

**CATHCART & DISTRICT HOUSING ASSOCIATION  
LIMITED**

**FINANCIAL STATEMENTS**

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

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS**

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

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**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**ADVISERS AND REGISTERED OFFICE**

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

**Auditors**

Armstrongs, Chartered Accountants  
142 West Nile Street  
Glasgow  
G1 2RQ

**Bankers**

Royal Bank of Scotland plc  
23 Sauchiehall Street  
Glasgow  
G2 3AD

**Legal advisors**

Messrs Brechin Tindal Oatts  
Solicitors & Notaries  
48 St Vincent Street  
Glasgow  
G2 5HS

**Registered Office**

3 Rhannan Road  
Cathcart  
Glasgow  
G44 3AZ

**Registration information**

Scottish Housing Regulator:	HAL 85
Financial Conduct Authority:	MS1821RS
Registered Scottish Charity:	SC037255

# CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

## REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31ST MARCH 2019

The Committee of Management present their report and the audited financial statements for the year ended 31<sup>st</sup> March 2019.

### Principal activities

The principal activities of the Association are the provision, construction, improvement and management of rented accommodation.

### Review of the business and future developments

The results for the year are as shown in the attached Statement of Comprehensive Income. The surplus for the year was £37,935 (2018 - £30,268).

### Changes in fixed assets

Details of changes in fixed assets are set out in Note 13.

### The Committee of Management and Executive Officer

The Committee of Management and Executive Officer of the Association are as follows:-

#### Executive Officer and Secretary

. Christine Leitch

#### Committee of Management

. M. McMillan	(Chairperson)	. A. Brown	(Resigned 19.09.18)
. A. Penney	(Vice Chairperson)	. E. Carter	
. V. Kyle	(Treasurer)	. K. Stocks	(Resigned 19.09.18)
. J. Ferguson	(Resigned 21.08.18)	. S. MacDonald	(Resigned 19.09.18)
. J. Forrest		. M. Docherty	(Appointed 19.09.18)
. B. Strathearn		. C. Carr	(Appointed 19.09.18)
. C. Robb	(Resigned 21.08.18)	. R. Pollock	(Appointed 19.09.18)
. S. Harper			

At the annual general meeting one third of all serving members of the Committee will retire from office and may stand for re-election if eligible.

Each member of the Committee of Management holds one fully paid share of £1 in the Association. The Executive Officer of the Association holds no interest in the Association's share capital and although not having the legal status of a director acts as an executive within the authority delegated by the Committee.

### Charitable status

With effect from 7<sup>th</sup> November 2005 the Association obtained charitable status, and from that date is exempt from corporation tax.

### Defined benefit accounting - Scottish Housing Associations' Pension Scheme (the Scheme)

The company participates in the Scheme, a multi-employer scheme which provides benefits to over 150 non-associated employers. The Scheme is a defined benefit scheme in the UK. In previous years it was not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme and has accounted for it as a defined contribution scheme.

With effect from 1<sup>st</sup> April 2018 information to use the defined benefit method of accounting has become available from TPT Retirement Solutions and has been applied for the year ended 31<sup>st</sup> March 2019. Under the new accounting treatment the liability at 1<sup>st</sup> April 2018 has been decreased by £9,000 and the change has been accounted for as a change in accounting estimate. These figures have placed reliance on the actuarial assumptions of qualified actuaries which are considered reasonable and appropriate.

# CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

## REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31ST MARCH 2019

### Statement of Committee's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 require the Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for the year ended on that date. In preparing these financial statements, the Committee is required to:

- . Select suitable accounting policies and then apply them consistently;
- . Make judgements that are reasonable and prudent;
- . State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- . Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business;
- . Prepare a statement on internal financial control.

The Committee is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Association and to enable it to ensure that the financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014. It is also responsible for safeguarding the assets of the Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Corporate Governance

The Association has complied throughout the accounting period with the Code of Best Practice published by the Cadbury Committee on the Financial Aspects of Corporate Governance in 1992.

In accordance with the requirements of the Scottish Housing Regulator, the auditors have confirmed that they consider this statement appropriately reflects the Association's compliance with those paragraphs of the Code of Best Practice required to be reviewed by them. The auditors have also confirmed that, in their opinion, with respect to the Statement on Internal Financial Control on page four, the Management Committee have provided the disclosures required by Paragraph 4.5 of the Code of Best Practice as supplemented by the related guidance for Management Committee and such statement is not inconsistent with the information of which they are aware from their audit work on the financial statements.

### Statement as to disclosure of information to Auditors

So far as the Committee are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Association's auditors are unaware, and each Committee Member has taken all the steps that he or she ought to have taken as a Committee Member in order to make himself or herself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

### Auditors

A resolution to tender for external auditor services will be put to the members at the annual general meeting.

By order of the Committee

Secretary

Dated: 27 August 2019

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**COMMITTEE STATEMENT ON THE ASSOCIATION'S**

**SYSTEM OF INTERNAL FINANCIAL CONTROL**

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

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

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

It is the Committee's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include ensuring that:

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

The Committee have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31<sup>st</sup> March 2019 and until the below date. No weaknesses were found in internal financial controls, which resulted in material losses, contingencies, or uncertainties, which require disclosure in the financial statements or in the Auditor's Report on the financial statements.

By order of the Committee

Secretary -

Dated: 27 August 2019

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**REPORT BY THE AUDITORS TO THE COMMITTEE**

**ON CORPORATE GOVERNANCE MATTERS**

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

**Corporate Governance**

In addition to our audit of the financial statements, we have reviewed the Committee's statement on page three 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 Advice Notes which are issued by the Scottish Housing Regulator.

**Basis of opinion**

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 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 reasons given for non-compliance.

**Opinion**

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

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

Adam Armstrong, LLB, CA, (Senior Statutory Auditor),  
for and on behalf of Armstrongs,  
Statutory Auditor,  
Chartered Accountants,  
Victoria Chambers,  
142, West Nile Street,  
Glasgow,  
G1 2RQ.

Dated: 9th September 2019

**REPORT OF THE INDEPENDENT AUDITORS TO  
THE MEMBERS OF CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**Opinion**

We have audited the financial statements of Cathcart & District Housing Association Limited for the year ended 31<sup>st</sup> March 2019 which comprise a statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014, and to the charity's trustees as a body, in accordance with Section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association, the Association's members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31<sup>st</sup> March 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2014, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other 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 opinion.

**Conclusions relating to going concern**

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

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

**Other information**

The Management Committee is responsible for the other information. The other information comprises the information in the Report of the Management Committee, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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, 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.



**REPORT OF THE INDEPENDENT AUDITORS TO  
THE MEMBERS OF CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Management Committee.

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014, or the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

**Responsibilities of the Management Committee**

As explained more fully in the Statement of Committee's Responsibilities set out on page three, the Management Committee 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 Management Committee determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Acts 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 it 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee members.
- conclude on the appropriateness of the Management Committees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Association to cease to continue as a going concern.

**REPORT OF THE INDEPENDENT AUDITORS TO  
THE MEMBERS OF CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Adam Armstrong, LLB, CA, (Senior Statutory Auditor),  
for and on behalf of Armstrongs,  
Statutory Auditor,  
Chartered Accountants,  
Victoria Chambers,  
142, West Nile Street,  
Glasgow,  
G1 2RQ.

Dated: 9<sup>th</sup> September 2019

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

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

	Notes	2019	2018
		£	£
<b>Turnover</b>	2	2,209,719	2,130,019
<b>Operating costs</b>	2	1,864,927	1,748,812
<b>Operating surplus</b>	2	<u>344,792</u>	<u>381,207</u>
<b>(Loss)/gain on disposal of fixed assets</b>	8	( 6,546)	( 223,149)
<b>Interest receivable and other income</b>	9	4,445	1,316
<b>Interest payable and similar charges</b>	10	( 141,756)	( 126,106)
<b>Other finance charges</b>	11	( 7,000)	( 3,000)
<b>Surplus before tax</b>		<u>193,935</u>	<u>30,268</u>
<b>Other comprehensive income</b>			
Initial recognition of multi-employer defined benefit scheme	22	9,000	-
Actuarial gain/(loss) recognised in the pension liability		( 165,000)	-
<b>Total comprehensive income for the year</b>		<u>37,935</u>	<u>30,268</u>

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**STATEMENT OF FINANCIAL POSITION**

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

	Notes	2019 £	2018 £
<b>Non-current assets</b>			
Tangible assets - social housing	13a	9,787,601	9,836,663
Other tangible assets - plant and equipment	13b	<u>179,205</u>	<u>183,933</u>
		<u>9,966,806</u>	<u>10,020,596</u>
<b>Current assets</b>			
Trade and other debtors	14	319,203	304,102
Cash at bank and in hand		<u>2,035,258</u>	<u>1,992,778</u>
		2,354,461	2,296,880
<b>Creditors: amounts falling due within one year</b>	15	( 432,221)	( 467,379)
<b>Net current assets</b>		<u>1,922,240</u>	<u>1,829,501</u>
<b>Total assets less current liabilities</b>		11,889,046	11,850,097
<b>Creditors : amounts falling due after more than one year</b>	16	( 3,812,581)	( 4,185,761)
<b>Deferred income</b>			
Deferred capital grants - Social Housing Grants	18	( 732,704)	( 717,510)
Pension Scheme liability	22	( 359,000)	-
<b>Net assets</b>		<u>6,984,761</u>	<u>6,946,826</u>
<b>Equity</b>			
Share capital	20	64	64
Revenue reserves		<u>6,984,697</u>	<u>6,946,762</u>
		<u>6,984,761</u>	<u>6,946,826</u>

These financial statements were approved by the Committee on 27 August 2019 and signed on their behalf by:

Chairperson

Committee Member

Secretary

The notes form part of these financial statements.

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31ST MARCH 2019**

	<b>Share Capital £</b>	<b>Revenue Reserve £</b>	<b>Total £</b>
<b>Balance as at 1<sup>st</sup> April 2017</b>	101	6,916,494	6,916,595
Issue of shares	17	-	17
Cancellation of shares	( 54)	-	( 54)
Total comprehensive income	-	30,268	30,268
<b>Balance as at 31<sup>st</sup> March 2018</b>	<u>64</u>	<u>6,946,762</u>	<u>6,946,826</u>
<b>Balance as at 1<sup>st</sup> April 2018</b>	64	6,946,762	6,946,826
Issue of shares	8	-	8
Cancellation of shares	( 8)	-	( 8)
Total comprehensive income	-	37,935	37,935
<b>Balance as at 31<sup>st</sup> March 2019</b>	<u>64</u>	<u>6,984,697</u>	<u>6,984,761</u>

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**CASH FLOW STATEMENT**

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

	Notes	2019 £	2018 £
<b>Net cash inflow from operating activities</b>	1	<u>585,093</u>	<u>537,339</u>
<b>Cash flows from investing activities</b>			
Payments to acquire and develop housing properties		( 268,345)	( 696,517)
Payments to acquire other fixed assets		-	( 1,419)
Grants received		40,750	328,368
Interest received		4,445	1,316
Proceeds of fixed assets		-	38,313
<b>Net cash outflow from investing activities</b>		<u>( 223,150)</u>	<u>( 329,939)</u>
<b>Cashflow from financing activities</b>			
Interest and other finance charges paid		( 148,756)	( 129,106)
Repayments of borrowings		( 170,715)	( 157,958)
Issue of share capital		8	17
<b>Net cash outflow from financing activities</b>		<u>( 319,463)</u>	<u>( 287,047)</u>
<b>Net change in cash and cash equivalents</b>		42,480	( 79,647)
<b>Cash and cash equivalents at the beginning of the year</b>		1,992,778	2,072,425
<b>Cash and cash equivalents at the end of the year</b>		<u>2,035,258</u>	<u>1,992,778</u>

**Notes**

	2019 £	2018 £
Surplus for the year	193,935	30,268
<b>Adjustments for non cash items</b>		
Depreciation of tangible fixed assets	288,368	280,494
Decrease/(increase) in trade and other debtors	( 15,101)	24,306
Decrease/(increase) in trade and other creditors	24,377	( 30,058)
Pension costs less contributions payable	( 59,000)	( 93,000)
Share capital written off	( 8)	( 54)
Carrying amount of tangible fixed asset disposals	33,767	261,462
Amortisation of grants	( 25,556)	( 25,556)
Proceeds of the sale of fixed assets	-	( 38,313)
<b>Adjustments for investing or financing activities</b>		
Interest received	( 4,445)	( 1,316)
Interest payable	141,756	126,106
Other finance charges	7,000	3,000
	<u>585,093</u>	<u>537,339</u>

# CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2019

### 1. Principal accounting policies

The financial statements have been prepared in accordance with FRS 102 as issued by the Financial Reporting Council and comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator and the Statement of Recommended Practice (SORP) Accounting for social housing providers issued in 2014.

To comply with the amendments to FRS 102 regarding multi-employer defined benefit plans, the accounting treatment for the membership of Scottish Housing Associations' Pension Scheme (SHAPS) has been included as a defined benefit scheme with effect from 1<sup>st</sup> April 2018. To comply with FRS 102 the impact of the transition from defined contribution accounting to defined benefit accounting has been presented as other comprehensive income and has been accounted for as a change in accounting estimate in accordance with the amendments to FRS 102, the Financial Report Standard applicable in the UK and Republic of Ireland, relating to multi-employer defined benefit plans.

Cathcart & District Housing Association Limited is a public benefit entity (PBE).

#### Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from the Scottish Housing Regulator, local authorities and other agencies.

#### Housing properties

In previous years completed housing properties were professionally valued on an existing use basis. Surpluses and deficits were reflected in the revaluation reserve. Permanent diminutions in value of housing property were eliminated first against any revaluation reserve in respect of that property with any excess being charged to the Statement of Comprehensive Income. On transition to FRS 102 the Association has taken the option to adopt the valuation as the deemed cost.

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property. Works to existing properties, which fail to meet the above criteria, are charged to the Statement of Comprehensive Income.

Reviews for impairment of housing properties are carried out regularly 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. Value in use represents the net present value of expected future cash flows from these units. Impairment of assets would be recognised in the Statement of Comprehensive Income.

#### Depreciation - housing properties

Properties other than heritable land are depreciated at rates calculated to reduce net book value of each component of the property to its estimated residual value, on a straight line basis, over the expected remaining life of the component. Heritable land is not depreciated. The estimated useful lives of the assets and components is shown in the table below.

Structure	100 years	Central heating systems	30 years
Roof	60 years	Boilers	15 years
Electrical systems	30 years	Bathrooms	25 years
Windows	30 years	Kitchens	20 years

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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

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

**Other fixed assets**

Furniture and equipment are stated at cost less accumulated depreciation. Depreciation is charged by equal instalments commencing with the year of acquisition at rates estimated to write off costs less any residual value over the expected economic useful lives at the rate of 25% per annum.

Leasehold improvements are stated at cost less accumulated depreciation. Depreciation is charged at an annual rate to write off the leasehold improvements over the term of the lease.

**Social Housing Grant and other grants**

Social housing grants and other capital grants are accounted for using the accrual method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

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

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments have been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Statement of Financial Position.

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

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

**Capitalisation of interest**

Interest incurred on financing a development is capitalised up to the date of completion of the scheme.

**Development administration costs**

Development costs incremental to the other costs of the Association have been capitalised.

**Cyclical and major repairs**

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

**Designated reserves**

The Association has designated part of its long term obligations as follows :-

**Planned maintenance**

The reserve is based on the Association's ability to maintain its properties in accordance with a planned programme of works provided it will not be met from revenue in the year in which it is incurred.

The Association maintains its housing properties in a state of repair which at least maintains their residual value in prices prevailing at the time of acquisition and construction. Provision is made for such future repair expenditure by transfers to this reserve. Previously for some schemes the reserve was established by transfers from the Rent Surplus Fund as directed by the Scottish Housing Regulator.



**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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

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

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the Statement of Financial Position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the Statement of Comprehensive Income over the relevant period. The capital element of the future payments is treated as a liability.

**Value Added Tax**

The Association is VAT registered. However a large proportion of the income is exempt for VAT purposes, and VAT is not reclaimable on the related expenditure. Expenditure is therefore shown inclusive of VAT.

**Pension costs**

As explained above, this is a change in the accounting treatment from the previous year when the defined contribution method of accounting was used. The transitional adjustment has been included in other comprehensive income.

The Scottish Housing Associations' Pension Scheme is accounted for as a defined benefit scheme. In accordance with FRS 102, the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) 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.

**Judgements in applying policies and key sources of estimation uncertainty**

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

**Rent arrears - bad debt provision**

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

**Life cycle of components**

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

**The categorisation of housing properties**

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as property, plant and equipment in accordance with FRS 102.

**Identification of cash generating units**

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

**Obligations under SHAPS pension scheme**

The accounting for the pension scheme and the transition from defined contribution disclosure to defined benefit has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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

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

**Financial instruments - basic**

The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard.

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

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**2. Particulars of turnover, cost of sales, operating costs and operating surpluses / (deficits)**

<b>Income and expenditure from lettings</b>	<b>Turnover</b>	<b>2019 Operating costs</b>	<b>Operating surplus / (deficit)</b>
	£	£	£
Social lettings	2,124,693	1,752,833	371,860
Other activities	85,026	112,094	( 27,068)
<b>Total</b>	<u>2,209,719</u>	<u>1,864,927</u>	<u>344,792</u>

  

	<b>Turnover</b>	<b>2018 Operating costs</b>	<b>Operating surplus / (deficit)</b>
	£	£	£
Social lettings	2,055,350	1,670,332	385,018
Other activities	74,669	78,480	( 3,811)
<b>Total</b>	<u>2,130,019</u>	<u>1,748,812</u>	<u>381,207</u>

**3. Particulars of income and expenditure from social letting activities**

	<b>2019 Total</b>	<b>2018 Total</b>
	£	£
<b>Income from letting</b>		
Rent receivable net of identifiable service charges	2,111,320	2,040,054
Service charges	-	-
<b>Gross income from rents and service charges</b>	<u>2,111,320</u>	<u>2,040,054</u>
Less : voids	( 12,183)	( 10,260)
Release of deferred capital grants	25,556	25,556
<b>Total turnover from social letting activities</b>	<u>2,124,693</u>	<u>2,055,350</u>
<b>Expenditure on lettings</b>		
Management and maintenance admin costs	829,196	767,950
Reactive maintenance	383,229	336,019
Planned and cyclical	246,672	270,631
Bad debts - rents and service charges	10,096	19,966
Depreciation of social housing	283,640	275,766
<b>Total expenditure on lettings</b>	<u>1,752,833</u>	<u>1,670,332</u>
<b>Operating surplus for social lettings for 2019</b>	<u>371,860</u>	<u>385,018</u>
<b>Operating surplus for social lettings for 2018</b>	<u>385,018</u>	

No service charges were receivable on housing accommodation not eligible for Housing Benefit (2018 - £Nil).

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**4. Particulars of turnover, operating costs and surpluses from other activities**

	<b>Other income £</b>	<b>Operating costs £</b>	<b>2019 Total £</b>	<b>2018 Total £</b>
Wider role	-	13,851	( 13,851)	-
Factoring	52,923	52,568	355	5,766
Development activities	32,103	31,476	627	-
Other activities	-	-	-	73
Support activities	-	14,199	( 14,199)	( 9,650)
<b>Total for other activities for 2019</b>	<u>85,026</u>	<u>112,094</u>	<u>( 27,068)</u>	<u>( 3,811)</u>
<b>Total for other activities for 2018</b>	<u>74,669</u>	<u>78,480</u>	<u>( 3,811)</u>	

**5. Directors emoluments**

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

	<b>2019 £</b>	<b>2018 £</b>
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	<u>68,744</u>	<u>69,359</u>
Pension contributions made on behalf of officers with emoluments greater than £60,000	<u>6,599</u>	<u>6,658</u>

**Emoluments paid to the Chief Executive**

	<b>£</b>	<b>£</b>
Emoluments excluding pension contributions	68,744	69,359
Employer's pension contributions	6,599	6,658
Total emoluments payable	<u>75,343</u>	<u>76,017</u>

The number of officers (including the highest paid officer) who received emoluments (excluding pension contributions) was in the following ranges:-

	<b>2019 No.</b>	<b>2018 No.</b>
£60,001 - £70,000	<u>1</u>	<u>1</u>

Total expenses reimbursed to the Committee in so far as not chargeable to United Kingdom income tax

	<b>2019 £</b>	<b>2018 £</b>
	<u>68</u>	<u>68</u>

None of the Committee members received remuneration during the year.

**6. Employee information**

The monthly average number of full-time equivalent employees during the year was:-

	<b>2019</b>	<b>2018</b>
	<u>12</u>	<u>12</u>

Staff costs (including Executive emoluments)

	<b>2019 £</b>	<b>2018 £</b>
Wages and salaries	470,338	405,290
Social security costs	36,194	39,431
Pension contributions	38,446	35,059
	<u>544,978</u>	<u>479,780</u>

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**7. Surplus for year**

	<b>2019</b>	<b>2018</b>
	£	£
Surplus is stated after charging (crediting):-		
(Loss)/gain on disposal of fixed assets	( 6,546)	( 223,149)
Operating lease	35,320	35,320
Depreciation/loss on sale - tangible other fixed assets	4,728	4,728
Depreciation - tangible land & buildings fixed assets	283,640	275,766
Auditor's remuneration (including VAT)	6,162	6,000
Bad debts	<u>10,096</u>	<u>19,966</u>

**8. (Loss)/gain on sale of fixed assets**

	<b>2019</b>	<b>2018</b>
	£	£
Sale proceeds inclusive of disposal cost	<u>28,574</u>	<u>39,900</u>
Less: Cost of sales		
Value of property	8,422	17,120
Legal and other costs	<u>1,353</u>	<u>1,587</u>
	<u>9,775</u>	<u>18,707</u>
Gain on disposal of housing stock	18,799	21,193
Loss on disposal of components	25,345	244,342
(Loss)/Gain on disposal	<u>( 6,546)</u>	<u>( 223,149)</u>

**9. Interest receivable and similar income**

	<b>2019</b>	<b>2018</b>
	£	£
Interest receivable	<u>4,445</u>	<u>1,316</u>

**10. Interest payable and similar charges**

	<b>2019</b>	<b>2018</b>
	£	£
On bank loans payable by instalments wholly or partly in more than five years	<u>141,756</u>	<u>126,106</u>

**11. Other finance income / charges**

	<b>2019</b>	<b>2018</b>
	£	£
Defined benefit pension scheme net interest	7,000	-
Unwinding of discounted liabilities and remeasurement	<u>-</u>	<u>3,000</u>
	<u>7,000</u>	<u>3,000</u>

**12. Taxation**

Cathcart and District Housing Association Limited converted to a charity registered in Scotland on 7<sup>th</sup> November 2005 and, as such, is no longer subject to taxation.

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**13. Non-current assets**  
**a) Housing properties**

	Housing property held for letting £
<b>Deemed Cost</b>	
As at 1 <sup>st</sup> April 2018	10,807,776
Additions during year	268,345
Disposals during year	( 38,485)
As at 31 <sup>st</sup> March 2019	<u>11,037,636</u>
<b>Depreciation</b>	
As at 1 <sup>st</sup> April 2018	971,113
Provided during year	283,640
Eliminated on disposal	( 4,718)
As at 31 <sup>st</sup> March 2019	<u>1,250,035</u>
<b>Net book value at 31.03.19</b>	<u>9,787,601</u>
<b>Net book value at 31.03.18</b>	<u>9,836,663</u>

All housing properties are freehold.

No development allowances were received during the year.

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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

13. **Non-current assets**  
b) **Other tangible assets**

	Equipment fixtures & fittings £	Leasehold improvements £	Total £
<b>Cost</b>			
As at 1 <sup>st</sup> April 2018 and 31 <sup>st</sup> March 2019	<u>235,754</u>	<u>212,772</u>	<u>448,526</u>
<b>Aggregate depreciation</b>			
As at 1 <sup>st</sup> April 2018	234,808	29,785	264,593
Provided in year	473	4,255	4,728
As at 31 <sup>st</sup> March 2019	<u>235,281</u>	<u>34,040</u>	<u>269,321</u>
<b>Net book value at 31.03.19</b>	<u>473</u>	<u>178,732</u>	<u>179,205</u>
<b>Net book value at 31.03.18</b>	<u>946</u>	<u>182,987</u>	<u>183,933</u>

14. **Trade and other receivables**

	2019 £	2018 £
Rent debtors	148,593	121,767
Other debtors	134,352	155,950
Prepayments and accrued income	16,140	10,512
Group undertaking	20,118	15,873
	<u>319,203</u>	<u>304,102</u>

Rent debtors are stated net of a provision for bad debts amounting to £13,838 (2018 - £13,838).

15. **Creditors and other payables : Amounts due within one year**

	2019 £	2018 £
Loans due in less than one year	146,756	143,021
Liability for past service contributions	-	63,270
Accruals and deferred income	184,926	122,483
Rent in advance	82,135	124,462
Social security and other taxes	18,404	14,143
	<u>432,221</u>	<u>467,379</u>

16. **Creditors : Amounts falling due after more than one year**

	2019 £	2018 £
Bank loans	3,812,581	3,987,031
Liability for past service contributions	-	198,730
	<u>3,812,581</u>	<u>4,185,761</u>

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**17. Loans and overdrafts**

The Association has four loan agreements in place with the Royal Bank of Scotland. The details of the loans are as follows:-

Royal Bank of Scotland	Security	Interest Rate	Loan Completion Date
Loan (1)	Standard Security	1.66% Variable	2031
Loan (2)	Standard Security	2.36% Fixed	2031
Loan (3)	Standard Security	2.37% Fixed	2036
Loan (4)	Standard Security	2.37% Fixed	2030

	2019 £	2018 £
Due within one year	<u>146,756</u>	<u>143,021</u>
Between one and two years	151,193	147,348
Between two and five years	481,719	616,847
In five years or more	<u>3,179,669</u>	<u>3,222,836</u>
	<u>3,812,581</u>	<u>3,987,031</u>

**18. Deferred income**

	2019 £	2018 £
At 1 <sup>st</sup> April 2018	717,510	414,698
Additions in year	40,750	328,368
Amortisation in year	( 25,556)	( 25,556)
At 31 <sup>st</sup> March 2019	<u>732,704</u>	<u>717,510</u>

This is expected to be released to the Statement of Comprehensive Income in the following year.

Amounts due within one year	26,913	25,556
Amounts due in one year or more	705,791	691,954
	<u>732,704</u>	<u>717,510</u>

**19. Operating leases**

	2019 £	2018 £
Obligations under operating leases.		
Operating leases due within one year	42,173	40,545
Operating leases due between one and five years	168,324	162,220
Operating leases due after five years	648,890	689,435
	<u>859,387</u>	<u>892,200</u>



**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**20. Share capital**

	<b>2019</b>	<b>2018</b>
<b>Shares of £1 each issued and fully paid</b>		
At 1 <sup>st</sup> April 2018	64	101
Shares issued at par during the year	<u>8</u>	<u>17</u>
	72	118
Shares forfeited	<u>8</u>	<u>54</u>
	64	64
At 31 <sup>st</sup> March 2019	<u>64</u>	<u>64</u>

Each shareholder of the Association holds only one share and is entitled to vote at general meetings of the Association. Shares carry no right to dividend or distribution on a winding up. When a shareholder ceases to be a member that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

**21. Housing Stock**

	<b>2019</b>	<b>2018</b>
The number of units of accommodation in management at the year end was :-		
General Needs - New build	33	33
- Rehabilitation	523	524
Unimproved	<u>23</u>	<u>23</u>
	<u>579</u>	<u>580</u>

**22. Pensions**

**Scottish Housing Associations' Pension Scheme**

Cathcart & District Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme which is a statutory multi-employer defined benefit scheme providing benefits to over 150 non-associated employers. At 31<sup>st</sup> March 2019 there were 12 (2018 - 11) active members of the scheme employed by the Association.

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

	<b>2019</b>	<b>2018</b>
	<b>(£000s)</b>	<b>(£000)</b>
Fair value of plan assets	2,287	2,168
Present value of defined benefit obligation	2,646	2,421
Surplus (deficit) in plan	( 359)	( 253)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	( 359)	( 253)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	( 359)	( 253)

**Reconciliation of the impact of the asset ceiling**

	<b>2019</b>
	<b>(£000s)</b>
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**22. Pensions (Continued)**

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

	<b>2019</b>
	<b>(£000s)</b>
Defined benefit obligation at start of period	2,421
Current service cost	-
Expenses	2
Interest expense	61
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	33
Actuarial losses (gains) due to changes in demographic assumptions	7
Actuarial losses (gains) due to changes in financial assumptions	150
Benefits paid and expenses	( 28)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	2,646

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

	<b>2019</b>
	<b>(£000s)</b>
Fair value of plan assets at start of period	2,168
Interest income	56
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	25
Contributions by the employer	66
Contributions by plan participants	-
Benefits paid and expenses	( 28)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	2,287

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £81,000.

**Defined benefit costs recognised in Statement of Comprehensive Income (SOCl)**

	<b>2019</b>
	<b>(£000s)</b>
Current service cost	-
Expenses	2
Net interest expense	5
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit charges	-
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	7

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**22. Pensions (Continued)**

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

	<b>2019</b>
	<b>(£000s)</b>
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	25
Experience gains and losses arising on the plan liabilities - gain (loss)	( 33)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	( 7)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	( 150)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	( 165)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	( 165)

**Assets**

	<b>2019</b>	<b>2018</b>
	<b>(£000s)</b>	<b>(£000s)</b>
Global Equity	368	390
Absolute Return	194	257
Distressed Opportunities	39	10
Credit Relative Value	40	-
Alternative Risk Premia	128	82
Fund of Hedge Funds	6	62
Emerging Markets Debt	73	74
Risk Sharing	66	20
Insurance-Linked Securities	59	59
Property	45	86
Infrastructure	96	40
Private Debt	30	20
Corporate Bond Fund	160	151
Long Lease Property	28	-
Secured Income	80	79
Over 15 Year Gilts	59	70
Index Linked All Stock Gilts	-	-
Liability Driven Investment	814	764
Net Current Assets	<u>2</u>	<u>4</u>
Total assets	<u><b>2,287</b></u>	<u><b>2,168</b></u>

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**22. Pensions (Continued)**

**Key assumptions**

	<b>2019</b>	<b>2018</b>
	<b>% per annum</b>	<b>% per annum</b>
Discount Rate	2.29	2.55
Inflation (RPI)	3.30	3.20
Inflation (CPI)	2.30	2.20
Salary Growth	3.30	3.20
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

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

In previous years the scheme was accounted for on a defined contribution basis. The liability included at 1<sup>st</sup> April 2018 has decreased from £262,000 to £253,000.

**23. Legislative provisions**

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014.

**24. Related party transactions**

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

There are members of the Management Committee who are tenants. These tenancies are on the Association's normal tenancy terms and they cannot use their position to their advantage. There are five members of the Management Committee who are tenants and two Committee members who are factored owners. Transactions with the governing body members were as follows:-

Rent charge to tenants on the Committee of Management were £16,457.

At the year end the total of rental payments in advance due to tenants who were members of the Committee of Management were £11,120.

Factoring charged to the Committee members £5,339. At 31<sup>st</sup> March 2019 the amount outstanding or in advance was £Nil.

The Association controls CDHA Management and Development Limited by virtue of common Committee and Board membership. CDHA Management and Development Limited is registered in Scotland as a company limited by guarantee without having a share capital.

During the year the Association paid costs of £10,848 (2018 - £10,010) on behalf of CDHA Management and Development Limited. These costs were recharged to the company during the year. At 31<sup>st</sup> March 2019 the Association was owed £20,118 (2018 - £15,873) by CDHA Management and Development Limited.

During the year CDHA Management and Development Limited provided services to the Association at a value of £91,350 (2018 - £66,000). At the year end £16,850 (2018 - £5,500) was unpaid and is included in current liabilities.

**CATHCART & DISTRICT HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**25. Group structure**

Cathcart and District Housing Association Limited is a Housing Association registered in Scotland and forms part of a group. The other member of the group is CDHA Management and Development Limited, a company registered in Scotland. The principal activity of this company is the provision of cleaning services.

Cathcart and District Housing Association Limited is considered to be the ultimate parent undertaking of the group. Separate accounts are not prepared as the Financial Conduct Authority has exempted the group from this requirement.

**26. Capital commitments**

	2019 £	2018 £
Expenditure authorised and contracted	<u>102,660</u>	<u>-</u>

The Association will fund the cost from their own resources.