

**CASSILTOUN HOUSING ASSOCIATION LIMITED
GROUP REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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 2020

Board of Management

George Kelly	Chair
Evelyn Ferguson	Secretary
Julie McNeil	Treasurer
Teresa McGowan	Vice Chairperson
Anne M Stuart MBE	
William Craig	
Debbie MacKenzie	
James Garrow	Resigned 12 August 2019
Donna Ferguson	Resigned 19 June 2019
Richard Sullivan	
Kim McKee	
Chris O'Brien	
Barbara Dusik	Co-opted

Executive Officers

Clair Malpas	Chief Executive
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 Audit
Services
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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CASSILTOUN HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2020

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 2020.

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:-

	2020	2019
	£	£
<i>Managed Property Numbers</i>		
Tenanted Property	975	975
Shared Ownership Properties	3	3
Buchanan Lodge Residential Home (bedspaces)	40	40
Total	1,018	1,018

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 2020

Our Operational Objectives 2019/20

1 Governance

- To maintain recruitment of new board members to assist with the strategic leadership and direction;
- To support our Board of Management's agreed training and learning plan;
- Supporting our subsidiary companies with effective management and Governance support; and
- To prepare for the introduction of new Assurance Statement from the Scottish Housing Regulator.

2 Operational Performance

- Maintain performance across the KPI's and SMART plans set out in the Internal Management Plan;
- Deliver the objectives set in the Asset Management Plan and deliver our 2019/20 major repair improvement plans;
- Continue to maintain the effectiveness of our reactive, cyclical and environmental contracts;
- Ensure that the Associations preparations for Universal Credit continues to be effective;
- Complete necessary energy efficiency works to comply with EESSH before the 2020 deadline; and
- Complete necessary work to ensure that we are compliant with new fire and smoke detector regulations by 2021.

3 Progress with our Development Plans

- Completion at Barlia 3 by December 2019 and subsequent site start at Castlemilk Drive; and
- Progress with plans for the Nursery Land site.

4 To meet existing funders expectations and continue to seek other opportunities to continue with non-housing regeneration plans.

5 Put on the Castlemilk Park events programme and progress with ongoing regeneration of the park.

6 Maintain compliance of the Investors in People review of platinum standard.

7 Progress with plans to create Cassiltoun Environmental Services (new social enterprise) subsidiary.

8 Prepare for the extension of Freedom of Information Act to social landlords.

9 Introduce a 3 year internal audit programme.

10 Undertake a tenant satisfaction survey in the autumn.

We completed all but two of these objectives with the development programme slipping into 2020/21 and the planned social enterprise subsidiary awaiting the outcome of registration as a charity with OSCR.

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

Overall, we completed the year very close to expectations for management & maintenance administration costs whilst other areas of the business were impacted a little by external factors and COVID-19 in the final month of the year. Rental income was down slightly from what we planned however this was more than made up by external grants to undertake activities in the community and provide tenants with much needed financial and day to day support.

Financial Review (continued)

Management costs included an increase in legal activity due to higher tenant casework however this was largely offset from savings over other areas of the business. In the year we reclassified our money advice team out of wider role activities into mainstream management hence leading to the 12.5% increase from a year ago. On a like for like basis without this reclassification the underlying rise is 3.8%.

Our major repairs activity was underspent by a month due to work slowing down in late February but will resume as restrictions are eased. However, we faced an increase in reactive maintenance work and more items needing replaced resulting in a rise of 7.2% from the previous year which had been predicted early on. In line with our procurement policy the contract was put out to tender but on a slightly different basis and to test the market. It was won by the existing contractor City Building and we expect these new contract terms to be financially favourable.

Our development at Barlia 3 was delayed due to external factors as outlined on the following page and this resulted in rental income being £55k lower than expected. As a consequence loan borrowing was not needed and a reduction of £46k was achieved on interest payable. The decision and strategy not to borrow earlier in the year has benefitted the bank covenants which would otherwise have been adversely impacted by lower rent, both for this year and the year ahead.

In the year the Board received three reports from newly appointed internal auditors at Wylie & Bisset plus a fourth from our GDPR consultant and Data Protection Officer which have helped strengthen the assurance framework and shown clear adherence to the Regulator's expectations and standards. The reports concluded that controls and performance over each area was strong. In October the Board submitted its first annual Assurance Statement to the Scottish Housing Regulator.

This is the second year of the SHAPS Pension Scheme being accounted for as a defined benefit scheme since information became available to separate out the assets and liabilities between Association scheme members. It initially resulted in an accounting charge of £220k whereas this year the scheme has eliminated the accounting deficit. In future years there is likely to be similar volatility arising from valuations as also seen in the Strathclyde pensions scheme having a large deficit in the prior year whereas this year has incurred an actuarial gain. 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 £5,656k arises mainly from the housing association with revenue of £563k from the Nursery and the Trust contributing £41k after removing its inter-group trading. Turnover is marginally above our expectations and costs are monitored closely within each entity.

The Nursery made an exceptional surplus of £123k due to the very high levels of grant funding received and underlying profitably remains around £20k after losses in the initial years after start up. The Trust reported a modest surplus in the year of £14k after increasing its lease charge recently with the Association. The Trust's main asset is the Stables building which increased in value after being professionally surveyed despite the on-going problems with the ground source heating system. This valuation is not entered into the accounts which instead is based on deemed historical cost.

Principal Risk and Uncertainties

The Group has a robust planning framework in place which includes how we manage risk and uncertainties. Each part of the Group has a risk register which is regularly reviewed and specific areas or activity (for example development) have their own risk registers.

CASSILTOUN HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2020

Principal Risk and Uncertainties (continued)

The rollout of Universal Credit and its impact on tenants remains our highest risk on the register. This is mitigated by having an in-house advice team that can support tenants and owners helping them manage and budget personal finances; and keep the staff team informed of the changes with their likely impact. There is no doubt there will be short term and longer term implications of COVID-19 on the Association, our tenants and the wider community in the years to come that we will need to take into cognisance.

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.

COVID-19 interrupted operations for the Association but we swiftly invoked our business continuity plan to limit the impact and have staff working remotely from home within two days. The finance team made sure our suppliers are paid promptly and claimed for 8 Association staff, whose work had come to a halt, under the Government's job retention scheme (JRS) along with a further 18 Nursery staff. These actions have ensured essential business activities continue whilst protecting the safety of tenants, staff, Board and our contractors. The Nursery closed completely in line with Government requirements and the JRS allows it to keep all staff employed at full wages until such time it can re-open safely.

Future Plans

Association

The Association's "Barlia 3" development of 42 properties has been delayed due to issues surrounding connection of utilities and services followed by the COVID-19 impact on building and construction. We expect to have the properties handed over two months after construction firms are allowed to commence activities again. This is followed by phase two of our development plan by building 60 flats on Castlemilk Drive in partnership with Crudens Construction with an anticipated site start around October 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 and meetings with Glasgow City Council agreeing a preferred site layout of a mix of properties for social rent and houses for sale by a commercial builder. The Board have narrowed down options for this site and we continue to work closely with Glasgow City Council, City Property (Glasgow) and other key stakeholders to undertake a full site investigation, fine tune the development layout and establish a fair price for the land acquisition. We are also working with our partners and funders on a proposal to build a new Enterprise Centre on the site to provide much needed business accommodation and space for community activities.

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.

Group

The Stables Nursery provides both indoor and outdoor childcare. There were some vacant spaces (registration is for 57 FTE's) and it will work towards quickly resuming numbers once re-opened and have a target of 49 FTE's during 2021/22. The Aspiring Communities Fund assisted with the development of the Nursery and in outdoor provision in the adjacent woodland. Working in partnership with Glasgow City Council with regards to funded places has also assisted in the growth of the nursery.

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.

CASSILTOUN HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2020

Financial and Non-Financial Key Performance Indicators

Association

	2019/20	2018/19
Staff Costs / Turnover	24.7%	24.3%
Management Administration Costs / Turnover	28.8%	24.6%
Reactive Maintenance / Turnover	14.5%	13.7%
Bank loan Interest Payable / Turnover	5.0%	5.3%
Current Ratio (current assets / current liabilities)	1.9 times	3.2 times
Bank loan interest Cover (operating surplus/bank loan interest)	3.3 times	3.2 times
Asset cover (total assets less current liabilities / creditors > 1yr)	1.3 times	1.2 times
Debt per Housing Unit (general needs)	£6,564	£6,641

Group

	2019/20	2018/19
Staff Costs / Turnover	27.6%	27.4%
Management Administration Costs / Turnover	24.9%	21.6%
Average number of days to pay suppliers	21 days	22 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.

Going Concern

The Board of Management has reviewed this year's results and projections for the next 20 years. It has a strong expectation that the Group and Association has adequate resources to continue in operational existence for the foreseeable future. The COVID-19 pandemic has interrupted our operations whilst the office building was closed to the public but the financial impact is limited with minor change to our turnover expected. Thus, the going concern basis of accounting is adopted in preparing the financial statements.

Performance Management

During 2019/20, the Association demonstrated continuous improvement in many areas of our performance underpinned by a planning framework which includes staff SMART plans, the Operational Service Plan, the Asset Management Plan and the Association's Financial Business Plans.

The Association produced its sixth Tenants Charter Report Card in October 2019 which outlined our charter performance and how we benchmark both locally and against the Scottish average. Furthermore, areas that require action for improvement have been identified and published. 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 sustained its Investors in People Platinum award and HWL Gold Award recognising that staff are its most important asset. The Association is committed to staff development, training and maintenance of a good working environment. 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 2020

Best use of resources (continued)

Our planned major repairs programme was slightly underspent in the year however we achieved:-

- £115k undertaking fabric repairs at Hoddam Ave and Ballantay Road to complete 162 flats,
- £131k on smoke and CO detector upgrades,
- £494k of kitchen and bathroom replacements to 70 properties,
- £61k of gas central heating replacements to 19 properties, and
- £52k on miscellaneous wiring and windows.

Our reactive repairs service is delivered by one multi trade contractor with high tenant satisfaction levels and performance of 90% achieved in the 2019/20 tenant's satisfaction survey. Tenants continue to play a vital role in monitoring this performance. The service was re-tendered during the year being won by our existing contractor.

We completed 3,541 repairs, an increase of 221 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	875	875	100.0%
Urgent and Routine	3 days / 10 days	2,666	2,662	99.8%

Void management performance continues to be strong, despite an increase in void properties this year. The Association set a higher target of £16k (0.37%) for rent lost through voids in anticipation of some tenants moving into our new Barlia flats. We achieved a very good 0.18%. This is significantly below our business planning assumption which is a conservative 2% although we know the year ahead cannot be as low due to extra voids expected.

The Association's arrears management faced a number of challenges with the roll out of Universal Credit and the impact of COVID-19 just before the year end. Performance for the first time was worse than the target set. We believe that our planned approach to the risks surrounding rental income and arrears levels is being controlled and managed effectively:

Budget target was 2.8%
Performance was 3.3%

The Association continues to prioritise the emerging risks associated with Welfare Reform and in particular the role out of Universal Credit. We have maintained current staffing resources within the Operations Team (including the Advice Team) to assist tenants and to cope with the associated additional work load. The Advice Team achieved over £3.5million of income for its service users over the first 5 years which was independently verified during a service review for the funder. This year the team have achieved £524K of income for the service users and managed £190K of debt. 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 Board and staff focus on achieving better value for money and greater efficiencies whilst continuing to provide the high quality and comprehensive range of services that our tenants have come to expect. 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 2020

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. A further Stock Condition Survey will be carried out in 2020/21 to ensure ongoing compliance and update for pricing changes.

The Association had an independent cloning exercise of our properties carried out to ensure and verify that the Energy Efficiency Targets set by the Scottish Government for 2020 had been achieved and continue to work to a plan to ensure that compliance continues and to work towards EESSH2.

Community Regeneration Activities

External funding of £265k across the Group has enabled the Association to continue to develop and expand its successful regeneration programme. The highly successful programme could not be achieved without the support from our external funders, the work of local partners and our committed volunteers.

The events this year have included

- Volunteering and health and wellbeing programmes;
- Youth activities;
- School holiday 'food and fun' programme;
- Community gardening and cooking;
- Art and creative activities including Stables Studio, Glass workshops and Drumming; and
- Social gatherings and trips including visits to the Kelpies, Blair Drummond safari park, a pumpkin festival and community cinema.

Tenant Feedback

Feedback from tenants remains positive with regular high levels of overall satisfaction being identified from satisfaction surveys, regular consultations and from our tenant focus group.

Business Continuity Plan

The Group has a combined plan with robust procedures in place to deal with disasters and any severe business interruptions which was successfully implemented just before the end of the year due to the COVID-19 pandemic. On the 24 March 2020 the offices were closed on the instruction of the UK government as were most other businesses. Some staff had previously been undertaking work from home to allow fewer people in the office and maintain safe working distances. Over the course of the following week essential core functions were closely monitored to ensure these continued uninterrupted and vulnerable tenants were contacted to ensure their well being and safety.

As we moved into April the remote working infrastructure was holding up well although some staff were unable to work due to family and home demands, whilst a small number of others were facing less work with activities like allocations and day to day general repairs significantly reduced whilst some others stopped completely like construction. The Board agreed that these staff could be furloughed under the Governments plans to protect the economy and businesses.

The Association was fortunate in upgrading all computers during the year and having a strong IT policy that supported home working, allowed flexibility but nevertheless required access controls and security to be as strong as when working inside the office.

Whilst business interruption insurance was taken out the early indications are that with COVID-19 being an unknown disease and no physical damage then the insurer is not liable to cover some increased costs. These however have been kept to a minimum and the Association is well placed to resume all activities as soon as it is allowed and following whatever new procedures are necessary to keep tenants, staff and contractors safe during 2020 and beyond.

CASSILTOUN HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2020

Performance Review

The Board reviews performance on an ongoing basis at both full Board meetings and through its subcommittees. A traffic light monitoring system is used to quickly identify any sign that a set objective may not be achieved. At the end of the year we were pleased that 16 of 20 objectives were achieved with the remaining 4 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 went above target during the first half of the year due to external factors but then reduced for the second half of the year and so remained at 21 days from receipt of invoice, paid via a weekly payment run. The target originally set was 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. For new developments the rent is set based on property size and in line with the Scottish Government's benchmark amounts. 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 forecasts updated together with information on key risk areas. Approval procedures are in place in respect of major areas of risk such as significant 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 placed into a 32 day notice account until late March when saving rates dropped significantly. The Association, as a matter of policy, does not enter into transactions of a speculative nature. At March 2020, the Association maintains its mix of 56% long term fixed and 44% variable rate loan finance. Due to a longer construction period for our 42 Barlia properties no new borrowing was undertaken and we avoided £46k of extra interest payments. During 2020 we will move towards increasing the variable proportion by borrowing £2.5 million and achieve a ratio closer to 40% long term with 60% variable.

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. Clair Malpas was promoted into the role of Chief Executive on 1 April 2019.

CASSILTOUN HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2020

Board of Management

The Board of Management of Cassiltoun Housing Association Limited during the year ended 31 March 2020 and up to the date of signing the financial statements was as follows:

George Kelly	Chair	Debbie MacKenzie	
Evelyn Ferguson	Secretary	Richard Sullivan	
Julie McNeil	Treasurer	Kim McKee	
Teresa McGowan	Vice-chairperson	Chris O'Brien	
Anne M Stuart MBE		Barbara Duisk	Co-opted from 25/9/19
William Craig		James Garrow	Resigned 12/8/19
		Donna Ferguson	Resigned 19/06/19
Sub-committee	4	Staffing	
Membership	5	Development & Regeneration	
	5	Operations	
	5	Group Audit	

Both subsidiaries are managed by their individual Board and have at least one member from the Association. They 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.

Auditor

The appointed auditor, Scott-Moncrieff, tendered their resignation during 2019 and were replaced by Scott-Moncrieff Audit Services. Scott-Moncrieff Audit Services have expressed their willingness to continue in office as auditor and will be proposed for reappointment at the Annual General Meeting.

By order of the Board of Management

Evelyn Ferguson
Secretary

Date: 24 June 2020

CASSILTOUN HOUSING ASSOCIATION LIMITED

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2020

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 2019 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 2020

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 external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association 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 2020 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: 24 June 2020

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 2020

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 2020 which comprise the Group and Association Statements of Comprehensive Income, the Group and Association Statements of Changes in Capital and Reserves, the Group and Association Statements 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 2020 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 2019 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 Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

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

- the Board 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's 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 2020

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 10, 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 or 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 2020

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. 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 Audit Services

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

Date: 24 June 2020

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 2020

In addition to our audit of the Financial Statements, we have reviewed your statement on page 11 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 11 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 Audit Services

Scott-Moncrieff Audit Services, Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

25 Bothwell Street

Glasgow

G2 6NL

Date: 24 June 2020

CASSILTOUN HOUSING ASSOCIATION LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	4	5,656,083	5,500,860
Operating expenditure	4	<u>(4,704,634)</u>	<u>(4,629,384)</u>
Operating surplus	4, 8	951,449	871,476
Interest receivable		24,113	29,452
Interest and financing costs	9	<u>(278,712)</u>	<u>(288,385)</u>
Surplus before tax		696,850	612,543
Taxation	10	<u>-</u>	<u>-</u>
Surplus for the year		696,850	612,543
Other comprehensive income			
Initial recognition of multi-employer defined benefit scheme	21	-	(220,000)
Actuarial gain /(loss) on the SHAPS liability	21	702,000	(136,000)
Actuarial gain / (loss) on the Strathclyde Pension Fund liability	22	169,000	(88,000)
Total comprehensive income for the year		<u><u>1,567,850</u></u>	<u><u>168,543</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 2020

	Notes	2020 £	2019 £
Turnover	4	5,072,326	5,022,499
Operating expenditure	4	<u>(4,261,627)</u>	<u>(4,181,451)</u>
Operating surplus	4, 8	810,699	841,048
Interest receivable		27,313	33,431
Interest and financing costs	9	<u>(278,712)</u>	<u>(287,693)</u>
Surplus before tax		559,300	586,786
Taxation	10	<u>-</u>	<u>-</u>
Surplus for the year		559,300	586,786
Other comprehensive income			
Initial recognition of multi-employer defined benefit scheme	21	-	(220,000)
Actuarial gain /(loss) on the SHAPS liability	21	702,000	(136,000)
Actuarial gain /(loss) on the Strathclyde Pension Fund liability	22	169,000	(88,000)
Total comprehensive income for the year		<u>1,430,300</u>	<u>142,786</u>

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 2020**

	Share capital £	Restricted reserve £	Revenue reserve £	Total reserves £
Balance at 1 April 2019	250	-	7,325,425	7,325,675
Total comprehensive income for the year	-	10,741	1,557,109	1,567,850
Shares issued during the year	29	-	-	29
Shares cancelled during the year	(46)	-	-	(46)
Balance at 31 March 2020	<u>233</u>	<u>10,741</u>	<u>8,882,534</u>	<u>8,893,508</u>

GROUP STATEMENT OF CHANGES IN CAPITAL AND RESERVES**FOR THE YEAR ENDED 31 MARCH 2019**

	<i>Share capital £</i>	<i>Restricted reserve £</i>	<i>Revenue reserve £</i>	<i>Total reserves £</i>
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>

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 2020

	Share capital £	Revenue reserve £	Total reserves £
Balance at 1 April 2019	250	6,919,925	6,920,175
Total comprehensive income for the year	-	1,430,300	1,430,300
Shares issued during the year	29	-	29
Shares cancelled during the year	(46)	-	(46)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	233	8,350,225	8,350,458
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES

FOR THE YEAR ENDED 31 MARCH 2019

	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	250	6,919,925	6,920,175
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

CASSILTOUN HOUSING ASSOCIATION LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Notes	£	2020 £	£	2019 £
Tangible fixed assets					
Housing properties	11a	35,569,527		31,699,484	
Other fixed assets	11b	487,397		492,521	
			36,056,924		32,192,005
Current assets					
Debtors: Amounts falling due within one year	14b	156,764		166,493	
Current asset investments	15a	2,000,655		4,000,000	
Cash and cash equivalents	15b	1,104,864		1,466,476	
		3,262,283		5,632,969	
Creditors: Amounts falling due within one year	16	(1,712,383)		(1,767,111)	
Net current assets			1,549,900		3,865,858
Total assets less current liabilities			37,606,824		36,057,863
Creditors: Amounts falling due after more than one year	17		(28,567,316)		(27,666,188)
Pension – SHAPS defined benefit liability	21		-		(780,000)
Pension – Strathclyde Pension Fund defined benefit liability	22		(146,000)		(286,000)
Net assets			8,893,508		7,325,675
Capital and reserves					
Share capital	19		233		250
Revenue reserve	19		8,882,534		7,325,425
Restricted reserve	19		10,741		-
			8,893,508		7,325,675

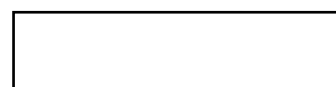
The financial statements were authorised for issue by the Board of Management on 24 June 2020 and signed on its behalf by:



George Kelly
Chair



Julie McNeil
Treasurer



Evelyn Ferguson
Secretary


The notes form part of these financial statements.

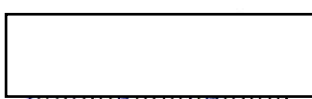
CASSILTOUN HOUSING ASSOCIATION LIMITED
ASSOCIATION STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Notes	£	2020 £	£	2019 £
Tangible fixed assets					
Housing properties	11a	35,569,527		31,699,484	
Other fixed assets	11b	62,855		54,358	
Investments	13	67,296		67,296	
			35,699,678		31,821,138
Current assets					
Debtors: Amounts falling due after more than one year	14a	50,000		70,000	
Amounts falling due within one year	14b	155,352		158,954	
Current asset investments	15a	2,000,655		4,000,000	
Cash and cash equivalents	15b	818,951		1,318,934	
		3,024,958		5,547,888	
Creditors: Amounts falling due within one year	16	(1,660,862)		(1,716,663)	
			1,364,096		3,831,225
Net current assets					
			37,063,774		35,652,363
Creditors: Amounts falling due after more than one year	17		(28,567,316)		(27,666,188)
Pension – SHAPS defined benefit liability	21		-		(780,000)
Pension – Strathclyde Pension Fund defined benefit liability	22		(146,000)		(286,000)
Net assets			8,350,458		6,920,175
Capital and reserves					
Share capital	19		233		250
Revenue reserve	19		8,350,225		6,919,925
			8,350,458		6,920,175

The financial statements were authorised for issue by the Board of Management on 24 June 2020 and signed on its behalf by:

... 
George Kelly
Chair


Julie McNeil
Treasurer


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 2020

	Notes	2020 £	2019 £
Net cash generated from operating activities	20	3,440,749	1,469,428
Cash flow from investing activities			
Purchase of housing properties		(4,967,991)	(1,935,396)
Purchase of other fixed assets		(35,733)	(801)
Government capital grants received		1,793,143	1,902,129
Interest received		24,113	29,452
		<u>(3,186,468)</u>	<u>(4,616)</u>
Cash flow from financing activities			
Interest paid		(255,268)	(266,385)
Repayment of borrowings		(360,654)	(350,834)
Issue of share capital		29	27
		<u>(615,893)</u>	<u>(617,192)</u>
Net change in cash and cash equivalents in the year		<u>(361,612)</u>	<u>847,620</u>
Cash and cash equivalents at 1 April	15b	<u>1,466,476</u>	<u>618,856</u>
Cash and cash equivalents at 31 March	15b	<u><u>1,104,864</u></u>	<u><u>1,466,476</u></u>

(i) Analysis of changes in net debt

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash and cash equivalents			
Cash	1,466,476	(361,612)	1,104,864
Cash equivalents	4,000,000	(1,999,345)	2,000,655
	<u>5,466,476</u>	<u>(2,360,957)</u>	<u>3,105,519</u>
Borrowings			
Debt due within one year	(330,145)	(25,437)	(355,582)
Debt due after one year	(6,430,748)	386,091	(6,044,657)
	<u>(6,760,893)</u>	<u>360,654</u>	<u>(6,400,239)</u>
Total	<u><u>(1,294,417)</u></u>	<u><u>(2,000,303)</u></u>	<u><u>(3,294,720)</u></u>

The notes form part of these financial statements.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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 2020.

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 Accounting Requirements 2019 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018. 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 effect of events relating to the year ended 31 March 2020, 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 2020 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. As outlined in the Report of the Board of Management of the Association we have considered the expected impact of COVID-19 when arriving at this conclusion.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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 2020

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 2020

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.

The SHAPS 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 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 2020

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 consider the following to be critical judgements in preparing the financial statements:

- The categorisation of housing properties as property, plant and equipment in line with the requirements of the SORP;
- The amount disclosed as 'operating profit' is representative of activities that would normally be regarded as 'operating'; and
- The identification of a cash-generating unit for impairment purposes.

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

Basis of estimation

Useful lives of property, plant and equipment

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 main components of housing properties and their useful lives

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

Recoverable amount of rental and other trade receivables

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

The obligations under the SHAPs pension scheme

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

The obligations under the Strathclyde Pension Fund

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

The allocation of costs for shared ownership

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 2020

4. Particulars of turnover, operating expenditure and operating surplus

Group	Notes	2020		2019		2020 Operating Surplus/ (Deficit) £	2019 Operating Surplus/ (Deficit) £
		Turnover £	Operating Expenditure £	Turnover £	Operating Expenditure £		
Social Lettings	5a	4,777,423	(3,743,040)	4,607,631	(3,471,760)	1,034,383	1,135,871
Other Activities	5b	274,413	(464,703)	395,038	(657,883)	(190,290)	(262,845)
Cassiltoun Stables Nursery Limited		563,428	(367,663)	448,131	(353,083)	195,765	95,048
Cassiltoun Trust		40,819	(129,228)	50,060	(146,658)	(88,409)	(96,598)
TOTAL		5,656,083	(4,704,634)	5,500,860	(4,629,384)	951,449	871,476
Association							
Social Lettings	5a	4,777,423	(3,796,924)	4,607,631	(3,523,568)	980,499	1,084,063
Other activities	5b	294,903	(464,703)	414,868	(657,883)	(169,800)	(243,015)
		5,072,326	(4,261,627)	5,022,499	(4,181,451)	810,699	841,048

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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

Group	General Needs Housing £	Shared Ownership £	2020 £	2019 £
Social Lettings				
Rent receivable net of identifiable service charges	4,257,286	7,019	4,264,305	4,096,545
Service charges receivable	13,671	1,506	15,177	14,582
Gross Income from Rents and Service Charges	4,270,957	8,525	4,279,482	4,111,127
Less: Rent losses from voids	(7,604)	-	(7,604)	(5,993)
Release of deferred Government capital grants	505,545	-	505,545	502,497
Total Turnover from Social Letting Activities	4,768,898	8,525	4,777,423	4,607,631
Operating Expenditure				
Management & maintenance administration costs	1,338,072	4,104	1,406,515	1,185,445
Service costs	60,554	-	60,554	40,968
Planned and cyclical maintenance including major repairs	424,929	750	425,679	490,465
Reactive maintenance	735,778	642	736,420	686,646
Bad debts – rent and service charges	30,001	-	30,001	13,764
Depreciation of social housing	1,080,677	3,194	1,083,871	1,054,472
Operating Expenditure for Social Letting Activities	3,734,350	8,690	3,743,040	3,471,760
Operating Surplus for Social Lettings 2020	1,034,548	(165)	1,034,383	
Operating Surplus for Social Lettings 2019	1,135,882	(11)		1,135,871

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, (2019 - £nil).

Included in depreciation of social housing is £26,839 (2019 - £1,607) relating to the loss on disposal of components.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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

Association	General Needs Housing £	Shared Ownership £	2020 £	2019 £
Social Lettings				
Rent receivable net of identifiable service charges	4,257,286	7,019	4,264,305	4,096,545
Service charges receivable	13,671	1,506	15,177	14,582
Gross Income from Rents and Service Charges	4,270,957	8,525	4,279,482	4,111,127
Less: Rent losses from voids	(7,604)	-	(7,604)	(5,993)
Release of deferred Government capital grants	505,545	-	505,545	502,497
Total Turnover from Social Letting Activities	4,768,898	8,525	4,777,423	4,607,631
Operating Expenditure				
Management & maintenance administration costs	1,456,295	4,104	1,460,399	1,237,253
Service costs	60,554	-	60,554	40,968
Planned and cyclical maintenance including major repairs	424,929	750	425,679	490,465
Reactive maintenance	735,778	642	736,420	686,646
Bad debts – rent and service charges	30,001	-	30,001	13,764
Depreciation of social housing	1,080,677	3,194	1,083,871	1,054,472
Operating Expenditure for Social Letting Activities	3,788,234	8,690	3,796,924	3,523,568
Operating Surplus for Social Lettings 2020	980,664	(165)	980,499	
Operating Surplus for Social Lettings 2019	1,084,074	(11)		1,084,063

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, (2019 - £nil).

Included in depreciation of social housing is £26,839 (2019 - £1,607) relating to the loss on disposal of components.

CASSILTOUN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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) 2020 £	Operating surplus/ (deficit) 2019 £
Wider role activities	10,000	150,096	-	2,012	162,108	-	264,571	(102,463)	(180,561)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	60,292	60,292	71	67,482	(7,261)	13,293
Development and construction of property activities	34,163	-	-	-	34,163	-	47,279	(13,116)	(19,387)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for other RSLs	-	-	-	-	-	-	-	-	-
Agency/management services	-	-	-	17,850	17,850	-	85,300	(67,450)	(76,190)
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to RSLs	-	-	-	-	-	-	-	-	-
Total from other activities 2020	44,163	150,096	-	80,154	274,413	71	464,632	(190,290)	
Total from other activities 2019	100,814	225,565	-	68,659	395,038	-	(657,883)		(262,845)

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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 £	Total Turnover £	Operating expenditure – bad debts £	Other operating expenditure £	Operating surplus / (deficit) 2020 £	Operating surplus / (deficit) 2019 £
Wider role activities	10,000	150,096	-	2,012	162,108	-	264,571	(102,463)	(180,561)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	60,292	60,292	71	67,482	(7,261)	13,293
Development and construction of property activities	34,163	-	-	-	34,163	-	47,279	(13,116)	(19,387)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for other RSLs	-	-	-	-	-	-	-	-	-
Agency/management services	-	-	-	38,340	38,340	-	85,300	(46,960)	(56,360)
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to RSLs	-	-	-	-	-	-	-	-	-
Total from other activities 2020	44,163	150,096	-	100,644	294,903	71	464,632	(169,800)	
Total from other activities 2019	100,814	225,565	-	88,489	414,868	-	(657,883)		(243,015)

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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.

	2020 £	2019 £
Emoluments of Chief Executive (excluding pension contributions)	<u>75,000</u>	<u>86,439</u>

The Chief Executive is an ordinary member of the Association's SHAPs pension scheme described in Note 21. 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 £45,987 (2019 - £47,315), which includes a proportion of the deficit contribution payment made to the scheme in the year (Note 21).

	2020 £	2019 £
Emoluments of key management personnel (excluding pension contributions)	<u>217,929</u>	<u>226,570</u>
Aggregate pensions payable to key management personnel (including past service deficit contributions)	<u>106,250</u>	<u>101,696</u>
Employers NI paid in respect of key management personnel	<u>27,056</u>	<u>28,296</u>
Total expenses reimbursed insofar as not chargeable to UK income tax	<u>-</u>	<u>-</u>

	2020 Number	2019 Number
<i>Total Emoluments</i>		
£85,001 - £90,000	0	1
£70,001 - £75,000	3	1
£65,001 - £70,000	0	1

No (2019 - no) other staff had emoluments (excluding pension contributions) that exceeded £60,000.

7. Employee information

Group	2020 Number	2019 Number
The average full time equivalent number of persons employed by the Association was as follows:		
Administration and maintenance (Association)	28.2	28.4
Nursery staff	<u>19.4</u>	<u>19.0</u>
	<u>47.6</u>	<u>47.4</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

7. Employee information (continued)

Group	2020 £	2019 £
Staff costs were:		
Wages and Salaries	1,255,882	1,238,763
Social Security Costs	107,590	111,572
Pension Costs	128,536	129,155
Defined benefit pension - staff service cost – Strathclyde Scheme	22,000	15,000
Defined benefit pension - staff service cost – SHAPS	46,339	14,000
	<u>1,560,347</u>	<u>1,508,490</u>

Association	2020 Number	2019 Number
The average number of full time equivalent employees during the year was:		
Administration and maintenance	28.2	28.4

Staff costs were:	2020 £	2019 £
Wages and Salaries	965,910	966,236
Social Security Costs	96,134	98,072
Pension Contributions	122,026	124,705
Defined benefit pension - staff service cost – Strathclyde Scheme	22,000	15,000
Defined benefit pension - staff service cost – SHAPS	46,339	14,000
	<u>1,252,409</u>	<u>1,218,013</u>

8. Operating surplus

Group	2020 £	2019 £
Operating surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	1,111,966	1,087,381
Depreciation – Loss on disposal of components	26,839	1,607
Auditor's Remuneration - Audit Services (exc VAT)	17,481	15,910
- Other Services (exc VAT)	1,545	1,500
	<u>1,157,831</u>	<u>1,106,408</u>

Association	2020 £	2019 £
Operating surplus is stated after charging:-		
Depreciation – Tangible Owned Fixed Assets	1,098,345	1,073,520
Depreciation – Loss on disposal of components	26,839	1,607
Auditor's Remuneration - Audit Services (exc VAT)	9,085	8,820
- Other Services (exc VAT)	1,545	1,500
	<u>1,135,814</u>	<u>1,085,447</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

9. Interest payable

Group	2020 £	2019 £
On bank loans and overdrafts	254,712	266,385
SHAPS defined benefit pension scheme – interest expense (Note 21)	17,000	17,000
Strathclyde Pension Fund defined benefit pension scheme – interest expense (Note 22)	7,000	5,000
	<u>278,712</u>	<u>288,385</u>
Association	2020 £	2019 £
On bank loans and overdrafts	254,712	265,693
SHAPS defined benefit pension scheme – interest expense (Note 21)	17,000	17,000
Strathclyde Pension Fund defined benefit pension scheme – interest expense (Note 22)	7,000	5,000
	<u>278,712</u>	<u>287,693</u>

10. 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 (2019 - £nil). Both subsidiaries are charities and thus no tax is due in respect of their activities (2019 - £nil).

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

11. Tangible fixed assets

(a) Housing Properties Group and Association	Housing Properties Held for Letting £	Housing Properties Under Construction £	Completed Shared Ownership Properties £	Total £
Cost				
At 1 April 2019	44,951,453	2,454,091	159,602	47,565,146
Additions during year				
Property	47,323	4,197,312	-	4,244,635
Components	723,356	-	-	723,356
Disposals during year				
Property	-	-	-	-
Components	(280,287)	-	-	(280,287)
At 31 March 2020	<u>45,441,845</u>	<u>6,651,403</u>	<u>159,602</u>	<u>52,252,850</u>
Depreciation				
At 1 April 2019	15,822,914	-	42,748	15,865,662
Charge for year	1,067,915	-	3,194	1,071,109
On disposals during year				
Property	-	-	-	-
Components	(253,448)	-	-	(253,448)
At 31 March 2020	<u>16,637,381</u>	<u>-</u>	<u>45,942</u>	<u>16,683,323</u>
Net Book Value				
As at 31 March 2020	<u>28,804,464</u>	<u>6,651,403</u>	<u>113,660</u>	<u>35,569,527</u>
As at 31 March 2019	<u>29,128,539</u>	<u>2,454,091</u>	<u>116,854</u>	<u>31,699,484</u>

Additions to housing properties during the year includes no capitalised interest (2019 - £nil) and no capitalised administration costs (2019 - £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 2020

11. Tangible fixed assets											
(b) Other Fixed Assets	Group	Freehold Property	I.T. Equipment	Furniture	Fixtures & Fittings	Vehicles	Total				
		£	£	£	£	£	£				£
Cost											
At 1 April 2019		470,000	200,155	32,001	136,245	37,935	876,336				
Additions		-	35,733	-	-	-	35,733				
Disposals		-	(71,447)	-	-	-	(71,447)				
At 31 March 2020		470,000	164,441	32,001	136,245	37,935	840,622				
Depreciation											
At 1 April 2019		47,000	153,986	20,842	132,875	29,112	383,815				
Charge for year		9,400	24,867	3,029	826	2,735	40,857				
Removed on disposal		-	(71,447)	-	-	-	(71,447)				
At 31 March 2020		56,400	107,406	23,871	133,701	31,847	353,225				
Net Book Values											
At 31 March 2020		413,600	57,035	8,130	2,544	6,088	487,397				
At 31 March 2019		423,000	46,169	11,159	3,370	8,823	492,521				

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

11. Tangible fixed assets (continued)							
(b) Other Fixed Assets							
Association	I.T. Equipment £	Furniture £	Fixtures & Fittings £	Vehicles £	Total £		
Cost							
At 1 April 2019	195,449	15,820	127,049	37,935	376,253		
Additions	35,733	-	-	-	35,733		
Disposals	(71,447)	-	-	-	(71,447)		
At 31 March 2020	159,735	15,820	127,049	37,935	340,539		
Depreciation							
At 1 April 2019	150,781	15,747	126,255	29,112	321,895		
Charge for year	23,979	73	449	2,735	27,236		
Disposals	(71,447)	-	-	-	(71,447)		
At 31 March 2020	103,313	15,820	126,704	31,847	277,684		
Net Book Value							
At 31 March 2020	56,422	-	345	6,088	62,855		
At 31 March 2019	44,668	73	794	8,823	54,358		

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

12. Housing stock

Group and Association	2020	2019
Number of units of accommodation in management at the year end:	Number	<i>Number</i>
General Needs - New Build & Buchanan Lodge	244	244
- Rehabilitation	771	771
Shared Ownership	3	3
	<u>1,018</u>	<u>1,018</u>

13. Investments

Association	2020	2019
	£	£
At 1 April	67,296	67,296
Impairment	-	-
At 31 March	<u>67,296</u>	<u>67,296</u>

This represents the Association's investment in Cassiltoun Trust.

14a. Debtors - Amounts receivable after more than one year

Association	2020	2019
	£	£
Loan to subsidiary undertaking	50,000	70,000
	<u>50,000</u>	<u>70,000</u>

14b. Debtors - Amounts receivable within one year

Group	2020	2019
	£	£
Arrears of rent and service charges	143,511	101,352
Trade debtors	15,071	19,438
Less: bad debt provision	(44,761)	(32,910)
	113,821	87,880
Prepayments and accrued income	22,555	49,895
Other debtors	20,388	28,718
	<u>156,764</u>	<u>166,493</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

14b. Debtors - Amounts receivable within one year (continued)

Association	2020	2019
	£	£
Arrears of rent and service charges	143,511	101,352
Less: bad debt provision	<u>(41,102)</u>	<u>(31,011)</u>
	102,409	70,341
Prepayments and accrued income	22,555	49,895
Other debtors	20,388	28,718
Loan to subsidiary undertaking	<u>10,000</u>	<u>10,000</u>
	<u>155,352</u>	<u>158,954</u>

15a. Current asset investments – Group and Association

	2020	2019
	£	£
Restricted deposits	<u>2,000,655</u>	<u>4,000,000</u>

15b. Cash and cash equivalents

Group	2020	2019
	£	£
Balances with banks	1,101,491	1,462,460
Deposits with banks (up to 30 days' notice)	<u>3,373</u>	<u>4,016</u>
	<u>1,104,864</u>	<u>1,466,476</u>

Association

	2020	2019
	£	£
Balances with banks	815,578	1,314,918
Deposits with banks (up to 30 days' notice)	<u>3,373</u>	<u>4,016</u>
	<u>818,951</u>	<u>1,318,934</u>

16. Creditors - Amounts falling due within one year

Group	2020	2019
	£	£
Bank loans (note 17)	355,582	330,145
Trade creditors	148,220	95,256
Other taxation and social security	27,086	30,378
Accruals and deferred income	159,547	394,343
Rent in advance	162,441	173,704
Deferred capital grant (note 18)	502,912	502,533
Retentions	159,909	44,480
Other creditors	<u>196,686</u>	<u>196,272</u>
	<u>1,712,383</u>	<u>1,767,111</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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

Association	2020 £	2019 £
Bank loans (note 17)	355,582	330,145
Trade creditors	140,752	91,247
Other taxation and social security	24,413	26,371
Accruals and deferred income	118,167	351,911
Rent in advance	162,441	173,704
Deferred capital grant (note 18)	502,912	502,533
Retention creditor	159,909	44,480
Other creditors	196,686	196,272
	<u>1,660,862</u>	<u>1,716,663</u>

Pension contributions of £nil were outstanding at the year end (2019 - £nil).

17. Creditors - Amounts falling due after more than one year

Group and Association	2020 £	2019 £
Bank loans	6,044,657	6,430,748
Deferred capital grants (note 18)	22,522,659	21,235,440
	<u>28,567,316</u>	<u>27,666,188</u>

Bank loans are secured by specific charges on the Housing Association's housing properties and are repayable at rates of interest of 1.2% to 6.4% (2019 - 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 (2019 - £21,093,833). These are over Barclays, Nationwide and CAF banks. The loan with CAF bank has not been drawdown at the year end.

	2020 £	2019 £
Within one year	355,582	330,145
Between one and two years	368,573	342,249
Between two and five years	1,190,318	1,105,379
In five years or more	4,485,766	4,983,120
	<u>6,400,239</u>	<u>6,760,893</u>
Less: Amount shown in current liabilities	<u>(355,582)</u>	<u>(330,145)</u>
	<u>6,044,657</u>	<u>6,430,748</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

18. Deferred capital grants – Group and Association

	2020 £	2019 £
Deferred capital grants at 1 April	21,737,973	20,338,341
Grants received in year	1,793,143	1,902,129
Released to income in the year	(502,610)	(502,497)
Released to income in year on disposal	(2,935)	-
Deferred capital grants at 31 March	<u>23,025,571</u>	<u>21,737,973</u>
Liability split as:		
< 1 year	502,912	502,533
1 – 2 years	502,912	502,533
2 – 5 years	1,508,736	1,507,599
> 5 years	20,511,011	19,225,308
	<u>23,025,571</u>	<u>21,737,973</u>

19. Share Capital

	2020 £	2019 £
Shares of £1 each fully paid and issued as at 1 April	250	255
Shares issued in year	29	27
Shares cancelled in year	(46)	(32)
As at 31 March 2020	<u>233</u>	<u>250</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 from Glasgow City Council for staffing.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

20. Net Cash Flow from Operating Activities – Group

	2020 £	2019 £
Surplus for the year	696,850	612,543
<u>Adjustments for non cash items:</u>		
Carrying amount of tangible fixed asset disposals	26,839	-
Depreciation of tangible fixed assets (including loss on disposal of components)	1,111,966	1,088,988
SHAPS defined benefit pension liability	63,339	31,000
Strathclyde Pension Scheme pension liability	29,000	20,000
Decrease / (increase) in debtors	9,729	15,003
Decrease / (increase) in current asset investments	1,999,345	(200,000)
(Decrease) / increase in creditors	(80,544)	299,490
Shares cancelled in the year	(46)	(32)
<u>Adjustments for investing and financing activities:</u>		
Proceeds from sale of tangible fixed assets	-	-
Interest payable	255,268	266,385
Interest received	(24,113)	(29,452)
Release of deferred Government capital grant	(502,610)	(502,497)
Released to income in the year on disposals of Government Grants	(2,935)	-
SHAPS past service deficit payment	(141,339)	(132,000)
Net cash generated from operating activities	<u>3,440,749</u>	<u>1,469,428</u>

21. 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 16.7% (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 £141,339 made in the year ended 31 March 2020 (2019 - £132,000). The contributions under the Defined Contribution Scheme were 6% from the employer and 4% for the employee.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

21. Scottish Housing Association Pension Scheme (continued)

General (continued)

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 18 active members of the Defined Contributions Scheme employed by the Association.

The last triennial valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £877 million. The valuation revealed a shortfall of assets compared to liabilities of £121 million, equivalent to a past service funding level of 89%.

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

The key valuation assumptions used to determine the assets and liabilities of the Scheme as at 30 September 2018 are detailed below:

- Investment return pre retirement		3.12% per annum
- Investment return post retirement - Non-pensioners		3.12% per annum
- Investment return post retirement - Pensioners		3.12% per annum
- Rate of salary increases		3.35% per annum
- Rate of pension increases - pension accrued pre 6 April 2005		2.00% per annum
	pension accrued from 6 April 2005	1.70% per annum
	(for leavers before 1 October 1993 pension increases are 5%)	
- Rate of price inflation		3.35% per annum

The Trustee's view is that a new recovery plan is required from 1 April 2020 with a past service deficit contribution rate of £157,425, increasing by 3% per annum until the scheme is assessed for 30 September 2022. If the results show no deficit is identified, then deficit contributions will cease from that date. If, however the results show the deficit has not been cleared then these deficit contributions will continue until 31 March 2023.

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.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

21. Scottish Housing Association Pension Scheme (continued)

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

	31 March 2020 £'000	<i>31 March 2019 £'000</i>
Fair value of plan assets	5,455	5,123
Present value of defined benefit obligations	(5,455)	(5,903)
Defined benefit liability to be recognised	<u>-</u>	<u>(780)</u>

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2020 £'000	<i>Year ended 31 March 2019 £'000</i>
Defined benefit obligation at start of period	(5,903)	(4,794)
Current service cost	(94)	(91)
Expenses	(4)	(4)
Interest cost	(134)	(123)
Contribution by plan participants	(33)	(41)
Actuarial losses due to scheme experience	(56)	(583)
Actuarial gains/(losses) due to changes in demographic assumptions	36	(17)
Actuarial gains/(losses) due to changes in financial assumptions	526	(338)
Benefits paid and expenses	207	88
Defined benefit liability at the end of the period	<u>(5,455)</u>	<u>(5,903)</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

21. Scottish Housing Association Pension Scheme (continued)

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

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Fair value of plan assets at start of the period	5,123	4,049
Interest income	117	106
Experience on plan assets (excluding amounts included in interest income)	196	802
Contributions by the employer	193	213
Contributions by participants	33	41
Benefits paid and expenses	(207)	(88)
Fair value of plan assets at end of period	5,455	5,123

Defined benefit costs recognised in Statement of Comprehensive Income

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Current service cost	94	91
Contributions	33	41
Admin expenses	4	4
Net interest expense	17	17
Defined benefit costs recognised in Statement of Comprehensive Income	148	153

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Experience on plan assets (excluding amounts included in net interest cost - gain)	196	802
Experience gains and losses arising on the plan liabilities – gain	(56)	(583)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	36	(17)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	526	(338)
Total amount recognised in other comprehensive income – gain/(loss)	702	(136)

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

21. Scottish Housing Association Pension Scheme (continued)

Fund allocation for employer's calculated share of assets

	31 March 2020 £'000	31 March 2019 £'000
Global Equity	750	824
Absolute Return	335	434
Distressed Opportunities	100	87
Credit Relative Value	131	89
Alternative Risk Premia	437	286
Fund of Hedge Funds	-	14
Emerging Markets Debt	194	164
Risk Sharing	173	149
Insurance-Linked Securities	146	133
Property	102	102
Infrastructure	322	215
Private Debt	108	66
Opportunistic Illiquid Credit	133	-
Corporate Bond Fund	399	359
Liquid Credit	143	-
Long Lease Property	133	62
Secured Income	303	179
Over 15 Year Gilts	69	132
Liability Driven Investment	1,436	1,823
Net Current Assets	41	5
Total Assets	5,455	5,123

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

Assumptions as at	31 March 2020 % per annum
Discount rate	2.35%
Inflation (RPI)	2.56%
Inflation (CPI)	1.56%
Salary growth	2.56%
Allowance for commutation of pension for cash at retirement	75%
	of maximum allowance

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

21. Scottish Housing Association Pension Scheme (continued)

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2020	21.5
Female retiring in 2020	23.2
Male retiring in 2040	22.8
Female retiring in 2040	24.5

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

	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	3	155	42
Females	3	162	51
Total	6	317	47

Deferred members

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	1	8	54
Females	1	1	52
Total	2	9	53

Pensioners

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	6	76	62
Females	4	36	70
Total	10	112	65

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.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

21. Scottish Housing Association Pension Scheme (continued)

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 2018. As of this date the estimated employer debt for the Association was £3,518,120.

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.

22. 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.

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

Assumptions as at	31 March 2020	31 March 2019
Pension increases	1.8%	2.4%
Salary increases	2.9%	3.6%
Discount rate	2.3%	2.5%

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

22. Strathclyde Pension Scheme (continued)

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

Mortality	Males	Females
Current Pensioners	20.7	22.9
Future Pensioners	22.2	24.6

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%	229
0.5% increase in the Salary Increase Rate	4%	67
0.5% increase in the Pension Increase Rate	9%	156

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

	31 March 2020 £000	<i>31 March 2019 £000</i>
Net Pension Liability as at		
Estimated Employer Assets (A)	1,551	1,573
Present Value of Scheme Liabilities	(1,697)	(1,859)
Present Value of Unfunded Liabilities		-
Total Value of Liabilities (B)	(1,697)	(1,859)
Net Pension Liability (A) – (B)	(146)	(286)

Analysis of the amount charged to operating profit:

	Year to 31 March 2020 £'000	<i>Year to 31 March 2019 £'000</i>
Service cost	60	52
Contributions	(38)	(37)
Past service cost	-	-
Curtailment and settlements	-	-
Decrease in irrecoverable surplus	-	-
Total operating charge	22	15
Net Interest cost	7	5

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

22. Strathclyde Pension Scheme (continued)

	Year to 31 March 2020 £ 000	Year to 31 March 2019 £ 000
Analysis of the amount recognised in the Statement of Other Comprehensive Income:		
Actuarial gain / (loss) recognised as other comprehensive income	<u>169</u>	<u>(88)</u>

Movement in pension deficit during the year

	Year to 31 March 2020 £ 000	Year to 31 March 2019 £ 000
Deficit in scheme at beginning of year	(286)	(178)
Current service cost	(60)	(52)
Employer contributions	38	37
Other income	-	-
Other outgoings (e.g. expenses, etc.)	-	-
Past service costs	-	-
Impact of settlements and curtailments	-	-
Net interest cost	(7)	(5)
Actuarial gain / (loss)	<u>169</u>	<u>(88)</u>
Deficit at end of year	<u>(146)</u>	<u>(286)</u>

Employer contributions for the year ended 31 March 2021 are expected to be £39k.

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 not expected to be significant and the scheme actuaries will perform the calculation in 2020/21.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

23. 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 £33,276 (2019 - £37,063). The total rent arrears relating to tenant Board of Management members included within debtors at the year-end was £0 (2019 - £245). The total prepaid rent relating to tenant Board of Management members included within creditors at the year-end was £2,818 (2019 - £2,243).

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 £8,070 + VAT (2019 - £7,830 + VAT) were charged from the Housing Association.

The Association entered into a ten year agreement in 2019 to lease office space from Cassiltoun Trust. Under this lease rent of £53,884 (2019 - £51,808) is charged from Cassiltoun Trust.

No amounts are due to/from Cassiltoun Trust (2019 - £nil).

In the year ended 31 March 2020 Cassiltoun Trust made a surplus of £14,269 (2019 - £1,525) and had net assets of £497,986 (2019 - £483,717).

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.

In October 2012 the Housing Association made available a loan of £100,000 to Cassiltoun Stables Nursery Limited at normal commercial rates. Interest of £3,244 (2019 - £4,004) 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 £20,000 (2019 - £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 (2019 - £10,000) was due less than 1 year and £50,000 (2019 - £70,000) was due greater than 1 year to the Housing Association in respect of this loan.

Management fees totalling £12,420 + VAT (2019 - £12,000 + VAT) were charged by the Housing Association to the Stables Nursery.

In the year ended 31 March 2020 Cassiltoun Stables Nursery Limited made a surplus of £123,281 (2019 - £24,232) and had net assets of £112,360 (2019 - £(10,921)).

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

24. 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 21.

25. Revenue commitments

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

Association	Office space 2020 £	Office space 2019 £
Operating leases payable:		
Not later than one year	55,488	53,884
Later than one year and not later than five years	177,816	129,792
Greater than five years	267,360	292,032
	<u>500,664</u>	<u>475,708</u>

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

26. Capital Commitments – Group and Association

	2020 £	2019 £
Contracted for but not provided in these accounts	805,000	5,479,400
This is to be funded by:		
HAG	-	1,610,000
Private Finance	805,000	2,500,000
Reserves	-	1,369,400
	<u>805,000</u>	<u>5,479,400</u>
Approved by the Board of Management but not contracted for	<u>9,450,000</u>	<u>7,200,000</u>