	
Helen Bayne	
John Kilpatrick	(Appointed 30/08/2018)
Des Phee	(Co-opted 03/12/2018)
Andrew Stevenson	(Co-opted 03/12/2018)

**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

**BANKERS**

Bank of Scotland  
82 Main Street  
Rutherglen  
G73 2HZ

**SOLICITORS**

BTO  
48 St. Vincent Street  
Glasgow  
G2 5HS

Mellicks  
160 Hope Street  
Glasgow  
G2 2TL

**FINANCE AGENTS**

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

**CRAIGDALE HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

The Board presents their report and financial statements for the year ended 31 March 2019.

**Principal activities**

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

**Review of business and future development**

The Association became 30 years old in December 2018 and we marked the occasion by giving back to our tenants in the form of a £30 voucher per household.

Strengthening governance continues to be one of Craigdale's strategic objectives as contained within our Business Plan for 2019 – 2023. Our hard work in terms of reviewing and strengthening our governance was recognised by the Scottish Housing Regular, when our engagement level with the Regulator reduced from Medium to Low on 28 March 2019. We will continue to ensure excellent governance is embedded within the organisation as Craigdale grows from strength to strength.

We are now governed by a Board of 11 members, 2 of whom were co-opted at our Committee meeting in December 2018. The new members have a wealth of experience in governance and litigation; are a welcomed addition to the governing body and complement and enhance the experience and skill set held by the current governing body members.

The Association revised its 3-year Business Plan in February 2019, and retained the existing 4 strategic objectives:

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

Our Business Plan and associated delivery plans will ensure the Association continues to evolve, whilst ensuring Craigdale remains a strong independent community controlled housing association, delivering excellent services, within the context of excellent governance. We are a values driven organisation and this underpins everything that we do.

We also retained our Investors in People Gold status this year, which we were delighted about.

**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 key achievements for the year ending 31 March 2019:

- 13 properties were re-let during the year;
- The average time to re-let a property was 2 days;
- Void loss was 0.02%;
- Gross rent arrears were 2%;
- 14 anti-social behaviour complaints were received and none were category 1 complaints (e.g. serious); and
- 91% of the Association's tenants felt the rent charged represented value for money.

**CRAIGDALE HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**Maintenance**

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

- Tenants reported 1145 reactive repairs; and
- 95% of the Association's reactive repairs were completed right first time

As part of our planned maintenance programme we carried out window and external door replacements to 35 of our properties in what we call Phase 3.

We also employed a full time Maintenance Services Officer during the year as we focus on meeting our legal and Regulatory requirements in terms of property maintenance and climate change.

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>

**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. The following is a summary of the main community events, competitions and other projects run by the Association during the year:

- Over 50's Away Day to Loch Lomond;
- Vouchers for Father's Day;
- Family Day out to Edinburgh Zoo;
- Children's Christmas party;
- Tenant's Christmas Party;
- Twelve Days of Christmas with cash prizes;
- Good Neighbour Award;
- Vouchers for Mother's Day treat; and
- Free books for the under 5's through Dolly Parton's Imagination Library.

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.

**CRAIGDALE HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**Tenant Satisfaction**

In March this year an independent company carried out our 3 yearly Tenant Satisfaction Survey, the results of which are noted in the table below. The survey results demonstrate the high tenant satisfaction levels Craigdale has in relation to its service delivery and landlord functions. As always, there is room for improvement and we will work on this throughout the following year. We are hoping to be able to establish and support a Customer Improvement Group from interested tenants.

<b>Scottish Housing Regulator Indicators</b>				
	<b>2013</b>	<b>2016</b>	<b>2019</b>	<b>ARC 2017/18</b>
Taking everything into account, how satisfied or dissatisfied are you with the overall service provided by Craigdale Housing Association? (% very/fairly satisfied)	98%	99%	98%	90%
How good or poor do you feel Craigdale is at keeping you informed about their services and decisions? (% very/ fairly good)	99%	100%	99%	92%
How satisfied or dissatisfied are you with the opportunities given to you to participate in Craigdale's decision making process? (% very/ fairly satisfied)	97%	100%	100%	86%
Thinking about the LAST time you had repairs carried out, how satisfied or dissatisfied were you with the repairs and maintenance service provided by Craigdale? [Repair carried out in the last 12 months] (% very/ fairly satisfied)	96%	98%	96%	92%
Overall, how satisfied or dissatisfied are you with the quality of your home? (% very/ fairly satisfied)	96%	99%	92%	88%
Taking into account the accommodation and services your landlord provides, to what extent do you think your rent represents value for money? Is it... (% stating very/ fairly good)	76%	97%	91%	83%
Overall, how satisfied or dissatisfied are you with your landlord's management of the neighbourhood you live in? (% very/ fairly satisfied)	99%	99%	98%	88%
Taking everything into account, how satisfied or dissatisfied are you with the factoring service provided by Craigdale Housing Association? (% very/ fairly satisfied)	0%	0%	86%	66%

## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD (INCORPORATING THE STRATEGIC REPORT)**

**FOR THE YEAR ENDED 31 MARCH 2019**

#### **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 £550 (2018 - £50).

#### **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 19 August 2019 and signed on their behalf by:

REDACTED  
SIGNATURE

**Jeanette Brown**  
**Secretary**

## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROLS**

#### **FOR THE YEAR ENDED 31 MARCH 2019**

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 misstatement 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 and internal 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 have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2019 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 19 August 2019 and signed on their behalf by:

REDACTED  
SIGNATURE

**Jeanette Brown**  
**Secretary**



## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **AUDITOR'S REPORT ON CORPORATE GOVERNANCE MATTERS**

**FOR THE YEAR ENDED 31 MARCH 2019**

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

REDACTED

SIGNATURE

**Scott-Moncrieff**

Chartered Accountants

Statutory Auditor

25 Bothwell Street

Glasgow

G2 6NL

Dated: 19 August 2019

## **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 2019**

#### **Opinion**

We have audited the financial statements of Craigdale Housing Association Limited (the Association) for the year ended 31 March 2019 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 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

#### **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 we do not express any form of assurance conclusion thereon.

## **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 2019**

#### **Other information (continued)**

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 4, 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

**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 2019**

**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.

REDACTED

SIGNATURE

**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

Date: 19 August 2019

**CRAIGDALE HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2019**

		<b>2019</b>	<b>2018</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	4	<b>1,839,459</b>	<b>1,796,546</b>
Operating expenditure	4	<b>(1,461,638)</b>	<b>(1,405,821)</b>
<b>Operating surplus</b>	4	<b>377,821</b>	<b>390,725</b>
Interest receivable and other income	10	<b>9,348</b>	<b>12,815</b>
Interest payable and similar charges	11	<b>(34,744)</b>	<b>(23,603)</b>
<b>Surplus before taxation</b>		<b>352,425</b>	<b>379,937</b>
Taxation		-	-
<b>Surplus for the year</b>		<b>352,425</b>	<b>379,937</b>
<b>Other Comprehensive Income</b>			
Initial recognition of multi-employer defined benefit scheme	24	<b>(98,000)</b>	-
Actuarial loss on the SHAPS liability	24	<b>(43,000)</b>	-
<b>Total comprehensive income for the year</b>		<b>211,425</b>	<b>379,937</b>

The results for the year relate wholly to continuing activities.

The notes on pages 14 to 39 form part of these financial statements.

**CRAIGDALE HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF CHANGES IN CAPITAL AND RESERVES**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	Share Capital	Revenue Reserves	Total Reserves
	£	£	£
Balance at 1 April 2018	145	5,939,505	5,939,650
Issue of shares	3	-	3
Cancellation of shares	(4)	-	(4)
Total comprehensive income	-	211,425	211,425
<b>Balance at 31 March 2019</b>	<b>144</b>	<b>6,150,930</b>	<b>6,151,074</b>

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

	Share Capital	Revenue Reserves	Total Reserves
	£	£	£
Balance at 1 April 2017	148	5,559,568	5,559,716
Issue of shares	7	-	7
Cancellation of shares	(10)	-	(10)
Total comprehensive income	-	379,937	379,937
<b>Balance at 31 March 2018</b>	<b>145</b>	<b>5,939,505</b>	<b>5,939,650</b>

The notes on pages 14 to 39 form part of these financial statements.

**CRAIGDALE HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2019**

	Notes	2019 £	2018 £
<b>Tangible fixed assets</b>			
Housing properties	12a	16,438,258	16,885,492
Other Fixed Assets	12b	225,839	214,893
		<u>16,664,097</u>	<u>17,100,385</u>
<b>Current assets</b>			
Debtors	13	37,826	68,729
Cash at bank and in hand	14a	2,009,384	1,024,406
Short term deposits	14b	-	961,694
		<u>2,047,210</u>	<u>2,054,829</u>
<b>Creditors</b>			
Amounts falling due within one year	15	(344,901)	(582,885)
<b>Net current assets</b>			
		<u>1,702,309</u>	<u>1,471,944</u>
<b>Total assets less current liabilities</b>			
		<u>18,366,406</u>	<u>18,572,329</u>
<b>Creditors</b>			
Amounts falling due after more than one year	16	(1,836,238)	(2,153,923)
Pension - defined benefit liability	24	(280,335)	
<b>Deferred income</b>			
Social housing grants	17	(9,899,819)	(10,272,956)
Other grants	17	(198,940)	(205,800)
<b>Net assets</b>			
		<u>6,151,074</u>	<u>5,939,650</u>
<b>Capital and reserves</b>			
Called up share capital	19	144	145
Revenue reserves	21	6,150,930	5,939,505
		<u>6,151,074</u>	<u>5,939,650</u>

The Financial Statements were authorised for issue by the Management Committee on 10 August 2019 and signed on its behalf by:

REDACTED  
SIGNATURE  
Chairperson

REDACTED  
SIGNATURE  
J Brown  
Secretary

REDACTED  
SIGNATURE  
J Kilpatrick  
Board Member

The notes on pages 14 to 39 form part of these financial statements.

**CRAIGDALE HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £	2018 £
<b>Net cashflows from operating activities</b>	22	<b>393,444</b>	<b>667,655</b>
<b>Cash flow from investing activities</b>			
Purchase of property components		(126,445)	(577,249)
Purchase of other fixed assets		(25,223)	(2,888)
Movement of funds on deposit		961,694	391,714
Interest received		9,348	12,815
		<u>819,374</u>	<u>(175,608)</u>
<b>Cash flow from financing activities</b>			
Interest paid		(27,744)	(22,815)
Repayment of borrowings		(200,099)	(201,607)
Issue of share capital		3	7
		<u>(227,840)</u>	<u>(224,415)</u>
<b>Net changes in cash and cash equivalents</b>		<u>984,978</u>	<u>267,632</u>
Cash and cash equivalents at 1 April		<u>1,024,406</u>	<u>756,774</u>
<b>Cash and cash equivalents at 31 March</b>	14a	<u>2,009,384</u>	<u>1,024,406</u>

The notes on pages 14 to 39 form part of these financial statements.



## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

#### **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 is a Co-operative and Community Benefit Society limited by shares and is incorporated in the United Kingdom.

The Association's principal place of business is 83/85 Dougrie Road, Castlemilk, Glasgow. The Association is a registered social housing landlord in Scotland and its registered number is HAL 95 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 Association has taken advantage of the provisions made available through Financial Reporting Exposure Draft (FRED) 71, "Draft amendments to FRS 102 on Multi-employer defined benefit plans". These provisions will become effective as part of FRS 102 for accounting periods commencing on or after 1 January 2020, however the Association has chosen to early adopt these provisions for the current accounting period. Therefore for the year ended 31 March 2018, SHAPS was accounted for as a defined contribution scheme although the past service deficit liability was recognised as a liability. For the year ended 31 March 2019, SHAPS is accounted for as a defined benefit pension liability with the adjustment to reflect the movement between the past service deficit liability at 1 April 2018 and the SHAPS defined benefit liability at 1 April 2018 and the SHAPS defined benefit liability at 1 April 2018 being recognised within Other Comprehensive Income in the Statement of Comprehensive Income as outlined in FRED 71. Further details in respect of this inconsistent treatment can be found in Note 24 to these financial statements.

The effect of events relating to the year ended 31 March 2019, 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 2019 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 2020 and the year to 31 March 2021. 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.

## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

#### **2. Accounting policies (cont'd)**

##### **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.

Income from rental and service charges, factoring and commercial letting activities is recognised when the Association is entitled to it, it is probable it will be received and it can be measured reliably.

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.

##### **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 is 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.

## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

#### **2. Accounting policies (cont'd)**

##### **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

##### **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.

## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

#### **2. Accounting policies (cont'd)**

##### **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.

##### **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.

##### **Current asset investments**

Current asset investments are represented by long term deposits with financial institutions repayable after more than three months.

##### **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 is 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.

## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

#### **2. Accounting policies (cont'd)**

##### **Non-government capital and revenue grants**

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the Association is entitled to them, it is probable they will be received and they can be measured reliably.

A grant that imposes specific future performance related conditions on the receipt is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

##### **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.

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.

Up until 31 March 2018, it was not possible to identify the share of underlying assets and liabilities belonging to individual participating employers. Thus, up until the end of the 31 March 2018 year end, the Scheme was accounted for as a defined contribution scheme. However the Association entered into a past service deficit repayment agreement with TPT and per FRS 102, this discounted past service deficit liability was recognised in the Statement of Financial Position.

## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

#### **2. Accounting policies (cont'd)**

##### **Pension Costs (note 24)**

From 1 April 2018, information became available in order to separate out the assets and liabilities between scheme members and thus the SHAPS defined benefit pension liability is accounted for as a defined benefit pension scheme from 1 April 2018 onwards. In accordance with FRS 102 section 28, the operating and financing costs of pension and post retirement schemes (determined by TPT) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

#### **3. Judgements 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 Board are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

<b><u>Estimate</u></b>	<b><u>Basis of estimation</u></b>
Useful lives of property and equipment	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 main components of housing properties and their useful lives	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.
Recoverable amount of rental and other trade receivables	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.
The obligations under the SHAPS pension scheme	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate. Additionally, the impact of Guaranteed Minimum Pension (GMP) equalisation has been included in the SHAPS defined benefit liability.
The allocation of costs for shared ownership	Management and administration costs are allocated on the basis of rental income that shared ownership properties represent of the Association's total rental income.

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**4. Particulars of Turnover, Operating Expenditure and Operating Surplus / (deficit)**

		2019			2018		
		Turnover £	Operating Expenditure £	Operating Surplus £	Turnover £	Operating Expenditure £	Surplus
<b>Income and expenditure from letting activities</b>							
Affordable and expenditure from letting activities	5	1,837,937	(1,456,104)	381,833	1,795,054	(1,400,992)	394,062
Other activities	6	1,522	(5,534)	(4,012)	1,492	(4,829)	(3,337)
		<u>1,839,459</u>	<u>(1,461,638)</u>	<u>377,821</u>	<u>1,796,546</u>	<u>(1,405,821)</u>	<u>390,725</u>

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**5. Particulars of income & expenditure from affordable letting activities**

	General Needs Housing £	Shared Ownership £	2019 Total £	2018 Total £
<b>Revenue from lettings</b>				
Rent receivable net of service charges	1,438,503	10,342	1,448,845	1,419,183
Less: Rent Losses from Voids	(512)	-	(512)	(818)
<b>Net rents receivable</b>	<b>1,437,991</b>	<b>10,342</b>	<b>1,448,333</b>	<b>1,418,365</b>
Grants released from deferred income	379,998	-	379,998	368,184
Other revenue grants from Scottish Ministers	9,606	-	9,606	8,505
<b>Total turnover from affordable letting activities</b>	<b>1,827,595</b>	<b>10,342</b>	<b>1,837,937</b>	<b>1,795,054</b>
<b>Expenditure on affordable letting activities</b>				
Management and Maintenance administration costs	622,905	-	622,905	599,412
Planned and cyclical maintenance including major repairs	150,145	-	150,145	188,063
Reactive maintenance	102,032	-	102,032	109,967
Bad debts - rents and service charges	7,343	-	7,343	(338)
Depreciation of affordable let properties	569,166	4,513	573,679	503,888
<b>Operating costs of affordable letting activities</b>	<b>1,451,591</b>	<b>4,513</b>	<b>1,456,104</b>	<b>1,400,992</b>
<b>Operating Surplus on affordable letting activities</b>	<b>376,004</b>	<b>5,829</b>	<b>381,833</b>	<b>394,062</b>
<b>Operating Surplus for social lettings 2018</b>	<b>386,735</b>	<b>7,327</b>		

The amount for service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2018 - £nil).

Included in depreciation of social housing is £43,279 (2018 - £26,425) relating to the loss on disposal of components.



CRAIGDALE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

6. Particulars of turnover, operating costs and operating surplus / (deficit) 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) 2019 £	Operating surplus/ (deficit) 2018 £
Wider role activities	-	-	-	-	-	-	(4,012)	(4,012)	(3,337)
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	1,522	1,522	-	(1,522)	-	-
Development activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for RSL's	-	-	-	-	-	-	-	-	-
Other Agency/management services	-	-	-	-	-	-	-	-	-
Development for sale (including first tranche shared ownership sales to non-registered RSL's)	-	-	-	-	-	-	-	-	-
Rechargeable repairs	-	-	-	-	-	-	-	-	-
<b>Total from other activities 2019</b>	-	-	-	1,522	1,522	-	(5,534)	(4,012)	(3,337)
<b>Total from other activities 2018</b>	-	-	-	1,492	1,492	-	(4,829)	-	-

# **CRAIGDALE HOUSING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

### **7. Officer's 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.

	2019 £	2018 £
Aggregate emoluments payable to key management personnel (excluding Pension contributions)	<u>70,425</u>	<u>60,292</u>
Pension contributions payable to key management personnel with emoluments greater than £60,000	<u>6,987</u>	<u>6,678</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>70,425</u>	<u>60,292</u>
Total emoluments paid to key management personnel	<u>88,412</u>	<u>80,445</u>

The Chief Executive is an ordinary member of the Association's pension scheme described in note 24. No enhanced or special terms apply to membership and they have no other pension arrangements to which the Association contributes.

The national insurance costs encountered during the year on behalf of the key management personnel were £8,517 (2018 - £8,113).

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

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

### **8. Employees information**

	2019	2018
The average total number of employees employed during the year was:	<u>7</u>	<u>7</u>

	2019 £	2018 £
Wages and salaries	249,221	228,949
Social security costs	23,421	21,429
Pension costs	27,109	20,953
	<u>321,751</u>	<u>294,806</u>

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**8. Employee information (continued)**

The SHAPs liability is subject to remeasurement each financial year.

	2019	2018
	£	£
Remeasurement – impact of any change in assumptions	-	(4,639)
	-	(4,639)

This is included in management and administration costs.

**Year ended 31 March 2019**

During the year past service deficit contributions of £41,000 (2018 - £41,888) were paid. Of this payment £39,665 (2018 - £40,675) was a payment in respect of the SHAPS past service deficit liability. The remainder of £1,335 (2018 - £1,212) was pension management costs which have been included in the pension contributions total included in staff costs above.

	2019	2018
	£	£
<b>9. Surplus for the year</b>		
Surplus is stated after charging:		
Depreciation	544,676	489,346
Loss on disposal of components	43,279	26,425
Auditor's remuneration - Audit services	7,416	7,200

	2019	2018
	£	£
<b>10. Interest receivable</b>		
Bank interest	9,348	12,815
	9,348	12,815

	2019	2018
	£	£
<b>11. Interest payable and similar charges</b>		
On bank loans and overdrafts	27,744	22,815
Unwinding of discounted liabilities	-	(1,212)
Defined benefit pension liability – interest charge (Note 24)	7,000	2,000
	34,744	23,603

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

	Housing Properties Held For Letting £	Completed Shared Ownership Properties £	Total £
<b>12. Tangible fixed assets</b>			
<b>a) Housing properties</b>			
<b>Cost</b>			
As at 1 April 2018	24,171,424	225,660	24,397,084
Additions	126,445	-	126,445
Disposals	(100,988)	-	(100,988)
<b>As at 31 March 2019</b>	<b>24,196,881</b>	<b>225,660</b>	<b>24,422,541</b>
<b>Depreciation</b>			
As at 1 April 2018	7,489,301	22,291	7,511,592
Charge for year	525,887	4,513	530,400
Disposals	(57,709)	-	(57,709)
<b>As at 31 March 2019</b>	<b>7,957,479</b>	<b>26,804</b>	<b>7,984,283</b>
<b>Net book value</b>			
<b>As at 31 March 2019</b>	<b>16,239,402</b>	<b>198,856</b>	<b>16,438,258</b>
<i>As at 31 March 2018</i>	<i>16,682,123</i>	<i>203,369</i>	<i>16,885,492</i>

Additions to housing properties include capitalised development administration costs of £nil (2018 - £nil) and capitalised major repair costs to existing properties of £126,445 (2018 - £556,649).

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £138,048. The amount capitalised is £126,445, with the balance of £11,603 charged to the Statement of Comprehensive Income. The amounts capitalised can be further split between component replacement of £126,445 and acquisitions of £nil.

Components with a cost of £100,988 (2018 - £393,417) and depreciation of £57,709 (2018 - £366,992) were disposed in the year.

<b>Housing stock</b>	<b>2019 No</b>	<b>2018 No</b>
The number of units of accommodation in management at the year end was:		
General needs - Built by Association	224	224
General needs - Purchased by Association	143	143
Shared ownership	5	5
	<b>372</b>	<b>372</b>

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**12. Tangible fixed assets**

**b) Other tangible assets**

<b>Cost</b>	<b>Computer Equipment £</b>	<b>Office Equipment £</b>	<b>Office Premises £</b>	<b>Furniture &amp; Equipment £</b>	<b>Total £</b>
<b>As at 1 April 2018</b>	113,009	25,346	311,297	38,934	488,586
<b>Additions</b>	9,482	-	15,741	-	25,223
<b>As at 31 March 2019</b>	<b>122,491</b>	<b>25,346</b>	<b>327,038</b>	<b>38,934</b>	<b>513,809</b>
<b>Depreciation</b>					
<b>As at 1 April 2018</b>	113,009	21,039	104,916	34,729	273,693
<b>Charge for year</b>	3,161	2,151	6,541	2,424	14,277
<b>As at 31 March 2019</b>	<b>116,170</b>	<b>23,190</b>	<b>111,457</b>	<b>37,153</b>	<b>287,970</b>
<b>Net book value</b>					
<b>As at 31 March 2019</b>	6,321	2,156	215,581	1,781	225,839
<b>As at 31 March 2018</b>	-	4,307	206,381	4,205	214,893

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 £	2018 £
<b>13. Debtors</b>		
Arrears of Rent and Service Charges	30,066	31,928
Less: Provision for doubtful debts	(14,863)	(9,957)
	<u>15,203</u>	<u>21,971</u>
Other debtors	<u>22,623</u>	<u>46,758</u>
	<u><b>37,826</b></u>	<u><b>68,729</b></u>
	2019 £	2018 £
<b>14a. Cash and cash equivalents</b>		
Balances held in current accounts	<u>2,009,384</u>	<u>1,024,406</u>
	2019 £	2018 £
<b>14b. Short term deposits</b>		
Balances held in short term deposit accounts	<u>-</u>	<u>961,694</u>
	2019 £	2018 £
<b>15. Creditors: Amounts falling due within one year</b>		
Housing Loans	193,971	205,240
Trade Creditors	61,719	236,140
Rent in advance	69,939	76,581
Other Creditors	980	662
Social security costs	-	4,109
Liability for past service contributions	-	43,145
Accruals and deferred income	18,292	17,008
	<u><b>344,901</b></u>	<u><b>582,885</b></u>

At the Statment of Financial Position date there were pension contributions outstanding of £7,734 (2018 - £nil).

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

<b>16. Creditors: Amounts falling due after more than one year</b>	<b>2019 £</b>	<b>2018 £</b>
Liability for past service contributions	-	128,855
Housing loans	<u>1,836,238</u>	<u>2,025,068</u>
	<u><b>1,836,238</b></u>	<u><b>2,153,923</b></u>
<b>Housing loans</b>		
Amounts due within one year	193,971	205,240
Amounts due in one year or more but less than two years	197,642	207,412
Amounts due in two years or more but less than five years	453,142	635,505
Amounts due in more than five years	<u>1,185,454</u>	<u>1,182,151</u>
	<u>2,030,209</u>	<u>2,230,308</u>
Less: Amounts shown in current liabilities	<u>(193,971)</u>	<u>(205,240)</u>
	<u><b>1,836,238</b></u>	<u><b>2,025,068</b></u>
<b>Liability for past service contributions</b>		
Amounts due within one year	-	43,145
Amounts due in one year or more but less than two years	-	43,478
Amounts due in two years or more but less than five years	<u>-</u>	<u>85,377</u>
	-	<u>172,000</u>
Less: Amounts shown in current liabilities	<u>-</u>	<u>(43,145)</u>
	<u><b>-</b></u>	<u><b>128,855</b></u>

All of the Association's bank borrowings are repayable on 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: £2,030,209 at base rate plus margin (0.4% - 1.00%) secured over 178 properties, all expiring between 2026 and 2036. The net book value of housing properties secured at the year-end was £9,824,408 (2018 - £10,136,009).

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. In the prior year cash flows were discounted at a rate of 1.51%.

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

	Housing Properties For Letting £	Shared Ownership Properties £	Total £
<b>17. Deferred income</b>			
<b><u>Social Housing Grants</u></b>			
<i>Balances as at 1 April 2018</i>	16,621,206	197,625	16,818,831
Eliminated on disposals components & properties	(100,988)	-	(100,988)
<b>Balances as at 31 March 2019</b>	<b>16,520,218</b>	<b>197,625</b>	<b>16,717,843</b>
<b><u>Amortisation</u></b>			
Balance as at 1 April 2018	6,483,293	62,582	6,545,875
Amortisation in year	329,492	3,294	332,786
Eliminated on disposal	(60,637)	-	(60,637)
<b>Balances as at 31 March 2019</b>	<b>6,752,148</b>	<b>65,876</b>	<b>6,818,024</b>
<b>NET BOOK VALUE:</b>			
<b>Balances as at 31 March 2019</b>	<b>9,768,070</b>	<b>131,749</b>	<b>9,899,819</b>
<i>Balances as at 31 March 2018</i>	<i>10,137,913</i>	<i>135,043</i>	<i>10,272,956</i>
<b><u>Other grants:</u></b>			
<i>Balances as at 1 April 2018</i>	343,000	-	343,000
<b>Balances as at 31 March 2019</b>	<b>343,000</b>	<b>-</b>	<b>343,000</b>
<b><u>Amortisation</u></b>			
Balance as at 1 April 2018	137,200	-	137,200
Amortisation in year	6,860	-	6,860
<b>Balances as at 31 March 2019</b>	<b>144,060</b>	<b>-</b>	<b>144,060</b>
<b>Net book value</b>			
<b>Balances as at 31 March 2019</b>	<b>198,940</b>	<b>-</b>	<b>198,940</b>
<i>Balances as at 31 March 2018</i>	<i>205,800</i>	<i>-</i>	<i>205,800</i>
<b>Total grants net book value as at 31 March 2019</b>	<b>9,967,010</b>	<b>131,749</b>	<b>10,098,759</b>

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

	2019 £	2018 £
Amounts due within one year	339,647	368,184
Amounts due after more than one year	9,759,112	10,110,572
	<b>10,098,759</b>	<b>10,478,756</b>



# **CRAIGDALE HOUSING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

<b>18. Financial instruments</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Financial Assets</b>		
Cash and cash equivalents	<b>2,009,384</b>	<b>1,024,406</b>
Investments - deposit accounts		<b>961,694</b>
Financial assets measured at amortised cost	<b>21,995</b>	<b>68,729</b>
	<b>2,031,379</b>	<b>2,054,829</b>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	<b>2,111,200</b>	<b>2,484,118</b>

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

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.

<b>19. Share capital</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Shares of £1 each issued and fully paid</b>		
At 1 April 2018	<b>145</b>	<b>148</b>
Issued in year	<b>3</b>	<b>7</b>
Cancelled in year	<b>(4)</b>	<b>(10)</b>
<b>Balance as at 31 March 2019</b>	<b>144</b>	<b>145</b>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distribution 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 £23,826 (2018 - £43,303).

At the year end total rent arrears owed by the tenant members of the Board (and their close family) were £nil (2018 - £273). The total prepaid rent relating to tenant members of the board (and their close family) included within creditors at the year end is £1,140 (2018 - £2,090).

# CRAIGDALE HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 21. Revenue reserves

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

22. Net cash generated from operating activities	2019	2018
	£	£
<b>Cash flow from operating activities</b>		
Surplus for the year	352,425	379,937
<u>Adjustments for non cash items:</u>		
Depreciation of tangible fixed assets	587,955	515,771
SHAPS past service deficit movements	-	2,000
Decrease/(increase) in trade and other debtors	30,903	(31,762)
(Decrease)/ increase in trade and other creditors	(183,570)	203,003
<u>Adjustments for investing and financing activities:</u>		
Release of deferred Government capital grants	(379,998)	(368,184)
Shares cancelled	(4)	(10)
Interest payable	34,744	21,603
Interest receivable	(9,348)	(12,815)
SHAPS past deficit payment	(39,663)	(41,888)
	<u>393,444</u>	<u>667,655</u>

### 23. Governing body member emoluments

Board members received £2,437 (2018 - £2,453) 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%.

## **CRAIGDALE HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

#### **24. Pension obligation (cont'd)**

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.

As at the Statement of Financial Position date there were 3 (2018 - 5) active members of the Scheme employed by the Association. The Association continues to offer membership of the Scheme to its employees.

#### **Year ended 31 March 2018**

Up until 31 March 2018, it was not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Thus, up until the end of the 31 March 2018 year end, the Scheme was accounted for as a defined contribution scheme. However the Association entered into a past service deficit repayment agreement with TPT and per FRS 102, this discounted past service deficit liability was recognised in the Statement of Financial Position.

The last triennial valuation of the Scheme for funding purposes was carried out as at 30 September 2015. This valuation revealed a deficit of £198m. A Recovery Plan has been put in place to eliminate the deficit which runs to 28 February 2022 for the majority of employers, although certain employers have different arrangements.

#### **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
(for leavers before october 1993 pension increases are 5%)	
Rate of price inflation:	2.6

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**24. PENSION OBLIGATIONS (cont'd)**

**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.

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 which was due as at 30 September 2018. The information regarding their 30 September 2018 valuation, including the annual funding update is not yet available from TPT.

**Past service deficit repayment liability**

2018  
£

Provision at start of period	213,100
Unwinding of the discount factor (interest expense)	2,000
Deficit contribution paid	(41,888)
Re-measurements - impact of changes in assumptions	(1,212)
Provision at end of period	<u>172,000</u>

Liability split as:	< 1 year	43,145
	1 - 2 years	43,478
	2 - 5 years	85,377
		<u>172,000</u>

**Statement of Comprehensive Income Impact**

2018  
£

Interest expense	2,000
Re-measurements - impact of changes in assumptions	<u>(1,212)</u>

2018

**Assumptions**

Rate of discount	<u>1.51%</u>
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## CRAIGDALE HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 24. Pension obligations (cont'd)

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.

#### **Year ended 31 March 2019**

#### **Accounting treatment from 1 April 2018**

From 1 April 2018, information became available in order to separate out the assets and liabilities between scheme members and thus the SHAPS defined benefit pension liability is accounted for as a defined benefit pension scheme from 1 April 2018 onwards. In accordance with FRS 102 section 28, the operating and financing costs of pension and post retirement schemes (determined by TPT) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

At 31 March 2018, in respect of the SHAPS deficit repayment plan, amounts included within creditors due less than one year were £43,145 and amounts included within creditors due greater than one year were £128,855. At 1 April 2018, on initial recognition of the multi-employer defined benefit scheme, the opening adjustment to the liability was £98,000 to recognise a liability of £272,000 as at 1 April 2018.

The main financial assumptions used by the Scheme Actuary, TPT, in their FRS 102 calculations are as follows:

<b>Assumptions as at</b>	<b>31 March 2019 % per annum</b>
Inflation (RPI)	3.28
Salary increases	3.28
Discount rate	2.33
Inflation (CPI)	2.28
Allowance for communication of pension for cash on retirement	75% of maximum allowance

#### **Mortality**

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

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

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2016 model with an allowance for smoothing of recent mortality experience and long term rates of 1.5% p.a. for males and 1.25% p.a. for females.

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**24. Pension obligations (cont'd)**

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

	<b>Year ended 31-Mar-19 £'000</b>
Fair value of plan assets	1,367
Present value of defined benefit obligation	(1,647)
<b>Defined benefit liability to be recognised</b>	<b><u>(280)</u></b>

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

	<b>Year ended 31-Mar-19 £'000</b>
Defined benefit obligation at start of period	(1,595)
Current service cost	-
Expenses	(1)
Interest expense	(40)
Actuarial (losses)/gains due to scheme experience	5
Actuarial (losses)/gains due to changes in demographic assumptions	(5)
Actuarial (losses)/gains due to changes in financial assumptions	(104)
Benefits paid and expenses	93
<b>Defined benefit liability at the end of the period</b>	<b><u>(1,647)</u></b>

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

	<b>Year ended 31-Mar-19 £'000</b>
Fair value of plan assets at start of the period	1,325
Interest income	33
Experience on plan assets (excluding amounts included in interest income) - gain	61
Contributions by the employer	41
Benefits paid and expenses	(93)
<b>Fair value of plan assets at end of period</b>	<b><u>1,367</u></b>

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**24. Pension obligations (cont'd)**

**Defined benefit costs recognised in the Statement of Comprehensive Income**

	Period from 31-Mar-18 31-Mar-19 £'000
Current service cost	-
Admin expenses	1
Net interest expense	7
<b>Defined benefit costs recognised in Statement of Comprehensive Income</b>	<b>8</b>

**Defined benefit costs recognised in Other Comprehensive Income**

	Year ended 31-Mar-19 £'000
Experience on plan assets (excluding amounts included in net interest cost - gain	61
Experience gains and losses arising on the plan liabilities – gain	5
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – (loss)	(5)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)	(104)
<b>Total amount recognised in other comprehensive income – (loss)</b>	<b>(43)</b>

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**24. Pension obligations (cont'd)**

**Fund allocation for employer's calculated share of assets**

	<b>31-Mar-19 £'000</b>
Global Equity	220
Absolute Return	116
Distressed Opportunities	23
Credit Relative Value	24
Alternative Risk Premia	76
Fund of Hedge Funds	4
Emerging Markets Debt	44
Risk Sharing	40
Insurance-Linked Securities	35
Property	27
Infrastructure	57
Private Debt	18
Corporate Bond Fund	96
Long Lease Property	17
Secured Income	48
Over 15 Year Gilts	35
Liability Driven Investment	486
Net Current Assets	1
<b>Total Assets</b>	<b>1,367</b>



# **CRAIGDALE HOUSING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

### **24. Pension obligations (cont'd)**

#### **Member data summary**

##### **Active members**

	<b>Number</b>	<b>Total earnings (£'000s p.a.)</b>	<b>Average age (unweighted)</b>
Males	-	-	-
Females	3	112	44
<b>Total</b>	<b>3</b>	<b>112</b>	<b>44</b>

##### **Deferred members**

	<b>Number</b>	<b>Deferred pensions (£'000s p.a.)</b>	<b>Average age (unweighted)</b>
Males	1	6	51
Females	3	8	52
<b>Total</b>	<b>4</b>	<b>14</b>	<b>51</b>

##### **Pensioners**

	<b>Number</b>	<b>Deferred pensions (£'000s p.a.)</b>	<b>Average age (unweighted)</b>
Males	2	9	63
Females	3	17	62
<b>Total</b>	<b>5</b>	<b>26</b>	<b>62</b>

#### **Employer debt on withdrawal**

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 TPT 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. The employer debt on withdrawal based on the valuation as at 30 September 2018 is not yet available from TPT.

**CRAIGDALE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**24. Pension obligations (cont'd)**

**GMP equalisation**

Guaranteed Minimum Pension (GMP) is the minimum pension which an occupational pension scheme in the UK has to provide for those employees who were contracted out of the State Earnings-Related Pension Scheme (SERPS). Both pension scheme members and sponsoring employers paid lower National Insurance contributions at the time of accrual given the lower benefits being accrued for the member by the state. Women can currently receive their GMP benefits at age 60 compared to age 65 for men. GMP also accrued at a faster rate for women than men.

Historically some defined benefit schemes had different retirement ages for men and women. Therefore schemes are required to "equalise" pension ages and overall benefit scales between males and females. The Scheme actuary is therefore required to estimate the impact of GMP and include an allowance for the increase in calculated liabilities.

The impact of GMP equalisation for Craigdale Housing Association is 0.14% of liabilities, which is expected to be approximately £2,000. This is included within the closing defined benefit liability as detailed above.

**25. Capital commitments**

	2019	2018
	£	£
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>-</u>	<u>-</u>

**26. Commitments under operating leases**

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

	2019	2018
	£	£
Not later than one year	2,423	1,282
Later than one year and not later than five years	108	1,390
	<u>2,531</u>	<u>2,672</u>