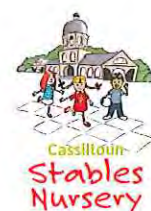


CASSILTOUN HOUSING ASSOCIATION LIMITED
GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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 2021

Board of Management

George Kelly	Chair
Evelyn Ferguson	Secretary
Julie McNeil	Treasurer
Anne M Stuart MBE	Vice Chairperson
Teresa McGowan	
William Craig	
Richard Sullivan	
Kim McKee	
Chris O'Brien	
Barbara Dusik	(elected 19 September 2020)
Debbie MacKenzie	(resigned 21 April 2021)

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

Azets Audit Services
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

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 2021

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 2021.

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:-

	2021 £	2020 £
Managed Property Numbers		
Tenanted Property	1,017	975
Shared Ownership Properties	3	3
Buchanan Lodge Residential Home (bedspaces)	40	40
Total	1,060	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 2021

Our Operational Objectives 2020/21

- 1 Governance
 - a) Increase Board membership to 12;
 - b) Ensure that the Board of Management complete their agreed training and learning plans;
 - c) Assess performance against the SHR's Regulatory Framework and submit an Annual Assurance statement;
 - d) Achieve compliance with Investors in People platinum standard and implement any recommendations;
 - e) Support the development of a new scrutiny panel and deliver first report to the Board;
 - f) Adopt New Model Rules;
 - g) Complete an external assessment on effectiveness of Board performance;
 - h) Develop an action plan to ensure that we meet the SHR's new guidance on equalities and human rights from April 2021; and
 - i) Complete a staff structure review.
- 2 Subsidiaries
 - a) Support our subsidiary companies with effective financial, operational and governance arrangements; and
 - b) Create Cassiltoun Environmental Services and move into an operational phase.
- 3 Housing Management
 - a) To meet all objectives set out in the KPI's and SMART plans set out in the Internal Management Plan;
 - b) To ensure that we deliver the objectives set in the Asset Management Plan and deliver our 2020/21 major repair improvement plans;
 - c) Continue to achieve high levels of customer satisfaction and value for money with our reactive, cyclical and environmental contracts;
 - d) Complete an Action Plan to ensure compliance with EESSH2;
 - e) Complete work to ensure that we are compliant with new fire and smoke detector regulations by 2021; and
 - f) Complete a stock condition survey.
- 4 Housing Development
 - a) Achieve a completion for Barlia 3;
 - b) Achieve a site start for Castlemilk Drive; and
 - c) Progress with plans for the Nursery Site including site acquisition.
5. Regeneration and Communities
 - a) Complete an external Community Plan;
 - b) Deliver outcomes set out by existing funders and seek other funding and opportunities; and
 - c) Achieve funding targets for a social enterprise and wellbeing centre and progress with development plans.

We completed all but three of these objectives with the development programme slipping into 2020/21 and the planned social enterprise subsidiary is currently on hold awaiting the outcome of ownership and HAG development funding over a large area of land in our locality.

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.

CASSILTOUN HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2021

Financial Review

Association

Whilst it was an unusual year during the Covid-19 pandemic, our management and maintenance administration costs were below budget whilst other areas of the business, in common with other Associations, were impacted by both favourable and negative conditions. Rental income was down 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.

The job retention scheme was used for three months to support the salaries of nine staff during the start of the pandemic. Over the period we claimed £39k as reported within Note 5b other revenue grants.

Some management costs stopped altogether and others reduced. Legal expenses saw the biggest drop being £67k lower from the year before and printing costs were down by £10k. Pandemic related office costs were limited, however maintenance contractors were helped with their extra costs and a £9k investment was made in IT to support more staff with remote working. On a like for like basis, ignoring wider role community support costs, then underlying management costs dropped by 0.5% compared to an increase of 3.8% in the previous year.

As expected our major repairs activity was underspent being half of the annual budget. Work slowed down from March 2020 and did not pick up until September. Estate maintenance expenditure increased from the year before due to extra property close cleaning and contractor safety whilst reactive maintenance reduced by the same amount.

Our development at Barlia 3 was delayed until September and caused a £130k reduction in rental income from budget expectations. As a consequence loan borrowing was not needed and a reduction of £93k was achieved on interest paid, also helped by a significant drop in bank rates from March 2020. The decision and treasury strategy not to borrow in the year has benefitted the bank covenants which would otherwise have been adversely impacted. The development adds £6.7 million to our housing stock and 42 properties providing annual rent of £17k. In addition, we also started on the Castlemilk Drive development of 62 flats and invested £4.7 million in the year in respect of this development.

In the year the Board received three reports from the internal auditors at Wylie & Bisset, one of which covered overall financial controls. All reports concluded that controls and performance was substantial.

As predicted the pension valuations has shown some volatility with the SHAPS scheme now switching to a £458k deficit and the Strathclyde scheme deficit rising by £241k. This volatility is expected to continue in future years and is managed by taking a long-term view of pensions and keeping abreast of assumptions used by the actuaries.

Group

The group turnover of £5,883k arises mainly from the housing association with revenue of £457k from the Nursery and the Trust contributing £52k after removing its inter-group trading. Turnover is a little below our expectations and costs are monitored closely within each entity.

Despite having to close for a period due to the pandemic the Nursery made a surplus of £25k helped by the continuation of Partnership income from Glasgow City Council and furlough grant income. Underlying profitably remains around £30k and the Nursery repaid the inter-company loan that was taken out in 2012. The Trust reported an increased surplus in the year of £21k although this was due to delayed heating investigations work.

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 (e.g. 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 2021

Principal Risk and Uncertainties (continued)

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 had staff working remotely from home. These actions have ensured essential business activities continue whilst protecting the safety of tenants, staff, Board and our contractors.

Future Plans

Association

The Association expects our development of 60 flats on Castlemilk Drive to come off site on a phased basis from Autumn 2021 – Spring 2022. This development of one and two bedroom properties will help alleviate housing need in the area and contribute towards Glasgow City Council and the Scottish Government housing plans.

We will also continue to work with Glasgow City Council on our plans for the 'Homes by the Park' site which we hope to progress with the acquisition of the site in 2021/22.

The Association is also undergoing a review of its operations to develop a digital transformation strategy in 2021/22 and look forward to seeing how the recommendation will improve both our internal processes and services to our tenants.

Group

The Stables Nursery provides both indoor and outdoor childcare. There were some vacant spaces and it will work towards quickly resuming numbers once re-opened and aim to have up to 55 FTEs during 2021/22. 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 2021

Financial and Non-Financial Key Performance Indicators

Association

	2020/21	2019/20
Staff costs / Turnover	23.2%	24.7%
Management administration costs / Turnover	25.9%	28.8%
Reactive maintenance / Turnover	13.5%	14.5%
Bank loan interest payable / Turnover	4.2%	5.0%
Current ratio (current assets / current liabilities)	2.3 times	1.9 times
Bank loan interest cover (operating surplus/bank loan interest)	4.5 times	3.3 times
Asset cover (total assets less current liabilities / creditors > 1yr)	1.3 times	1.3 times
Debt per housing unit (general needs)	£7,583	£6,564

Group

	2020/21	2019/20
Staff costs / Turnover	26.5%	27.6%
Management administration costs / Turnover	22.8%	24.9%
Average number of days to pay suppliers	21 days	21 days

Corporate Governance

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

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

Going Concern

The Board of Management has reviewed this year's results and projections for the next 30 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 interrupted our operations whilst the office building was closed to the public and reduced repairs activity took place but the financial impact has been limited with minor change noticed to our turnover. The country is now over the worst, with the vaccination programme being successfully rolled out which should minimise future impacts of Covid-19 and thus the going concern basis of accounting is adopted in preparing the financial statements.

Performance Management

Our strong performance is underpinned by a planning framework which includes SMART plans, a Risk Register, SWOT and PEST analysis, regular monitoring of organisational KPI's, the Asset Management Plan and the Association's Financial Business Plans.

The Association produced its Tenants Charter Report Card in October 2020 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 2021

Best use of resources (continued)

Our planned major repairs programme was reduced by half in the year because of the pandemic however we achieved:-

- £248k undertaking window and front door replacements to 60 flats,
- £73k on smoke and CO detector upgrades,
- £35k of kitchen and bathroom replacements to 3 properties,
- £53k of gas central heating replacements to 25 properties, and
- £33k on cladding and electrical wiring rolled over from the year before.

Our reactive repairs service is delivered by one multi trade contractor with high tenant satisfaction levels and performance of 90% achieved in the latest tenant's satisfaction survey. Tenants continue to play a vital role in monitoring this performance.

We completed 2,947 repairs, an decrease of 594 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	1,308	1,305	99.8%
Urgent and Routine	3 days / 10 days	1,639	1,619	98.8%

Covid-19 severely impacted on the void management performance with periods where due to restrictions properties could not be let. The Board took the decision to let 7 additional void properties to Glasgow City Council for temporary accommodation to assist the city with the homeless crisis and the void performance. The Association had maintained the target of 0.39% for rent lost through voids due to the delay in Barlia 3 coming off-site. However, the actual rent lost was 0.68% which was 0.5% higher than in 2019/20. That being said this is significantly below our business planning assumption which is a conservative 2%.

The Association's arrears management faced a number of challenges due to the impact of Covid-19. Performance for the second year running 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 3.05%

Performance was 4.60%

The Association continues to prioritise the emerging risks associated with the current Covid-19 crisis, Welfare Reform and in particular Universal Credit. We have maintained current staffing resources within both Operations and Advice teams to assist tenants and to cope with the associated additional work load. Remote working has been tested and has proved to be effective with the Advice Team all working from home during the crisis. The Advice Team achieved over £3.5 million 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 £175k of debt. We believe our approach has helped to sustain tenancies, maintain performance and mitigate these risks. The benefit of this to the Association is directly translated into lower arrears and more staff time to devote to service delivery.

CASSILTOUN HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2021

Best use of resources (continued)

Following on from previous years we believe that sustained performance has been achieved against a difficult backdrop of a global pandemic, 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.

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 was due to be completed by March 2021, however due to the Covid-19 restrictions this has been delayed and should be complete the summer of 2021 and will 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 2021 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 £354k across the Group has enabled the Association to continue to develop and expand its successful community regeneration programme. The highly successful programme could not be achieved without the support from our external funders, the collaborative work with partners and our committed volunteers.

Our Communities Team and volunteers were a very visible presence in the community during the periods of lockdown and the whole year. Cassiltoun were at the forefront of the Castlemilk wide response to Covid-19, leading a multiagency group and community wide volunteers to provide critical support to vulnerable people in the community. This response was seen as an exemplary model of community cohesion and included the provision of food packs, digital devices, fuel support and play and social support.

We progressed with our woodland programme and volunteers continue to work with us to keep the woodland tidy and install more features such as signage.

Due to Covid-19 many of our programmes and events moved on line and this year have included;

- Virtual art, cooking, gardening and digital programmes; and
- Youth led activities such as bingo to prevent social isolation in older people.

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

We have looked at our response to the pandemic and have now revised our Business Continuity Plan to cover the Cassiltoun Group and to embed lessons learned.

CASSILTOUN HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2021

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.

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. The Association, as a matter of policy, does not enter into transactions of a speculative nature. During the year a £2m variable rate loan was drawdown from the CAF facility with the remaining £3m to be drawn before August 2021. At the year end the mix of long term fixed to variable rate reduced to 39% and 61% respectively so as to take advantage of historically very low rates. During 2021 we will move towards increasing the variable proportion further and achieve a ratio closer to 28% long term with 72% variable in line with the policy.

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.

CASSILTOUN HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2021

Board of Management

The Board of Management of Cassiltoun Housing Association Limited during the year ended 31 March 2021 and up to the date of signing the financial statements was as follows:

George Kelly	Chair	Debbie MacKenzie (resigned 21/4/2021)
Evelyn Ferguson	Secretary	Richard Sullivan
Julie McNeil	Treasurer	Kim McKee
Teresa McGowan		Chris O'Brien
Anne M Stuart, MBE	Vice-chairperson	Barbara Duisk
William Craig		

Sub-committee	4	Staffing
Membership	5	Development & Regeneration
	5	Group Audit and Risk

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 auditor, Scott-Moncrieff Audit Services were rebranded as Azets Audit Services during the year and 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: 23 June 2021

CASSILTOUN HOUSING ASSOCIATION LIMITED

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2021

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 2020 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 2021

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

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

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

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Association's and the Group's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Board of Management to monitor the key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- regular financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Management;
- the Board of Management receive reports from management, and from the external and internal 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 2021 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: 23 June 2021

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 2021

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 2021 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 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 2021 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 requirements of 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 UK, including the FRC'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 opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board of Management with respect to going concern are described in the relevant sections of this report.

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 2021

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board of Management is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 in relation to which the Co-operative and Community Benefit Societies Act 2014 requires 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.

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

FOR THE YEAR ENDED 31 MARCH 2021

Auditor's responsibilities for the audit of the financial statements

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

The extent to which the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the Group and the Parent Association, their activities, their control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the Group and the Parent Association are complying with that framework. Based on this understanding, we 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 a basis for our opinion. This includes consideration of the risk of acts by the Group and the Parent Association that were contrary to applicable laws and regulations, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Group and the Parent Association through discussions with the Board of Management members and the senior management team, and from our knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the Parent Association, including 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, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Board of Management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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 2021

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

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of the Board of Management and relevant sub-committees;
- enquiring of the senior management team and the Board of Management as to actual and potential litigation and claims;
- reviewing legal and professional fees paid in the year for indication of any actual and potential litigation and claims; and
- reviewing correspondence with HMRC, the Scottish Housing Regulator, OSCR and the Group's and Parent Association's legal advisors.

We assessed the susceptibility of the Group's and the Parent Association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of the senior management team and the Board of Management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. 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.

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 2021

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.

Azets Audit Services

Azets Audit Services
Statutory Auditor
Chartered Accountants
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 23 June 2021

Azets Audit Services is eligible for appointment as auditor of the Group and Parent Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

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 2021

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 control 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 control 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 control contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial control.

Azets Audit Services

**Azets Audit Services, Statutory Auditor
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006**

Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 23 June 2021

CASSILTOUN HOUSING ASSOCIATION LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	4	5,882,571	5,656,083
Operating expenditure	4	(4,822,966)	(4,704,634)
Operating surplus	4, 8	1,059,605	951,449
Interest receivable		674	24,113
Interest and financing costs	9	(222,376)	(278,712)
Surplus before tax		837,903	696,850
Taxation	10	-	-
Surplus for the year		837,903	696,850
Other comprehensive income			
Actuarial (loss) / gain on the SHAPS liability	21	(620,000)	702,000
Actuarial (loss) / gain on the Strathclyde Pension Fund liability	22	(225,000)	169,000
Total comprehensive income for the year		(7,097)	1,567,850

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 2021

	Notes	2021 £	2020 £
Turnover	4	5,397,920	5,072,326
Operating expenditure	4	(4,382,781)	(4,261,627)
Operating surplus	4, 8	1,015,139	810,699
Interest receivable		2,519	27,313
Interest and financing costs	9	(224,221)	(278,712)
Surplus before tax		793,437	559,300
Taxation	10	-	-
Surplus for the year		793,437	559,300
Other comprehensive income			
Actuarial (loss) / gain on the SHAPS liability	21	(620,000)	702,000
Actuarial (loss) / gain on the Strathclyde Pension Fund liability	22	(225,000)	169,000
Total comprehensive income for the year		(51,563)	1,430,300

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 2021**

	Share capital £	Restricted reserve £	Revenue reserve £	Total reserves £
Balance at 1 April 2020	233	10,741	8,882,534	8,893,508
Total comprehensive income for the year	-	3,411	(10,508)	(7,097)
Shares issued during the year	9	-	-	9
Shares cancelled during the year	(30)	-	-	(30)
Balance at 31 March 2021	<u>212</u>	<u>14,152</u>	<u>8,872,026</u>	<u>8,886,390</u>

GROUP STATEMENT OF CHANGES IN CAPITAL AND RESERVES**FOR THE YEAR ENDED 31 MARCH 2020**

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

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 2021

	Share capital £	Revenue reserve £	Total reserves £
Balance at 1 April 2020	233	8,350,225	8,350,458
Total comprehensive income for the year	-	(51,563)	(51,563)
Shares issued during the year	9	-	9
Shares cancelled during the year	(30)	-	(30)
	<u>212</u>	<u>8,298,662</u>	<u>8,298,874</u>

ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES

FOR THE YEAR ENDED 31 MARCH 2020

	<i>Share capital £</i>	<i>Revenue reserve £</i>	<i>Total reserves £</i>
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)
	<u>233</u>	<u>8,350,225</u>	<u>8,350,458</u>

The notes form part of these financial statements


CASSILTOUN HOUSING ASSOCIATION LIMITED


GROUP STATEMENT OF FINANCIAL POSITION


AS AT 31 MARCH 2021

	Notes	£	2021 £	£	2020 £
Tangible fixed assets					
Housing properties	11a	39,403,561		35,569,527	
Other fixed assets	11b	467,990		487,397	
			39,871,551		36,056,924
Current assets					
Debtors: Amounts falling due within one year	14b	192,942		156,764	
Current asset investments	15a	4,430,000		2,000,655	
Cash and cash equivalents	15b	383,323		1,104,864	
		5,006,265		3,262,283	
Creditors: Amounts falling due within one year	16	(2,131,761)		(1,712,383)	
Net current assets			2,874,504		1,549,900
Total assets less current liabilities			42,746,055		37,606,824
Creditors: Amounts falling due after more than one year	17		(33,014,665)		(28,567,316)
Pension – SHAPS defined benefit liability	21		(458,000)		-
Pension – Strathclyde Pension Fund defined benefit liability	22		(387,000)		(146,000)
Net assets			8,886,390		8,893,508
Capital and reserves					
Share capital	19		212		233
Revenue reserve	19		8,872,026		8,882,534
Restricted reserve	19		14,152		10,741
			8,886,390		8,893,508

The financial statements were authorised for issue by the Board of Management on 23 June 2021 and signed on its behalf by:


George Kelly
Chair


Julie McNeil
Treasurer


Evelyn Ferguson
Secretary

The notes form part of these financial statements.

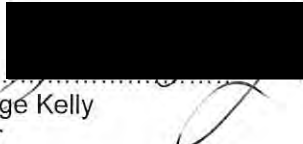
CASSILTOUN HOUSING ASSOCIATION LIMITED

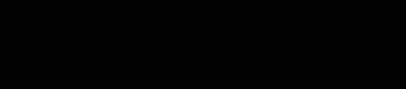
ASSOCIATION STATEMENT OF FINANCIAL POSITION


AS AT 31 MARCH 2021

	Notes	£	2021 £	£	2020 £
Tangible fixed assets					
Housing properties	11a	39,403,561		35,569,527	
Other fixed assets	11b	47,702		62,855	
Investments	13	67,296		67,296	
			39,518,559		35,699,678
Current assets					
Debtors: Amounts falling due after more than one year	14a	-		50,000	
Amounts falling due within one year	14b	188,668		155,352	
Current asset investments	15a	4,430,000		2,000,655	
Cash and cash equivalents	15b	84,386		818,951	
		4,703,054		3,024,958	
Creditors: Amounts falling due within one year	16	(2,063,074)		(1,660,862)	
Net current assets			2,639,980		1,364,096
Total assets less current liabilities			42,158,539		37,063,774
Creditors: Amounts falling due after more than one year	17		(33,014,665)		(28,567,316)
Pension – SHAPS defined benefit liability	21		(458,000)		-
Pension – Strathclyde Pension Fund defined benefit liability	22		(387,000)		(146,000)
Net assets			8,298,874		8,350,458
Capital and reserves					
Share capital	19		212		233
Revenue reserve	19		8,298,662		8,350,225
			8,298,874		8,350,458

The financial statements were authorised for issue by the Board of Management on 23 June 2021 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 2021

	Notes	2021 £	2020 £
Net cash generated from operating activities	20	(564,508)	3,440,749
Cash flow from investing activities			
Purchase of housing properties		(5,039,612)	(4,967,991)
Purchase of other fixed assets		(17,597)	(35,733)
Government capital grants received		3,508,232	1,793,143
Interest received		674	24,113
		<u>(1,548,303)</u>	<u>(3,186,468)</u>
Cash flow from financing activities			
Interest paid		(223,376)	(255,268)
Repayment of borrowings		(385,363)	(360,654)
Loans drawdown		2,000,000	-
Issue of share capital		9	29
		<u>1,391,270</u>	<u>(615,893)</u>
Net change in cash and cash equivalents in the year		(721,541)	(361,612)
Cash and cash equivalents at 1 April	15b	1,104,864	1,466,476
Cash and cash equivalents at 31 March	15b	383,323	1,104,864

(i) Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash and cash equivalents			
Cash	1,104,864	(721,541)	383,323
Cash equivalents	2,000,655	2,429,345	4,430,000
	<u>3,105,519</u>	<u>1,707,804</u>	<u>4,813,323</u>
Borrowings			
Debt due within one year	(355,582)	(89,032)	(444,614)
Debt due after one year	(6,044,657)	(1,525,605)	(7,570,262)
	<u>(6,400,239)</u>	<u>(1,614,637)</u>	<u>(8,014,876)</u>
Total	(3,294,720)	93,167	(3,201,553)

The notes form part of these financial statements.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 2021.

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 Group'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 2021, 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 2021 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 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 2021

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 2021

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 2021

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.

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 surplus' 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.

CASSILTOUN HOUSING ASSOCIATION LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2021

4. Particulars of turnover, operating expenditure and operating surplus

Group	Notes	2021 Turnover £	2021 Operating Expenditure £	2021 Operating Surplus/ (Deficit) £	2020 Turnover £	2020 Operating Expenditure £	2020 Operating Surplus/ (Deficit) £
Social Lettings	5a	4,953,114	(3,759,326)	1,193,788	4,777,423	(3,743,040)	1,034,383
Other Activities	5b	421,080	(567,967)	(146,887)	274,413	(464,703)	(190,290)
Cassiltoun Stables Nursery Limited		456,726	(361,453)	95,273	563,428	(367,663)	195,765
Cassiltoun Trust		51,651	(134,220)	(82,569)	40,819	(129,228)	(88,409)
		<u>5,882,571</u>	<u>(4,822,966)</u>	<u>1,059,605</u>	<u>5,656,083</u>	<u>(4,704,634)</u>	<u>951,449</u>
Association							
	Notes	2021 Turnover £	2021 Operating Expenditure £	2021 Operating Surplus/ (Deficit) £	2020 Turnover £	2020 Operating Expenditure £	2020 Operating Surplus/ (Deficit) £
Social Lettings	5a	4,953,114	(3,814,814)	1,138,300	4,777,423	(3,796,924)	980,499
Other activities	5b	444,806	(567,967)	(123,161)	294,903	(464,703)	(169,800)
		<u>5,397,920</u>	<u>(4,382,781)</u>	<u>1,015,139</u>	<u>5,072,326</u>	<u>(4,261,627)</u>	<u>810,699</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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

Group	General Needs Housing £	Shared Ownership £	2021 £	2020 £
Social Lettings				
Rent receivable net of identifiable service charges	4,431,398	7,179	4,438,577	4,264,305
Service charges receivable	13,988	1,541	15,529	15,177
Gross Income from Rents and	4,445,386	8,720	4,454,106	
Service Charges				4,279,482
Less: Rent losses from voids	(28,481)	-	(28,481)	(7,604)
Release of deferred Government capital grants	527,489	-	527,489	505,545
Total Turnover from Social Letting Activities	4,944,394	8,720	4,953,114	4,777,423
Operating Expenditure				
Management & maintenance administration costs	1,339,011	4,060	1,343,071	1,406,515
Service costs	62,151	-	62,151	60,554
Planned and cyclical maintenance including major repairs	385,984	779	386,763	425,679
Reactive maintenance	725,587	703	726,290	736,420
Bad debts – rent and service charges	35,473	-	35,473	30,001
Depreciation of social housing	1,202,318	3,260	1,205,578	1,083,871
Operating Expenditure for Social Letting Activities	3,750,524	8,802	3,759,326	3,743,040
Operating Surplus for Social Lettings 2021	1,193,870	(82)	1,193,788	
Operating Surplus for Social Lettings 2020	1,034,548	(165)		1,034,383

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, (2020 - £nil).

Included in depreciation of social housing is £53,580 (2020 - £26,839) relating to the loss on disposal of components.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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

Association

	General Needs Housing £	Shared Ownership £	2021 £	2020 £
Social Lettings				
Rent receivable net of identifiable service charges	4,431,398	7,179	4,438,577	4,264,305
Service charges receivable	13,988	1,541	15,529	15,177
Gross Income from Rents and Charges	4,445,386	8,720	4,454,106	4,279,482
Less: Rent losses from voids	(28,481)	-	(28,481)	(7,604)
Release of deferred Government capital grants	527,489	-	527,489	505,545
Total Turnover from Social Letting Activities	4,944,394	8,720	4,953,114	4,777,423
Operating Expenditure				
Management & maintenance administration costs	1,394,499	4,060	1,398,559	1,460,399
Service costs	62,151	-	62,151	60,554
Planned and cyclical maintenance including major repairs	385,984	779	386,763	425,679
Reactive maintenance	725,587	703	726,290	736,420
Bad debts – rent and service charges	35,473	-	35,473	30,001
Depreciation of social housing	1,202,318	3,260	1,205,578	1,083,871
Operating Expenditure for Social Letting Activities	3,806,012	8,802	3,814,814	3,796,924
Operating Surplus for Social Lettings 2021	1,138,382	(82)	1,138,300	
Operating Surplus for Social Lettings 2020	980,664	(165)		980,499

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, (2020 - £nil).

Included in depreciation of social housing is £53,580 (2020 - £26,839) relating to the loss on disposal of components.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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) 2021 £	Operating surplus/ (deficit) 2020 £
Wider role activities	39,890	299,896	-	500	340,286	-	355,226	(14,940)	(102,463)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	7,315	-	62,965	70,280	4,560	59,823	5,897	(7,261)
Development and construction of property activities	2,520	-	-	-	2,520	-	63,058	(60,538)	(13,116)
Support activities	-	-	-	32	32	-	-	32	-
Care activities	4,540	-	-	-	4,540	-	-	4,540	-
Agency/management services for other RSLs	-	-	-	-	-	-	-	-	-
Agency/management services	-	-	-	3,422	3,422	-	85,300	(81,878)	(67,450)
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to RSLs	-	-	-	-	-	-	-	-	-
Total from other activities 2021	46,950	307,211	-	66,919	421,080	4,560	563,407	(146,887)	
Total from other activities 2020	44,163	150,096	-	80,154	274,413	71	464,632		(190,290)

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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) 2021 £	Operating surplus / (deficit) 2020 £
Wider role activities	39,890	299,896	-	500	340,286	-	355,226	(14,940)	(102,463)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	7,315	-	62,965	70,280	4,560	59,823	5,897	(7,261)
Development and construction of property activities	2,520	-	-	-	2,520	-	63,058	(60,538)	(13,116)
Support activities	-	-	-	32	32	-	-	32	-
Care activities	4,540	-	-	-	4,540	-	-	4,540	-
Agency/management services for other RSLs	-	-	-	-	-	-	-	-	-
Agency/management services	-	-	-	27,148	27,148	-	85,300	(58,152)	(46,960)
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to RSLs	-	-	-	-	-	-	-	-	-
Total from other activities 2021	46,950	307,211	-	90,645	444,806	4,560	563,407	(123,161)	
Total from other activities 2020	44,163	150,096	-	100,644	294,903	71	464,632		(169,800)

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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.

	2021 £	2020 £
Emoluments of Chief Executive (excluding pension contributions)	<u>77,629</u>	<u>75,000</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 £55,053 (2020 - £45,987), which includes a proportion of the deficit contribution payment made to the scheme in the year (Note 21).

	2021 £	2020 £
Emoluments of key management personnel (excluding pension contributions)	<u>223,259</u>	<u>217,929</u>
Aggregate pensions payable to key management personnel (including past service deficit contributions)	<u>123,092</u>	<u>106,250</u>
Employers NI paid in respect of key management personnel	<u>27,027</u>	<u>27,056</u>
Total expenses reimbursed insofar as not chargeable to UK income tax	<u>-</u>	<u>-</u>

<i>Total Emoluments</i>	2021 Number	2020 Number
£70,001 - £75,000	3	3

No (2020 - no) other staff had emoluments (excluding pension contributions) that exceeded £60,000.

7. Employee information

Group

	2021 Number	2020 Number
The average number of full-time equivalent employees during the year was:		
Administration and maintenance (Association)	27.5	28.2
Nursery staff	<u>18.5</u>	<u>19.4</u>
	<u>46.0</u>	<u>47.6</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

7. Employee information (continued)

Group	2021 £	2020 £
Staff costs were:		
Wages and Salaries	1,280,273	1,255,882
Social Security Costs	111,578	107,590
Pension Costs	146,755	128,536
Defined benefit pension - staff service cost – Strathclyde Scheme	12,000	22,000
Defined benefit pension - staff service cost – SHAPS	5,665	46,339
	<u>1,556,271</u>	<u>1,560,347</u>

Association	2021 Number	2020 Number
The average number of full-time equivalent employees during the year was:		
Administration and maintenance	27.5	28.2

Staff costs were:	2021 £	2020 £
Wages and Salaries	1,000,060	965,910
Social Security Costs	96,841	96,134
Pension Contributions	138,855	122,026
Defined benefit pension - staff service cost – Strathclyde Scheme	12,000	22,000
Defined benefit pension - staff service cost – SHAPS	5,665	46,339
	<u>1,253,421</u>	<u>1,252,409</u>

8. Operating surplus

Group	2021 £	2020 £
Operating surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	1,189,002	1,111,966
Depreciation – Loss on disposal of components	53,580	26,839
Auditor's Remuneration - Audit Services (exc VAT)	18,475	17,481
- Other Services (exc VAT)	1,592	1,545
	<u>1,592</u>	<u>1,545</u>

Association	2021 £	2020 £
Operating surplus is stated after charging:-		
Depreciation – Tangible Owned Fixed Assets	1,175,696	1,098,345
Depreciation – Loss on disposal of components	53,580	26,839
Auditor's Remuneration - Audit Services (exc VAT)	9,575	9,085
- Other Services (exc VAT)	1,592	1,545
	<u>1,592</u>	<u>1,545</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

9. Interest payable

Group	2021	2020
	£	£
On bank loans and overdrafts	223,376	254,712
SHAPS defined benefit pension scheme – interest expense (Note 21)	(5,000)	17,000
Strathclyde Pension Fund defined benefit pension scheme – interest expense (Note 22)	4,000	7,000
	<u>222,376</u>	<u>278,712</u>
Association	2021	2020
	£	£
On bank loans and overdrafts	225,221	254,712
SHAPS defined benefit pension scheme – interest expense (Note 21)	(5,000)	17,000
Strathclyde Pension Fund defined benefit pension scheme – interest expense (Note 22)	4,000	7,000
	<u>224,221</u>	<u>278,712</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 (2020 - £nil). Both subsidiaries are charities and thus no tax is due in respect of their activities (2020 - £nil).

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 2020	45,441,845	6,651,403	159,602	52,252,850
Additions during year				
Property	-	4,709,020	-	4,709,020
Components	330,592	-	-	330,592
Transfers	6,718,326	(6,718,326)	-	-
Disposals during year				
Property	-	-	-	-
Components	(152,261)	-	-	(152,261)
At 31 March 2021	<u>52,338,502</u>	<u>4,642,097</u>	<u>159,602</u>	<u>57,140,201</u>
Depreciation				
At 1 April 2020	16,637,381	-	45,942	16,683,323
Charge for year	1,148,738	-	3,260	1,151,998
On disposals during year				
Property	-	-	-	-
Components	(98,681)	-	-	(98,681)
At 31 March 2021	<u>17,687,438</u>	<u>-</u>	<u>49,202</u>	<u>17,736,640</u>
Net Book Value				
As at 31 March 2021	<u>34,651,064</u>	<u>4,642,097</u>	<u>110,400</u>	<u>39,403,561</u>
As at 31 March 2020	<u>28,804,464</u>	<u>6,651,403</u>	<u>113,660</u>	<u>35,569,527</u>

Additions to housing properties during the year includes no capitalised interest (2020 - £nil) and no capitalised administration costs (2020 - £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 2021

11. Tangible fixed assets								
(b) Other Fixed Assets								
Group	Freehold Property £	I.T. Equipment £	Furniture £	Fixtures & Fittings £	Vehicles £	Garden Pods £	Total £	
Cost								
At 1 April 2020	470,000	164,441	32,001	136,245	37,935	-	840,622	
Additions	3,132	11,333	-	-	-	3,132	17,597	
Disposals	-	-	-	-	-	-	-	
At 31 March 2021	<u>473,132</u>	<u>175,774</u>	<u>32,001</u>	<u>136,245</u>	<u>37,935</u>	<u>3,132</u>	<u>858,219</u>	
Depreciation								
At 1 April 2020	56,400	107,406	23,871	133,701	31,847	-	353,225	
Charge for year	9,400	21,306	2,956	607	2,735	-	37,004	
Removed on disposal	-	-	-	-	-	-	-	
At 31 March 2021	<u>65,800</u>	<u>128,712</u>	<u>26,827</u>	<u>134,308</u>	<u>34,582</u>	<u>-</u>	<u>390,229</u>	
Net Book Values								
At 31 March 2021	<u>407,332</u>	<u>47,062</u>	<u>5,174</u>	<u>1,937</u>	<u>3,353</u>	<u>3,132</u>	<u>467,990</u>	
At 31 March 2020	<u>413,600</u>	<u>57,035</u>	<u>8,130</u>	<u>2,544</u>	<u>6,088</u>	<u>-</u>	<u>487,397</u>	

CASSILTOUN HOUSING ASSOCIATION LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2021

11. Tangible fixed assets (continued)						
(b) Other Fixed Assets						
Association	I.T. Equipment £	Furniture £	Fixtures & Fittings £	Vehicles £	Total £	
Cost						
At 1 April 2020	159,735	15,820	127,049	37,935	340,539	
Additions	8,545	-	-	-	8,545	
Disposals	-	-	-	-	-	
At 31 March 2021	<u>168,280</u>	<u>15,820</u>	<u>127,049</u>	<u>37,935</u>	<u>349,084</u>	
Depreciation						
At 1 April 2020	103,313	15,820	126,704	31,847	277,684	
Charge for year	20,733	-	230	2,735	23,698	
Disposals	-	-	-	-	-	
At 31 March 2021	<u>124,046</u>	<u>15,820</u>	<u>126,934</u>	<u>34,582</u>	<u>301,382</u>	
Net Book Value						
At 31 March 2021	<u>44,234</u>	<u>-</u>	<u>115</u>	<u>3,353</u>	<u>47,702</u>	
At 31 March 2020	<u>56,422</u>	<u>-</u>	<u>345</u>	<u>6,088</u>	<u>62,855</u>	

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

12. Housing stock

Group and Association	2021	2020
Number of units of accommodation in management at the year end:	Number	<i>Number</i>
General Needs - New Build & Buchanan Lodge	286	244
- Rehabilitation	771	771
Shared Ownership	3	3
	<u>1,060</u>	<u>1,018</u>

13. Investments

Association	2021	2020
	£	£
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	2021	2020
	£	£
Loan to subsidiary undertaking	-	50,000
	<u>-</u>	<u>50,000</u>

14b. Debtors - Amounts receivable within one year

Group	2021	2020
	£	£
Arrears of rent and service charges	187,443	143,511
Trade debtors	4,200	15,071
Less: bad debt provision	(56,756)	(44,761)
	<u>134,887</u>	<u>113,821</u>
Prepayments and accrued income	38,103	22,555
Other debtors	19,952	20,388
	<u>192,942</u>	<u>156,764</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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

Association	2021 £	2020 £
Arrears of rent and service charges	187,443	143,511
Less: bad debt provision	<u>(55,059)</u>	<u>(41,102)</u>
	132,384	102,409
Prepayments and accrued income	36,332	22,555
Other debtors	19,952	20,388
Loan to subsidiary undertaking	-	10,000
	<u>188,668</u>	<u>155,352</u>

15a. Current asset investments – Group and Association

	2021 £	2020 £
Restricted deposits	<u>4,430,000</u>	<u>2,000,655</u>

15b. Cash and cash equivalents

Group	2021 £	2020 £
Balances with banks	383,323	1,101,491
Deposits with banks (up to 30 days' notice)	-	3,373
	<u>383,323</u>	<u>1,104,864</u>

Association

	2021 £	2020 £
Balances with banks	84,386	815,578
Deposits with banks (up to 30 days' notice)	-	3,373
	<u>84,386</u>	<u>818,951</u>

16. Creditors - Amounts falling due within one year

Group	2021 £	2020 £
Bank loans (note 17)	444,614	355,582
Trade creditors	193,333	148,220
Other taxation and social security	26,053	27,086
Accruals and deferred income	301,542	159,547
Rent in advance	207,145	162,441
Deferred capital grant (note 18)	561,912	502,912
Retentions	199,887	159,909
Other creditors	197,275	196,686
	<u>2,131,761</u>	<u>1,712,383</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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

Association	2021 £	2020 £
Bank loans (note 17)	444,614	355,582
Trade creditors	187,618	140,752
Other taxation and social security	24,747	24,413
Accruals and deferred income	239,876	118,167
Rent in advance	207,145	162,441
Deferred capital grant (note 18)	561,912	502,912
Retention creditor	199,887	159,909
Other creditors	197,275	196,686
	<u>2,063,074</u>	<u>1,660,862</u>

Pension contributions of £nil were outstanding at the year end (2020 - £nil).

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

Group and Association	2021 £	2020 £
Bank loans	7,570,262	6,044,657
Deferred capital grants (note 18)	25,444,403	22,522,659
	<u>33,014,665</u>	<u>28,567,316</u>

Bank loans are secured by specific charges on the Housing Association's housing properties and are repayable at rates of interest of 0.5% to 5.8% (2020 - 1.2% to 6.4%) in instalments, due as follows:-

The net book value of housing properties secured at the year-end was £20,214,444 (2020 - £21,093,833). These are over Barclays, Nationwide and CAF banks. The remaining loan facility with CAF bank is £3.0 million.

	2021 £	2020 £
Within one year	444,614	355,582
Between one and two years	454,503	368,573
Between two and five years	1,390,819	1,190,318
In five years or more	5,724,940	4,485,766
	<u>8,014,876</u>	<u>6,400,239</u>
Less: Amount shown in current liabilities	<u>(444,614)</u>	<u>(355,582)</u>
	<u>7,570,262</u>	<u>6,044,657</u>

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

18. Deferred capital grants – Group and Association

	2021 £	2020 £
Deferred capital grants at 1 April	23,025,571	21,737,973
Grants received in year	3,508,232	1,793,143
Released to income in the year	(527,488)	(502,610)
Released to income in year on disposal	-	(2,935)
Deferred capital grants at 31 March	<u>26,006,315</u>	<u>23,025,571</u>
Liability split as:		
< 1 year	561,912	502,912
1 – 2 years	561,912	502,912
2 – 5 years	1,685,736	1,508,736
> 5 years	<u>23,196,755</u>	<u>20,511,011</u>
	<u>26,006,315</u>	<u>23,025,571</u>

19. Share Capital

	2021 £	2020 £
Shares of £1 each fully paid and issued as at 1 April	233	250
Shares issued in year	9	29
Shares cancelled in year	(30)	(46)
As at 31 March 2021	<u>212</u>	<u>233</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 2021

20. Net Cash Flow from Operating Activities – Group

	2021 £	2020 £
Surplus for the year	837,903	696,850
<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)	1,242,582	1,111,966
SHAPS defined benefit pension liability	7,000	63,339
Strathclyde Pension Scheme pension liability	9,665	29,000
(Increase) / decrease in debtors	(36,178)	9,729
(Increase) / decrease in current asset investments	(2,429,345)	1,999,345
Increase / (decrease) in creditors	271,347	(80,544)
Shares cancelled in the year	(30)	(46)
<u>Adjustments for investing and financing activities:</u>		
Proceeds from sale of tangible fixed assets	-	-
Interest payable	223,376	255,268
Interest received	(674)	(24,113)
Release of deferred Government capital grant	(527,489)	(502,610)
Released to income in the year on disposals of Government Grants	-	(2,935)
SHAPS past service deficit payment	(162,665)	(141,339)
Net cash (used)/generated from operating activities	(564,508)	3,440,749

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 20.5% (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 £162,665 made in the year ended 31 March 2021 (2020 - £141,339). 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 2021

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 2021 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 2021

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 2021 £'000	31 March 2020 £'000
Fair value of plan assets	5,133	5,455
Present value of defined benefit obligations	(5,591)	(5,455)
Defined benefit liability to be recognised	(458)	-

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Defined benefit obligation at start of period	(5,455)	(5,903)
Current service cost	(67)	(94)
Expenses	(5)	(4)
Interest cost	(114)	(134)
Contribution by plan participants	(40)	(33)
Actuarial losses due to scheme experience	(219)	(56)
Actuarial gains/ (losses) due to changes in demographic assumptions	-	36
Actuarial (losses) / gains due to changes in financial assumptions	(780)	526
Benefits paid and expenses	1,089	207
Defined benefit liability at the end of the period	(5,591)	(5,455)

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

21. Scottish Housing Association Pension Scheme (continued)

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

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Fair value of plan assets at start of the period	5,455	5,123
Interest income	119	117
Experience on plan assets (excluding amounts included in interest income)	379	196
Contributions by the employer	229	193
Contributions by participants	40	33
Benefits paid and expenses	(1,089)	(207)
Fair value of plan assets at end of period	5,133	5,455

Defined benefit costs recognised in Statement of Comprehensive Income

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Current service cost	67	94
Contributions	40	33
Admin expenses	5	4
Net interest expense	(5)	17
Defined benefit costs recognised in Statement of Comprehensive Income	107	148

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Experience on plan assets (excluding amounts included in net interest cost - gain)	379	196
Experience gains and losses arising on the plan liabilities – (loss)	(219)	(56)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain / (loss)	-	36
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss) / gain	(780)	526
Total amount recognised in other comprehensive income – (loss) / gain	(620)	702

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

21. Scottish Housing Association Pension Scheme (continued)

Fund allocation for employer's calculated share of assets

	31 March 2021 £'000	31 March 2020 £'000
Global Equity	774	750
Absolute Return	253	335
Distressed Opportunities	175	100
Credit Relative Value	148	131
Alternative Risk Premia	206	437
Emerging Markets Debt	207	194
Risk Sharing	184	173
Insurance-Linked Securities	107	146
Property	92	102
Infrastructure	287	322
Private Debt	121	108
Opportunistic Illiquid Credit	131	133
High Yield	135	-
Opportunistic Credit	140	-
Cash	2	-
Corporate Bond Fund	387	399
Liquid Credit	89	143
Long Lease Property	119	133
Secured Income	282	303
Over 15 Year Gilts	2	69
Liability Driven Investment	1,234	1,436
Net Current Assets	38	41
Total Assets	5,113	5,455

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

Assumptions as at	31 March 2021 % per annum
Discount rate	2.20%
Inflation (RPI)	3.25%
Inflation (CPI)	2.87%
Salary growth	3.87%
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 2021

21. Scottish Housing Association Pension Scheme (continued)

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2021	21.5
Female retiring in 2021	23.4
Male retiring in 2040	22.8
Female retiring in 2040	25.0

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	158	43
Females	3	166	52
Total	6	324	48

Deferred members

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	1	9	55
Females	1	1	53
Total	2	10	54

Pensioners

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	6	78	63
Females	4	36	71
Total	10	114	66

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 2021

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 2021	31 March 2020
Pension increases	2.8%	1.8%
Salary increases	3.5%	2.9%
Discount rate	2.1%	2.3%

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

22. Strathclyde Pension Scheme (continued)

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

Mortality	Males	Females
Current Pensioners	19.8	22.6
Future Pensioners	21.2	24.7

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	12%	288
0.5% increase in the Salary Increase Rate	3%	61
0.5% increase in the Pension Increase Rate	9%	218

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

Net Pension Liability as at	31 March 2021 £000	31 March 2020 £000
Estimated Employer Assets (A)	2,002	1,551
Present Value of Scheme Liabilities	(2,389)	(1,697)
Present Value of Unfunded Liabilities	-	-
Total Value of Liabilities (B)	(2,389)	(1,697)
Net Pension Liability (A) – (B)	(387)	(146)

Analysis of the amount charged to operating profit:

	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
Service cost	51	60
Contributions	(39)	(38)
Past service cost	-	-
Curtailment and settlements	-	-
Decrease in irrecoverable surplus	-	-
Total operating charge	12	22
Net Interest cost	4	7

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

22. Strathclyde Pension Scheme (continued)

	Year to 31 March 2021 £ 000	Year to 31 March 2020 £ 000
Analysis of the amount recognised in the Statement of Other Comprehensive Income:		
Actuarial (loss) / gain recognised as other comprehensive income	<u>(225)</u>	<u>169</u>

Movement in pension deficit during the year

	Year to 31 March 2021 £ 000	Year to 31 March 2020 £ 000
Deficit in scheme at beginning of year	(146)	(286)
Current service cost	(51)	(60)
Employer contributions	39	38
Other income	-	-
Other outgoings (e.g. expenses, etc.)	-	-
Past service costs	-	-
Impact of settlements and curtailments	-	-
Net interest cost	(4)	(7)
Actuarial (loss) / gain	<u>(225)</u>	<u>169</u>
Deficit at end of year	<u>(387)</u>	<u>(146)</u>

Employer contributions for the year ended 31 March 2021 are expected to be £47k.

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.

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 £30,704 (2020 - £33,276). The total rent arrears relating to tenant Board of Management members included within debtors at the year-end was £0 (2020 - £0). The total prepaid rent relating to tenant Board of Management members included within creditors at the year-end was £2,570 (2020 - £2,818).

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 £8,310 + VAT (2020 - £8,070 + VAT) were charged from the Housing Association.

The Association entered into a ten year agreement in 2020 to lease office space from Cassiltoun Trust. Under this lease rent of £55,488 (2020 - £53,884) is charged from Cassiltoun Trust.

No amounts are due to/from Cassiltoun Trust (2020 - *£nil*).

In the year ended 31 March 2021 Cassiltoun Trust made a surplus of £20,799 (2020 - £14,269) and had net assets of £518,785 (2020 - £497,986).

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 £1,845 (2020 - £3,244) was charged on the loan being at the rate of Bank of England base + 4%. The loan was repayable over 10 years once the Nursery traded profitably, so there is no set payment amounts or dates. A repayment of £60,000 (2020 - £20,000) was made in the year to clear off the loan in full, consequently there is no debtor at the year end.

Management fees totalling £12,793 + VAT (2020 - £12,420 + VAT) were charged by the Housing Association to the Stables Nursery.

In the year ended 31 March 2021 Cassiltoun Stables Nursery Limited made a surplus of £24,508 (2020 - £123,281) and had net assets of £136,868 (2020 - £112,360).

CASSILTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 2021 £	<i>Restated Office space 2020 £</i>
Operating leases payable:		
Not later than one year	57,708	55,488
Later than one year and not later than five years	139,008	133,680
Greater than five years	243,264	267,360
	<u>439,980</u>	<u>456,528</u>

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

26. Capital Commitments – Group and Association

	2021 £	<i>2020 £</i>
Contracted for but not provided in these accounts	5,713,000	805,000
This is to be funded by:		
HAG	1,860,000	-
Private Finance	3,000,000	805,000
Reserves	853,000	-
	<u>5,713,000</u>	<u>805,000</u>
Approved by the Board of Management but not contracted for	<u>350,000</u>	<u>9,450,000</u>

