

## Annual Return (AR30) form

Society Name: Cairn Housing Association Limited  
 Society Num: 2335 RS

An Annual Return must be completed by all societies registered under the Co-operative and Community Benefit Societies Act 2014 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1965). The Annual Return must include:

- this form;
- a set of the society's accounts; and
- where required, an audit report or report on the accounts.

A society must submit the Annual Return within 7 months of the end of the society's financial year. Failure to submit on time is a prosecutable offence.

Please note that this form, including any details provided on the form, will be made available to the public through the Mutuels Public Register.

For guidance on our registration function for societies, which includes guidance on the requirement to submit an Annual Return, please see [here](#)

### 2.1 What date did the financial year covered by these accounts end?

31/03/2019

### 3.1 Please provide the names of the people who were directors of the society during the financial year this return covers.

Some societies use the term 'committee member' or 'trustee' instead of 'director'. For ease of reference, we use 'director' throughout this form.

| Name of Director | Month of Birth | Year of Birth |
|------------------|----------------|---------------|
| Simon Guest      | Apr            | 1949          |
| Michael Allan    | Apr            | 1957          |
| Angus Lamont     | Dec            | 1954          |
| Bill Gillespie   | Nov            | 1954          |
| David Venters    | Apr            | 1950          |
| Don Jamieson     | Jul            | 1960          |
| Gill Walch       | Oct            | 1946          |
| Helen Barton     | Jul            | 1962          |

|                   |     |      |
|-------------------|-----|------|
| Jackie Browne     | Aug | 1970 |
| Laurence Casserly | May | 1977 |
| Lizzie Crawford   | Jan | 1977 |
| Neil Woods        | Oct | 1956 |
| Nigel Chapman     | Aug | 1970 |
| John Clark        | Nov | 1958 |

**3.2 All directors must be 16 or older. Please confirm this is this case:**

☒ All directors are aged 16 or over

**3.3 Societies are within the scope of the Company Director Disqualification Act 1986 (CDDA). Please confirm that no director is disqualified under that Act:**

☒ No director is disqualified

**3.4 Please state any close links which any of the directors has with any society, company or authority.**

'Close links' includes any directorships or senior positions held by directors of the society in other organisations.

Simon Guest - Board member of Barony Housing Association  
 Don Jamieson - Chief Executive, The Coachhouse Trust  
 Angus Lamont - Vice-Chair, Urras Storas an Rubha Community Trust  
 Jackie Browne - Board member of ANCHO Ltd

**3.5 Please provide the name of the person who was secretary at the end of the financial year this return covers.**

Societies must have a secretary

| Name of Secretary | Month of Birth | Year of Birth |
|-------------------|----------------|---------------|
| Jason MacGilp     | Sep            | 1964          |

**4.1 Please confirm that:**

☒ accounts are being submitted with this form

☒ the accounts comply with relevant statutory and accounting requirements

☒ the accounts are signed by two members and the secretary (3 signatures in total)

**4.2 Based on the accounts, please provide the information requested below for the financial year covered by this return.**

|  |  |
|--|--|
| <b>Number of members</b>                       | <input type="text" value="92"/>          |
| <b>Turnover</b>                                | <input type="text" value="16,750,541"/>  |
| <b>Assets</b>                                  | <input type="text" value="120,057,518"/> |
| <b>Number of Employees</b>                     | <input type="text" value="192"/>         |
| <b>Share Capital</b>                           | <input type="text" value="92"/>          |
| <b>Highest rate of interest paid on shares</b> | <input type="text" value="0"/>           |

**4.3 What Standard Industrial Classification code best describes the society's main business?**

Where more than one code applies, please select the code that you feel best describes the society's main business activity. You will find a full list of codes [here](#)

|                 |   |          |
|-----------------|---|----------|
| <b>SIC Code</b> | <b>Renting and operating of Housing Association real estate (68201)</b> | <b>*</b> |
|-----------------|---|----------|

Societies are required to appoint an auditor to audited unless they are small or have disapplied this requirement. For further guidance see chapter 7 of our guidance:

<https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf>

**5.1 Please select the audit option the society has complied with:**

- ☒ Full Professional Audit
- ☐ Auditor's report on the accounts
- ☐ Lay Audit
- ☐ No audit

**5.2 Please confirm the audit option used by the society is compliant with the society's own rules and the Act**

☒ We have complied with the audit requirements

**5.3 Please confirm any audit report (where required) is being submitted with this Annual Return**

- ☒ Yes  
☐ Not applicable

**5.4 Is this society accepted by HM Revenue and Customs (HMRC) as a charity for tax purposes?**

- ☒ Yes  
☐ No

**5.5 If the society is registered with the Office of the Scottish Charity Regulator (OSCR) please provide your OSCR registration number.**

- ☒ Registered  
☐ Not applicable

OSCR Number

SC016647

**5.6 Is the society a housing association?**

- ☐ No  
☒ Yes

**5.7 Please confirm which housing regulator you are registered with, and provide the registration number they have given you:**

- ☐ Homes and Communities Agency  
☒ Scottish Housing Regulator  
☐ The Welsh Ministers

Scottish Housing Registration  
Number

HEP218

**6.1 Is the society a subsidiary of another society?**

- ☐ Yes  
☒ No

**6.2 Does the society have one or more subsidiaries?**

(As defined in sections 100 and 101 of the Act)

- ☒ Yes  
☐ No

### 6.3 If the society has subsidiaries, please provide the names of them below

(or attach an additional sheet)

**Reg Number**

**Name**

2559RS

ANCHO Limited

SC341478

Cairn Homes and Services Limited

### 6.4 Please provide below (or on a separate sheet) the names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions:

(the society must have written authority from us to exclude a subsidiary from group accounts)

**Reg Number**

**Name**

**Reason for Exclusion**

None

None

N/A

All societies are registered meeting one of two conditions for registration. These are that the society is either:

- a bona fide co-operative society ('co-operative society'); or
- are conducting business for the benefit of the community ('community benefit society').

You must answer the questions set out in the next section of this form, depending on which condition for registration you meet.

If you are not sure which condition for registration applies to the society please see chapters 4 and 5 of our guidance [here](#).

### 7.1 Condition for Registration

- ☐ Co-operative society
- ☒ Community Benefits society

Community benefit societies must answer the following questions in relation to the financial year covered by this return.

#### 7B.1 What is the business of the society?

For example, did you provide social housing, run an amateur sports club etc.

Provide social housing

### **7B.2 Please describe the benefits to the community the society delivered?**

Here we are looking to see what the benefits to the community were. Community can be said to be the community at large. For example, did you relieve poverty or homelessness through the provision of social housing.

Relieved poverty and homelessness through the provision of social housing

### **7B.3 Please describe how the society's business delivered these benefits?**

The business of the society must be conducted for the benefit of the community. Please describe how the society's business (as described in answer to question 7B.1) provided benefit to the community.

By providing affordable social rented housing and related services to our customers in communities across Scotland

### **7B.4 Did the society work with a specific community, and if so, please describe it here?**

For instance, were the society's activities confined to a specific location; or to a specific group of people? Please note that in serving the needs of any defined community, the society should not inhibit the benefit to the community at large.

Our activities benefit communities across Scotland

### **7B.5 What did the society do with any surplus or profit?**

For instance, did you pay a dividend to members (and if so, on what basis); did money get reinvested in the business; put into reserves; used for some other purpose?

We are a non-profit organisation, no shareholders were paid any dividends. Surpluses as detailed in the financial accounts are reinvested back into the business.

### **7B.6 Please state any significant commercial arrangements that the society has, or had, with any other organisation that could create, or be perceived as creating, a conflict of interest.**

Please tell us how you ensured that any such conflict of interest did not prevent the society from acting for the benefit of the community.

N/A

SPARE  
(FOR SCANNING)



**Scott-Moncrieff**  
business advisers and accountants

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

**The Scottish Housing Regulator: HEP218**  
**Scottish Charity Number: SC016647**

## CAIRN HOUSING ASSOCIATION LIMITED

### BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

---

#### Board of Management

Mr S E G Guest, Chairperson  
Mr M Allan, Vice Chairperson  
Mr D Venters  
Ms G Walch  
Mr D Jamieson  
Mr W Gillespie  
Mrs H Barton  
Mr A Lamont  
Mr N Wood  
Mr L Casserly  
Ms J Browne (co-opted 20/9/18)  
Ms L Crawford (elected 20/9/18)  
Mr N Chapman (elected 20/9/18)  
Mr J Clark (resigned 23/04/19)  
Mr G Colgan (resigned 20/09/18)  
Mr J Woods (resigned 20/09/18)  
Mrs M Mackenzie (resigned 22/05/18)

#### Executive Officers

Mr J MacGilp, Chief Executive and Secretary  
Mr D Adam, Director of Finance and Business Services  
Mr J Davidson, Director of Customer Services

#### Secretary

Mr J MacGilp

#### Head Office

Bellevue House  
22 Hopetoun Street  
Edinburgh  
EH7 4GH

#### Auditor

Scott-Moncrieff  
Chartered Accountants  
25 Bothwell Street  
Glasgow  
G2 6NL

#### Bankers

The Royal Bank of Scotland plc  
36 St Andrew Square  
Edinburgh  
EH2 2YB

#### Other Lenders

Santander plc  
Bridle Road  
Bootle  
Merseyside  
L30 4GB

#### Registration numbers

Financial Conduct  
The Scottish Housing Regulator  
Registered Scottish Charity

2335R(S)  
HEP218  
SC016647



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

---

| <b>Contents</b>  | <b>Page</b> |
|--|-------------|
| Report of the Board of Management (incorporating the Strategic Report)                                       | 1-6         |
| Independent Auditor's Report to the members of Cairn Housing Association Limited on the financial statements | 7-9         |
| Report of the Auditor to the members of Cairn Housing Association Limited on Internal Financial Controls     | 10          |
| Group Statement of Comprehensive Income  | 11          |
| Association Statement of Comprehensive Income  | 12          |
| Group Statement of Changes in Capital and Reserves   | 13          |
| Association Statement of Changes in Capital and Reserves   | 14          |
| Group Statement of Financial Position  | 15          |
| Association Statement of Financial Position  | 16          |
| Group Statement of Cash Flows  | 17          |
| Association Statement of Cash Flows  | 18          |
| Notes to the Financial Statements  | 19-62       |

## **CAIRN HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2019**

---

The Board of Management present their Report and the audited financial statements for the year ended 31 March 2019.

#### **Principal activities**

The principal activity of Cairn Housing Association Limited ('Cairn HA') is the provision of affordable housing for rent, and related services for tenants and other parties. The Association is a registered social landlord and was incorporated in Scotland. Cairn HA is the Parent organisation of Cairn Housing Group.

The principal activity of the Group's subsidiary, ANCHO Limited ('ANCHO'), is the provision of affordable housing rent and related services for tenants and other parties. The Association is a registered social landlord and was incorporated in Scotland

The principal activity of the Group's commercial subsidiary, Cairn Homes and Services Limited, is the rental of housing units at mid-market and full market rent.

#### **Review of the business**

The financial year to 31 March 2019 has been a significant year of growth and improvement with a number of important initiatives in services, funding and business structure. There has been sustained good business performance and service improvement across the new Cairn Housing Group, to the benefit of our tenants and other customers and the communities we work in.

Highlights during the year have included:-

- The constitutional partnership between Cairn HA and ANCHO commenced on 1 November 2018 following overwhelming support from tenants of ANCHO in the ballot and approvals from lenders, the Scottish Housing Regulator, OSCR and the Financial Conduct Authority;
- This was an important moment for both organisations and brings the establishment of Cairn Housing Group. Work is well under way to deliver the range of partnership promises made to the tenants of ANCHO during the ballot consultation. The accelerated investment in housing stock improvements is a key aspect of the partnership, with funds made available from Cairn HA alongside existing ANCHO funding. £1.9m has been invested in ANCHO homes during 2018/19 in this accelerated programme, including 53 new kitchens, 58 new roofs and 144 new doors & windows;
- The Transition & Integration Plan for the new Group is also well underway, with good progress made on a range of integration projects on HR and employment issues, IT/Systems modernisation, governance support and business improvement activity;
- Cairn HA secured a substantial refinancing deal during the year, with the securing of a £50 million Private Placement with a US-based insurance company. This gives Cairn HA, and the Group as a whole, significant financial capacity and the stability of long term, low rate loan finance to plan for investment improvement and business growth for many years to come. This gives the Group substantial business resilience in a challenging operating and economic environment;
- Cairn HA was successful in a number of important external quality accreditations during 2018/19, including a re-accreditation of the UK-wide Customer Service Excellence accreditation. This helps demonstrate our continuing commitment to providing the best service to our tenants and supports one of our core values of Customer First;

## **CAIRN HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2019**

---

#### **Review of the business (continued)**

- Cairn HA also achieved a prestigious Level Four, "Recognised for Excellence" accreditation from Quality Scotland under the internally recognised EFQM framework;
- Cairn Group's Care & Repair Service in Highland also achieved accreditation for its important work during the year;
- Cairn HA delivered of a substantial investment programme of £1.26 million in our existing homes across Scotland. This has directly improved the quality of life for tenants and supported our commitment to our vision of Great Homes including investment in 36 new kitchens, 42 new bathrooms, energy efficiency work, and heating systems;
- Despite significant challenges through the impact of the UK Government's welfare changes and roll out of Universal Credit, our income management has held up well, with a good level of performance at 98.3% of income collected;
- There have been challenges in maintaining Cairn HA's previous very good void re-let performance of previous years, and a new in-house Voids Squad has been established to seek to make progress on performance in the next 12 months;
- Staff engagement levels have continued to increase for the sixth year in a row. Cairn HA was again rated in the Top 50 Best not-for-profit Companies to work for award, through the Best Companies framework;
- Cairn HA moved its Head Office to new premises within Edinburgh during the year, with improved modern facilities, flexible working arrangements and significantly reduced lease costs, contributing to substantial overhead savings;
- Following a number of years of overhead cost reduction Cairn established a number of new posts in frontline services to support important work on protecting income to the Association and assisting customers with the challenging Universal Credit regime;
- The Scottish Housing Regulator has introduced a new Regulatory framework operating from 1 April 2019. Cairn and ANCHO have a new Engagement Plan and work is underway to prepare for the new requirement for an Annual Assurance Statement during 2019. Ensuring good standards of governance and assurance and regulatory compliance will continue to be a high priority across Cairn HA and its subsidiaries, ANCHO, and Cairn Homes & Services Limited;
- Cairn's growth objective has continued with the delivery of 88 new affordable homes during the year through our development strategy. Work is continuing by the in-house development team working closely with our partners across Scotland to deliver the completion, over the next three years, of our 400 new homes programme;
- Through our income maximisation and benefits advice service we have secured over £673k in additional benefits for our customers;
- Cairn HA delivered 12 successful Community Development projects in communities across Scotland;
- ANCHO continued the important delivery of the successful Better Off North Ayrshire programme and the Small Steps programme working with disadvantaged and vulnerable customers across North Ayrshire; and

## **CAIRN HOUSING ASSOCIATION LIMITED**

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

**FOR THE YEAR ENDED 31 MARCH 2019**

---

#### **Review of the business (continued)**

- In order to mitigate the risk in relation to the Scottish Housing Association Pension Scheme (SHAPS), the Association closed the defined benefit scheme with all members transferring to the defined contribution scheme from 1 April 2014. Up until the end of the 31 March 2018 year end, the Scheme was accounted for as a defined contribution scheme. From 1 April 2018, information became available in order to separate out the assets and liabilities between scheme members and thus SHAPS is accounted for as a defined benefit pension scheme from 1 April 2018 onwards. Further details regarding SHAPS can be found in note 25 of the financial statements. The risks associated with the pension scheme, and how these are managed, are included within risks and uncertainties detailed below.

#### **Financial performance**

The Association's operating surplus decreased from £2,538,557 in 2017/18 to £2,148,509 in 2018/19 mainly due to increased expenditure in both responsive repairs works and staffing costs. These have been partially offset by the increase in turnover and the reduction in office costs following the Head Office relocation. The Association generated a surplus for the year of £543,971 (2018: £986,019), with the surplus being taken to the Revenue Reserve. The Association's Financial Statements reflect that from 1 April 2018 information became available allowing the assets and liabilities of the SHAPS defined benefit pension scheme to be separately identifiable and accounted for in accordance with FRS102 section 28.

With the commencement of the constitutional partnership between Cairn HA and ANCHO commencing on 1 November 2018, the results from ANCHO have been incorporated within the Group figures from that date. The Group generated a surplus after taxation of £2,025,651 (2018: £986,928) which included a release from negative goodwill of £1,058,295. ANCHO returned an overall surplus of £711,007 (2018: £462,843) for the full year ended 31 March 2019 with Cairn Homes and Services generating a profit after tax of £29,640 (2018: £909). The Group surplus for the year has been taken to the Revenue Reserve.

#### **Future developments**

The operating and financial environment continues to be very challenging, but the Associations and the Cairn Housing Group as a whole continues to be self-aware and pro-active in making important decisions on finance and strategy and set a direction to continue to build a resilient and successful organisation. The Board and the management team of Cairn HA are confident about the future and are focussed on delivering our vision of Great Homes, Great Services, Great People, and are focussed on working closely with ANCHO to ensure the success of the new Cairn Housing Group. We will continue our commitment to continue to modernise and change where required - including for example exploring new Digital Services and Digital Working strategies - and to operate the business in the long term interests of current and future customers in communities throughout Scotland.

Cairn Homes and Services Limited's continues to expand activities which have included increasing the number of units leased from Cairn HA which the company then rents out at mid-market and full market rent. In addition, the directors are considering other ways in which to increase the company's activities in the coming year, which will include the transfer of garage leases from Cairn HA.

## **CAIRN HOUSING ASSOCIATION LIMITED**

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

**FOR THE YEAR ENDED 31 MARCH 2019**

---

#### **Growth & Partnerships**

Cairn continues to be open to a range of service partnerships and joint working with others to achieve our strategic objectives in the interest of current and future customers and the communities throughout Scotland.

#### **Risks and Uncertainties**

Cairn HA continues to be a strong and resilient social business. There are a number of opportunities ahead such as growth through new build development and partnership opportunities. We will continue to robustly manage our risk profile and take mitigating actions as required. We will continue to develop our business continuity planning and oversee key risks such as securing income to the organisation and our response to ongoing changes to welfare and Social Security; the wider financial environment, regulatory compliance and our asset management strategy. The risk in respect of the SHAPS defined benefit pension liability is being managed by being kept informed of the current developments through membership of the SHAPS Employer Support Group run by Employers in Voluntary Housing.

#### **Key performance indicators**

The Group continues to closely monitor key performance indicators, including those required under the Annual report on The Scottish Social Housing Charter with key performance information trends and analysis provided to the Boards of ANCHO and Cairn HA. We also pay particular attention to key financial indicators on gearing and interest cover to ensure ongoing financial stability.

#### **Governance**

Cairn HA has a Board of Management elected by the shareholding members of the Association at the AGM each year. The Board directs the strategy, sets policies, oversees the overall direction and monitors the business plan of the Association and its two subsidiaries (ANCHO and Cairn Homes & Services Limited) as Cairn Housing Group.

The Board also ensures appropriate levels of assurance and strategic risk management, including external advice where appropriate, and compliance with regulatory standards. The members of the Board of Management are currently unpaid, other than expenses. Cairn HA employs a specialist Governance Services Manager who works with the Chief Executive to ensure all company secretary responsibilities and support is given to the boards in the Group.

We review the Board Succession & Development Plan each year, following annual personal development meetings, to ensure the appropriate level and mix of skills and experience and to ensure we keep up to date with regulatory requirements and best practice standards. There were four resignations or retirement during 2018/19 and five new Board members were elected or co-opted. Cairn HA is a member of the Scottish Federation of Housing Associations and ensures positive working relationships with our Regulators, (SHR and OSCR), local authorities and other partners.

Cairn HA is committed to continuous improvement and the Board sets challenging business targets, which are regularly monitored and reviewed by the Board and Senior Management Team.

Governance arrangements at Cairn include a Group Audit & Performance Committee, a Remuneration Committee and a Customer Panel working with the Group to provide an additional level of scrutiny and to support improvement activities.

## **CAIRN HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2019**

---

#### **The Board of Management and Executive Officers**

The Board of Management and executive officers of the Association are listed on the first page of the financial statements. Each member of the Board of Management holds one fully paid share of £1 in Cairn HA. The executive officers of the Association hold no interest in the Association's share capital and although not having the legal status of directors they act as executives within the authority delegated by the Board. The Schedule of Delegated Authorities was reviewed during 2018/19 to ensure the appropriate balance of enabling operational effectiveness with proper board oversight and decisions making where required.

#### **Statement of the Board of Management's Responsibilities**

Housing Association legislation 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 Group and Association and of the income and expenditure of the Group and Association for that period. In preparing those financial statements the Board is required to:

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

The Board of Management, advised by the Senior Management Team, is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Association. They are also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Statement on internal financial controls**

The Board of Management is responsible for the Group's and the Association's system of internal financial control.

Internal financial controls are those procedures established by the senior management team, and reviewed by the Group Audit & Performance Committee, in order to provide reasonable assurance on the safeguarding of assets and the maintenance of proper accounting records and the reliability of financial information used within the Group and the Association or for publication. Such a system of controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The approach adopted by the Board of Management to provide effective financial control can be summarised as follows:

- (a) An appropriate control environment has been created by careful recruitment and training of staff and provision of comprehensive guidance on the standards and controls to be applied throughout the Group. A comprehensive programme of internal audit covering over time all the Group's main activities is on-going. Reports are made to the Group Audit & Performance Committee with appropriate action taken where necessary.
- (b) Management information systems have been developed to provide accurate and timeous data on all aspects of the business. Management accounts comparing actual results against budget are presented to the Board of Management quarterly.

**CAIRN HOUSING ASSOCIATION LIMITED**

**REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)  
FOR THE YEAR ENDED 31 MARCH 2019**

---

**Statement on internal financial controls (continued)**

- (c) Major business risks and their financial implications are assessed by reference to established criteria.
- (d) The financial implications of major business risks are controlled by means of delegated authorities, which reserve significant matters to the Board of Management for decision, segregation of duties in appropriate areas and physical controls over assets and access to records as detailed in the Financial Regulations.
- (e) The Board of Management monitors the operation of the internal financial control system by considering regular reports from management and the external and internal auditors and ensures appropriate corrective action is taken to address any reported weaknesses.

While retaining overall responsibility for internal financial control, the Board of Management has delegated the day to day administration of the Group and the Association to the executive officers.

The Board of Management confirms it is satisfied with the effectiveness of the Group's and the Association's system of internal financial control as it operated during the year under review.

**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 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 member in order to make himself/herself aware of any relevant information, and to establish that the Group's auditor is aware of the information.

**Auditor**

A resolution to re-appoint the Auditor, Scott-Moncrieff, will be proposed at the Annual General Meeting.

The Report of the Board of Management (incorporating the Strategic Report) has been approved by the Board of Management:

**BY ORDER OF THE BOARD**

  
Mr J MacGill  
Secretary

Date: 8 | 8 | 19

## **CAIRN HOUSING ASSOCIATION LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAIRN HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

---

#### **Opinion**

We have audited the financial statements of Cairn Housing Association Limited (the 'Parent Association') and its subsidiaries (the 'Group') for the year ended 31 March 2019 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 and Association Statements of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the Parent Association's affairs as at 31 March 2019 and of the Group's and the Parent Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Conclusions relating to going concern**

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

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

#### **Other information**

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



## **CAIRN HOUSING ASSOCIATION LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAIRN HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

---

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained 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 5, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**CAIRN HOUSING ASSOCIATION LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAIRN HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

---

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the Parent Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014.

Our audit work has been undertaken so that we might state to the Parent Association's members, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Association and the Parent Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Scott-Moncrieff

**Scott-Moncrieff, Statutory Auditor**

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

Chartered Accountants

25 Bothwell Street

Glasgow

G2 6NL

Date: 8 AUGUST 2019

**CAIRN HOUSING ASSOCIATION LIMITED**

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

**FOR THE YEAR ENDED 31 MARCH 2019**

---

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 5 and 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

**Opinion**

In our opinion the Statement on Internal Financial Control on pages 5 and 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

*Scott-Moncrieff*

**Scott-Moncrieff, Statutory Auditor**

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

Chartered Accountants

25 Bothwell Street

Glasgow

G2 6NL

Date: *8 AUGUST 2019*

**CAIRN HOUSING ASSOCIATION LIMITED**

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 MARCH 2019**

|   | Notes | 2019<br>£           | 2018<br>£           |
|---|-------|---------------------|---------------------|
| <b>Turnover</b>   | 4     | <b>18,173,708</b>   | <b>16,063,327</b>   |
| Operating expenditure   | 4     | <b>(15,679,976)</b> | <b>(13,523,374)</b> |
| <b>Operating surplus</b>  | 4     | <b>2,493,732</b>    | <b>2,539,953</b>    |
| Gain on sale of property, plant and equipment                               | 10    | <b>161,518</b>      | <b>101,189</b>      |
| Interest receivable   | 11a   | <b>11,921</b>       | -                   |
| Interest payable and similar charges  | 12    | <b>(2,103,416)</b>  | <b>(1,654,214)</b>  |
| Negative goodwill   | 14    | <b>1,058,295</b>    | -                   |
| Revaluation gain on investment properties                                   | 15c   | <b>409,135</b>      | -                   |
| <b>Surplus for the year before taxation</b>                                 |       | <b>2,031,185</b>    | <b>986,928</b>      |
| Taxation  | 13    | <b>(5,534)</b>      | -                   |
| <b>Surplus after taxation</b>   |       | <b>2,025,651</b>    | <b>986,928</b>      |
| <b>Other comprehensive income</b>   |       |                     |                     |
| Initial recognition of the SHAPS defined benefit pension scheme             | 25    | <b>(1,172,313)</b>  | -                   |
| Actuarial loss in respect of the SHAPS defined benefit pension scheme       | 25    | <b>(699,000)</b>    | -                   |
| Actuarial loss in respect of the Strathclyde defined benefit pension scheme | 25    | <b>(222,000)</b>    | -                   |
| <b>Total comprehensive income for the year</b>                              |       | <b>(67,662)</b>     | <b>986,928</b>      |

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

**CAIRN HOUSING ASSOCIATION LIMITED**

**ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 MARCH 2019**

|   | Notes | 2019<br>£          | 2018<br>£    |
|---|-------|--------------------|--------------|
| <b>Turnover</b>   | 4     | <b>16,750,541</b>  | 16,052,821   |
| Operating expenditure   | 4     | (14,602,032)       | (13,514,264) |
| <b>Operating surplus</b>  | 4     | <b>2,148,509</b>   | 2,538,557    |
| Gain on sale of property, plant and equipment                         | 10    | 161,518            | 101,189      |
| Interest receivable   | 11b   | 6,875              | -            |
| Interest payable and similar charges                                  | 12    | (2,042,446)        | (1,653,727)  |
| Revaluation gain on investment properties                             | 15d   | 269,515            | -            |
| <b>Surplus for the year before taxation</b>                           |       | <b>543,971</b>     | 986,019      |
| Taxation  | 13    | -                  | -            |
| <b>Surplus after taxation</b>   |       | <b>543,971</b>     | 986,019      |
| <b>Other comprehensive income</b>                                     |       |                    |              |
| Initial recognition of the SHAPS defined benefit pension scheme       | 25    | (1,172,313)        | -            |
| Actuarial loss in respect of the SHAPS defined benefit pension scheme | 25    | (699,000)          | -            |
| <b>Total comprehensive income for the year</b>                        |       | <b>(1,327,342)</b> | 986,019      |

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

**CAIRN HOUSING ASSOCIATION LIMITED**

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

**AS AT 31 MARCH 2019**

|   | <b>Share<br/>capital<br/>£</b> | <b>Revenue<br/>reserve<br/>£</b> | <b>Total<br/>reserves<br/>£</b> |
|---|--------------------------------|----------------------------------|---------------------------------|
| Balance at 1 April 2018                 | <b>96</b>                      | <b>54,768,600</b>                | <b>54,768,696</b>               |
| Total Comprehensive Income for the year | -                              | <b>(67,662)</b>                  | <b>(67,662)</b>                 |
| Cancelled shares during the year        | <b>(11)</b>                    | -                                | <b>(11)</b>                     |
| Issued during the year                  | <b>7</b>                       | -                                | <b>7</b>                        |
| Balance at 31 March 2019                | <b>92</b>                      | <b>54,700,938</b>                | <b>54,701,030</b>               |

**AS AT 31 MARCH 2018**

|   | <i>Share<br/>capital<br/>£</i> | <i>Revenue<br/>reserve<br/>£</i> | <i>Total<br/>reserves<br/>£</i> |
|---|--------------------------------|----------------------------------|---------------------------------|
| Balance at 1 April 2017                 | <b>99</b>                      | <b>53,781,672</b>                | <b>53,781,771</b>               |
| Total Comprehensive Income for the year | -                              | <b>986,928</b>                   | <b>986,928</b>                  |
| Cancelled shares during the year        | <b>(3)</b>                     | -                                | <b>(3)</b>                      |
| Balance at 31 March 2018                | <b>96</b>                      | <b>54,768,600</b>                | <b>54,768,696</b>               |

The notes form part of these financial statements.

**CAIRN HOUSING ASSOCIATION LIMITED**

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

**AS AT 31 MARCH 2019**

|   | <b>Share<br/>capital<br/>£</b> | <b>Revenue<br/>reserve<br/>£</b> | <b>Total<br/>reserves<br/>£</b> |
|---|--------------------------------|----------------------------------|---------------------------------|
| Balance at 1 April 2018                 | <b>96</b>                      | <b>54,777,794</b>                | <b>54,777,890</b>               |
| Total Comprehensive Income for the year | -                              | <b>(1,327,342)</b>               | <b>(1,327,342)</b>              |
| Cancelled shares during the year        | <b>(11)</b>                    | -                                | <b>(11)</b>                     |
| Shares issued during the year           | <b>7</b>                       | -                                | <b>7</b>                        |
| Balance at 31 March 2019                | <b>92</b>                      | <b>53,450,452</b>                | <b>53,450,544</b>               |

**AS AT 31 MARCH 2018**

|   | <i>Share<br/>capital<br/>£</i> | <i>Revenue<br/>reserve<br/>£</i> | <i>Total<br/>reserves<br/>£</i> |
|---|--------------------------------|----------------------------------|---------------------------------|
| Balance at 1 April 2017                 | <i>99</i>                      | <i>53,791,775</i>                | <i>53,791,874</i>               |
| Total Comprehensive Income for the year | -                              | <i>986,019</i>                   | <i>986,019</i>                  |
| Cancelled shares during the year        | <i>(3)</i>                     | -                                | <i>(3)</i>                      |
| Balance at 31 March 2018                | <i>96</i>                      | <i>54,777,794</i>                | <i>54,777,890</i>               |

The notes form part of these financial statements.

## CAIRN HOUSING ASSOCIATION LIMITED

## GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

|  | Notes | £                | 2019<br>£          | £                | 2018<br>£          |
|--|-------|------------------|--------------------|------------------|--------------------|
| Negative goodwill  | 14    |                  | (11,641,244)       |                  | -                  |
| <b>Tangible fixed assets and investments</b>                   |       |                  |                    |                  |                    |
| Housing properties   | 15a   |                  | 121,661,377        |                  | 94,595,059         |
| Investment properties  | 15c   |                  | 12,515,682         |                  | 9,078,833          |
| Other fixed assets   | 15e   |                  | 1,452,636          |                  | 1,253,868          |
|  |       |                  | <u>135,629,695</u> |                  | <u>104,927,760</u> |
| <b>Current assets</b>  |       |                  |                    |                  |                    |
| Debtors  | 17    | 2,838,416        |                    | 2,297,117        |                    |
| Cash and cash equivalents                                      | 18    | 2,327,720        |                    | 1,494,746        |                    |
|  |       | <u>5,166,136</u> |                    | <u>3,791,863</u> |                    |
| <b>Creditors: amounts falling due within one year</b>          | 19    | (10,542,916)     |                    | (4,454,725)      |                    |
| <b>Net current liabilities</b>                                 |       |                  | <u>(5,376,780)</u> |                  | <u>(662,862)</u>   |
| <b>Total assets less current liabilities</b>                   |       |                  | <u>118,611,671</u> |                  | <u>104,264,898</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 20    |                  | (59,500,472)       |                  | (49,496,202)       |
| SHAPS defined benefit pension scheme                           | 25    |                  | (3,698,000)        |                  | -                  |
| Strathclyde defined benefit pension scheme                     | 25    |                  | (712,000)          |                  | -                  |
| Deferred taxation  | 26    |                  | (169)              |                  | -                  |
| <b>Net assets</b>  |       |                  | <u>54,701,030</u>  |                  | <u>54,768,696</u>  |
| <b>Capital and reserves</b>                                    |       |                  |                    |                  |                    |
| Share capital  | 27    |                  | 92                 |                  | 96                 |
| Revenue reserves   | 28    |                  | 54,700,938         |                  | 54,768,600         |
|  |       |                  | <u>54,701,030</u>  |                  | <u>54,768,696</u>  |

Approved and authorised for issue by the Board of Management on 8 AUGUST 2019

Mr S E G Guest

Chairperson

Mr M Allan

Vice Chairperson

Mr J MacGilp

Secretary

The notes form part of these financial statements.



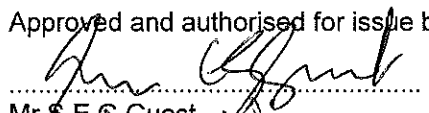
## CAIRN HOUSING ASSOCIATION LIMITED

## ASSOCIATION STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

|  | Notes | £                  | 2019<br>£           | £                  | 2018<br>£           |
|--|-------|--------------------|---------------------|--------------------|---------------------|
| <b>Tangible fixed assets and investments</b>                   |       |                    |                     |                    |                     |
| Housing properties   | 15b   |                    | 101,641,012         |                    | 94,595,059          |
| Investment properties  | 15d   |                    | 11,928,562          |                    | 9,078,833           |
| Other fixed assets   | 15f   |                    | 1,373,686           |                    | 1,251,960           |
| Investments  | 15g   |                    | 1                   |                    | 1                   |
|  |       |                    | <u>114,943,261</u>  |                    | <u>104,925,853</u>  |
| <b>Current assets</b>  |       |                    |                     |                    |                     |
| Debtors due after one year                                     | 16    | 700,000            |                     | -                  |                     |
| Debtors within one year  | 17    | 2,494,191          |                     | 2,307,489          |                     |
| Cash and cash equivalents                                      | 18    | 1,920,066          |                     | 1,490,828          |                     |
|  |       | <u>5,114,257</u>   |                     | <u>3,798,317</u>   |                     |
| <b>Creditors: amounts falling due within one year</b>          | 19    | <u>(9,681,065)</u> |                     | <u>(4,450,078)</u> |                     |
| <b>Net current liabilities</b>                                 |       |                    | <u>(4,566,808)</u>  |                    | <u>(651,761)</u>    |
| <b>Total assets less current liabilities</b>                   |       |                    | <u>110,376,453</u>  |                    | <u>104,274,092</u>  |
| <b>Creditors: amounts falling due after more than one year</b> | 20    |                    | <u>(53,227,909)</u> |                    | <u>(49,496,202)</u> |
| SHAPS defined benefit pension scheme                           | 25    |                    | <u>(3,698,000)</u>  |                    | <u>-</u>            |
| <b>Net assets</b>  |       |                    | <u>53,450,544</u>   |                    | <u>54,777,890</u>   |
| <b>Capital and reserves</b>                                    |       |                    |                     |                    |                     |
| Share capital  | 27    |                    | 92                  |                    | 96                  |
| Revenue reserves   | 28    |                    | 53,450,452          |                    | 54,777,794          |
|  |       |                    | <u>53,450,544</u>   |                    | <u>54,777,890</u>   |

Approved and authorised for issue by the Board of Management on 8 AUGUST 2019


 ..... Chairperson

Mr S E G Guest


 ..... Vice Chairperson

Mr M Allah


 ..... Secretary

Mr J MacGilp

The notes form part of these financial statements.

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

|   | Notes | £            | 2019<br>£          | £           | 2018<br>£          |
|---|-------|--------------|--------------------|-------------|--------------------|
| <b>Net cash generated from operating activities</b> | 29    |              | <b>4,449,816</b>   |             | <b>3,816,915</b>   |
| <b>Cash flow from investing activities</b>          |       |              |                    |             |                    |
| Payments to acquire and improve housing stock       |       | (10,208,436) |                    | (4,120,874) |                    |
| Payments to acquire investment property             |       | (3,092,220)  |                    | -           |                    |
| Purchase of other fixed assets                      |       | (581,791)    |                    | (242,085)   |                    |
| HAG and other capital grants received               |       | 5,531,324    |                    | 1,407,072   |                    |
| Proceeds from sale of tangible fixed assets         |       | 500,563      |                    | 297,222     |                    |
| HAG repaid  |       | -            |                    | (52,532)    |                    |
| Interest received                                   |       | 11,921       |                    | -           |                    |
| Improvement to investment properties                |       | (15,974)     |                    | (2,700)     |                    |
| Cash acquired through acquisition                   |       | 759,986      |                    | -           |                    |
|   |       |              | <b>(7,094,627)</b> |             | <b>(2,713,897)</b> |
| <b>Taxation paid</b>                                |       |              | -                  |             | -                  |
| <b>Cash flow from financing activities</b>          |       |              |                    |             |                    |
| Interest paid                                       |       | (2,012,416)  |                    | (1,626,727) |                    |
| Housing loans repaid                                |       | (18,014,574) |                    | (1,115,376) |                    |
| Housing loans received                              |       | 23,300,000   |                    | 2,000,000   |                    |
| Loans acquired through acquisition                  |       | -            |                    | -           |                    |
|   |       |              | <b>3,273,010</b>   |             | <b>(742,103)</b>   |
| <b>Net change in cash and cash equivalent</b>       |       |              | <b>628,199</b>     |             | <b>360,915</b>     |
| Cash and cash equivalent at beginning of year       | 18    |              | <b>1,099,307</b>   |             | <b>738,392</b>     |
| Cash and cash equivalent at end of the year         | 18    |              | <b>1,727,506</b>   |             | <b>1,099,307</b>   |

The notes form part of these financial statements

**CAIRN HOUSING ASSOCIATION LIMITED**

**ASSOCIATION STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2019**

|   | <b>Note<br/>s</b> | <b>£</b>     | <b>2019<br/>£</b>  | <b>£</b> | <b>2018<br/>£</b>  |
|---|-------------------|--------------|--------------------|----------|--------------------|
| <b>Net cash generated from operating activities</b> | 29                |              | <b>4,020,197</b>   |          | <b>3,814,207</b>   |
| <b>Cash flow from investing activities</b>          |                   |              |                    |          |                    |
| Payments to acquire and improve housing stock       |                   | (8,969,952)  | (4,120,874)        |          |                    |
| Payments to acquire investment property             |                   | (3,092,220)  | -                  |          |                    |
| Purchase of other fixed assets                      |                   | (578,191)    | (242,085)          |          |                    |
| HAG and other capital grants received               |                   | 5,531,324    | 1,407,072          |          |                    |
| Proceeds from sale of tangible fixed assets         |                   | 500,563      | 297,222            |          |                    |
| HAG repaid  |                   | -            | (52,532)           |          |                    |
| Interest received                                   |                   | 6,875        | -                  |          |                    |
| Improvement to investment properties                |                   | (15,974)     | (2,700)            |          |                    |
|   |                   |              | <b>(6,617,575)</b> |          | <b>(2,713,897)</b> |
| <b>Taxation paid</b>                                |                   |              |                    |          | <b>-</b>           |
| <b>Cash flow from financing activities</b>          |                   |              |                    |          |                    |
| Loan to ANCHO Limited                               |                   | (700,000)    | -                  |          |                    |
| Interest paid                                       |                   | (1,961,446)  | (1,626,727)        |          |                    |
| Housing loans repaid                                |                   | (17,816,713) | (1,115,376)        |          |                    |
| Housing loans received                              |                   | 23,300,000   | 2,000,000          |          |                    |
|   |                   |              | <b>2,821,841</b>   |          | <b>(742,103)</b>   |
| <b>Net change in cash and cash equivalent</b>       |                   |              | <b>224,463</b>     |          | <b>358,207</b>     |
| Cash and cash equivalent at beginning of year       | 18                |              | <b>1,095,389</b>   |          | <b>737,182</b>     |
| Cash and cash equivalent at end of the year         | 18                |              | <b>1,319,852</b>   |          | <b>1,095,389</b>   |

The notes form part of these financial statements.

# **CAIRN HOUSING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

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

---

#### **1. General Information**

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Housing Requirements 2014 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2014. The principle 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 and the Association's accounting policies (note 3).

The Association is defined as a public benefit entity and thus complies with all disclosure requirements relating to public benefit entities.

These financial statements represent the results of the Group and Association and are presented in £GPB.

The Association is a Co-operative and Community Benefit Society Limited by shares and is incorporated in Scotland. The Association is a registered social landlord (HEP218) and a registered charity (SC016647). The registered address of the Group is Bellevue House, 22 Hopetoun Street, Edinburgh EH7 4GH

#### **2. Principle Accounting policies**

##### **(a) Basis of accounting and consolidation**

The financial statements are prepared under the historical cost convention, subject to the revaluation of certain fixed assets, and in accordance with applicable accounting standards and statements of recommended practice. The effect of events relating to the year ended 31 March 2019, which occurred before the date of approval of the financial statements by the Board of Management have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2019 and of the results for the year ended on that date.

##### **(b) Going concern**

The financial statements have been prepared on a going concern basis by the Board of Management as surpluses are expected in 2019/20 and 2020/21, there is a healthy cash balance and the Group is in the process of drawing down the second tranche of Private Placement funding. Thus the Board continues to adopt the going concern basis of accounting in preparing the financial statements.

##### **(c) Turnover**

Turnover represents rental and service charge income, fees receivable and revenue grants receivable from local authorities and from the Scottish Government. Also included is any income from first tranche shared ownership disposals and management fees from the factoring of properties for private owners as the provision of factoring services is accounted for on an agency basis.

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

---

**2. Principle Accounting policies (continued)**

**(d) Apportionment of management expenses**

Direct employee, administration and operating costs have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of the number of units (excluding garages) relevant to that area of the business.

The costs of cyclical and major repairs are charged to the Statement of Comprehensive Income in the year 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) Negative goodwill**

Negative goodwill arising on consolidation represents the excess of the fair value of the identifiable assets and liabilities of ANCHO transferred over to the group on the date the strategic partnership commenced, which was 1 November 2018. The negative goodwill will be released over its estimated useful life which is deemed to be five years from acquisition.

**(h) Tangible fixed assets - housing properties**

Housing properties are stated at deemed cost based on an Existing Use Value at 1 April 2014. From this date, housing properties have been accounted for under historical cost. The development cost of housing properties includes the following:

- (i) cost of acquiring land and buildings;
- (ii) development expenditure; and
- (iii) internal administrative costs relating to the acquisition and development of housing properties.

These costs are termed "qualifying costs" by the Scottish Government for approved Housing Association Grant.

Expenditure on schemes is written off in the year unless it is recognised that the schemes will be developed to completion.

Refurbishment expenditure on existing properties is capitalised to the extent that the expenditure represents improvements to the properties or replacement of components.

**(i) Shared ownership transactions**

First tranche proceeds arising from part-owners' purchase of equity in shared ownership schemes is regarded as sales of assets held for sale and is treated as turnover. The percentage of development costs representing the estimated first tranche percentages to be sold is shown as current assets until sold. Remaining costs are treated as fixed assets and sales taking place after the initial purchase are accounted for as disposals of fixed assets.

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

---

**2. Principle Accounting policies (continued)**

**(j) Government capital grants**

Government capital grants, at amounts approved by The Scottish Government or local authorities, are paid directly to the Group 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 Group to recognise income on a systematic basis over the period in which the Group recognises the related costs for which the grant is intended to compensate.

**(k) Government revenue grants**

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

**(l) 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.

**(m) Depreciation**

Housing properties

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties held for letting on practical completion of construction.

Freehold land is not depreciated.

Housing properties held for letting are considered to comprise the following components which are depreciated over estimated economic lives as follows:

| <b>Component</b>                       | <b>Useful Economic Life</b> |
|--|-----------------------------|
| Structure                              | 60 years                    |
| Kitchens                               | 20 years                    |
| Bathrooms                              | 25 years                    |
| Central heating systems (excl boilers) | 30 years                    |
| Boilers                                | 25 years                    |
| Lifts                                  | 25 years                    |
| Roofs                                  | 60 years                    |
| Windows and doors                      | 25 years                    |
| Rewiring                               | 30 years                    |

# CAIRN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

---

### 2. Principle Accounting policies (continued)

#### (m) Depreciation (continued)

In the year of replacement, the Net Book Value of the component being replaced is written off and is included in the depreciation charge for the year in accordance with the RSL SORP.

##### Shared ownership housing properties

Depreciated over 60 years.

##### Other fixed assets

Depreciation is provided on other fixed assets at rates calculated to write off cost evenly over expected useful lives as follows:

|                                |               |
|--------------------------------|---------------|
| Heritable office properties    | Over 60 years |
| Office furniture and equipment | 4 to 10 years |

#### (n) Pensions (Note 25)

##### **SHAPS**

On 1 April 2014 Cairn HA's defined benefit scheme was closed to future accrual, with the Association participating from that date in a Defined Contribution Scheme within the Scottish Housing Association Pension Scheme (SHAPS), for existing members. All new staff members are eligible to participate in a defined contribution scheme provided by Standard Life.

Up until 1 April 2014, the Cairn HA participated in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and retirement benefits to employees are funded by the contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

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

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

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

---

**2. Principle Accounting policies (continued)**

**(n) Pensions (Note 25) (continued)**

**Strathclyde Pensions Trust**

ANCHO participates in the centralised Strathclyde Pensions Trust defined benefits pension scheme 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 to the Trust in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating employers taken as a whole.

The expected cost to the Association of pensions is charged to Total Comprehensive Income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole.

The difference between the fair value of the assets held in the Association's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognized in the Group's Statement of Financial Position as a pension scheme liability.

**(o) Operating leases**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

**(p) Investment properties**

Investment properties are held at market value with any changes in market value recognised in the Statement of Comprehensive Income.

**(q) Restricted reserves**

Restricted funds are to be used for specified purposes laid down by the donor.

**(r) Investments**

Fixed asset investments are stated at cost, less any provisions required where there has been a permanent diminution in their value.

**(s) Debtors**

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

**(t) Rental arrears**

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in note 17.

**(u) 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.

**(v) 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.



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

---

**2. Principle Accounting policies (continued)**

**(w) Financial instruments**

The Group 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 and loans from banks and financial institutions.

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 Group terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Group has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

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

**Estimate**

Valuation of housing properties

Useful lives of property, plant and equipment

The main components of housing properties and their useful lives

**Basis of estimation**

Housing Properties are held at deemed cost which is based on an existing use valuation at the date of transition to FRS 102 of 1 April 2014.

The useful lives of property, plant and equipment are based on the knowledge of senior management at the Group, with reference to expected asset life cycles.

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

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

---

**3. Judgements in applying policies and key sources of estimation uncertainty (continued)**

**Estimate**

Recoverable amount of rental and other trade receivables

The obligations under the SHAPs and the Strathclyde defined benefit pension schemes

The valuation of investment properties

**Basis of estimation**

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

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

The investment properties were valued by an appropriately qualified surveyor using market data at the date of valuation.

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

4. Particulars of turnover, operating expenditure and operating surplus

| Group                            | 2019<br>Turnover<br>£ | 2019<br>Operating<br>Expenditure<br>£ | 2019<br>Operating<br>Surplus<br>£ | 2019<br>Turnover<br>£ | 2019<br>Operating<br>Expenditure<br>£ | 2018<br>Operating<br>Surplus<br>£ |
|----------------------------------|-----------------------|---------------------------------------|-----------------------------------|-----------------------|---------------------------------------|-----------------------------------|
| Social lettings (note 5a)        | 16,199,344            | 14,283,794                            | 1,915,550                         | 14,427,742            | 12,308,470                            | 2,119,272                         |
| Other activities (note 6a)       | 1,914,570             | 1,372,008                             | 542,562                           | 1,617,879             | 1,205,794                             | 412,085                           |
| Cairn Homes and Services Limited | 59,794                | 24,174                                | 35,620                            | 17,706                | 9,110                                 | 8,596                             |
|                                  | <u>18,173,708</u>     | <u>15,679,976</u>                     | <u>2,493,732</u>                  | <u>16,063,327</u>     | <u>13,523,374</u>                     | <u>2,539,953</u>                  |

| Association                | 2019<br>Turnover<br>£ | 2019<br>Operating<br>Expenditure<br>£ | 2019<br>Operating<br>Surplus<br>£ | 2019<br>Turnover<br>£ | 2019<br>Operating<br>Expenditure<br>£ | 2018<br>Operating<br>Surplus<br>£ |
|----------------------------|-----------------------|---------------------------------------|-----------------------------------|-----------------------|---------------------------------------|-----------------------------------|
| Social lettings (note 5b)  | 15,014,570            | 13,346,162                            | 1,668,408                         | 14,427,742            | 12,308,470                            | 2,119,272                         |
| Other activities (note 6b) | 1,735,971             | 1,255,870                             | 480,101                           | 1,625,079             | 1,205,794                             | 419,285                           |
|                            | <u>16,750,541</u>     | <u>14,602,032</u>                     | <u>2,148,509</u>                  | <u>16,052,821</u>     | <u>13,514,264</u>                     | <u>2,538,557</u>                  |

CAIRN HOUSING ASSOCIATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

| 5a. Particulars of turnover, operating expenditure and operating surplus or (deficit) from social letting activities | General Needs Housing £ | Amenity Housing £ | Sheltered Housing £ | Supported Housing £ | Shared Ownership £ | 2019 £            | 2018 £            |
|--|-------------------------|-------------------|---------------------|---------------------|--------------------|-------------------|-------------------|
| <b>Group</b>   |                         |                   |                     |                     |                    |                   |                   |
| Rent receivable net of service charges   | 10,598,037              | 1,544,607         | 1,825,949           | 116,582             | 91,625             | 14,176,800        | 12,605,213        |
| Service charges net of voids   | 243,501                 | 579,018           | 1,035,359           | 150,976             | 5,123              | 2,013,977         | 1,830,271         |
| <b>Gross income from rents and service charges</b>   | <b>10,841,538</b>       | <b>2,123,625</b>  | <b>2,861,308</b>    | <b>267,558</b>      | <b>96,748</b>      | <b>16,190,777</b> | <b>14,435,484</b> |
| Less: Rental voids   | (118,727)               | (102,386)         | (35,244)            | (3,758)             | (1,659)            | (261,774)         | (234,789)         |
| <b>Net income from rents and service charges</b>   | <b>10,722,811</b>       | <b>2,021,239</b>  | <b>2,826,064</b>    | <b>263,800</b>      | <b>95,089</b>      | <b>15,929,003</b> | <b>14,200,695</b> |
| Release of deferred capital government grant   | 84,764                  | -                 | -                   | -                   | -                  | 84,764            | 16,817            |
| Grants from the Scottish Ministers   | 111,424                 | 47,027            | 27,126              | -                   | -                  | 185,577           | 210,230           |
| <b>Total turnover from social letting activities</b>   | <b>10,918,999</b>       | <b>2,068,266</b>  | <b>2,853,190</b>    | <b>263,800</b>      | <b>95,089</b>      | <b>16,199,344</b> | <b>14,427,742</b> |
| <b>Management and maintenance administration costs</b>   | <b>4,127,600</b>        | <b>801,891</b>    | <b>998,134</b>      | <b>32,143</b>       | <b>71,054</b>      | <b>6,030,822</b>  | <b>5,031,041</b>  |
| Service costs  | 184,582                 | 573,510           | 1,053,682           | 3,650               | 18,871             | 1,834,295         | 1,718,008         |
| Planned and cyclical maintenance   | 1,126,946               | 469,939           | 661,085             | 24,283              | 6,403              | 2,288,656         | 2,766,694         |
| Planned and cyclical maintenance capitalised   | (445,204)               | (336,997)         | (443,805)           | (4,574)             | (1,100)            | (1,231,680)       | (1,898,866)       |
| Responsive maintenance costs   | 1,796,275               | 392,851           | 414,534             | 25,599              | 30,986             | 2,660,235         | 1,932,043         |
| Responsive maintenance capitalised   | (99,313)                | (1,167)           | (3,501)             | (4,205)             | (300)              | (108,486)         | (27,047)          |
| Bad debt provision   | (19,496)                | -                 | -                   | -                   | -                  | (19,496)          | 32,520            |
| Write offs   | 184,162                 | 73,839            | 42,413              | 3,092               | 2,820              | 306,326           | 207,491           |
| Non-refundable rent  | (6,647)                 | (1,381)           | (1,712)             | (114)               | (77)               | (9,931)           | (38,611)          |
| Impairment   | -                       | -                 | -                   | -                   | -                  | -                 | 439,915           |
| Depreciation of social housing   | 1,741,784               | 332,867           | 416,088             | 26,093              | 16,221             | 2,533,053         | 2,145,282         |
| <b>Operating expenditure for social letting activities</b>   | <b>8,590,689</b>        | <b>2,305,352</b>  | <b>3,136,918</b>    | <b>105,957</b>      | <b>144,878</b>     | <b>14,283,794</b> | <b>12,308,470</b> |
| <b>Operating surplus or (deficit) for social lettings 2019</b>   | <b>2,328,310</b>        | <b>(237,086)</b>  | <b>(283,728)</b>    | <b>157,843</b>      | <b>(49,789)</b>    | <b>1,915,550</b>  |                   |
| <i>Operating surplus for social lettings – 2018</i>  | <i>2,115,707</i>        | <i>27,706</i>     | <i>(106,202)</i>    | <i>92,855</i>       | <i>(10,794)</i>    |                   | <i>2,119,272</i>  |
| <b>Number of units in management:</b>  | <b>2,831</b>            | <b>474</b>        | <b>590</b>          | <b>19</b>           | <b>42</b>          | <b>3,956</b>      |                   |
| <b>2019</b>  | <b>2,102</b>            | <b>472</b>        | <b>590</b>          | <b>37</b>           | <b>41</b>          | <b>3,242</b>      |                   |
| <b>2018</b>  |                         |                   |                     |                     |                    |                   |                   |

Included in depreciation of social housing is £305,135 (2018: £184,553) relating to the loss on disposal of components.

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

| 5b. Particulars of turnover, operating expenditure and operating surplus or (deficit) from social letting activities | General Needs Housing £ | Amenity Housing £ | Sheltered Housing £ | Supported Housing £ | Shared Ownership £ | 2019 £            | 2018 £            |
|--|-------------------------|-------------------|---------------------|---------------------|--------------------|-------------------|-------------------|
| Association  |                         |                   |                     |                     |                    |                   |                   |
| Rent receivable net of service charges   | 9,409,095               | 1,544,607         | 1,825,949           | 116,582             | 91,625             | 12,987,858        | 12,605,213        |
| Service charges net of voids   | 243,501                 | 579,018           | 1,035,359           | 150,976             | 5,123              | 2,013,977         | 1,830,271         |
| <b>Gross income from rents and service charges</b>   | <b>9,652,596</b>        | <b>2,123,625</b>  | <b>2,861,308</b>    | <b>267,558</b>      | <b>96,748</b>      | <b>15,001,835</b> | <b>14,435,484</b> |
| <b>Less: Rental voids</b>  | <b>(114,027)</b>        | <b>(102,386)</b>  | <b>(35,244)</b>     | <b>(3,758)</b>      | <b>(1,659)</b>     | <b>(257,074)</b>  | <b>(234,789)</b>  |
| <b>Net income from rents and service charges</b>   | <b>9,538,569</b>        | <b>2,021,239</b>  | <b>2,826,064</b>    | <b>263,800</b>      | <b>95,089</b>      | <b>14,744,761</b> | <b>14,200,695</b> |
| Release of deferred capital government grant   | 84,232                  | -                 | -                   | -                   | -                  | 84,232            | 16,817            |
| Grants from the Scottish Ministers   | 111,424                 | 47,027            | 27,126              | -                   | -                  | 185,577           | 210,230           |
| <b>Total turnover from social letting activities</b>   | <b>9,734,225</b>        | <b>2,068,266</b>  | <b>2,853,190</b>    | <b>263,800</b>      | <b>95,089</b>      | <b>15,014,570</b> | <b>14,427,742</b> |
| Management and maintenance administration costs  |                         |                   |                     |                     |                    |                   |                   |
| Service costs  | 3,660,087               | 801,891           | 998,134             | 32,143              | 71,054             | 5,563,309         | 5,031,041         |
| Planned and cyclical maintenance   | 184,582                 | 573,510           | 1,053,682           | 3,650               | 18,871             | 1,834,295         | 1,718,008         |
| Planned and cyclical maintenance capitalised   | 1,112,941               | 469,939           | 661,085             | 24,283              | 6,403              | 2,274,651         | 2,766,694         |
| Responsive maintenance costs   | (445,204)               | (336,997)         | (443,805)           | (4,574)             | (1,100)            | (1,231,680)       | (1,898,866)       |
| Responsive maintenance capitalised   | 1,612,714               | 392,851           | 414,534             | 25,589              | 30,986             | 2,476,674         | 1,932,043         |
| Bad debt provision   | (99,313)                | (1,167)           | (3,501)             | (4,205)             | (300)              | (108,486)         | (27,047)          |
| Write offs   | (19,496)                | -                 | -                   | -                   | -                  | (19,496)          | 32,520            |
| Non-refundable rent  | 170,836                 | 73,839            | 42,413              | 3,092               | 2,820              | 293,000           | 207,491           |
| Impairment   | (6,646)                 | (1,381)           | (1,712)             | (114)               | (77)               | (9,930)           | (38,611)          |
| Depreciation of social housing   | -                       | -                 | -                   | -                   | -                  | -                 | 439,915           |
| <b>Operating expenditure for social letting activities</b>   | <b>1,482,556</b>        | <b>332,867</b>    | <b>416,088</b>      | <b>26,093</b>       | <b>16,221</b>      | <b>2,273,825</b>  | <b>2,145,282</b>  |
| <b>Operating surplus or (deficit) for social lettings 2019</b>   | <b>7,653,057</b>        | <b>2,305,352</b>  | <b>3,136,918</b>    | <b>105,957</b>      | <b>144,878</b>     | <b>13,346,162</b> | <b>12,308,470</b> |
| <b>Operating surplus or (deficit) for social lettings 2018</b>   | <b>2,081,168</b>        | <b>(237,086)</b>  | <b>(283,728)</b>    | <b>157,843</b>      | <b>(49,789)</b>    | <b>1,668,408</b>  |                   |
| <i>Operating surplus for social lettings – 2018</i>  | <i>2,115,707</i>        | <i>27,706</i>     | <i>(106,202)</i>    | <i>92,855</i>       | <i>(10,794)</i>    |                   | <i>2,119,272</i>  |
| <b>Number of units in management:</b>  |                         |                   |                     |                     |                    |                   |                   |
| <b>2019</b>  | <b>2,159</b>            | <b>474</b>        | <b>590</b>          | <b>19</b>           | <b>42</b>          | <b>3,284</b>      |                   |
| <b>2018</b>  | <b>2,102</b>            | <b>472</b>        | <b>590</b>          | <b>37</b>           | <b>41</b>          | <b>3,242</b>      |                   |

Included in depreciation of social housing is £140,650 (2018: £184,553) relating to the loss on disposal of components.

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

6a. Particulars of turnover, operating expenditure and operating surplus or (deficit) from other activities

| Group   | Grants from<br>Scottish<br>Ministers<br>£ | Other<br>Revenue<br>Grants<br>£ | Supporting<br>People<br>Income<br>£ | Other<br>Income<br>£ | Total<br>turnover<br>£ | Operating<br>Expenditure -<br>bad debts<br>£ | Other<br>operating<br>expenditure<br>£ | Operating<br>surplus or<br>(deficit)<br>2019<br>£ | Operating<br>surplus or<br>(deficit)<br>2018<br>£ |
|---|---|---------------------------------|-------------------------------------|----------------------|------------------------|--|--|---|---|
| Care and repair of<br>property                            | 404,196                                   | 75,952                          | -                                   | -                    | 480,148                | -  | 413,651                                | 66,497  | 56,594  |
| Wider role  | 122,321                                   | -                               | -                                   | -                    | 122,321                | -  | 86,776                                 | 35,545  |   |
| Commercial rent from<br>investment properties             | -   | -                               | -                                   | 764,993              | 764,993                | -  | 488,385                                | 276,608   | 281,151   |
| Development and<br>construction of property<br>activities | -   | -                               | -                                   | -                    | -                      | -  | -                                      | -   | -   |
| Support activities  | 11,981                                    | -                               | 56,389                              | -                    | 68,370                 | -  | 166,724                                | (98,354)  | (75,986)  |
| Care activities   | -   | -                               | -                                   | -                    | -                      | -  | -                                      | -   | -   |
| Factoring activities                                      | -   | -                               | -                                   | 87,100               | 87,100                 | 12,346                                       | 57,210                                 | 17,544  | 13,218  |
| Service charge admin<br>recharge                          | -   | -                               | -                                   | 111,855              | 111,855                | -  | 98,876                                 | 12,979  | 56,859  |
| Third party recharge<br>costs                             | -   | -                               | -                                   | 72,447               | 72,447                 | -  | 25,935                                 | 46,512  | 68,793  |
| Other activities  | -   | -                               | -                                   | 207,336              | 207,336                | 16,435                                       | 5,670                                  | 185,231   | 11,456  |
| <b>Total from other<br/>activities 2019</b>               | <b>538,498</b>                            | <b>75,952</b>                   | <b>56,389</b>                       | <b>1,243,731</b>     | <b>1,914,570</b>       | <b>28,781</b>                                | <b>1,343,227</b>                       | <b>542,562</b>                                    |   |
| <b>Total from other<br/>activities 2018</b>               | <b>404,196</b>                            | <b>71,396</b>                   | <b>97,481</b>                       | <b>1,044,806</b>     | <b>1,617,879</b>       | <b>67,683</b>                                | <b>1,138,111</b>                       |   | <b>412,085</b>                                    |

The other activity headings as noted in The Scottish Housing Regulator's Determination of Accounting Requirements (2014) do not apply.

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

| 6b. Particulars of turnover, operating expenditure and operating surplus or (deficit) from other activities |                                     |                           |                               |                   |                     |  |                                  |  |  |
|---|-------------------------------------|---------------------------|-------------------------------|-------------------|---------------------|--|----------------------------------|--|--|
| Association   | Grants from Scottish Ministers<br>£ | Other Revenue Grants<br>£ | Supporting People Income<br>£ | Other Income<br>£ | Total turnover<br>£ | Operating Expenditure - bad debts<br>£ | Other operating expenditure<br>£ | Operating surplus or (deficit) 2019<br>£ | Operating surplus or (deficit) 2018<br>£ |
| Care and repair of property   | 404,196                             | 75,952                    | -                             | -                 | 480,148             | -                                      | 413,651                          | 66,497                                   | 56,594                                   |
| Commercial rent from investment properties  | -                                   | -                         | -                             | 744,126           | 744,126             | -                                      | 488,385                          | 255,741                                  | 281,151                                  |
| Development and construction of property activities   | -                                   | -                         | -                             | -                 | -                   | -                                      | -                                | -  | -  |
| Support activities  | -                                   | -                         | 56,389                        | -                 | 56,389              | -                                      | 157,085                          | (100,696)                                | (75,986)                                 |
| Care activities   | -                                   | -                         | -                             | -                 | -                   | -                                      | -                                | -  | -  |
| Factoring activities  | -                                   | -                         | -                             | 87,100            | 87,100              | 12,346                                 | 43,157                           | 31,597                                   | 13,218                                   |
| Service charge admin recharge   | -                                   | -                         | -                             | 111,855           | 111,855             | -                                      | 98,876                           | 12,979                                   | 56,859                                   |
| Third party recharge costs  | -                                   | -                         | -                             | 72,447            | 72,447              | -                                      | 25,935                           | 46,512                                   | 75,273                                   |
| Other activities  | -                                   | -                         | -                             | 183,906           | 183,906             | 16,435                                 | -                                | 167,471                                  | 12,176                                   |
| <b>Total from other activities 2019</b>   | <b>404,196</b>                      | <b>75,952</b>             | <b>56,389</b>                 | <b>1,199,434</b>  | <b>1,735,971</b>    | <b>28,781</b>                          | <b>1,227,089</b>                 | <b>480,101</b>                           |  |
| <b>Total from other activities 2018</b>   | <b>404,196</b>                      | <b>71,396</b>             | <b>97,481</b>                 | <b>1,052,006</b>  | <b>1,625,079</b>    | <b>67,683</b>                          | <b>1,138,111</b>                 |  | <b>419,285</b>                           |

The other activity headings as noted in The Scottish Housing Regulator's Determination of Accounting Requirements (2014) do not apply.

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

| <b>7a. Employees – Group</b>                        | <b>2019</b>      | <b>2018</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| Staff costs during year:                            |                  |                  |
| Wages and salaries                                  | <b>4,155,965</b> | 3,572,185        |
| Social security costs                               | <b>381,733</b>   | 330,280          |
| Pension costs                                       | <b>340,318</b>   | 288,832          |
| Pension costs – Past service scheme expenses        | -                | 17,660           |
| Pension costs – Past service deficit measurement    | -                | (20,000)         |
| Pension costs – Strathclyde Pension Scheme          | <b>151,000</b>   | -                |
| Death in service                                    | <b>49,411</b>    | 39,347           |
| Accrued holiday pay                                 | <b>116,185</b>   | 36,473           |
| Agency costs  | <b>31,603</b>    | 23,238           |
| Redundancy and compensation payments (including NI) | <b>99,025</b>    | 159,821          |
|   | <b>5,325,240</b> | <b>4,447,836</b> |

During the year past service deficit contributions of £563,772 (2018: £554,138) were paid.

|  | <b>2019</b> | <b>2019</b> | <b>2018</b> | <b>2018</b> |
|--|-------------|-------------|-------------|-------------|
|  | <b>Ave</b>  | <b>FTE</b>  | <b>Ave</b>  | <b>FTE</b>  |
|  | <b>No.</b>  | <b>No.</b>  | <b>No.</b>  | <b>No.</b>  |
| Average weekly number and the full time equivalent (FTE) employees of the Association including staff on an agency basis during the year was |             |             |             |             |
| Office staff   | <b>99</b>   | <b>87</b>   | 96          | 82          |
| HomeWorks staff  | <b>16</b>   | <b>15</b>   | 8           | 8           |
| Housing managers and other staff   | <b>77</b>   | <b>42</b>   | 68          | 30          |
|  | <b>192</b>  | <b>144</b>  | <b>172</b>  | <b>120</b>  |



**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

| <b>7b. Employees –Association</b>                      | <b>2019</b>             | <b>2018</b>             |
|--|-------------------------|-------------------------|
|  | <b>£</b>                | <b>£</b>                |
| Staff costs during year:                               |                         |                         |
| Wages and salaries                                     | <b>3,921,205</b>        | 3,572,185               |
| Social security costs                                  | <b>358,756</b>          | 330,280                 |
| Pension costs  | <b>306,947</b>          | 288,832                 |
| Pension costs – Past service scheme expenses - SHAPS   | -                       | 17,660                  |
| Pension costs – Past service deficit measurement SHAPS | -                       | (20,000)                |
| Death in service                                       | <b>45,433</b>           | 39,347                  |
| Accrued holiday pay                                    | <b>114,911</b>          | 36,473                  |
| Agency costs   | <b>30,761</b>           | 23,238                  |
| Redundancy and compensation payments (including NI)    | <b>99,025</b>           | 159,821                 |
|  | <b><u>4,877,038</u></b> | <b><u>4,447,836</u></b> |

During the year past service deficit contributions of £563,772 (2018: £554,138) were paid.

|  | <b>2019</b>       | <b>2019</b>       | <b>2018</b>       | <b>2018</b>       |
|--|-------------------|-------------------|-------------------|-------------------|
|  | <b>Ave</b>        | <b>FTE</b>        | <b>Ave</b>        | <b>FTE</b>        |
|  | <b>No.</b>        | <b>No.</b>        | <b>No.</b>        | <b>No.</b>        |
| Average weekly number and the full time equivalent (FTE) employees of the Association including staff on an agency basis during the year was |                   |                   |                   |                   |
| Office staff   | <b>97</b>         | <b>85</b>         | 96                | 82                |
| HomeWorks staff  | <b>12</b>         | <b>12</b>         | 8                 | 8                 |
| Housing managers and other staff   | <b>63</b>         | <b>28</b>         | 68                | 30                |
|  | <b><u>172</u></b> | <b><u>125</u></b> | <b><u>172</u></b> | <b><u>120</u></b> |

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**8a. Directors' emoluments – Group**

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 whose total emoluments exceed £60,000 per year. 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 senior management team of the Group only.

|   | 2019<br>£      | 2018<br>£      |
|---|----------------|----------------|
| Aggregate emoluments payable to the key management team (which includes all the officers earning > £60k) (excluding pension contributions) amounted to: | <u>317,501</u> | <u>353,243</u> |
| Total emoluments payable to the Chief executive (excluding pension contributions) amounted to:  | <u>112,170</u> | <u>108,912</u> |
| The numbers of officers including the highest paid Officer who received emoluments (excluding pension contributions) in the following ranges were:      | <b>Number</b>  | <b>Number</b>  |
| £60,001 - £70,000   | -              | 1              |
| £70,001 - £80,000   | 2              | 2              |
| £80,001 - £90,000   | -              | -              |
| £90,001 - £100,000  | 1              | 1              |
| £100,001 - £110,000   | <u>1</u>       | <u>1</u>       |

Total pension contributions (including a share of the past service deficit payment) to the key management team (which includes all officers earning > £60k) were £74,461 (2018: £70,337). No enhanced or special terms apply to membership and the key management team have no other pension arrangements to which the Group contributes. Employers NI contributions for the key management team were £38,877 (2018: £41,422)

The Chief Executive is an ordinary member of the Group's pension scheme described in Note 25. The Association's contributions (including a share of the past service deficit payment) for the Chief Executive in the year amounted to £27,353 (2018: £27,550).

|  | £             | £             |
|--|---------------|---------------|
| Total Board of Management expenses reimbursed in so far as not chargeable to United Kingdom Income Tax | <u>15,225</u> | <u>21,373</u> |

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**8b. Directors' emoluments –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 whose total emoluments exceed £60,000 per year. 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 senior management team of the Group only.

|   | <b>2019</b>    | <b>2018</b>    |
|---|----------------|----------------|
|   | <b>£</b>       | <b>£</b>       |
| Aggregate emoluments payable to the key management team (which includes all the officers earning > £60k) (excluding pension contributions) amounted to: | <b>277,675</b> | <b>353,243</b> |
| Total emoluments payable to the Chief executive (excluding pension contributions) amounted to:  | <b>112,170</b> | <b>108,912</b> |
| The numbers of officers including the highest paid Officer who received emoluments (excluding pension contributions) in the following ranges were:      | <b>Number</b>  | <b>Number</b>  |
| £70,001 - £80,000   | -              | 1              |
| £80,001 - £90,000   | 2              | 2              |
| £90,001 - £100,000  | -              | -              |
| £110,001 - £115,000   | 1              | 1              |

Total pension contributions (including a share of the past service deficit payment) to the key management team (which includes all officers earning > £60k) were £67,785 (2018: £70,337). No enhanced or special terms apply to membership and the key management team have no other pension arrangements to which the Group contributes. Employers NI contributions for the key management team were £34,351 (2018: £41,422)

The Chief Executive is an ordinary member of the Group's pension scheme described in Note 25. The Association's contributions (including a share of the past service deficit payment) for the Chief Executive in the year amounted to £27,353 (2018: £27,550).

|  | <b>£</b>      | <b>£</b>      |
|--|---------------|---------------|
| Total Board of Management expenses reimbursed in so far as not chargeable to United Kingdom Income Tax | <b>13,223</b> | <b>21,373</b> |

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

| <b>9. Operating surplus</b>                 | <b>2019<br/>£</b> | <b>2018<br/>£</b> |
|---|-------------------|-------------------|
| Operating surplus is stated after charging: |                   |                   |
| <b>Group</b>                                |                   |                   |
| Depreciation:                               |                   |                   |
| - charge                                    | 2,530,553         | 2,164,334         |
| - loss on disposal of components            | 305,135           | 184,553           |
| Auditor's remuneration:                     |                   |                   |
| - External audit services                   | 27,851            | 19,446            |
| - non-audit services                        | 8,783             | 2,865             |
| - internal audit services                   | 23,532            | 7,619             |
|   | <u>2,885,854</u>  | <u>2,378,817</u>  |
| <b>Association</b>                          |                   |                   |
| Depreciation:                               |                   |                   |
| - charge                                    | 2,428,749         | 2,163,421         |
| - loss on disposal of components            | 140,650           | 184,553           |
| Auditor's remuneration:                     |                   |                   |
| - External audit services                   | 17,414            | 17,150            |
| - non-audit services                        | 8,291             | 1,905             |
| - internal audit services                   | 23,532            | 7,619             |
|   | <u>2,618,636</u>  | <u>2,374,648</u>  |

Scott-Moncrieff are also the internal auditor.

| <b>10. Gain on sale on property, plant and equipment</b> | <b>2019<br/>£</b> | <b>2018<br/>£</b> |
|--|-------------------|-------------------|
| <b>Group and association</b>                             |                   |                   |
| Gain on right to buy sales                               | 19,700            | 26,360            |
| Gain on supported sales                                  | 221,553           | -                 |
| Gain on shared ownership tranches                        | -                 | 74,829            |
| Gain on general needs                                    | 44,121            | -                 |
| Loss on other fixed assets                               | (123,856)         | -                 |
|  | <u>161,518</u>    | <u>101,189</u>    |

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

|   |                  |                  |
|---|------------------|------------------|
| <b>11a. Interest receivable – Group</b>   | <b>2019</b>      | <b>2018</b>      |
|   | <b>£</b>         | <b>£</b>         |
| Interest receivable on bank deposits  | <u>11,921</u>    | <u>-</u>         |
| <b>11b. Interest receivable – Association</b>   | <b>2019</b>      | <b>2018</b>      |
|   | <b>£</b>         | <b>£</b>         |
| Interest receivable on bank deposits  | <u>6,875</u>     | <u>-</u>         |
| <b>12. Interest payable and similar charges</b>   | <b>2019</b>      | <b>2018</b>      |
| <b>Group</b>  | <b>£</b>         | <b>£</b>         |
| On bank loans   | 2,011,970        | 1,626,727        |
| SHAPS – finance cost (note 25)  | 81,000           | 27,000           |
| Strathclyde Pension Scheme – finance cost (note 25)   | 10,000           | -                |
| Bank charges  | 446              | 487              |
|   | <u>2,103,416</u> | <u>1,654,214</u> |
| <b>Association</b>  | <b>2019</b>      | <b>2018</b>      |
|   | <b>£</b>         | <b>£</b>         |
| On bank loans   | 1,961,446        | 1,626,727        |
| Defined benefit pension liability – interest charge (note 25)   | 81,000           | 27,000           |
|   | <u>2,042,446</u> | <u>1,653,727</u> |
| <b>13. Taxation</b>   |                  |                  |
| <b>Group</b>  |                  |                  |
| The Association is a Scottish Charity and no liability to Corporation Tax arises on its charitable activities in the year. Corporation tax is due on the profit generated by Cairn Homes and Services Limited in 2018/19. |                  |                  |
|   | <b>2019</b>      | <b>2018</b>      |
|   | <b>£</b>         | <b>£</b>         |
| Corporation Tax due on other activities (Cairn Homes and Services Limited)  | 5,365            | -                |
| Deferred tax provision (Cairn Homes and Services Limited)   | 169              | -                |
|   | <u>5,534</u>     | <u>-</u>         |
| <b>Association</b>  | <b>2019</b>      | <b>2018</b>      |
|   | <b>£</b>         | <b>£</b>         |
| Corporation Tax due on other activities   | <u>-</u>         | <u>-</u>         |

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

---

|                                     |                     |
|-------------------------------------|---------------------|
| <b>14. Goodwill</b>                 | <b>£</b>            |
| <b>Cost</b>                         |                     |
| At 1 April 2018                     | -                   |
| Additions – ANCHO joining the group | <b>(12,699,539)</b> |
|                                     | <hr/>               |
| At 31 March 2019                    | <b>(12,699,539)</b> |
|                                     | <hr/>               |
| <b>Amortisation</b>                 |                     |
| At 1 April 2018                     | -                   |
| Charge for year                     | <b>1,058,295</b>    |
|                                     | <hr/>               |
| At 31 March 2019                    | <b>1,058,295</b>    |
|                                     | <hr/>               |
| <b>Net book value</b>               |                     |
| At 31 March 2019                    | <b>(11,641,244)</b> |
|                                     | <hr/>               |
| At 31 March 2018                    | -                   |
|                                     | <hr/>               |

The negative goodwill relates to ANCHO joining the Cairn Housing Group on 1 November 2018.

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

| 15a. Tangible fixed assets and investments                   | Housing Properties held for letting | Shared Ownership held for letting | Housing Properties in the course of construction | Housing Properties Total |
|--|-------------------------------------|-----------------------------------|--|--------------------------|
| (a) Housing properties Group                                 | £                                   | £                                 | £  | £                        |
| <b>Cost or valuation</b>                                     |                                     |                                   |  |                          |
| At the start of the year                                     | 97,386,541                          | 973,716                           | 3,053,867  | 101,414,124              |
| Acquired on ANCHO joining the group                          | 21,566,306                          | -                                 | -  | 21,566,306               |
| Additions during year  |                                     |                                   |  |                          |
| - properties   | 206,545                             | -                                 | -  | 206,545                  |
| - new developments/components                                | -                                   | -                                 | -  | -                        |
| - improvements to existing property (replacement components) | 2,499,078                           | -                                 | 7,502,813  | 7,502,813                |
| Transfer   | 7,673,344                           | -                                 | (7,673,344)                                      | 2,499,078                |
| Investment property transferred during the year              | 519,040                             | -                                 | -  | 519,040                  |
| Disposals during year  |                                     |                                   |  |                          |
| - properties   | (179,886)                           | -                                 | -  | (179,886)                |
| - replaced components  | (357,055)                           | -                                 | -  | (357,055)                |
| At the end of the year                                       | 129,313,913                         | 973,716                           | 2,883,336  | 133,170,965              |
| <b>Depreciation</b>  |                                     |                                   |  |                          |
| At the start of the year                                     | 6,754,180                           | 64,885                            | -  | 6,819,065                |
| Acquired on ANCHO joining the group                          | 2,525,197                           | -                                 | -  | 2,525,197                |
| Charge for year  | 2,211,697                           | 16,221                            | -  | 2,227,918                |
| Disposals during year  |                                     |                                   |  |                          |
| - properties   | (10,672)                            | -                                 | -  | (10,672)                 |
| - replaced components  | (51,920)                            | -                                 | -  | (51,920)                 |
| At the end of the year                                       | 11,428,482                          | 81,106                            | -  | 11,509,588               |
| <b>Net book value</b>  |                                     |                                   |  |                          |
| At 31 March 2019   | 117,885,431                         | 892,610                           | 2,883,336  | 121,661,377              |
| At 31 March 2018   | 90,632,361                          | 908,831                           | 3,053,867  | 94,595,059               |

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

| 15b. Tangible fixed assets and investments                   | Housing Properties held for letting<br>£ | Shared Ownership held for letting<br>£ | Housing Properties in the course of construction<br>£ | Housing Properties Total<br>£ |
|--|--|--|---|-------------------------------|
| (b) Housing properties Association                           |  |  |   |                               |
| Cost or valuation  |  |  |   |                               |
| At the start of the year                                     | 97,386,541                               | 973,716                                | 3,053,867   | 101,414,124                   |
| Additions during year  |  |  |   |                               |
| - properties   | 206,545                                  | -                                      | -   | 206,545                       |
| - new developments/components                                | -  | -                                      | 7,502,813   | 7,502,813                     |
| - improvements to existing property (replacement components) | 1,260,594                                | -                                      | -   | 1,260,594                     |
| Transfer   | 7,673,344                                | -                                      | (7,673,344)   | -                             |
| Investment property transferred during the year              | 519,040                                  | -                                      | -   | 519,040                       |
| Disposals during year  | (179,886)                                | -                                      | -   | (179,886)                     |
| - properties   | (166,483)                                | -                                      | -   | (166,483)                     |
| - replaced components  |  |  |   |                               |
| At the end of the year                                       | 106,699,695                              | 973,716                                | 2,883,336   | 110,556,747                   |
| Depreciation   |  |  |   |                               |
| At the start of the year                                     | 6,754,180                                | 64,885                                 | -   | 6,819,065                     |
| Charge for year  | 2,116,954                                | 16,221                                 | -   | 2,133,175                     |
| Disposals during year  | (10,672)                                 | -                                      | -   | (10,672)                      |
| - properties   | (25,833)                                 | -                                      | -   | (25,833)                      |
| - replaced components  |  |  |   |                               |
| At the end of the year                                       | 8,834,629                                | 81,106                                 | -   | 8,915,735                     |
| Net book value   |  |  |   |                               |
| At 31 March 2019   | 97,865,066                               | 892,610                                | 2,883,336   | 101,641,012                   |
| At 31 March 2018   | 90,632,361                               | 908,831                                | 3,053,867   | 94,595,059                    |



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

---

**15. Tangible fixed assets and investments (cont'd)**

**15 (a) Tangible fixed assets and investments (continued)**

**Group**

Total cost of components capitalised for the year amounted to £3,252,050 (2018: £1,825,220). The amount spent on maintenance of housing properties held for letting can be seen in note 5a.

Additions to Housing Properties during the year includes £nil capitalised interest (2018: £nil) and £nil capitalised administration costs (2018: £nil). All housing properties are freehold. Properties with a cost of £179,886 (2018: £150,419) and accumulated depreciation of £10,672 (2018: £6,918) have been disposed of in the year for net proceeds of £500,563 (2018: £244,690 after grant repaid of £52,532). Components with a cost of £357,055 (2018: £210,083) and accumulated depreciation of £51,920 (2018: £25,530) have been disposed of for £nil 2018: £nil) net proceeds.

The housing properties were revalued as at 1 April 2014 (by Jones Lang LaSalle Limited) on an existing value basis and this value was used as the deemed cost from that date in accordance with FRS 102.

**15 (b) Tangible fixed assets and investments (continued)**

**Association**

Total cost of components capitalised for the year amounted to £1,260,594 (2018: £1,825,220). The amount spent on maintenance of housing properties held for letting can be seen in note 5b.

Additions to Housing Properties during the year includes £nil capitalised interest (2018: £nil) and £nil capitalised administration costs (2018: £nil). All housing properties are freehold. Properties with a cost of £179,826 (2018: £150,419) and accumulated depreciation of £10,672 (2018: £6,918) have been disposed of in the year for net proceeds of £500,563 (2018: £244,690 after grant repaid of £52,532). Components with a cost of £166,483 (2018: £210,083) and accumulated depreciation of £25,833 (2018: £25,530) have been disposed of for £nil (2018: £nil) net proceeds.

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**15. Tangible fixed assets and investments (cont'd)**

| <b>15 (c) Investment properties<br/>Group</b> | <b>2019<br/>£</b> | <b>2018<br/>£</b> |
|---|-------------------|-------------------|
| At 1 April                                    | 9,078,833         | 9,076,133         |
| Acquired on ANCHO joining the group           | 447,500           | -                 |
| Component additions during year               | 15,974            | 2,700             |
| Property additions during year                | 3,092,220         | -                 |
| Property disposals during year                | (8,940)           | -                 |
| Revaluation gain during year                  | 409,135           | -                 |
| Transfer to housing properties                | (519,040)         | -                 |
|   | <b>12,515,682</b> | <b>9,078,833</b>  |

Investment properties are accommodation, offices and garages leased to 3<sup>rd</sup> parties. The turnover and operating expenditure in relation to these properties is disclosed in Note 6a. There are 357 (2018: 152) investment properties.

The investment properties were revalued as at 1 April 2019 (by Jones Lang LaSalle Limited) in accordance with FRS 102.

The minimum lease payments receivable in respect of leases in relation to investment properties are due within one year. This amounted to £764,943 (2018: £680,427).

| <b>15 (d) Investment properties<br/>Association</b> | <b>2019<br/>£</b> | <b>2018<br/>£</b> |
|---|-------------------|-------------------|
| At 1 April  | 9,078,833         | 9,076,133         |
| Component additions during year                     | 15,974            | 2,700             |
| Property additions during year                      | 3,092,220         | -                 |
| Property disposals during year                      | (8,940)           | -                 |
| Revaluation gain during year                        | 269,515           | -                 |
| Transfer to housing properties                      | (519,040)         | -                 |
|   | <b>11,928,562</b> | <b>9,078,833</b>  |

Investment properties are accommodation, offices and garages leased to 3<sup>rd</sup> parties. The turnover and operating expenditure in relation to these properties is disclosed in Note 6b. There are 178 (2018: 152) investment properties.

The investment properties were revalued as at 1 April 2019 (by Jones Lang LaSalle Limited) in accordance with FRS 102.

The minimum lease payments receivable in respect of leases in relation to investment properties are due within one year. This amounted to £752,276 (2018: £680,427).

During the year, Inverleith Row was transferred to housing properties from investment properties.

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

15. Tangible fixed assets and investments (cont'd)

| 15 (e) Other fixed assets Group     | Heritable Office Property<br>£ | Office Furniture and Equipment<br>£ | Fixtures and Fittings<br>£ | Other Fixed Assets Total<br>£ |
|-------------------------------------|--------------------------------|-------------------------------------|----------------------------|-------------------------------|
| <b>Cost</b>                         |                                |                                     |                            |                               |
| At start of year                    | 706,059                        | 1,899,731                           | 3,652                      | 2,609,442                     |
| Acquired on ANCHO joining the group | 80,264                         | 398,770                             | -                          | 479,034                       |
| Additions during year               | -                              | 581,791                             | -                          | 581,791                       |
| Disposals                           | -                              | (474,713)                           | -                          | (474,713)                     |
| At end of year                      | 786,323                        | 2,405,579                           | 3,652                      | 3,195,554                     |
| <b>Depreciation</b>                 |                                |                                     |                            |                               |
| At start of year                    | 199,503                        | 1,154,327                           | 1,744                      | 1,355,574                     |
| Acquired on ANCHO joining the group | 17,535                         | 380,996                             | -                          | 398,531                       |
| Provided during year                | 14,088                         | 287,634                             | 913                        | 302,635                       |
| Disposals                           | -                              | (313,822)                           | -                          | (313,822)                     |
| At end of year                      | 231,126                        | 1,509,135                           | 2,657                      | 1,742,918                     |
| <b>Net book value</b>               |                                |                                     |                            |                               |
| At 31 March 2019                    | 555,197                        | 896,444                             | 995                        | 1,452,636                     |
| At 31 March 2018                    | 506,556                        | 745,404                             | 1,908                      | 1,253,868                     |

| 15 (f) Other fixed assets Association | Heritable Office Property<br>£ | Office Furniture and Equipment<br>£ | Other Fixed Assets Total<br>£ |
|---------------------------------------|--------------------------------|-------------------------------------|-------------------------------|
| <b>Cost</b>                           |                                |                                     |                               |
| At start of year                      | 706,059                        | 1,899,731                           | 2,605,790                     |
| Additions during year                 | -                              | 578,191                             | 578,191                       |
| Disposals                             | -                              | (173,734)                           | (173,734)                     |
| At end of year                        | 706,059                        | 2,304,188                           | 3,010,247                     |
| <b>Depreciation</b>                   |                                |                                     |                               |
| At start of year                      | 199,503                        | 1,154,327                           | 1,353,830                     |
| Provided during year                  | 12,377                         | 283,197                             | 295,574                       |
| Disposals                             | -                              | (12,843)                            | (12,843)                      |
| At end of year                        | 211,880                        | 1,424,681                           | 1,636,561                     |
| <b>Net book value</b>                 |                                |                                     |                               |
| At 31 March 2019                      | 494,179                        | 879,507                             | 1,373,686                     |
| At 31 March 2018                      | 506,556                        | 745,404                             | 1,251,960                     |

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**15. Tangible fixed assets and investments (cont'd)**

| <b>15 (g) Investments<br/>Association</b>                                 | <b>2019<br/>£</b> | <b>2018<br/>£</b> |
|---|-------------------|-------------------|
| Investment in subsidiary undertaking:<br>Cairn Homes and Services Limited | <u>1</u>          | <u>1</u>          |

Cairn Housing Association Limited owns 1 ordinary £1 share in Cairn Homes and Services Limited (SC341478). The investment is held at cost. This represents a 100% shareholding in Cairn Homes and Services Limited, a company registered in Scotland, whose principal activity is the rental of housing units at mid-market rent. Cairn Homes and Services Limited made a profit of £29,640 (2018: profit of £909) for the year ended 31 March 2019 and had net assets of £20,447 (2018: net liabilities of £9,193).

| <b>16. Debtors due after more than one year<br/>Association</b> | <b>2019<br/>£</b> | <b>2018<br/>£</b> |
|---|-------------------|-------------------|
| Amounts owed by subsidiary                                      | <u>700,000</u>    | <u>-</u>          |
|   | <u>700,000</u>    | <u>-</u>          |

The loan to ANCHO is a fixed interest loan and is repayable on the 25<sup>th</sup> anniversary of the date of the first advance which was 27 September 2018. The interest rate is 3.5% per annum.

| <b>17. Debtors due within one year<br/>Group</b> | <b>2019<br/>£</b> | <b>2018<br/>£</b> |
|--|-------------------|-------------------|
| Rent arrears                                     | 904,691           | 724,191           |
| Less: provision for bad debts                    | (425,356)         | (378,690)         |
|  | <u>479,335</u>    | <u>345,501</u>    |
| Prepayments and accrued income                   | 2,308,128         | 1,950,421         |
| Other debtors                                    | 40,354            | 1,195             |
| Factoring arrears                                | 10,599            | -                 |
|  | <u>2,838,416</u>  | <u>2,297,117</u>  |
| <b>Association</b>                               | <b>2019<br/>£</b> | <b>2018<br/>£</b> |
| Rent arrears                                     | 718,232           | 723,583           |
| Less: provision for bad debts                    | (359,193)         | (378,690)         |
|  | <u>359,039</u>    | <u>344,893</u>    |
| Amounts owed by subsidiary                       | 11,994            | 12,175            |
| Prepayments and accrued income                   | 2,123,158         | 1,950,421         |
|  | <u>2,494,191</u>  | <u>2,307,489</u>  |

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

| <b>18. Cash and cash equivalents</b> | <b>2019</b>      | <b>2018</b>      |
|--------------------------------------|------------------|------------------|
| <b>Group</b>                         | <b>£</b>         | <b>£</b>         |
| Deposit accounts                     | <b>1,272,906</b> | -                |
| Current account                      | <b>1,054,814</b> | <b>1,494,746</b> |
|                                      | <b>2,327,720</b> | <b>1,494,746</b> |
| Overdraft                            | <b>(600,214)</b> | <b>(395,439)</b> |
|                                      | <b>1,727,506</b> | <b>1,099,307</b> |
|                                      |                  |                  |
|                                      | <b>2019</b>      | <b>2018</b>      |
| <b>Association</b>                   | <b>£</b>         | <b>£</b>         |
| Deposit accounts                     | <b>1,000,000</b> | -                |
| Current account                      | <b>920,066</b>   | <b>1,490,828</b> |
|                                      | <b>1,920,066</b> | <b>1,490,828</b> |
| Overdraft                            | <b>(600,214)</b> | <b>(395,439)</b> |
|                                      | <b>1,319,852</b> | <b>1,095,389</b> |

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

| <b>19. Creditors: amounts falling due within one year</b> | <b>2019</b>       | <b>2018</b>      |
|---|-------------------|------------------|
| <b>Group</b>  | <b>£</b>          | <b>£</b>         |
| Bank overdraft  | 600,214           | 395,439          |
| Current instalments due on loans (note 21)                | 7,018,930         | 1,115,694        |
| Trade creditors   | 427,466           | 112,808          |
| Other creditors   | 14,387            | 1,195            |
| Prepaid rents and service charges                         | 657,862           | 578,213          |
| Rents to be refunded                                      | -                 | 17,888           |
| Accruals  | 1,715,321         | 1,635,483        |
| Other taxes and social security                           | 18,606            | 10,728           |
| Past service pension liability (note 25)                  | -                 | 554,142          |
| Deferred Government capital grant (note 24)               | 84,764            | 33,135           |
| Corporation tax   | 5,366             | -                |
|   | <b>10,542,916</b> | <b>4,454,725</b> |
| Secured creditors   | <b>7,619,144</b>  | <b>1,511,133</b> |
|   | <b>2019</b>       | <b>2018</b>      |
| <b>Association</b>  | <b>£</b>          | <b>£</b>         |
| Bank overdraft  | 600,214           | 395,439          |
| Current instalments due on loans (note 22)                | 6,548,724         | 1,115,694        |
| Trade creditors   | 222,002           | 112,808          |
| Amounts owed to subsidiary                                | 1                 | 1                |
| Prepaid rents and service charges                         | 599,201           | 578,213          |
| Rents to be refunded                                      | -                 | 17,888           |
| Accruals  | 1,608,085         | 1,632,030        |
| Other taxes and social security                           | 18,606            | 10,728           |
| Past service pension liability (note 25)                  | -                 | 554,142          |
| Deferred Government capital grant (note 24)               | 84,232            | 33,135           |
|   | <b>9,681,065</b>  | <b>4,450,078</b> |
| Secured creditors   | <b>7,148,938</b>  | <b>1,511,133</b> |

£5.8m of loans have been reallocated from greater than one year to less than one year as these will be repaid following a drawdown of private placement in July 2019.

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

| <b>20. Creditors: amounts falling due after more than one year</b> | <b>2019</b>           | <b>2018</b>     |
|--|-----------------------|-----------------|
|  | <b>£</b>              | <b>£</b>        |
| <b>Group</b>   |                       |                 |
| Housing loans (note 21)  | <b>50,881,072</b>     | 44,582,704      |
| Past service pension liability (note 25)                           | -                     | 1,714,545       |
| Deferred Government capital grant (note 24)                        | <b>8,619,400</b>      | 3,198,953       |
|  | <b>59,500,472</b>     | 49,496,202      |
|  | <b>59,500,472</b>     | 49,496,202      |
| <br>Secured creditors  | <br><b>50,881,072</b> | <br>44,582,704  |
|  | <b>50,881,072</b>     | 44,582,704      |
|  | <b>50,881,072</b>     | 44,582,704      |
| <br><b>Association</b>   | <br><b>2019</b>       | <br><b>2018</b> |
|  | <b>£</b>              | <b>£</b>        |
| Housing loans (note 22)  | <b>44,632,961</b>     | 44,582,704      |
| Past service pension liability (note 25)                           | -                     | 1,714,545       |
| Deferred Government capital grant (note 24)                        | <b>8,594,948</b>      | 3,198,953       |
|  | <b>53,227,909</b>     | 49,496,202      |
|  | <b>53,227,909</b>     | 49,496,202      |
| <br>Secured creditors  | <br><b>44,632,961</b> | <br>44,582,704  |
|  | <b>44,632,961</b>     | 44,582,704      |
|  | <b>44,632,961</b>     | 44,582,704      |

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

| <b>21. Loans<br/>Group</b>   | <b>2019<br/>£</b> | <b>2018<br/>£</b> |
|--|-------------------|-------------------|
| Loans or mortgages secured by charges on the Group's housing properties: |                   |                   |
| Loans advanced by:   |                   |                   |
| Private lenders  | <b>57,900,002</b> | <b>45,698,398</b> |
| Amounts falling due in:  |                   |                   |
| One year (note 19)   | <b>7,018,930</b>  | <b>1,115,694</b>  |
| One year or more but less than two years (note 20)                       | <b>1,227,624</b>  | <b>1,115,694</b>  |
| Two years or more but less than five years (note 20)                     | <b>3,735,244</b>  | <b>3,347,089</b>  |
| Five years or more (note 20)   | <b>45,918,204</b> | <b>40,119,921</b> |
|  | <b>57,900,002</b> | <b>45,698,398</b> |

The loans are advanced to finance the development and refurbishment of housing properties and are repayable by quarterly instalments of principal and interest. The loans bear interest at rates between 2.22% and 4.51%.

The Group's lenders have standard securities of the Social Housing Units and investment properties with a carrying value of £116,876,630.

| <b>22. Loans<br/>Association</b>   | <b>2019<br/>£</b> | <b>2018<br/>£</b> |
|--|-------------------|-------------------|
| Loans or mortgages secured by charges on the Association's housing properties: |                   |                   |
| Loans advanced by:   |                   |                   |
| Private lenders  | <b>51,181,685</b> | <b>45,698,398</b> |
| Amounts falling due in:  |                   |                   |
| One year (note 19)   | <b>6,548,724</b>  | <b>1,115,694</b>  |
| One year or more but less than two years (note 20)                             | <b>748,724</b>    | <b>1,115,694</b>  |
| Two years or more but less than five years (note 20)                           | <b>2,246,172</b>  | <b>3,347,089</b>  |
| Five years or more (note 20)   | <b>41,638,065</b> | <b>40,119,921</b> |
|  | <b>51,181,685</b> | <b>45,698,398</b> |

The loans are advanced to finance the development and refurbishment of housing properties and are repayable by quarterly instalments of principal and interest. The loans bear interest at rates between 2.67% and 4.51%.

The Association's lenders have standard securities of the Social Housing Units and investment properties with a carrying value of £101,661,265.



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

| <b>23. Financial Instruments Group</b>           | <b>2019<br/>£</b>        | <b>2018<br/>£</b>        |
|--|--------------------------|--------------------------|
| <b>Financial Assets</b>                          |                          |                          |
| Cash and cash equivalents                        | <b>2,327,720</b>         | 1,099,307                |
| Financial assets measured at amortised cost      | <b>1,664,608</b>         | 1,673,151                |
|  | <b><u>3,992,328</u></b>  | <b><u>2,772,458</u></b>  |
| <b>Financial Liabilities</b>                     |                          |                          |
| Financial liabilities measured at amortised cost | <b>60,650,803</b>        | 50,129,898               |
|  | <b><u>60,650,803</u></b> | <b><u>50,129,898</u></b> |

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

Financial liabilities measured at amortised cost comprised bank loans and overdrafts, trade creditors, other creditors, rents to be refunded, accruals and the past service pension liability.

| <b>Association</b>                               | <b>2019<br/>£</b>        | <b>2018<br/>£</b>        |
|--|--------------------------|--------------------------|
| <b>Financial Assets</b>                          |                          |                          |
| Cash and cash equivalents                        | <b>1,920,066</b>         | 1,095,389                |
| Financial assets measured at amortised cost      | <b>2,037,337</b>         | 1,681,721                |
|  | <b><u>3,957,403</u></b>  | <b><u>2,777,110</u></b>  |
| <b>Financial Liabilities</b>                     |                          |                          |
| Financial liabilities measured at amortised cost | <b>53,611,987</b>        | 50,125,251               |
|  | <b><u>53,611,987</u></b> | <b><u>50,125,251</u></b> |

Financial assets measured at amortised cost comprised rental arrears, amounts owed by subsidiary and accrued income.

Financial liabilities measured at amortised cost comprised bank loans and overdrafts, trade creditors, rents to be refunded, accruals and the past service pension liability.

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

| <b>24. Deferred capital grants</b>                   |  | <b>2019</b>      | <b>2018</b>      |
|--|--|------------------|------------------|
|  |  | <b>£</b>         | <b>£</b>         |
| <b>Group</b>   |  |                  |                  |
| Deferred capital grants 1 April                      |  | <b>3,232,088</b> | <b>1,841,833</b> |
| Deferred capital grants acquired through acquisition |  | <b>25,516</b>    | <b>-</b>         |
| Grants received in year                              |  | <b>5,531,324</b> | <b>1,407,072</b> |
| Grant released in year                               |  | <b>(84,764)</b>  | <b>(16,817)</b>  |
| Deferred capital grants 31 March                     |  | <b>8,704,164</b> | <b>3,232,088</b> |
| Split:   |  |                  |                  |
| < 1 year   |  | <b>84,764</b>    | <b>33,135</b>    |
| 1-2 years  |  | <b>84,764</b>    | <b>33,135</b>    |
| 2-5 years  |  | <b>254,292</b>   | <b>99,406</b>    |
| > 5 years  |  | <b>8,280,344</b> | <b>3,066,412</b> |
| Total  |  | <b>8,704,164</b> | <b>3,232,088</b> |
| <b>Association</b>                                   |  |                  |                  |
|  |  | <b>2019</b>      | <b>2018</b>      |
|  |  | <b>£</b>         | <b>£</b>         |
| Deferred capital grants 1 April                      |  | <b>3,232,088</b> | <b>1,841,833</b> |
| Grants received in year                              |  | <b>5,531,324</b> | <b>1,407,072</b> |
| Grant released in year                               |  | <b>(84,232)</b>  | <b>(16,817)</b>  |
| Deferred capital grants 31 March                     |  | <b>8,679,180</b> | <b>3,232,088</b> |
| Split:   |  |                  |                  |
| < 1 year   |  | <b>84,232</b>    | <b>33,135</b>    |
| 1-2 years  |  | <b>84,232</b>    | <b>33,135</b>    |
| 2-5 years  |  | <b>252,696</b>   | <b>99,406</b>    |
| > 5 years  |  | <b>8,258,020</b> | <b>3,066,412</b> |
| Total  |  | <b>8,679,180</b> | <b>3,232,088</b> |

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

---

**25. Pension scheme – Group and Association**

**(i) Defined Contribution Scheme**

On 31 March 2014 the Association moved its pension provision from a defined benefit scheme via the Scottish Housing Associations' Pension Scheme to a defined contribution scheme via the Scottish Housing Associations' Pension Scheme and Standard Life.

61 members of staff are members of the Scottish Housing Association's Defined Contribution Pension Scheme. This scheme was closed to new entrants on 1 April 2014. The assets of the scheme are administered by The Pensions Trust and are independent of the Association.

The contributions paid in respect of the Scottish Housing Association's Defined Contribution Pension Scheme are variable with the maximum employer contribution of 12%.

65 members of staff are members of the Standard Life Group Personal Pension Scheme. This scheme is used for auto enrolment as well as being open to new members. The assets of the scheme are administered by Standard Life and are independent of the Association.

The contributions paid in respect of the Standard Life Group Personal Pension Scheme are variable with the maximum employer contribution of 10%.

**(ii) SHAPS defined benefit scheme**

Cairn Housing Association Limited participated in the Scottish Housing Association Pension Scheme (the scheme). Cairn Housing Association Limited has elected to operate the Defined Contributions Option for existing members, with this defined benefit scheme closed to new members from 1 April 2014. However, the Association is still required to fund the past service deficit liability.

The scheme is a multi-employer scheme which provides benefits to over 150 non-associated employers. The scheme is a defined benefit scheme in the UK. With effect from 1 April 2019, the pension scheme is accounted for under FRS102 as a defined benefit scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

***Year ended 31 March 2018***

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

# CAIRN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2019

#### 25. Pension scheme – Group and Association (continued)

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

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

The contributions paid in respect of the defined contribution scheme is 4% employee contributions and 8% employer contributions.

#### 30 September 2017 funding update

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

A summary is shown below:

| 30 September | Assets | Liabilities | Deficit | Funding |
|--------------|--------|-------------|---------|---------|
| 2015         | £616m  | £814m       | £198m   | 76%     |
| 2016         | £810m  | £1,020m     | £210m   | 79%     |
| 2017         | £852m  | £981m       | £129m   | 87%     |

The Trustee's view is that the recovery plan remains appropriate and there is no need to take any action ahead of the next actuarial valuation, which was due as at 30 September 2018. The information regarding this 30 September 2018 valuation, including the annual funding update, is not yet available from TPT.

#### Past service deficit repayment liability

|   | 2018<br>£ |
|---|-----------|
| Provision at start of period                          | 2,815,825 |
| Unwinding of the discount factor (interest expense)   | 27,000    |
| Deficit contribution paid                             | (554,138) |
| Remeasurements – impact of any changes in assumptions | (20,000)  |
| Provision at end of period                            | 2,268,687 |

|                     | 2018<br>£ |
|---------------------|-----------|
| Liability split as: |           |
| < 1 year            | 554,142   |
| 1-2 years           | 571,142   |
| 2-5 years           | 1,143,403 |
| > 5 years           | -         |
|                     | 2,268,687 |

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

---

**25. Pension scheme – Group and Association (continued)**

|   |                         |
|---|-------------------------|
| <b>Statement of Comprehensive Income Impact</b>       | <b>2018</b><br><b>£</b> |
| Interest expense                                      | 27,000                  |
| Re-measurements – impact of any change in assumptions | (20,000)                |
| Assumptions   | 2018                    |
| Rate of discount                                      | 1.51%                   |

The discount rates shown above are the equivalent single discount rates, which when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

**Year ended 31 March 2019**

**Accounting treatment from 1 April 2018**

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

At 31 March 2018, in respect of the SHAPS deficit repayment plan, amounts included within creditors due less than one year were £554,142 and amounts included within creditors due greater than one year were £1,714,545. At 1 April 2018, on initial recognition of the multi-employer defined benefit scheme, the opening adjustment to the liability was £1,172,313 to recognise a liability of £3,441,000 as at 1 April 2018.

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

|   |                                      |
|---|--------------------------------------|
|   | <b>31 March 2019</b><br><b>£'000</b> |
| Fair value of plan assets                         | 18,095                               |
| Present value of defined benefit obligation       | (21,793)                             |
| <b>Defined benefit liability to be recognised</b> | <b>(3,698)</b>                       |

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

**25. Pension scheme – Group and Association (continued)**

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

|  | Year ended<br>31 March 2019<br>£'000 |
|--|--------------------------------------|
| Defined benefit obligation at start of period                      | (20,423)                             |
| Current service cost   | -                                    |
| Expenses   | (16)                                 |
| Interest expense   | (517)                                |
| Actuarial gains/(losses) due to scheme experience                  | 73                                   |
| Actuarial (losses)/gains due to changes in demographic assumptions | (61)                                 |
| Actuarial (losses)/gains due to changes in financial assumptions   | (1,285)                              |
| Benefits paid and expenses   | 436                                  |
| <b>Defined benefit liability at the end of the period</b>          | <b>(21,793)</b>                      |

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

|  | Year ended<br>31 March 2019<br>£'000 |
|--|--------------------------------------|
| Fair value of plan assets at start of the period                                 | 16,982                               |
| Interest income  | 436                                  |
| Experience on plan assets (excluding amounts included in interest income) - gain | 574                                  |
| Contributions by the employer  | 539                                  |
| Benefits paid and expenses   | (436)                                |
| <b>Fair value of plan assets at end of period</b>                                | <b>18,095</b>                        |

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

|  | Year ended<br>31 March 2019<br>£'000 |
|--|--------------------------------------|
| Current service cost   | -                                    |
| Admin expenses   | 16                                   |
| Net interest expense   | 81                                   |
| <b>Defined benefit costs recognised in Statement of Comprehensive Income</b> | <b>97</b>                            |

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

---

**25. Pension scheme – Group and Association (continued)**

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

|   | <b>Period ended<br/>31 March 2019<br/>£'000</b> |
|---|---|
| Experience on plan assets (excluding amounts included in net interest cost - gain)  | 574   |
| Experience gains and losses arising on the plan liabilities – gain  | 73  |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – (loss) | (61)  |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)   | (1,285)   |
| <b>Total amount recognised in other comprehensive income – (loss)</b>   | <b>(699)</b>                                    |

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

|                             | <b>31 March 2019<br/>£'000</b> |
|-----------------------------|--------------------------------|
| Global Equity               | 2,911                          |
| Absolute Return             | 1,533                          |
| Distressed Opportunities    | 309                            |
| Credit Relative Value       | 314                            |
| Alternative Risk Premia     | 1,011                          |
| Fund of Hedge Funds         | 50                             |
| Emerging Markets Debt       | 580                            |
| Risk Sharing                | 525                            |
| Insurance-Linked Securities | 469                            |
| Property                    | 359                            |
| Infrastructure              | 758                            |
| Private Debt                | 233                            |
| Corporate Bond Fund         | 1,269                          |
| Long Lease Property         | 220                            |
| Secured Income              | 631                            |
| Over 15 Year Gilts          | 465                            |
| Liability Driven Investment | 6,439                          |
| Net Current Assets          | 19                             |
| <b>Total Assets</b>         | <b>18,095</b>                  |

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

| <b>Assumptions as at</b>                                    | <b>31 March 2019<br/>% per annum</b> |
|---|--------------------------------------|
| Discount rate   | 2.31                                 |
| Inflation (RPI)   | 3.29                                 |
| Inflation (CPI)   | 2.29                                 |
| Salary growth   | 3.29                                 |
| Allowance for commutation of pension for cash at retirement | 75% of<br>maximum<br>allowance       |

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

**25. Pension scheme – Group and Association (continued)**

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

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

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

**Member data summary**

**Active members**

|              | Number    | Total earnings<br>(£'000s p.a.) | Average age<br>(unweighted) |
|--------------|-----------|---------------------------------|-----------------------------|
| Males        | 23        | 965                             | 49                          |
| Females      | 38        | 1,057                           | 50                          |
| <b>Total</b> | <b>61</b> | <b>2,022</b>                    | <b>50</b>                   |

**Deferred members**

|              | Number    | Deferred pensions<br>(£'000s p.a.) | Average age<br>(unweighted) |
|--------------|-----------|------------------------------------|-----------------------------|
| Males        | 31        | 144                                | 52                          |
| Females      | 60        | 133                                | 52                          |
| <b>Total</b> | <b>91</b> | <b>277</b>                         | <b>52</b>                   |

**Pensioners**

|              | Number    | Pensions<br>(£'000s p.a.) | Average age<br>(unweighted) |
|--------------|-----------|---------------------------|-----------------------------|
| Males        | 26        | 122                       | 68                          |
| Females      | 53        | 227                       | 72                          |
| <b>Total</b> | <b>79</b> | <b>349</b>                | <b>70</b>                   |

**Employer debt on withdrawal**

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.



**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

---

**25. Pension scheme – Group and Association (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 TPT of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2017. As of this date the estimated employer debt for the Association was £5,021,615. The employer debt on withdrawal based on the valuation as at 30 September 2018 is not yet available from TPT.

**GMP equalisation**

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

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

The impact of GMP equalisation for Cairn Housing Association is 0.1% of liabilities, which is expected to be approximately £6,000. This is included within the closing defined benefit liability as detailed above.

**(iii) Strathclyde Pension Fund**

ANCHOR Limited contributes to Strathclyde Pension Fund administered by Glasgow Council, a defined benefit scheme, which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The assets of the scheme are held in a separate trustee-administered fund. The pension costs are assessed with the advice of independent qualified actuaries, using the projected unit method. The date of the valuation was 31 March 2019.

The assumptions and other data that have the most significant effect on the determination of the contribution levels of the scheme are as follows:-

|                                   | <b>2019</b> |
|-----------------------------------|-------------|
| Inflation / Pension Increase Rate | <b>2.4%</b> |
| Salary scale increases per annum  | <b>3.6%</b> |
| Discount rate                     | <b>2.5%</b> |

The estimated split of assets in the scheme and expected rate of return were:-

|          | <b>2019</b> |
|----------|-------------|
| Equities | <b>64%</b>  |
| Bonds    | <b>24%</b>  |
| Property | <b>10%</b>  |
| Cash     | <b>2%</b>   |

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

**25. Pension scheme – Group and Association (continued)**

Based on these assumptions, the average future life expectancies at age 65 are summarised below:

|  | <b>Males</b>      | <b>Females</b>     |
|--|-------------------|--------------------|
| Current pensioners                                     | <b>21.4 years</b> | <b>23.7 years</b>  |
| Future pensioners                                      | <b>23.4 years</b> | <b>25.8 years</b>  |
|  |                   | <b>2019</b>        |
|  |                   | <b>£</b>           |
| Estimated employer asset share                         |                   | <b>4,314,000</b>   |
| Present value of scheme liabilities                    |                   | <b>(5,026,000)</b> |
| Present value of unfunded liabilities                  |                   | <b>-</b>           |
| Total value of liabilities                             |                   | <b>(5,026,000)</b> |
| <b>Net Pension (Liability)</b>                         |                   | <b>(712,000)</b>   |
| <b>Analysis of amount charged to operating surplus</b> |                   | <b>2019</b>        |
|  |                   | <b>£</b>           |
| Service costs  |                   | <b>(231,000)</b>   |
| Employers' contributions                               |                   | <b>80,000</b>      |
| <b>Total operating charge</b>                          |                   | <b>(151,000)</b>   |

The service costs include an estimation of the impact of the McCloud case (£62,000) and GMP equalisation (£9,000).

|   |                  |
|---|------------------|
|   | <b>2019</b>      |
|   | <b>£</b>         |
| Analysis of amount credited to other finance income             |                  |
| Interest Income on Plan Assets                                  | <b>109,000</b>   |
| Interest on pension scheme liabilities                          | <b>(119,000)</b> |
| Total Net interest  | <b>(10,000)</b>  |
| <b>Total defined benefit cost in Total Comprehensive Income</b> | <b>(161,000)</b> |

|   |                  |
|---|------------------|
|   | <b>2019</b>      |
|   | <b>£</b>         |
| Analysis of recognised Comprehensive Income                                   |                  |
| Actual return less expected return on pension scheme assets                   | <b>131,000</b>   |
| Experience gains and losses arising on the scheme liabilities                 | <b>-</b>         |
| Changes in financial assumptions underlying the present                       | <b>(353,000)</b> |
| Changes in demographic assumptions  | <b>-</b>         |
| Value of the scheme assets  | <b>-</b>         |
| <b>Actual (loss) in pension plan recognised in Other Comprehensive Income</b> | <b>(222,000)</b> |

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

**25. Pension scheme – Group and Association (continued)**

| <b>Movement in pension deficit during the year</b> | <b>2018<br/>£</b> |
|--|-------------------|
| Deficit on joining group                           | (329,000)         |
| Current service cost                               | (160,000)         |
| Employers contributions                            | 80,000            |
| Past service costs                                 | (71,000)          |
| Estimated Benefits paid                            | -                 |
| Net returns on assets                              | (10,000)          |
| Actuarial gain/(loss)                              | (222,000)         |
| <b>Deficit at the end of the year</b>              | <b>(712,000)</b>  |

**26. Deferred tax**

|  | <b>2019<br/>£</b> |
|--|-------------------|
| Charged to profit or loss (in respect of Cairn Homes and Services Limited) | 169               |
| At end of year   | 169               |

The deferred taxation balance is made up as follows:-

|                                | <b>2019<br/>£</b> | <b>2018<br/>£</b> |
|--------------------------------|-------------------|-------------------|
| Fixed asset timing differences | 169               | -                 |
| At end of year                 | 169               | -                 |

**27. Share capital**

|   | <b>2019<br/>£</b> | <b>2018<br/>£</b> |
|---|-------------------|-------------------|
| <b>Group and Association</b>            |                   |                   |
| Shares of £1 each issued and fully paid |                   |                   |
| At 1 April 2018                         | 96                | 99                |
| Cancelled during the year               | (11)              | (3)               |
| Issued during the year                  | 7                 | -                 |
| At 31 March 2019                        | 92                | 96                |

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings. Called up share capital on the Statement of Financial Position has been adjusted to reflect the number of shares held by active members.

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**28. Reserves**

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

| <b>29. Net cash inflow from operating activities</b>          | <b>2019</b>        | <b>2018</b>      |
|---|--------------------|------------------|
| <b>Group</b>  | <b>£</b>           | <b>£</b>         |
| Surplus for the year  | <b>2,025,651</b>   | 986,928          |
| <u>Adjustment for non cash items</u>                          |                    |                  |
| Taxation charge   | <b>5,534</b>       | -                |
| Depreciation charges including loss on disposal of components | <b>2,835,688</b>   | 2,348,887        |
| Impairment charge   | -                  | 480,492          |
| Release of negative goodwill                                  | <b>(1,058,295)</b> | -                |
| (Decrease) in creditors                                       | <b>(3,604)</b>     | (634,180)        |
| (Increase) in debtors   | <b>(419,232)</b>   | (326,792)        |
| Share capital cancelled                                       | <b>(11)</b>        | (3)              |
| Carrying amount of tangible fixed asset disposals             | <b>339,045</b>     | 143,501          |
| SHAPS past service deficit movements                          | <b>40,772</b>      | 7,000            |
| Revaluation gain in investment properties                     | <b>(409,135)</b>   | -                |
| SHAPS finance cost  | <b>81,000</b>      | -                |
| SPF – Finance cost  | <b>10,000</b>      | -                |
| SPF – staff costs   | <b>151,000</b>     | -                |
| <u>Adjustments for investing or financing activities</u>      |                    |                  |
| Issue of shares   | <b>7</b>           | -                |
| HAG repaid  | -                  | 52,532           |
| Proceeds from the sale of fixed assets                        | <b>(500,563)</b>   | (297,222)        |
| Release of deferred government grants                         | <b>(84,764)</b>    | (16,817)         |
| Interest payable  | <b>2,012,416</b>   | 1,626,727        |
| Interest receivable   | <b>(11,921)</b>    | -                |
| SHAPS past service deficit payment                            | <b>(563,772)</b>   | (554,138)        |
| <b>Net cash (outflow)/inflow from operating activities</b>    | <b>4,449,816</b>   | <b>3,816,915</b> |

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**29. Net cash inflow from operating activities (continued)**

| <b>Association</b>  | <b>2019</b>      | <b>2018</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| Surplus for the year  | <b>543,971</b>   | <b>986,019</b>   |
| <u>Adjustment for non cash items</u>                          |                  |                  |
| Depreciation charges including loss on disposal of components | <b>2,569,399</b> | <b>2,347,974</b> |
| Impairment charge   | -                | <b>480,492</b>   |
| Increase/(Decrease) in creditors                              | <b>96,227</b>    | <b>(634,753)</b> |
| (Increase) in debtors   | <b>(186,702)</b> | <b>(327,105)</b> |
| Share capital cancelled                                       | <b>(11)</b>      | <b>(3)</b>       |
| Carrying amount of tangible fixed asset disposals             | <b>339,045</b>   | <b>143,501</b>   |
| SHAPS past service deficit movements                          | <b>40,772</b>    | <b>7,000</b>     |
| Revaluation gain in investment properties                     | <b>(269,515)</b> | -                |
| SHAPS finance cost  | <b>81,000</b>    | -                |
| <u>Adjustments for investing or financing activities</u>      |                  |                  |
| Issue of shares   | <b>7</b>         | -                |
| HAG repaid  | -                | <b>52,532</b>    |
| Proceeds from the sale of fixed assets                        | <b>(500,563)</b> | <b>(297,222)</b> |
| Release of deferred Government Grants                         | <b>(84,232)</b>  | <b>(16,817)</b>  |
| Interest payable  | <b>1,961,446</b> | <b>1,626,727</b> |
| Interest receivable   | <b>(6,875)</b>   | -                |
| SHAPS past service deficit payment                            | <b>(563,772)</b> | <b>(554,138)</b> |
| <b>Net cash inflow from operating activities</b>              | <b>4,020,197</b> | <b>3,814,207</b> |

**30. Payments to members, Board members and Key Management**

**Group**

No member of the Association received any fee or remuneration during the year (2018: £nil). Members of the Board of Management were reimbursed for out of pocket travel and accommodation expenses amounting to £14,057 (2018: £21,373).

Some members of the Board of Management are tenants of the Association. The tenancies of these Board Members are on normal terms and the members cannot use their position to their advantage.

The total rent and service charge payable in the year relating to tenant Board members is £9,228 (2018: £4,164). The total rent and service charge arrears relating to tenant Board members included within debtors at the year end is £564 (2018: £83). The total prepaid rent and service charge relating to tenant Board members included within creditors at the year end is £nil (2018: £nil).

The total remuneration (including pension contributions and benefits in kind) paid to Key Management who are deemed to be the Executive Officers was £430,839 (2018: £465,002).

# CAIRN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2019

#### 30. Payments to members, Board members and Key Management (continued)

##### Association

No member of the Association received any fee or remuneration during the year (2018: £nil). Members of the Board of Management were reimbursed for out of pocket travel and accommodation expenses amounting to £13,223 (2018: £21,373).

Some members of the Board of Management are tenants of the Association. The tenancies of these Board Members are on normal terms and the members cannot use their position to their advantage.

The total rent and service charge payable in the year relating to tenant Board members is £4,257 (2018: £4,164). The total rent and service charge arrears relating to tenant Board members included within debtors at the year end is £256 (2018: £83). The total prepaid rent and service charge relating to tenant Board members included within creditors at the year end is £nil (2018: £nil).

The total remuneration (including pension contributions and benefits in kind) paid to Key Management who are deemed to be the Executive Officers was £379,811 (2018: £465,002).

#### 31. Capital commitments

| Group                           | 2019<br>£        | 2018<br>£      |
|---------------------------------|------------------|----------------|
| Contracted                      | 4,146,352        | 430,000        |
| Approved but not contracted for | -                | -              |
|                                 | <u>4,146,352</u> | <u>430,000</u> |

This is to be funded by:

|                       |                  |                |
|-----------------------|------------------|----------------|
| Private finance       | 2,287,407        | 430,000        |
| Grants                | 1,488,945        | -              |
| From operating budget | 370,000          | -              |
|                       | <u>4,146,352</u> | <u>430,000</u> |

| Association                     | 2019<br>£        | 2018<br>£      |
|---------------------------------|------------------|----------------|
| Contracted                      | 4,023,690        | 430,000        |
| Approved but not contracted for | -                | -              |
|                                 | <u>4,023,690</u> | <u>430,000</u> |

This is to be funded by:

|                       |                  |                |
|-----------------------|------------------|----------------|
| Private finance       | 2,164,745        | 430,000        |
| Grants                | 1,488,945        | -              |
| From operating budget | 370,000          | -              |
|                       | <u>4,023,690</u> | <u>430,000</u> |

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

32. Revenue commitments

**Group**

At 31 March 2019 the Association had total future minimum lease commitments under non-cancellable operating leases as set out below:

| <b>Group</b>       | <b>Land &amp;<br/>Buildings<br/>2019<br/>£</b> | <b>Other<br/>2019<br/>£</b> | <b>Land &amp;<br/>Buildings<br/>2018<br/>£</b> | <b>Other<br/>2018<br/>£</b> |
|--------------------|--|-----------------------------|--|-----------------------------|
| Within a year      | 107,751  | 37,724                      | 150,978  | 29,183                      |
| Within 2-5 years   | 362,301  | -                           | 279,436  | -                           |
| After 5 years      | 440,607  | -                           | 293,510  | -                           |
|                    | <b>910,659</b>                                 | <b>37,724</b>               | <b>723,924</b>                                 | <b>29,183</b>               |
|                    |  |                             |  |                             |
| <b>Association</b> | <b>Land &amp;<br/>Buildings<br/>2019<br/>£</b> | <b>Other<br/>2019<br/>£</b> | <b>Land &amp;<br/>Buildings<br/>2018<br/>£</b> | <b>Other<br/>2018<br/>£</b> |
| Within a year      | 88,121   | 37,724                      | 150,978  | 29,183                      |
| Within 2-5 years   | 352,486  | -                           | 279,436  | -                           |
| After 5 years      | 440,607  | -                           | 293,510  | -                           |
|                    | <b>881,214</b>                                 | <b>37,724</b>               | <b>723,924</b>                                 | <b>29,183</b>               |