



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

**Registered Housing Association No. 84**

**FCA Registration No. 2190R(S)**

**Registered Charity No. SC035544**



# CASSILTOUN HOUSING ASSOCIATION LIMITED

## BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

FOR THE YEAR ENDED 31 MARCH 2019

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### Board of Management

Anne M Stuart MBE	Chair
Evelyn Ferguson	Secretary
George Kelly	Vice Chair and Treasurer
Teresa McGowan	
William Craig	
Teresa Sadler	
James Garrow	
Julie McNeil	
Debbie MacKenzie	
Donna Ferguson	
Richard Sullivan	Co-opted
Kim McKee	Co-opted

### Executive Officers

Clair Malpas	Chief Executive (appointed 1 April 2019) (formerly Regeneration Manager)
Charlie Millar	Chief Executive (resigned 31 March 2019)
Gamal Haddou	Director of Finance
Fiona McGowan	Director of Operations

### Registered Office

Castlemilk Stables  
59 Machrie Road  
Castlemilk  
Glasgow  
G45 0AZ

### External Auditor

Scott-Moncrieff  
25 Bothwell Street  
Glasgow  
G2 6NL

### Internal Auditor

Wylie & Bissett  
168 Bath Street  
Glasgow  
G2 4TP

### Banker

Bank of Scotland  
110 St Vincent Street  
Glasgow  
G2 5ER

### Solicitor

T C Young  
7 West George Street  
Glasgow  
G2 1BA

### Registration particulars

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered Number 2190 R(S)
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number 84
Office of the Scottish Charity Regulator	Charities and Trustee Investment (Scotland) Act 2005 Scottish Charity Number SC 035544

**CASSILTOUN HOUSING ASSOCIATION LIMITED**

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**FOR THE YEAR ENDED 31 MARCH 2019**

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# CASSILTOUN HOUSING ASSOCIATION LIMITED

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

### FOR THE YEAR ENDED 31 MARCH 2019

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The Board of Management presents its Report of the Board of Management (incorporating the Strategic Report) and the financial statements for the year ended 31 March 2019.

#### Principal Activities

The principal activity of Cassiltoun Housing Association Limited is the development, management and maintenance of housing for people in housing need.

The Association has two subsidiaries, Cassiltoun Trust and Cassiltoun Stables Nursery Limited. Cassiltoun Trust is a charitable company established to conserve for the benefit of the public, buildings of historical and architectural significance; advance knowledge about the history and role of Castlemilk; and provide facilities for education, training, employment and recreational time. The principal activity of Cassiltoun Stables Nursery Limited is to provide a first class nursery childcare facility for 0-5 year olds set alongside a local park and woodland environment.

Cassiltoun Housing Association Limited is registered with the Financial Conduct Authority as a Community Benefit entity, The Office of the Scottish Charities Regulator (OSCR) as a Charity and the Scottish Housing Regulator as a Registered Social Landlord. The Association is incorporated in Scotland.

The table below shows the property we own:-

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
<b><i>Managed Property Numbers</i></b>		
Tenanted Property	<b>975</b>	<i>975</i>
Shared Ownership Properties	<b>3</b>	<i>3</i>
Buchanan Lodge Residential Home (bedspaces)	<b>40</b>	<i>40</i>
<b><i>Total</i></b>	<b>1,018</b>	<i>1,018</i>

#### Our Strategic Aims

Cassiltoun Housing Association Limited has as its Strategic Aims:

- To ensure our rents remain affordable by maintaining a stock base sufficient to achieve economies of scale and deliver effective services in a cost efficient way;
- Maintain the high quality of our housing and service provision, ensuring the comfort of tenants and the protection of our investment;
- Contribute to the wellbeing of the local community by working with tenants, residents, partners and funders to develop initiatives that promote regeneration and increased levels of inclusion;
- Ensure that the work of the Cassiltoun Group is supported by good governance, effective financial, management and regulatory compliance and robust administrative and HR systems; and
- Ensure we attract and retain highly skilled and knowledgeable staff and Board members and develop our staff and Board members through education, training and coaching.

## CASSILTOUN HOUSING ASSOCIATION LIMITED

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

#### FOR THE YEAR ENDED 31 MARCH 2019

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#### **Our Operational Objectives 2018/19**

- To continue to recruit new board members to assist with the strategic leadership and direction of the Association;
- To support our Board of Management's agreed training and learning plan;
- To maintain performance across the activities set out in the Internal Management Plan, Operational Service Plan and Advice Team Service Plan;
- To ensure that we deliver the objectives set in the Asset Management Plan and effectively deliver our 2018/19 major repair improvement plans;
- Continue to maintain the effectiveness of our reactive, cyclical and environmental contracts;
- To support our Stables Nursery subsidiary in its fifth year of trading;
- To ensure that the Association's Welfare Reform mitigation plans are effective and that we remain flexible to managing the full range of welfare changes;
- To support Cassiltoun Trust in achieving its objectives, including finding a solution to the office heating system;
- To meet existing funders expectations and continue to seek other opportunities to continue with non-housing regeneration plans;
- To deliver the Castlemilk Park events programme and continue the ongoing regeneration of the park;
- To take forward the plans outlined in the housing development feasibility report (dated January 2016) for the church site, labour club site and local repairs office site and achieve 60% Housing Association Grant funding for this;
- To secure private finance facilities for our development programme;
- To complete a full energy efficiency survey to support the Association's EESSH plans before the 2020 deadline;
- To complete a comprehensive update of our stock condition survey;
- To retain our Healthy Working Lives Gold award; and
- To achieve Investor in People Platinum award.

#### **Our Mission Statement**

We aim to enhance the quality of life of our clients and to regenerate and sustain our community through housing-led and resident controlled initiatives.

#### **Financial Review**

##### ***Association***

We performed well in the year despite the economic and welfare reform challenges facing our sector. Our rental trading income was in line with budget and we remain confident about the future. Turnover of £5,022k was a little better than expected due to more wider role grants and classification of £81k to support current and future development activity.

Reactive maintenance costs shows an increase of 6% from last year due to greater demand including for from our handyman service. Planned maintenance will fluctuate from one year to another based on programmes of work and our stock investment plans.

Management and maintenance administration is 11% higher than a year ago mainly due to higher consultancy and legal work arising from development proposals, loan non utilisation fees and recruiting a new Chief Executive. By delaying our development borrowing we save on interest costs which are marginally above last year despite an increase in the Bank of England base rate.

During the year the Board took more steps to strengthening its assurance framework and appointed internal auditors to help it with this and show clear adherence to the Regulator's expectations and standards.

## CASSILTOUN HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2019

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#### **Financial Review (continued)**

Up until the end of the 31 March 2018 year end, the SHAPS Pension Scheme was accounted for as a defined contribution scheme. From 1 April 2018 information became available in order to separate out the assets and liabilities between scheme members and thus SHAPS is accounted for as a defined benefit pension scheme from this date. This has resulted in an initial accounting recognition charge of £220k whilst the cash payments have only increased for inflation. In future years there is likely to be more volatility arising from this new valuation as can be seen with the Strathclyde pensions scheme having a large surplus a year ago whereas this year has incurred an actuarial loss. This is managed by taking a long term view of pensions and keeping abreast of assumptions used by the actuaries.

#### **Group**

The group turnover of £5,501k arises mainly from the housing association with additional revenue of £58k from the Nursery, offset by a fall in grant revenue in Cassiltoun Trust of £58k. Turnover is marginally above our expectations and costs are monitored closely within each entity.

The Nursery made a good surplus of £24k and remains profitably after losses in the initial years after start up. The Trust also reported a small surplus in the year of £2k after increasing its lease charge recently with the Association. The Trust's main asset is the Stables building and the on-going problems with the ground source heating system have been by-passed, in the short term, with the introduction on new electrical wall heaters providing heating to the offices and rooms.

#### **Principal Risk and Uncertainties**

The Group has a robust planning framework in place which includes how we manage risk and uncertainties. In our Internal Management Plan we set out risks that we anticipate and explain how we monitor and manage risks. We regularly review and consider risks in all decision making.

Welfare reform changes have been mitigated through having a Money Advice Team to support tenants and owners helping them manage and budget personal finances. The affordability of pensions is under scrutiny and external advice has been taken on continuing the final salary scheme. This scheme is closed to new entrants and auto enrolment commenced in June 2017 with a defined contribution scheme and an employer's rate of 6% which meets the Pension Quality Mark. The EU referendum result remains unlikely to have a significant impact on the Association as there is no exposure to house selling from development activity, interest rates on loans are significantly fixed and we receive no EU grants.

The impact of servicing the SHAPS defined benefit pension liability on the Association's cash flow and the risk in respect of the SHAPS defined benefit pension liability is managed through monitoring the scheme valuations and including all costs into the long term business plan.

A review of the Risk Policy and Risk Register was undertaken during the year to ensure that the Group is prepared to mitigate risks that exist now or may arise in the future and we continue to focus on our business plan objectives.

## CASSILTOUN HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2019

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#### Future Plans

##### *Association*

The Association will complete its "Barlia 3" development of 42 properties in November 2019 and this will be followed by phase two of our development plans by taking forward proposals to build 60 flats at Castlemilk Drive in partnership with Crudens Construction with an anticipated site start around January 2020.

The final third phase is exploring the development of spare ground to the south of the Association's office known as the nursery site, which would be built in conjunction with the private sector. A feasibility study has been completed showing up to 59 properties being for social rent and 88 for sale by a commercial builder. The Board are considering their options for this site and we continue to work closely with Glasgow City Council, City Property (Glasgow) and our other key stakeholders to undertake a full site investigation and work through the design and layout.

The new build housing will help many people on our waiting list who require larger or smaller accommodation and we anticipate further housing needs being met as a result of internal transfers. This will also contribute to Glasgow City Councils Strategic Housing Plan to alleviate homelessness.

Our full development plan can be read by visiting our website.

Following a feasibility study in 2018 and a robust business planning process we are working on setting up another charitable subsidiary in the Autumn of 2019. 'Cassiltoun Environmental Services' will provide property close cleaning and environmental services. We aim to improve the quality of service to our tenants and factored owners as well as keeping a tight control on costs.

In November 2019 we will be ready for the introduction of being covered under the Freedom of Information (Scotland) Act. Much of our information is already published on our website including performance measures, governance matters, minutes of Board meetings and future plans.

##### *Group*

The Stables Nursery continues to provide both indoor and outdoor childcare. There are still some vacant spaces (registration is for 55 FTE's) but it will continue to take on additional children over the coming year to move closer to this. The Aspiring Communities Fund has assisted with the development of the Nursery and in outdoor provision in the adjacent woodland.

Cassiltoun Trust will continue its work with the wider community both in the Stables and in the local woodland by offering a wide range of community focussed activities, improving the greenspace and creating opportunities for volunteering and training. Extra accommodation space is currently being explored by acquiring two 'garden pods' to use within the group for much needed meeting and community events space. Partial external funding has been made available towards this.

#### Financial and Non-Financial Key Performance Indicators

Key financial information is as follows:

##### *Association*

	2018/19	2017/18
Staff Costs / Turnover	24.3%	23.0%
Management Administration Costs / Turnover	24.6%	22.7%
Reactive Maintenance / Turnover	13.7%	13.2%
Bank loan Interest Payable / Turnover	5.3%	5.4%
Current Ratio (current assets / current liabilities)	3.2 times	2.9 times
Bank loan interest Cover (operating surplus/bank loan interest)	3.2 times	2.6 times
Asset cover (total assets less current liabilities / creditors > 1yr)	1.2 times	1.3 times
Debt per Housing Unit	£6,641	£6,986

# CASSILTOUN HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2019

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### Financial and Non-Financial Key Performance Indicators (continued)

#### Group

	2018/19	2017/18
Staff Costs / Turnover	27.4%	25.5%
Management Administration Costs / Turnover	21.6%	19.70%
Average number of days to pay suppliers	22 days	21 days

#### Corporate Governance

Our governing body is our Board of Management which is responsible to the wider membership. Board of Management members serve in a voluntary and unpaid capacity and we recognise that this puts even more onus on us to ensure that we set and achieve high standards of professionalism in our work.

The Board of Management is elected by the members of the Association. It is the responsibility of the Board to oversee and lead the strategy and overall direction of the Association, set policy and monitor the operational activities of the Association and its subsidiary companies.

As part of our commitment to continuous improvement we have once again set challenging targets, which are regularly monitored and reviewed by the Board of Management and Senior Management Team.

#### Going Concern

The Board of Management has reviewed this year's results and projections for the next 5 years. The Board has a strong expectation that the Group and Association has adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting is adopted in preparing the financial statements.

#### Performance Management

During 2018/19, the Association demonstrated continuous improvement in many areas of our performance and excellent signs of stability in others underpinned by a planning framework set out as follows. All our staff take part in the business review sessions during our annual review day when we sign off the 3 year Internal Management Plan and 30 year Business Plan. This has been supported by the use of clear planning tools such as SMART planning, the Operational Service Plan, the Asset Management Plan and the Association's Financial Business Plans.

The Association produced its third Tenants Charter Report Card in October 2018 which outlined our charter performance and how we benchmark locally and against the Scottish average. Furthermore, areas that require action for improvement have been identified and published.

We have demonstrated that the shared goals that are understood by all our people allows us to improve as an organisation, which will ultimately lead to our tenants receiving the best housing service possible, combined with other activities and non-housing services that the Association delivers with its partners.

We receive very few complaints of a serious nature and we take prompt action to resolve and learn from those received.

#### Best use of resources

In the year the Association was recognised as a Platinum Investors in People organisation. Our ongoing performance, future improvements and strong customer focus depends on a highly motivated and well trained staff team and we believe our performance, high levels of tenant satisfaction and attendance management demonstrates this. Investment in our staff team is critical to our success.



## CASSILTOUN HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2019

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#### Best use of resources (continued)

Our planned major repairs programme on fabric repairs was a little below its target with the work being continued into the following financial year. We achieved:-

- £192k undertaking fabric repairs at Hoddam Ave and Ballantay Road covering 162 flats,
- £27k electrical lighting upgrades to 11 closes, and
- £37k of kitchen, central heating and other improvements.

Our reactive repairs service is delivered by one multi trade contractor after a robust procurement exercise and has been successful for the third year in succession. Tenant satisfaction levels are consistently high with performance levels between 99% and 100% regularly achieved. Tenants continue to play a vital role in monitoring this performance.

During the year we completed 3,320 repairs, a reduction of 177 from the year prior. The table below summarises our targets, repair type and performance.

CATEGORY	TARGET	NUMBER	COMPLETED ON TIME	% COMPLETED WITHIN TIME
Emergency	6 hours	615	615	100.0%
Urgent and Routine	3 days / 10 days	2,705	2,705	100.0%

Void management performance continues to be strong, despite an increase in void properties this year. The Association set a target of £11k (0.27%) for rent lost through voids and we achieved an outstanding 0.15%. This is significantly below our business planning assumption which is a conservative at 2% and we know the year ahead cannot be as low as this year due to extra voids expected.

The Association's arrears management faced a number of challenges although performance was actually better than the target despite the risks posed by Welfare Reform. We believe that our planned approach to the risks surrounding rental income and arrears levels is being controlled and managed effectively:

Budget target was 2.9%  
Performance was 2.5%

The Association continues to prioritise the emerging risks associated with Welfare Reform changes by increasing current staffing resources to assist tenants and to cope with the associated additional work load. In addition we are continuing with our money advice team who have achieved over £3.5 million of income to its service users over the past 5 years of operating. This was recently independently verified during a review of the service for the funder. We believe our approach has helped to maintain good performance and mitigate this risk. The benefit of this to the Association is directly translated into lower arrears and more staff time to devote to service delivery.

Following on from previous years we believe that sustained performance has been achieved against a backdrop of business growth and a demanding policy context. The political uncertainty caused by Brexit and the potential impact on the economy has kept the Board's focus on achieving better value for money and greater efficiencies. This is supported by continuous monitoring to ensure that our key targets are met and also to allow us to take corrective action should the Association encounter unplanned trends or changes that may adversely affect it.

## CASSILTOUN HOUSING ASSOCIATION LIMITED

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

#### FOR THE YEAR ENDED 31 MARCH 2019

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#### **Best use of resources (continued)**

Like every other housing association and local authority with housing stock, the Association has ensured that its properties meet the "Scottish Housing Quality Standard". This was independently verified and is excellent news for our tenants and for our long term financial forecasting.

The Association has a planning framework in place to review and update our approach to ensuring that the Energy Efficiency Targets set by the Scottish Government are in place for 2020.

#### **Regeneration Activities**

External funding of £264k across the Group has enabled the Association to continue to develop and expand its successful regeneration programme. The organisation has worked with a wide range of funders and partners and has continued to offer: work placements to young people, advice provision for state benefits and debt advice, furniture grants and 'home start' packages, 'Stables Studio' art programme for over 50's that prevents social isolation, volunteering opportunities throughout the Group, youth engagement, school holiday activities, health and wellbeing, community gardening as well as regenerating Castlemilk Park through a range of events and programmes.

The Association has also organised a number of well attended events for tenants and the wider community throughout the year. These give local people (and people new to the area) the chance to socialise and make new friends. It also helps Castlemilk to be seen as a thriving, vibrant place to live, work and visit.

Events have included

- Easter celebration;
- Summer family trip and Christmas pantomime;
- Summer outing for the over 40s; and
- A pumpkin festival culminating with a Halloween walk attended by over 2,000 people;

The children's nursery subsidiary continues to create training and employment with staff numbers now reaching 22. By March 2019 there were 84 children attending the nursery either part or full-time. This is the equivalent of 45 full time children compared to 43 at the start of the year and the nursery is very close to being full at times in the year.

#### **Operations**

Again like previous years we continued to make further improvements to our operational performance through the ongoing integration of service provision, which was underpinned by our robust Operational Service Plan. Our staff have clear targets and objectives to achieve these are regularly monitored by the Senior Management Team and Board of Management.

Feedback from tenants remains positive with regular high levels of overall satisfaction being identified from satisfaction surveys.

#### **Business Continuity Plan**

The Board has a combined plan with robust procedures in place to deal with disasters and any severe business interruptions.

## CASSILTOUN HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2019

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#### **Performance Review**

The Board carries out two major strategic performance reviews each year to ensure that our Strategic and Operational Objectives are carefully monitored. The Association uses a traffic light monitoring system (six month reviews and quarterly operational reports) to quickly identify any sign that a set objective may not be achieved. At the end of the year we were pleased that 13 of our 16 objectives were achieved or making considerable progress with no concern.

#### **Policies and Procedures**

The Board approves policy and procedures on a rolling basis unless changes in guidance or legislation enforce earlier reviews. The Association has over 70 policies and procedures that provide the necessary guidance on how it runs and manages its business in accordance with these procedures and rules.

#### **Credit Payment Policy**

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period trend is modestly increasing being one day greater than last year at 22 days from receipt of invoice via a weekly payment run. The target set is within 22 days.

#### **Rental Income**

The Association's Rent Policy is a points system based on the size, type and facilities of the provided accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties.

#### **Budgetary Process**

Each year the Board approves the budget and rolling five-year strategic plan where key risk areas are identified. Performance is monitored and relevant action taken throughout the year with monthly reporting to the Senior Management Team and bi-monthly Board reporting. Variations from the budget are explained and updated forecasts are prepared together with information on key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

#### **Treasury Management**

The Association has an active treasury management function, which operates in accordance with the Treasury Management Policy. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due. Excess balances were either placed on short term deposits between 1-12 months or put into a 32 day notice account. The Association, as a matter of policy, does not enter into transactions of a speculative nature. At March 2019 the Association has a mix of 56% long term fixed and 44% variable rate loan finance and will move towards increasing the variable proportion over the following year.

#### **Quality and Integrity of Personnel**

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Chief Executive.

At the end of March, Charlie Millar, the Chief Executive, took planned early retirement although still plans to remain a Board member of Cassiltoun Trust. A recruitment exercise was undertaken at the end of 2018 using external consultants. Following this rigorous process with external and internal candidates, the Regeneration Manager was promoted into the role of Chief Executive from 1 April 2019.

## CASSILTOUN HOUSING ASSOCIATION LIMITED

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

#### FOR THE YEAR ENDED 31 MARCH 2019

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#### Board of Management

The Board of Management of Cassiltoun Housing Association Limited during the year ended 31 March 2019 and up to the date of signing the financial statements was as follows:

Anne M Stuart MBE	Chair
Evelyn Ferguson	Secretary
George Kelly	Vice-Chair & Treasurer
Teresa McGowan	
Adam Milligan	(Resigned 6 February 2019)
William Craig	
Teresa Sadler	
James Garrow	
Julie McNeil	
Debbie MacKenzie	
Donna Ferguson	(Appointed 13 August 2018)
Richard Sullivan	Co-opted (from 28 Nov 2018)
Kim McKee	Co-opted (from 28 Nov 2018)
Robert Brennan	(Resigned 27 June 2018)

Sub-committee membership	6	Staffing
	7	Development & Regeneration
	6	Operations
	6	Group Audit

Both subsidiaries are managed by their individual Boards and have at least one member from the housing association. The subsidiaries choose Board members who have specific expertise in a similar field and meet at least 4 times a year.

Each member of the Board of Management holds one fully paid share of £1 in Cassiltoun Housing Association Limited. The executive officers of Cassiltoun Housing Association Limited hold no interest in its share capital and although not having the legal status of a "director" they act as executives within the authority delegated by the Board.

During the year Board members continued their internal and external training sessions as identified during formal appraisal and needs assessment. The outcome was to identify individual strengths and weaknesses and to create training plans that will improve their effectiveness as Board members. In addition 1-to-1 interviews between the Chief Executive and Association office bearers are carried out.

#### Disclosure of Information to the Auditor

To the knowledge and belief of each of the persons who are members of the Board of Management at the time the report is approved:

- So far as the Board of Management members are aware, there is no relevant information of which the Group's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Board of Management member in order to make himself/herself aware of any relevant audit information, and to establish that the Group's auditor is aware of the information.

**CASSILTOUN HOUSING ASSOCIATION LIMITED**

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

**FOR THE YEAR ENDED 31 MARCH 2019**

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**Auditor**

A resolution to re-appoint Scott-Moncrieff, Chartered Accountants, as auditor will be put to the members at the Annual General Meeting.

**By order of the Board of Management**



Evelyn Ferguson  
Secretary

Date: 26 June 2019

## **CASSILTOUN HOUSING ASSOCIATION LIMITED**

### **STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES**

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

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The Co-operative and Community Benefit Societies Act 2014 requires the Board of Management to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and Group and of the income and expenditure of the Association and Group for that period. In preparing those Financial Statements, the Board of Management is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association and Group will continue in business.

The Board of Management is responsible for proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and of the Group. The Board of Management must ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator. It is also responsible for safeguarding the assets of the Association and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## CASSILTOUN HOUSING ASSOCIATION LIMITED

### STATEMENT ON INTERNAL FINANCIAL CONTROL

#### FOR THE YEAR ENDED 31 MARCH 2019

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The Board of Management acknowledges its ultimate responsibility for ensuring that the Association and the Group has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:-

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

It is the Board of Management's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's and the Group's systems include ensuring that:-

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

The Board of Management have reviewed the system of internal financial control in existence in the Association and the Group for the year ended 31 March 2019 and until the date these financial statements have been signed. 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.

**By order of the Board of Management**



Evelyn Ferguson  
Secretary

Date: 26 June 2019

## CASSILTOUN HOUSING ASSOCIATION LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASSILTOUN HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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#### Opinion

We have audited the financial statements of Cassiltoun Housing Association Limited (the 'parent association') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the Group and Association Statement of Comprehensive Income, the Group and Association Statement of Changes in Capital and Reserves, the Group and Association Statement of Financial Position, the Group 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 group's and parent association's affairs as at 31 March 2019 and of the group's and parent association's 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, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, 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 group and parent 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 Standards, 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 of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or the parent 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.



## CASSILTOUN HOUSING ASSOCIATION LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASSILTOUN HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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#### Other information

The Board of Management is 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 by the parent association; or
- the parent association has not kept proper accounting records; or
- the parent association's 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 of Management

As explained more fully in the Statement of the Board of Management's Responsibilities set out on page 11, the Board of Management 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 of Management 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 of Management is responsible for assessing the group's and the parent 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 of Management either intend to liquidate the group and the parent 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.

**CASSILTOUN HOUSING ASSOCIATION LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASSILTOUN HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

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

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.

**Use of our report**

This report is made solely to the parent 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 parent 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 parent association and the parent association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Scott - Moncrieff

**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: 26 June 2019

**CASSILTOUN HOUSING ASSOCIATION LIMITED**

**REPORT BY THE AUDITOR TO THE MEMBERS OF CASSILTOUN HOUSING ASSOCIATION LIMITED  
ON INTERNAL FINANCIAL CONTROLS**

**FOR THE YEAR ENDED 31 MARCH 2019**

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In addition to our audit of the Financial Statements, we have reviewed your statement on page 12 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 any non-compliance.

**Opinion**

In our opinion the Statement on Internal Financial Control on page 12 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 of Management 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.

*Scott - Moncrieff*

**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: 26 June 2019

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

	Notes	2019 £	2018 £
<b>Turnover</b>	4	5,500,860	5,383,266
Operating expenditure	4	<u>(4,629,384)</u>	<u>(4,277,779)</u>
<b>Operating surplus</b>	4, 8	871,476	1,105,487
Loss on sale of property, plant and equipment	9	-	(124,754)
Interest receivable		29,452	31,419
Interest and financing costs	10	<u>(288,385)</u>	<u>(286,188)</u>
<b>Surplus before tax</b>		612,543	725,964
Taxation	11	-	-
<b>Surplus for the year</b>		<u>612,543</u>	<u>725,964</u>
<b>Other comprehensive income</b>			
Initial recognition of multi-employer defined benefit scheme	23	(220,000)	-
Actuarial loss on the SHAPS liability	23	(136,000)	-
Actuarial (loss) / gain on the Strathclyde Pension Fund liability	24	(88,000)	371,000
<b>Total comprehensive income for the year</b>		<u><u>168,543</u></u>	<u><u>1,096,964</u></u>

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

CASSILTOUN HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
<b>Turnover</b>	4	5,022,499	4,903,606
Operating expenditure	4	(4,181,451)	(3,836,379)
<b>Operating surplus</b>	4, 8	841,048	1,067,227
Loss on sale of property, plant and equipment	9	-	(124,754)
Interest receivable		33,431	35,422
Interest and financing costs	10	(287,693)	(285,416)
<b>Surplus before tax</b>		586,786	692,479
Taxation	11	-	-
<b>Surplus for the year</b>		586,786	692,479
<b>Other comprehensive income</b>			
Initial recognition of multi-employer defined benefit scheme	23	(220,000)	-
Actuarial (loss)/gain on the SHAPS liability	23	(136,000)	-
Actuarial loss on the Strathclyde Pension Fund liability	24	(88,000)	371,000
<b>Total comprehensive income for the year</b>		142,786	1,063,479

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

**CASSILTOUN HOUSING ASSOCIATION LIMITED**

**GROUP STATEMENT OF CHANGES IN CAPITAL AND RESERVES**

**FOR THE YEAR ENDED 31 MARCH 2019**

	<b>Share capital £</b>	<b>Restricted reserve £</b>	<b>Revenue reserve £</b>	<b>Total reserves £</b>
Balance at 1 April 2018	255	11,000	7,145,882	7,157,137
Total comprehensive income for the year	-	(11,000)	179,543	168,543
Shares issued during the year	27	-	-	27
Shares cancelled during the year	(32)	-	-	(32)
Balance at 31 March 2019	<u>250</u>	<u>-</u>	<u>7,325,425</u>	<u>7,325,675</u>

**GROUP STATEMENT OF CHANGES IN CAPITAL AND RESERVES**

**FOR THE YEAR ENDED 31 MARCH 2018**

	<i>Share capital £</i>	<i>Restricted reserve £</i>	<i>Revenue reserve £</i>	<i>Total reserves £</i>
Balance at 1 April 2017	277	1,915	6,058,003	6,060,195
Total comprehensive income for the year	-	9,085	1,087,879	1,096,964
Shares issued during the year	25	-	-	25
Shares cancelled during the year	(47)	-	-	(47)
Transfer	-	-	-	-
Balance at 31 March 2018	<u>255</u>	<u>11,000</u>	<u>7,145,882</u>	<u>7,157,137</u>

The notes form part of these financial statements

CASSILTOUN HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES

FOR THE YEAR ENDED 31 MARCH 2019

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	Share capital £	Revenue reserve £	Total reserves £
Balance at 1 April 2018	255	6,777,139	6,777,394
Total comprehensive income for the year	-	142,786	142,786
Shares issued during the year	27	-	27
Shares cancelled during the year	(32)	-	(32)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2019	<u>250</u>	<u>6,919,925</u>	<u>6,920,175</u>

ASSOCIATION 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	277	5,713,660	5,713,937
Total comprehensive income for the year	-	1,063,479	1,063,479
Shares issued during the year	25	-	25
Shares cancelled during the year	(47)	-	(47)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2018	<u>255</u>	<u>6,777,139</u>	<u>6,777,394</u>

The notes form part of these financial statements

CASSILTOUN HOUSING ASSOCIATION LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	£	2019 £	£	2018 £
<b>Tangible fixed assets</b>					
Housing properties	12(a)	31,699,484		30,818,560	
Other fixed assets	12(b)	492,521		526,236	
			<b>32,192,005</b>		<b>31,344,796</b>
<b>Current assets</b>					
<b>Debtors</b>					
Amounts falling due within one year	15(b)	166,493		181,496	
Current asset investments	16(a)	4,000,000		3,800,000	
Cash and cash equivalents	16(b)	1,466,476		618,856	
		<b>5,632,969</b>		<b>4,600,352</b>	
<b>Creditors:</b> amounts falling due within one year	17	<b>(1,767,111)</b>		<b>(1,588,811)</b>	
<b>Net current assets</b>			<b>3,865,858</b>		<b>3,011,541</b>
<b>Total assets less current liabilities</b>			<b>36,057,863</b>		<b>34,356,337</b>
<b>Creditors</b> - Amounts falling due after more than one year	18		<b>(27,666,188)</b>		<b>(27,021,200)</b>
Pension – SHAPS defined benefit liability	23		<b>(780,000)</b>		-
Pension – Strathclyde Pension Fund defined benefit liability	24		<b>(286,000)</b>		<b>(178,000)</b>
<b>Net assets</b>			<b>7,325,675</b>		<b>7,157,137</b>
<b>Capital and reserves</b>					
Share capital	21		<b>250</b>		255
Revenue reserve	21		<b>7,325,425</b>		7,145,882
Restricted reserve	21		-		11,000
			<b>7,325,675</b>		<b>7,157,137</b>

The financial statements were authorised for issue by the Board of Management on 26 June 2019 and signed on its behalf by:

*Anne M Stuart MBE*  
 Anne M Stuart MBE  
 Chair

*G. Kelly*  
 George Kelly  
 Vice Chair & Treasurer

*Evelyn Ferguson*  
 Evelyn Ferguson  
 Secretary

The notes form part of these financial statements.



CASSILTOUN HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	£	2019 £	£	2018 £
<b>Tangible fixed assets</b>					
Housing properties	12(a)	31,699,484		30,818,560	
Other fixed assets	12(b)	54,358		74,212	
Investments	14	67,296		67,296	
			<b>31,821,138</b>		<b>30,960,068</b>
<b>Current assets</b>					
<b>Debtors</b>					
Amounts falling due after more than one year	15a	70,000		80,000	
Amounts falling due within one year	15b	158,954		146,906	
Current asset investments	16a	4,000,000		3,800,000	
Cash and cash equivalents	16b	1,318,934		518,100	
		<b>5,547,888</b>		<b>4,545,006</b>	
<b>Creditors</b> – Amounts falling due within one year	17	<b>(1,716,663)</b>		<b>(1,528,480)</b>	
			<b>3,831,225</b>		<b>3,016,526</b>
<b>Net current assets</b>			<b>3,831,225</b>		<b>3,016,526</b>
<b>Total assets less current liabilities</b>			<b>35,652,363</b>		<b>33,976,594</b>
<b>Creditors</b> – Amounts falling due after more than one year	18		<b>(27,666,188)</b>		<b>(27,021,200)</b>
Pension – SHAPS defined benefit liability	23		<b>(780,000)</b>		-
Pension – Strathclyde Pension Fund defined benefit liability	24		<b>(286,000)</b>		<b>(178,000)</b>
<b>Net assets</b>			<b>6,920,175</b>		<b>6,777,394</b>
<b>Capital and reserves</b>					
Share capital	21		<b>250</b>		<b>255</b>
Revenue reserve	21		<b>6,919,925</b>		<b>6,777,139</b>
			<b>6,920,175</b>		<b>6,777,394</b>

The financial statements were authorised for issue by the Board of Management on 26 June 2019 and signed on its behalf by:

Anne M Stuart MBE  
 Anne M Stuart MBE  
 Chair

George Kelly  
 George Kelly  
 Vice Chair & Treasurer

Evelyn Ferguson  
 Evelyn Ferguson  
 Secretary

The notes form part of these financial statements.

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

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	Notes	2019 £	2018 £
<b>Net cash generated from operating activities</b>	<b>22</b>	<b>1,469,428</b>	<b>1,301,780</b>
<b>Cash flow from investing activities</b>			
Purchase of housing properties		(1,935,396)	(1,062,408)
Purchase of other fixed assets		(801)	(59,799)
Proceeds from sale of housing properties		-	79,943
Government capital grants received		1,902,129	27,887
Interest received		29,452	31,419
		<u>(4,616)</u>	<u>(982,958)</u>
<b>Cash flow from financing activities</b>			
Interest paid		(266,385)	(265,188)
Repayment of borrowings		(350,834)	(342,706)
Issue of share capital		27	25
		<u>(617,192)</u>	<u>(607,869)</u>
<b>Net change in cash and cash equivalents in the year</b>		<b>847,620</b>	<b>(289,047)</b>
<b>Cash and cash equivalents at 1 April</b>	16b	<b>618,856</b>	<b>907,903</b>
<b>Cash and cash equivalents at 31 March</b>	16b	<b>1,466,476</b>	<b>618,856</b>

The notes form part of these financial statements.

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2019

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#### 1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the Group's transactions are denominated. They comprise the financial statements of the Group, consisting of Cassiltoun Housing Association Limited and its two fully owned subsidiaries, Cassiltoun Trust and Cassiltoun Stables Nursery Limited drawn up for the year ended 31 March 2019.

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 HCB 084.

The Association's Scottish Charity number is SC035544. The registered address is included on the first page of the financial statements.

#### 2. Accounting policies

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).

A summary of the principal accounting policies is set out below.

##### (a) Basis of preparation

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets 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 can be found in Note 23 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 of Management 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.

##### (b) Going Concern

The Board of Management has a reasonable expectation that the Association and its subsidiaries have adequate resources, based on a review of long term forecasts to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the Financial Statements.

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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### 2. Accounting policies (continued)

#### (c) Turnover

##### *Cassiltoun Housing Association Limited*

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from the Scottish Government, Glasgow City Council 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.

##### *Cassiltoun Stables Nursery Limited*

Incoming resources are recognised when the charitable company has legal entitlement to the funds, the receipt is probable and the amount can be measured reliably.

##### *Cassiltoun Trust*

All voluntary income including grants and bank interest is accounted for when the charitable company has legal entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Rental income relates to let properties and is applied to the period in which it relates.

#### (d) Apportionment of management expenses

Direct employee, administration and operating expenditure have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

The costs of cyclical and major repairs are charged to the Statement of Comprehensive Income in the year in which they are incurred.

#### (e) Interest receivable

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

#### (f) 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.

#### (g) Housing properties

Properties included in housing properties are stated at cost. 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 during the construction phase on the loans raised to finance the scheme.

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

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end. Development costs are capitalised to the extent that they are attributable to specific schemes and where such costs are not excessive. 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.

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2019

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#### 2. Principal accounting policies (continued)

##### (h) Sales of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

First tranche Shared Ownership disposals are credited to turnover on completion, the cost of construction of these sales is taken to operating expenditure. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the Statement of Comprehensive Income, in accordance with the Statement of Recommended Practice.

##### (i) Depreciation of housing properties

Housing Properties are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows:

Land	Not depreciated
Structure	Over 60 years
Roofs	Over 45 years
Electrical Wiring	Over 30 years
Windows	Over 25 years
Bathrooms	Over 20 years
Kitchens	Over 15 years
Heating (boilers and radiators)	Over 15 years

##### (j) Depreciation of other fixed assets

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

Furniture	20%	Vehicles	25%
Fixtures & Fittings	20%	IT Equipment	20%

##### (k) Capitalisation of major repairs expenditure

The Association capitalises major repairs expenditure where these works are a replacement or restoration of a separate identifiable component or where the works result in an enhancement of economic benefits of the tangible fixed assets. Such enhancement can occur if the improvements result in an increase in rental income, a reduction in future maintenance costs or a significant extension to the life of the component.

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

##### (l) Capitalisation of development overheads

Directly attributable development costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

##### (m) Impairment of fixed assets

Reviews for impairment of fixed assets are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use or in the case of housing properties, its depreciated replacement cost. Value in use represents the net present value of expected future cash flows from these units.

##### (n) Debtors

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

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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### 2. Principal accounting policies (continued)

#### (o) Rental arrears

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Management regularly review rental arrears and write them down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in Note 15b.

#### (p) 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.

#### (q) 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.

#### (r) 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 group undertakings.

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 rental arrear 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.

#### (s) Government capital grants

Government Capital Grants, at amounts approved by The Scottish Government or Glasgow City Council, are paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Association to recognise income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

#### (t) Government revenue grants

Government revenue grants are recognised using the accrual model which means the Association recognises the grant in income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

#### (u) 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 grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient 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.

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

**(v) 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.

**(w) Retirement benefits**

***The Scottish Housing Association Defined Benefits Pension Scheme***

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.

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.

***The Strathclyde Pension Fund***

The Strathclyde Pension fund is accounted for as a defined benefit scheme and as such the amount charged to the Statement of Comprehensive Income in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each reporting date.

The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the Statement of Financial Position only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the reporting date. A pension scheme liability is recognised to the extent that the Association has a legal or constructive obligation to settle the liability.

**The Scottish Housing Association Defined Contribution Scheme**

This is a defined contribution scheme. Employer contributions are charged to the Statement of Comprehensive Income on an accruals basis.

# CASSILTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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

#### Estimate

Useful lives of property, plant 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 obligations under the Strathclyde Pension Fund

The allocation of costs for shared ownership

#### Basis of estimation

The useful lives of property, plant 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.

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 apportioned on the basis of costs of staff directly attributable to the management of the shared ownership units.



CASSILTOUN HOUSING ASSOCIATION LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2019

4. Particulars of turnover, operating expenditure and operating surplus

Group	Notes	2019 Turnover	2019 Operating Expenditure	2019 Operating Surplus/ (Deficit)	2018 Turnover	2018 Operating Expenditure	2018 Operating Surplus/ (Deficit)
		£	£	£	£	£	£
Social Lettings	5a	4,607,631	(3,471,760)	1,135,871	4,581,945	(3,202,594)	1,379,351
Other Activities	5b	395,038	(657,883)	(262,845)	298,471	(583,969)	(285,498)
Cassiltoun Stables Nursery Limited		448,131	(353,083)	95,048	390,513	(293,138)	97,375
Cassiltoun Trust		50,060	(146,658)	(96,598)	112,337	(198,078)	(85,741)
<b>TOTAL</b>		<b>5,500,860</b>	<b>(4,629,384)</b>	<b>871,476</b>	<b>5,382,266</b>	<b>(4,277,779)</b>	<b>1,105,487</b>
<b>Association</b>							
		2019 Turnover	2019 Operating Expenditure	2019 Operating Surplus/ (Deficit)	2018 Turnover	2018 Operating Expenditure	2018 Operating Surplus/ (Deficit)
		£	£	£	£	£	£
Social Lettings	5a	4,607,631	(3,523,568)	1,084,063	4,581,945	(3,252,410)	1,329,535
Other activities	5b	414,868	(657,883)	(243,015)	321,661	(583,969)	(262,308)
		<b>5,022,499</b>	<b>(4,181,451)</b>	<b>841,048</b>	<b>4,903,606</b>	<b>(3,836,379)</b>	<b>1,067,227</b>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

5a. Particulars of turnover, operating expenditure and operating surplus from social lettings

Group	General Needs Housing £	Shared Ownership £	2019 £	2018 £
<b>Social Lettings</b>				
Rent receivable net of identifiable service charges	4,089,801	6,744	4,096,545	3,933,387
Service charges receivable	13,135	1,447	14,582	13,987
<b>Gross Income from Rents and Service Charges</b>	<b>4,102,936</b>	<b>8,191</b>	<b>4,111,127</b>	<b>3,947,374</b>
Less: Rent losses from voids	(5,993)	-	(5,993)	(10,077)
Release of deferred Government capital grants	502,497	-	502,497	644,648
<b>Total Turnover from Social Letting Activities</b>	<b>4,599,440</b>	<b>8,191</b>	<b>4,607,631</b>	<b>4,581,945</b>
<b>Operating Expenditure</b>				
Management & maintenance administration costs	1,181,894	3,551	1,185,445	1,061,396
Service costs	40,968	-	40,968	26,375
Planned and cyclical maintenance including major repairs	489,693	772	490,465	392,252
Reactive maintenance	685,870	776	686,646	649,086
Bad debts – rent and service charges	13,764	-	13,764	19,212
Depreciation of social housing	1,051,369	3,103	1,054,472	1,054,273
<b>Operating Expenditure for Social Letting Activities</b>	<b>3,463,558</b>	<b>8,202</b>	<b>3,471,760</b>	<b>3,202,594</b>
<b>Operating Surplus for Social Lettings 2019</b>	<b>1,135,882</b>	<b>(11)</b>	<b>1,135,871</b>	
<b>Operating Surplus for Social Lettings 2018</b>	<b>1,380,114</b>	<b>(763)</b>		<b>1,379,351</b>

There is no other accommodation except for general needs and shared ownership housing.

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

Included in depreciation of social housing is £1,607 (2018 - £nil) relating to the loss on disposal of components.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

5a. Particulars of turnover, operating expenditure and operating surplus from social lettings

Association

	General Needs Housing £	Shared Ownership £	2019 £	2018 £
<b>Social Lettings</b>				
Rent receivable net of identifiable service charges	4,089,801	6,744	4,096,545	3,933,387
Service charges receivable	13,135	1,447	14,582	13,987
<b>Gross Income from Rents and Service Charges</b>	<b>4,102,936</b>	<b>8,191</b>	<b>4,111,127</b>	<b>8,947,374</b>
Less: Rent losses from voids	(5,993)	-	(5,993)	(10,077)
Release of deferred Government capital grants	502,497	-	502,497	644,648
<b>Total Turnover from Social Letting Activities</b>	<b>4,599,440</b>	<b>8,191</b>	<b>4,607,631</b>	<b>4,581,945</b>
<b>Operating Expenditure</b>				
Management & maintenance administration costs	1,233,702	3,551	1,237,253	1,111,212
Service costs	40,968	-	40,968	26,375
Planned and cyclical maintenance including major repairs	489,693	772	490,465	392,252
Reactive maintenance	685,870	776	686,646	649,086
Bad debts – rent and service charges	13,764	-	13,764	19,212
Depreciation of social housing	1,051,369	3,103	1,054,472	1,054,273
<b>Operating Expenditure for Social Letting Activities</b>	<b>3,515,366</b>	<b>8,202</b>	<b>3,523,568</b>	<b>3,252,410</b>
<b>Operating Surplus for Social Lettings 2019</b>	<b>1,084,074</b>	<b>(11)</b>	<b>1,084,063</b>	
<b>Operating Surplus for Social Lettings 2018</b>	<b>1,330,298</b>	<b>(763)</b>		<b>1,329,535</b>

There is no other accommodation except for general needs and shared ownership housing.

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

Included in depreciation of social housing is £1,607 (2018: £nil) relating to the loss on disposal of components

CASSILTOUN HOUSING ASSOCIATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

5b – Particulars of turnover, operating expenditure and operating surplus or deficit from other activities

Group	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other Income £	Total Turnover £	Operating expenditure – bad debts £	Other operating expenditure £	Operating surplus/ (deficit) 2019 £	Operating surplus/ (deficit) 2018 £
Wider role activities	20,000	225,565	-	2,210	247,775	-	(428,336)	(180,561)	(156,588)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	66,449	66,449	-	(53,156)	13,293	6,177
Development and construction of property activities	80,814	-	-	-	80,814	-	(100,201)	(19,387)	(58,740)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for other RSLs	-	-	-	-	-	-	-	-	-
Agency/management services	-	-	-	-	-	-	(76,190)	(76,190)	(76,347)
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to RSLs	-	-	-	-	-	-	-	-	-
<b>Total from other activities 2019</b>	<b>100,814</b>	<b>225,565</b>	<b>-</b>	<b>68,659</b>	<b>395,038</b>	<b>-</b>	<b>(657,883)</b>	<b>(262,845)</b>	
<b>Total from other activities 2018</b>	<b>23,141</b>	<b>207,094</b>	<b>-</b>	<b>68,236</b>	<b>298,471</b>	<b>5,921</b>	<b>578,048</b>		<b>(285,498)</b>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

5b – Particulars of turnover, operating expenditure and operating surplus or deficit from other activities

Association	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other Income £	Turnover £	Total Turnover £	Operating expenditure – bad debts £	Other operating expenditure £	Operating surplus / (deficit) 2019 £	Operating surplus / (deficit) 2018 £
Wider role activities	20,000	225,565	-	2,210	247,775	-	-	(428,336)	(180,561)	(156,588)
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	66,449	66,449	-	-	(53,156)	13,293	6,177
Development and construction of property activities	80,814	-	-	-	80,814	-	-	(100,201)	(19,387)	(58,740)
Support activities	-	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for other RSLs	-	-	-	-	-	-	-	-	-	-
Agency/management services	-	-	-	19,830	19,830	-	-	(76,190)	(56,360)	(53,157)
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to RSLs	-	-	-	-	-	-	-	-	-	-
<b>Total from other activities 2019</b>	<b>100,814</b>	<b>225,565</b>	<b>-</b>	<b>88,489</b>	<b>414,868</b>	<b>-</b>	<b>-</b>	<b>(657,883)</b>	<b>(243,015)</b>	
<b>Total from other activities 2018</b>	<b>23,141</b>	<b>207,094</b>	<b>-</b>	<b>91,426</b>	<b>321,661</b>	<b>5,921</b>	<b>-</b>	<b>578,048</b>		<b>(262,308)</b>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

6. Directors' emoluments – Group and Association

The Directors are defined as the members of the Board of Management, the Chief Executive and any other person reporting directly to the Chief Executive or the Board of Management. No emoluments were paid to any member of the Board of Management during the year.

The Association considers key management personnel to be the Board of Management and the Executive Management Team, consisting of the Chief Executive, Director of Finance and Director of Operations.

	2019 £	2018 £
Emoluments of Chief Executive (excluding pension contributions)	<u>86,439</u>	<u>84,331</u>

The Chief Executive is an ordinary member of the Association's SHAPs pension scheme described in Note 23. No enhanced or special terms apply to membership and he has no other pension arrangements to which the Association contributes. The Association's contributions for the Chief Executive in the year amounted to £47,315 (2018 - £45,930), which includes a proportion of the deficit contribution payment made to the scheme in the year (Note 23).

	2019 £	2018 £
Emoluments of key management personnel (excluding pension contributions)	<u>226,570</u>	<u>218,482</u>

Aggregate pensions payable to key management personnel (including past service deficit contributions)	<u>101,696</u>	<u>96,071</u>
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Employers NI paid in respect of key management personnel	<u>28,296</u>	<u>27,167</u>
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	2019 £	2018 £
Total expenses reimbursed insofar as not chargeable to UK income tax	<u>-</u>	<u>-</u>

	2019 Number	2018 Number
<i>Total Emoluments</i>		
£85,001 - £90,000	1	1
£70,001 - £75,000	1	-
£65,001 - £70,000	1	2

No (2018: no) other staff had emoluments (excluding pension contributions) that exceeded £60,000.

7. Employee information

Group

	2019 Number	2018 Number
The average full time equivalent number of persons employed by the Association was as follows:		
Administration and maintenance (Association)	28.4	27.2
Nursery staff	<u>19.0</u>	<u>18.2</u>
	<u>47.4</u>	<u>45.4</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

7. Employee information (continued)

<b>Group</b>	<b>2019</b> £	<b>2018</b> £
Staff costs were:		
Wages and Salaries	<b>1,238,763</b>	1,137,359
Social Security Costs	<b>111,572</b>	103,750
Pension Costs	<b>129,155</b>	131,104
Defined benefit pension - staff service cost – Strathclyde Scheme	<b>15,000</b>	16,000
Defined benefit pension - staff service cost – SHAPS	<b>14,000</b>	-
	<b><u>1,508,490</u></b>	<b><u>1,388,213</u></b>

<b>Association</b>	<b>2019</b> Number	<b>2018</b> Number
The average number of full time equivalent employees during the year was:		
Administration and maintenance	<b>28.4</b>	27.2

Staff costs were:	<b>2019</b> £	<b>2018</b> £
Wages and Salaries	<b>966,236</b>	906,453
Social Security Costs	<b>98,072</b>	91,751
Pension Contributions	<b>124,705</b>	127,202
Defined benefit pension - staff service cost – Strathclyde Scheme	<b>15,000</b>	16,000
Defined benefit pension - staff service cost – SHAPS	<b>14,000</b>	-
	<b><u>1,218,013</u></b>	<b><u>1,141,406</u></b>

	<b>2019</b> £	<b>2018</b> £
Remeasurement – impact of any change in assumptions to SHAPS past service deficit liability	-	(4,804)

This is included in management and administration costs.

During the year past service deficit contributions of £136,000 (2018: £133,196) were paid. Of this payment £132,000 (2018: £128,196) was a payment in respect of the SHAPS past service deficit liability. The remainder of £4,000 (2018: £5,000) was pension management costs which have been included in the pension contributions total included in staff costs above.

The unwinding of the discount has been charged to finance costs in the Statement of Comprehensive Income. This finance cost was £nil (2018: £7,000) in the year.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

**8. Operating surplus**

**Group**

	2019 £	2018 £
Operating surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	1,087,381	1,089,974
Depreciation – Loss on disposal of components	1,607	-
Auditor's Remuneration - Audit Services (exc VAT)	15,910	14,765
- Other Services (exc VAT)	1,500	1,300
	<u>1,087,381</u>	<u>1,089,974</u>

**Association**

	2019 £	2018 £
Operating surplus is stated after charging:-		
Depreciation – Tangible Owned Fixed Assets	1,073,520	1,078,262
Depreciation – Loss on disposal of components	1,607	-
Auditor's Remuneration - Audit Services (exc VAT)	8,820	8,770
- Other Services (exc VAT)	1,500	1,300
	<u>1,073,520</u>	<u>1,078,262</u>

**9. (Loss) / gain on sale of property, plant and equipment**

**Group and Association**

	2019 £	2018 £
Proceeds on sale of property and other fixed assets	-	79,943
Net Book Value of assets at time of sale	-	(204,697)
	<u>-</u>	<u>(124,754)</u>

**10. Interest payable**

**Group**

	2019 £	2018 £
On bank loans and overdrafts	266,385	265,188
SHAPS defined benefit pension scheme – interest expense (Note 23)	17,000	7,000
Strathclyde Pension Fund defined benefit pension scheme – interest expense (Note 24)	5,000	14,000
	<u>288,385</u>	<u>286,188</u>

**Association**

	2019 £	2018 £
On bank loans and overdrafts	265,693	264,416
SHAPS defined benefit pension scheme – interest expense (Note 23)	17,000	7,000
Strathclyde Pension Fund defined benefit pension scheme – interest expense (Note 24)	5,000	14,000
	<u>287,693</u>	<u>285,416</u>

**11. Taxation**

The Association was granted charitable status with effect from 18 May 2004 and no tax now arises on its charitable activities. No corporation tax is due on the Association's other activities due to the loss incurred (2018: £nil). Both subsidiaries are charities and thus no tax is due in respect of their activities (2018: £nil).



CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

12. Tangible fixed assets

a) Housing Properties Group and Association	Housing Properties Held for Letting £	Housing Properties Under Construction £	Completed Shared Ownership Properties £	Total £
<b>Cost</b>				
At 1 April 2018	44,918,000	555,985	159,602	45,633,587
Additions during year				
Property	-	1,898,106	-	1,898,106
Components	37,290	-	-	37,290
Disposals during year				
Property	-	-	-	-
Components	(3,837)	-	-	(3,837)
At 31 March 2019	<u>44,951,453</u>	<u>2,454,091</u>	<u>159,602</u>	<u>47,565,146</u>
<b>Depreciation</b>				
At 1 April 2018	14,775,382	-	39,645	14,815,027
Charge for year	1,049,762	-	3,103	1,052,865
On disposals during year				
Property	-	-	-	-
Components	(2,230)	-	-	(2,230)
At 31 March 2019	<u>15,822,914</u>	<u>-</u>	<u>42,748</u>	<u>15,865,662</u>
<b>Net Book Value</b>				
As at 31 March 2019	<u>29,128,539</u>	<u>2,454,091</u>	<u>116,854</u>	<u>31,699,484</u>
As at 31 March 2018	<u>30,142,618</u>	<u>555,985</u>	<u>119,957</u>	<u>30,818,560</u>

Additions to housing properties during the year includes no capitalised interest (2018 - £nil) and no capitalised administration costs (2018 - £nil). All housing properties are freehold.

The Association would not be able to sell its properties without the repayment of Government Capital Grants

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

Group	Freehold Property £	I.T. Equipment £	Furniture £	Fixtures & Fittings £	Vehicles £	Total £
<b>12. Tangible fixed assets</b>						
<b>(b) Other Fixed Assets</b>						
<b>Cost</b>						
At 1 April 2018	470,000	199,354	32,001	136,245	37,935	875,535
Additions	-	801	-	-	-	801
Disposals	-	-	-	-	-	-
At 31 March 2019	470,000	200,155	32,001	136,245	37,935	876,336
<b>Depreciation</b>						
At 1 April 2018	37,600	136,548	17,353	131,427	26,371	349,299
Charge for year	9,400	17,438	3,489	1,448	2,741	34,516
Removed on disposal	-	-	-	-	-	-
At 31 March 2019	47,000	153,986	20,842	132,875	29,112	383,815
<b>Net Book Values</b>						
At 31 March 2019	423,000	46,169	11,159	3,370	8,823	492,521
At 31 March 2018	432,400	62,806	14,648	4,818	11,564	526,236

CASSILTOUN HOUSING ASSOCIATION LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2019

12. Tangible fixed assets (continued)						
b) Other Fixed Assets						
Association	I.T. Equipment £	Furniture £	Fixtures & Fittings £	Vehicles £	Total £	
<b>Cost</b>						
At 1 April 2018	194,648	15,820	127,049	37,935	375,452	
Additions	801	-	-	-	801	
Disposals	-	-	-	-	-	
At 31 March 2019	195,449	15,820	127,049	37,935	376,253	
<b>Depreciation</b>						
At 1 April 2018	134,284	15,401	125,184	26,371	301,240	
Charge for year	16,497	346	1,071	2,741	20,655	
Disposals	-	-	-	-	-	
At 31 March 2019	150,781	15,747	126,255	29,112	321,895	
<b>Net Book Value</b>						
At 31 March 2019	44,668	73	794	8,823	54,358	
At 31 March 2018	60,364	419	1,865	11,564	74,212	

**CASSILTOUN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**13. Housing stock**

<b>Group and Association</b>	<b>2019</b>	<b>2018</b>
Number of units of accommodation in management at the year end:	<b>Number</b>	<i>Number</i>
General Needs - New Build	<b>204</b>	204
- Rehabilitation	<b>771</b>	771
Shared Ownership	<b>3</b>	3
Supported	<b>40</b>	40
	<b><u>1,018</u></b>	<u>1,018</u>

**14. Investments**

<b>Association</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
At 1 April	<b>67,296</b>	67,296
Impairment	-	-
At 31 March	<b><u>67,296</u></b>	<u>67,296</u>

This represents the Association's investment in Cassiltoun Trust.

**15a. Debtors - Amounts receivable after more than one year**

<b>Association</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Loan to subsidiary undertaking	<b>70,000</b>	80,000
	<b><u>70,000</u></b>	<u>80,000</u>

**15b. Debtors - Amounts receivable within one year**

<b>Group</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Arrears of rent and service charges	<b>101,352</b>	88,678
Trade debtors	<b>19,438</b>	15,980
Less: bad debt provision	<b>(32,910)</b>	(25,882)
	<b><u>87,880</u></b>	<u>78,776</u>
Prepayments and accrued income	<b>49,895</b>	48,540
Other debtors	<b>28,718</b>	54,180
	<b><u>166,493</u></b>	<u>181,496</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

**15b. Debtors - Amounts receivable within one year (continued)**

<b>Association</b>	<b>2019</b>	<b>2018</b>
	£	£
Arrears of rent and service charges	101,352	88,678
Less: bad debt provision	<u>(31,011)</u>	<u>(22,286)</u>
	70,341	66,392
Prepayments and accrued income	49,895	16,334
Other debtors	28,718	54,180
Loan to subsidiary undertaking	10,000	10,000
	<u>158,954</u>	<u>146,906</u>

**16a. Current asset investments – Group and Association**

	<b>2019</b>	<b>2018</b>
	£	£
Restricted deposits	<u>4,000,000</u>	<u>3,800,000</u>

**16b. Cash and cash equivalents**

<b>Group</b>	<b>2019</b>	<b>2018</b>
	£	£
Balances with banks	1,462,460	614,413
Deposits with banks (up to 30 days' notice)	4,016	4,443
	<u>1,466,476</u>	<u>618,856</u>

**Association**

	<b>2019</b>	<b>2018</b>
	£	£
Balances with banks	1,314,918	513,657
Deposits with banks (up to 30 days' notice)	4,016	4,443
	<u>1,318,934</u>	<u>518,100</u>

**17. Creditors - Amounts falling due within one year**

<b>Group</b>	<b>2019</b>	<b>2018</b>
	£	£
Bank loans (note 18)	330,145	320,457
Trade creditors	95,256	150,470
Other taxation and social security	30,378	29,277
Accruals and deferred income	394,343	79,033
Rent in advance	173,704	179,505
Deferred capital grant (note 20)	502,533	502,272
SHAPS past service deficit repayment plan (note 23)	-	131,189
Retentions	44,480	-
Other creditors	196,272	196,658
	<u>1,767,111</u>	<u>1,588,811</u>

**CASSILTOUN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**17. Creditors - Amounts falling due within one year (continued)**

<b>Association</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Bank loans (note 18)	<b>330,145</b>	320,457
Trade creditors	<b>91,247</b>	129,462
Other taxation and social security	<b>26,371</b>	26,254
Accruals and deferred income	<b>351,911</b>	42,733
Rent in advance	<b>173,704</b>	179,505
Deferred capital grant (note 20)	<b>502,533</b>	502,272
SHAPS past service deficit repayment plan (note 23)	-	131,139
Retention creditor	<b>44,480</b>	-
Other creditors	<b>196,272</b>	196,658
	<b><u>1,716,663</u></b>	<u>1,528,480</u>

Pension contributions of £nil were outstanding at the year end (2018 - £nil).

**18. Creditors - Amounts falling due after more than one year**

<b>Group and Association</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Bank loans	<b>6,430,748</b>	6,791,270
SHAPS past service deficit repayment plan (note 23)	-	393,861
Deferred capital grants (note 20)	<b>21,235,440</b>	19,836,069
	<b><u>27,666,188</u></b>	<u>27,021,200</u>

Bank loans are secured by specific charges on the Housing Association's housing properties and are repayable at rates of interest of 1.4% to 6.4% (2018 - 1.0% to 6.4%) in instalments, due as follows:-

The net book value of housing properties secured at the year end was £21,093,833 (2018 - £13,122,538). These are over Barclays, Nationwide and CAF banks. Please note the loan with CAF bank was signed pre year end but no drawdown has been made.

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Within one year	<b>330,145</b>	320,457
Between one and two years	<b>342,249</b>	329,760
Between two and five years	<b>1,105,379</b>	1,050,664
In five years or more	<b>4,983,120</b>	5,410,846
	<b><u>6,760,893</u></b>	<u>7,111,727</u>
<b>Less: Amount shown in current liabilities</b>	<b>(330,145)</b>	(320,457)
	<b><u>6,430,748</u></b>	<u>6,791,270</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

19. Financial instruments

Group	2019 £	2018 £
<b>Financial Assets</b>		
Cash and cash equivalents	1,466,476	618,856
Current asset investments	4,000,000	3,800,000
Financial assets measured at amortised cost	116,598	165,162
	<u>5,583,074</u>	<u>4,584,018</u>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	<u>7,466,150</u>	<u>8,041,768</u>

Financial assets measured at amortised cost comprised rental arrears, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprised bank loans, trade creditors, accruals, the SHAPs past service deficit repayment plan, the retention creditor and other creditors.

No financial assets or financial liabilities are held at fair value.

Association	2019 £	2018 £
<b>Financial Assets</b>		
Cash and cash equivalents	1,318,934	518,100
Current asset investments	4,000,000	3,800,000
Financial assets measured at amortised cost	179,059	210,572
	<u>5,497,993</u>	<u>4,528,672</u>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	<u>7,440,568</u>	<u>8,005,580</u>

Financial assets measured at amortised cost comprised rental arrears, loan to subsidiary undertakings and other debtors.

Financial liabilities measured at amortised cost comprised bank loans, trade creditors, accruals, the SHAPS deficit repayment plan, the retention creditor and other creditors.

No financial assets or financial liabilities are held at fair value.

20. Deferred capital grants – Group and Association

	2019 £	2018 £
Deferred capital grants at 1 April	20,338,341	20,955,102
Grants received in year	1,902,129	27,887
Released to income in the year	(502,497)	(503,321)
Released to income in year on disposal	-	(141,327)
Deferred capital grants at 31 March	<u>21,737,973</u>	<u>20,338,341</u>
Liability split as:		
< 1 year	502,533	502,272
1 – 2 years	502,533	502,272
2 – 5 years	1,507,599	1,506,816
> 5 years	19,225,308	17,826,981
	<u>21,737,973</u>	<u>20,338,341</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

21. Share Capital	2019 £	2018 £
Shares of £1 each fully paid and issued as at 1 April	255	277
Shares issued in year	27	25
Shares cancelled in year	<u>(32)</u>	<u>(47)</u>
As at 31 March 2019	<u>250</u>	<u>255</u>

**Reserves**

**Revenue Reserve**

The revenue reserve includes all current and prior year retained surpluses or deficits and transfers to/from the restricted reserve.

**Restricted Reserve**

Funds received to support the Community Resilience Fund (Home Start).

**22. Net Cash Flow from Operating Activities - Group**

	2019 £	2018 £
Surplus for the year	612,543	725,964
<u>Adjustments for non cash items:</u>		
Carrying amount of tangible fixed asset disposals	-	204,697
Depreciation of tangible fixed assets (including loss on disposal of components)	1,088,988	1,089,974
SHAPS past service deficit liability	-	2,196
SHAPS defined benefit pension liability	31,000	-
Strathclyde Pension Scheme pension liability	20,000	30,000
Decrease / (increase) in debtors	15,003	(41,805)
Increase in current asset investments	(200,000)	(200,000)
Increase in creditors	299,490	109,817
Shares cancelled in the year	(32)	(47)
<u>Adjustments for investing and financing activities:</u>		
Proceeds from sale of tangible fixed assets	-	(79,943)
Interest payable	266,385	265,188
Interest received	(29,452)	(31,417)
Release of deferred Government capital grant	(502,497)	(644,648)
SHAPS past service deficit payment	(132,000)	(128,196)
<b>Net cash generated from operating activities</b>	<u>1,469,428</u>	<u>1,301,780</u>



## CASSILTOUN HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 MARCH 2019

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#### 23. Scottish Housing Association Pension Scheme

##### General

Cassiltoun Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the "Scheme") which is funded.

The Scheme is a multi-employer defined benefit scheme. The Scheme offers six benefit structures to employers, namely:

- Final Salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate contracted in.
- Defined contributions (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.

Cassiltoun Housing Association Limited has elected to continue to offer the final salary with a 1/60th accrual rate benefit structure for existing members as at 1 April 2017 and also offer a Defined Contribution scheme to new employees. During the accounting period the Housing Association effectively paid contributions at the rate of 12.3% (excluding the past service deficit) of pensionable salaries in respect of the defined benefit structure. Member contributions were 12.3%. There was an additional annual employer past service deficit contribution of £132,000 made in the year ended 31 March 2019 (2018 - £128,196). The past service deficit contribution for 2019/20 is £136,003. The contributions under the Defined Contribution Scheme were 6% from the employer and 4% for the employee.

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

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

As at the balance sheet date there were 7 active members of the Defined Benefit Scheme and 15 active members of the Defined Contributions Scheme employed by the Association.

##### *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 the Pension Trust 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 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. The valuation revealed a shortfall of assets compared to liabilities of £198 million, equivalent to a past service funding level of 75.6%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

**CASSILTOUN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**23. Scottish Housing Association Pension Scheme (continued)**

**General (continued)**

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

- Investment return pre retirement		5.30% per annum
- Investment return post retirement - Non-pensioners		3.40% per annum
- Investment return post retirement - Pensioners		3.40% per annum
- Rate of salary increases		4.10% per annum
- Rate of pension increases - pension accrued pre 6 April 2005	2.00% per annum	
- Rate of pension increases - pension accrued from 6 April 2005 (for leavers before 1 October 1993 pension increases are 5% )	1.70% per annum	
- Rate of price inflation		2.60% per annum

**30 September 2018 funding update**

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

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

**Past service deficit repayment liability**

	<b>2018</b>
	£
Provision at start of period	651,000
Unwinding of the discount factor (interest expense)	7,000
Deficit contribution paid	(128,196)
Remeasurements – impact of any changes in assumptions	(4,804)
	<hr/>
Provision at end of period	525,000
	<hr/>
	<b>2018</b>
	£
Liability split as:	
< 1 year	131,139
1-2 years	133,064
2-5 years	260,797
> 5 years	-
	<hr/>
	525,000
	<hr/>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

23. Scottish Housing Association Pension Scheme (continued)

<b>Statement of Comprehensive Income Impact</b>		2018 £
Interest expense		7,000
Remeasurements – impact of any change in assumptions		(4,804)
		2,196
	<b>2019</b>	<b>2018</b>
Assumptions		
Rate of discount	<b>2.28%</b>	1.51%

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 band yield curve to discount the same recovery plan contributions.

*Year ended 31 March 2019*

(ii) **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 £131,139 and amounts included within creditors due greater than one year were £393,861. At 1 April 2018, on initial recognition of the multi-employer defined benefit scheme, the opening adjustment to the liability was £220,000 to recognise a liability of £745,000 as at 1 April 2018.

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

	<b>31 March 2019 £000</b>
Fair value of plan assets	5,123
Present value of defined benefit obligations	(5,903)
<b>Defined benefit liability to be recognised</b>	<b>(780)</b>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

23. Scottish Housing Association Pension Scheme (continued)

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2019 £'000
Defined benefit obligation at start of period	(4,794)
Current service cost	(91)
Expenses	(4)
Interest cost	(123)
Contribution by plan participants	(41)
Actuarial (losses)/gains due to scheme experience	(583)
Actuarial (losses)/gains due to changes in demographic assumptions	(17)
Actuarial (losses)/gains due to changes in financial assumptions	(338)
Benefits paid and expenses	88
<b>Defined benefit liability at the end of the period</b>	<b>(5,903)</b>

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

	Year ended 31 March 2019 £'000
Fair value of plan assets at start of the period	4,049
Interest income	106
Experience on plan assets (excluding amounts included in interest income)	802
Contributions by the employer	213
Contributions by participants	41
Benefits paid and expenses	(88)
<b>Fair value of plan assets at end of period</b>	<b>5,123</b>

Defined benefit costs recognised in Statement of Comprehensive Income

	Period ended 31 March 2018 to 31 March 2019 £'000
Current service cost	91
Contributions	41
Admin expenses	4
Net interest expense	17
<b>Defined benefit costs recognised in Statement of Comprehensive Income</b>	<b>153</b>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

23. Scottish Housing Association Pension Scheme (continued)

	Period ended 31 March 2019 £'000
Experience on plan assets (excluding amounts included in net interest cost - gain	802
Experience gains and losses arising on the plan liabilities – gain	(583)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – (loss)	(17)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)	(338)
<b>Total amount recognised in other comprehensive income – (loss)</b>	<b>(136)</b>

Fund allocation for employer's calculated share of assets

	31 March 2019 £'000
Global Equity	824
Absolute Return	434
Distressed Opportunities	87
Credit Relative Value	89
Alternative Risk Premia	286
Fund of Hedge Funds	14
Emerging Markets Debt	164
Risk Sharing	149
Insurance-Linked Securities	133
Property	102
Infrastructure	215
Private Debt	66
Corporate Bond Fund	359
Long Lease Property	62
Secured Income	179
Over 15 Year Gilts	132
Liability Driven Investment	1,823
Net Current Assets	5
<b>Total Assets</b>	<b>5,123</b>

**CASSILTOUN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**23. Scottish Housing Association Pension Scheme (continued)**

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>
Discount rate	2.31
Inflation (RPI)	3.29
Inflation (CPI)	2.29
Salary growth	3.29
Allowance for commutation of pension for cash at retirement	75% of maximum allowance

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

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

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2017 model with an allowance for smoothing of recent mortality experience and long term rates of 1.25% p.a. for males and 1% p.a. for females.

**Member data summary**

**Active members**

	<b>Number</b>	<b>Total earnings (£'000s p.a.)</b>	<b>Average age (unweighted)</b>
Males	4	233	45
Females	3	131	50
<b>Total</b>	<b>7</b>	<b>365</b>	<b>47</b>

**Deferred members**

	<b>Number</b>	<b>Deferred pensions (£'000s p.a.)</b>	<b>Average age (unweighted)</b>
Males	1	8	53
Females	1	1	51
<b>Total</b>	<b>2</b>	<b>9</b>	<b>52</b>

**Pensioners**

	<b>Number</b>	<b>Pensions (£'000s p.a.)</b>	<b>Average age (unweighted)</b>
Males	4	32	59
Females	5	46	70
<b>Total</b>	<b>9</b>	<b>78</b>	<b>65</b>

## CASSILTOUN HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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#### 23. Scottish Housing Association Pension Scheme (continued)

##### **Employers 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 buy-out 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 £3,869,422. The employer debt on withdrawal based on the valuation as at 30 September 2018 is not yet available from TPT

##### **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 the Association is 0.12% of liabilities, which is expected to be approximately £7,000. This is included within the closing defined benefit liability as detailed above.

#### 24. Strathclyde Pension Scheme

Cassiltoun Housing Association Limited participates in the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended.

From 1 April 2015, the Scheme changed from a final salary 1/60th accrual scheme to a CARE 1/45th accrual scheme.

An updated valuation of the Strathclyde Pension Fund was performed as at 31 March 2019.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

24. Strathclyde Pension Scheme (continued)

The main financial assumptions used by the Council's Actuary, Hymans Robertson, in their calculations are as follows:

Assumptions as at	31 March 2019	31 March 2018
Pension increases	2.4%	2.3%
Salary increases	3.6%	3.5%
Discount rate	2.5%	2.7%

The average future life expectancies at age 65 are summarised below:

Mortality	Males	Females
Current Pensioners	21.4 years	23.7 years
Future Pensioners	23.4 years	25.8 years

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Sensitivity Analysis	Approximate % increase to Employer Liability	Approximate Monetary amount (£000)
0.5% decrease in Real Discount Rate	13%	248
0.5% increase in the Salary Increase Rate	4%	75
0.5% increase in the Pension Increase Rate	9%	166

The table below compares the present value of the scheme liabilities, based on the Actuary's assumptions, with the estimated employer assets.

Net Pension Liability as at	31 March 2019 £000	31 March 2018 £000
Estimated Employer Assets (A)	1,573	1,441
Present Value of Scheme Liabilities	(1,859)	(1,619)
Present Value of Unfunded Liabilities	-	-
Total Value of Liabilities (B)	(1,859)	(1,619)
Net Pension Liability (A) – (B)	(286)	(178)



CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

24. Strathclyde Pension Scheme (continued)

Analysis of the amount charged to operating profit:

	<b>Year to 31 March 2019 £'000</b>	<i>Year to 31 March 2018 £'000</i>
Service cost	52	47
Contributions	(37)	(31)
Past service cost	-	-
Curtailment and settlements	-	-
Decrease in irrecoverable surplus	-	-
	<u>15</u>	<u>16</u>
Total operating charge	<u>15</u>	<u>16</u>
Net Interest cost	<u>5</u>	<u>14</u>

	<b>Year to 31 March 2019 £ 000</b>	<i>Year to 31 March 2018 £ 000</i>
Analysis of the amount recognised in the Statement of Other Comprehensive Income:		
Actuarial (loss) / gain recognised as other comprehensive income	<u>(88)</u>	<u>371</u>

Movement in pension deficit during the year

	<b>Year to 31 March 2019 £ 000</b>	<i>Year to 31 March 2018 £ 000</i>
Deficit in scheme at beginning of year	(178)	(519)
Current service cost	(52)	(47)
Employer contributions	37	31
Other income	-	-
Other outgoings (e.g. expenses, etc.)	-	-
Past service costs	-	-
Impact of settlements and curtailments	-	-
Net interest cost	(5)	(14)
Actuarial (loss) / gain	(88)	371
	<u>(286)</u>	<u>(178)</u>
Deficit at end of year	<u>(286)</u>	<u>(178)</u>

Employer contributions for the year ended 31 March 2020 are expected to be £37,000.

## CASSILTOUN HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 MARCH 2019

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#### 24. Strathclyde Pension Scheme (continued)

##### 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 the Association is currently uncertain and the scheme actuaries will perform the calculation in 2019/20.

#### 25. Related party transactions

##### Board members

The Association has members of the Board of Management who are also tenants. The total rent charged in the year relating to those Board of Management members was £37,063 (2018 - £40,493). The total rent arrears relating to tenant Board of Management members included within debtors at the year-end was £245 (2018 - £nil). The total prepaid rent relating to tenant Board of Management members included within creditors at the year-end was £2,243 (2018 - £1,997).

##### Cassiltoun Trust

The Housing Association has two subsidiaries: Cassiltoun Stables Nursery Limited and Cassiltoun Trust.

The Housing Association is the sole member of Cassiltoun Trust, a charitable company limited by guarantee. Three members of the Housing Association are Directors of the Trust.

During the year management fees totalling £7,830 + VAT (2018 - £7,825 + VAT) were charged from the Housing

The Association entered into a ten year agreement in 2018 to lease office space from Cassiltoun Trust. Under this lease rent of £51,808 (2018: £49,816) is charged from Cassiltoun Trust.

No amounts are due to/from Cassiltoun Trust (2018: £nil).

In the year ended 31 March 2019 Cassiltoun Trust made a surplus of £1,525 (2018 - £6,717) and had net assets of £483,717 (2018 - £482,192).

##### Cassiltoun Stables Nursery Limited

Cassiltoun Stables Nursery Limited is a company limited by guarantee and was formed in July 2012. Its sole member is Cassiltoun Housing Association Limited. Three members of the Housing Association are Directors of the Nursery.

**CASSILTOUN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

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

In October 2012 the Housing Association made available a loan of £100,000 to Cassiltoun Stables Nursery Limited at normal commercial rates. Interest of £4,004 (2018 - £4,003) is charged on the loan being at the rate of Bank of England base + 4%. The loan is repayable over 10 years once the Nursery traded profitably without grant funding from the Association, so there is no set payment amounts or dates. A repayment of £10,000 (2018: £10,000) was made in the year. A repayment of £10,000 is expected in the next financial year and thus the loan is treated as a debtor falling due after more than one year. At the year-end £10,000 (2018 - £10,000) was due less than 1 year and £70,000 (2018 - £80,000) was due greater than 1 year to the Housing Association in respect of this loan.

No amounts are due to/from Cassiltoun Stables Nursery Limited outwith the loan noted above (2018 - £nil).

Management fees totalling £12,000 + VAT (2018: £11,500 + VAT) were charged by the Housing Association to the Stables Nursery.

In the year ended 31 March 2019 Cassiltoun Stables Nursery Limited made a surplus of £24,232 (2018 - £26,768) and had net liabilities of £10,921 (2018 - £35,153).

**26. Contingent liabilities**

Capital Government Grants allocated to components are amortised over the useful life of the structure and recognised in the Statement of Comprehensive Income. In the event the Association sells a housing unit it may be liable to pay back to the Scottish Government or Glasgow City Council any Capital Government Grant receivable in the construction of the housing units.

There is also a contingent liability in relation to the Scottish Housing Association Pension Scheme and this has been fully detailed in Note 23.

**27. Revenue commitments**

At 31 March future minimum lease payments under non-cancellable operating leases were as follows:

<b>Group</b>	<b>Office space 2019 £</b>	<b>Office equipment 2019 £</b>	<b>Office space 2018 £</b>	<b>Office equipment 2018 £</b>
Operating leases payable:				
Not later than one year	-	-	-	4,360
Later than one year and not later than five years	-	-	-	1,090
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,450</u>
<b>Association</b>	<b>Office space 2019 £</b>	<b>Office equipment 2019 £</b>	<b>Office space 2018 £</b>	<b>Office equipment 2018 £</b>
Operating leases payable:				
Not later than one year	53,884	-	51,809	1,090
Later than one year and not later than five years	129,792	-	124,800	-
Greater than five years	292,032	-	312,000	-
	<u>475,708</u>	<u>-</u>	<u>488,609</u>	<u>1,090</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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**27. Revenue commitments (continued)**

The office space revenue commitment is in respect of four rooms leased from Cassiltoun Trust.

<b>28. Capital Commitments – Group and Association</b>	<b>2019</b>	<i>2018</i>
	<b>£</b>	<b>£</b>
Contracted for but not provided in these accounts	<b>5,479,400</b>	-
This is to be funded by:		
HAG	<b>1,610,000</b>	-
Private Finance	<b>2,500,000</b>	-
Reserves	<b>1,369,400</b>	-
	<u><b>5,479,400</b></u>	<u>-</u>
 Approved by the Board of Management but not contracted for	 <u><b>7,200,000</b></u>	 <u><i>6,800,000</i></u>