

**CLYDEBANK HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2005**

**Registered Housing Association No. HAL86**

**Financial Services Authority No. 2191 R(S)**

**Charity No. SCO33962**

**Baker Tilly  
Chartered Accountants**

**Glasgow**

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2005

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### **Registration Particulars**

|                              |   |
|------------------------------|---|
| Financial Services Authority | Industrial and Provident Societies Act 1965<br>Registered Number 2191 R(S)          |
| Communities Scotland         | Housing (Scotland) Act 2001<br>Registered Number HAL86                              |
| Scottish Charities           | Law Reform (Misc Provisions)(Scotland) Act 1990<br>Scottish Charity Number SC033962 |

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2005

The Committee of Management present their report and audited financial statements for the year ended 31 March 2005.

### Principal activity

The principal activity of the Association is the provision of housing for let at rents affordable to the client groups for whom it intends to provide.

### Business review

The Committee of Management note that the Association's balance sheet as detailed on page 9 shows a satisfactory position. Financial strength was maintained during the year, which will hopefully lead to higher levels of service provided to tenants.

The Association had greater involvement in identifying and participating in wider action requirements within the area of operation.

### Surplus for the year and transfers

The results for the year are shown in the Income and Expenditure Account on page 8.

|                                  |                |
|----------------------------------|----------------|
| Transfers to designated reserve: | £              |
| Major repairs reserve            | 1,619,682      |
| Transfer to revenue reserve      | (951,026)      |
| Surplus for the year             | <u>668,656</u> |

### Members of Committee of Management

The Members of the Management Committee of the Association during the year to 31 March 2005 were as follows:

|                                 |                                    |
|---------------------------------|------------------------------------|
| Mr J Hillhouse (Chairperson)    | Mr N Crilley                       |
| Miss E Mackie (Secretary)       | Miss P Rice                        |
| Mr J B Hearn (Vice Chairperson) | Ms B Follon                        |
| Mr S Hynds                      | Mrs C Hynds                        |
| Mrs S Hearn                     | Mr J Mooney                        |
| Mr J Wilson                     | Mrs M Reid                         |
| Mr A Hamilton                   | Mr T P Winter (appointed 24/06/04) |

### Fixed assets

Changes in fixed assets in the year are set out in note 8 of the financial statements.

# **CLYDEBANK HOUSING ASSOCIATION LIMITED**

## **REPORT OF COMMITTEE OF MANAGEMENT**

**31 MARCH 2005**

### **Treasury Management**

The Association has an active treasury management function, which operates in accordance with the Treasury Management Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2005, the Association has a mix of fixed and variable rate finance, which it considers appropriate at this time.

### **Maintenance policies**

The Association seeks to maintain its properties to the highest standard. To this end programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Income and Expenditure account.

In addition the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. The cost of these repairs would be charged to the Income and Expenditure account, unless it was agreed they could be capitalised within the terms outlined in the SORP.

### **Credit Payment Policy**

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period of the Association is thirty days.

### **Employee Involvement and Health & Safety**

The Association encourages employee involvement in all major initiatives.

### **Future developments**

The Association looks forward to involvement in the development of the Riverside and the regeneration of Whitecrook and Radnor Park.

### **Auditors**

Baker Tilly have agreed to offer themselves for re-appointment as auditors of the Association.

On behalf of the Committee of Management

John Hillhouse

Date: 15 June 2005

# **CLYDEBANK HOUSING ASSOCIATION LIMITED**

## **STATEMENT OF COMMITTEE RESPONSIBILITIES**

Under the legislation relating to Industrial and Provident Societies we are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association of that period. In preparing those financial statements we are required to:

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

We are also responsible for:

- keeping proper accounting records;
- safeguarding the Association's assets;
- taking reasonable steps for the prevention and detection of fraud.

By order of the Committee of Management

John Hillhouse

Date: 15 June 2005

# **CLYDEBANK HOUSING ASSOCIATION LIMITED**

## **COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROLS**

**31 March 2005**

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

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

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

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

**CLYDEBANK HOUSING ASSOCIATION LIMITED**

**COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL  
CONTROLS**

**31 March 2005  
(Continued)**

The Committee of Management have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2005 and until the below date. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Committee of Management

John Hillhouse

Date: 15 June 2005

# **CLYDEBANK HOUSING ASSOCIATION LIMITED**

## **AUDITORS' REPORT ON CORPORATE GOVERNANCE MATTERS**

### **Corporate Governance**

In addition to our audit of the financial statements, we have reviewed the Committee of Management's statement on pages 4 and 5 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

### **Basis of Opinion**

We carried out our review having regard to Bulletin 1999/5 that was issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

### **Opinion**

In our opinion the statement on internal financial control on pages 4 and 5 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

Baker Tilly  
Registered Auditors  
Chartered Accountants  
Glasgow

Date: 16 June 2005

# **CLYDEBANK HOUSING ASSOCIATION LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLYDEBANK HOUSING ASSOCIATION LIMITED**

We have audited the financial statements on pages 8 to 25 which have been prepared under the accounting policies set out on pages 11 to 14.

This report is made solely to the Association's members, as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report or for the opinion we have formed.

### **Respective responsibilities of Committee of Management and auditors**

The Management Committee's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Management Committee's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Housing Associations (Accounting Requirements) (Scotland) Order 1999. We also report to you if, in our opinion, the Management Committee's Report is not consistent with the financial statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the Association is not disclosed.

We read the Management Committee's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Committee of Management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Association's affairs as at 31 March 2005 and of its surplus for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Housing Associations (Accounting Requirements)(Scotland) Order 1999.

Baker Tilly  
Registered Auditors  
Chartered Accountants  
Glasgow

Date: 16 June 2005

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2005

|  | Notes | 2005<br>£          | 2004<br>£          |
|--|-------|--------------------|--------------------|
| <b>Turnover</b>  | 2     | 2,668,966          | 2,567,723          |
| Less: Operating costs  | 2     | <u>(2,018,867)</u> | <u>(1,382,569)</u> |
| <b>Operating surplus</b>   | 2     | 650,099            | 1,185,154          |
| Gain on sale of fixed assets                                     | 2     | 105,099            | 84,971             |
| Interest receivable and other income                             | 2     | 203,931            | 124,496            |
| Interest payable and other charges                               | 2     | <u>(290,473)</u>   | <u>(261,443)</u>   |
| <b>Surplus on ordinary activities before tax</b>                 | 2     | 668,656            | 1,133,178          |
| Taxation on surplus on ordinary activities                       | 6     | -                  | (54,284)           |
| Grant receivable against taxation                                | 6     | <u>-</u>           | <u>54,284</u>      |
| <b>Surplus for year</b>  | 7     | <u>668,656</u>     | <u>1,133,178</u>   |
| The results for the year relate wholly to continuing activities. |       |                    |                    |
| <b>Statement of total recognised gains and losses</b>            |       |                    |                    |
| Surplus for the financial year                                   |       | <u>668,656</u>     | <u>1,133,178</u>   |

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2005

|                                | Notes | 2005             |                         | 2004             |                         |
|--------------------------------|-------|------------------|-------------------------|------------------|-------------------------|
|                                |       | £                | £                       | £                | £                       |
| <b>Tangible Fixed Assets</b>   |       |                  |                         |                  |                         |
| Housing properties             |       |                  |                         |                  |                         |
| - gross cost less depreciation | 8     |                  | 22,213,940              |                  | 22,269,411              |
| Less: HAG                      | 8     |                  | <u>(17,738,701)</u>     |                  | <u>(17,714,193)</u>     |
|                                |       |                  | 4,475,239               |                  | 4,555,218               |
| Other Assets                   | 8     |                  | 581,452                 |                  | 533,217                 |
|                                |       |                  | <u>5,056,691</u>        |                  | <u>5,088,435</u>        |
| <b>Current Assets</b>          |       |                  |                         |                  |                         |
| Debtors                        | 9     | 719,872          |                         | 424,683          |                         |
| Cash at hand and in bank       |       | <u>4,779,284</u> |                         | <u>4,217,276</u> |                         |
|                                |       | 5,499,156        |                         | 4,641,959        |                         |
| <b>Current Liabilities</b>     |       |                  |                         |                  |                         |
| Creditors due within one year  | 10    | <u>(773,424)</u> |                         | <u>(590,452)</u> |                         |
| <b>Net Current Assets</b>      |       |                  |                         |                  |                         |
|                                |       |                  | <u>4,725,732</u>        |                  | <u>4,051,507</u>        |
|                                |       |                  | 9,782,423               |                  | 9,139,942               |
| Creditors due outwith one year | 11    |                  | <u>(4,745,693)</u>      |                  | <u>(4,771,878)</u>      |
| <b>Net Assets</b>              |       |                  | <u><u>5,036,730</u></u> |                  | <u><u>4,368,064</u></u> |
| <b>Capital and Reserves</b>    |       |                  |                         |                  |                         |
| Share capital                  | 14    |                  | 248                     |                  | 238                     |
| Designated reserves            | 7     |                  | 4,536,482               |                  | 2,916,800               |
| Revenue reserves               | 7     |                  | <u>500,000</u>          |                  | <u>1,451,026</u>        |
|                                |       |                  | <u><u>5,036,730</u></u> |                  | <u><u>4,368,064</u></u> |

These financial statements were approved by the Committee of Management on 15 June 2005 and signed on their behalf by:

|             |                  |
|-------------|------------------|
| Chairperson | John Hillhouse   |
| Secretary   | Elizabeth Mackie |
| Member      | James Wilson     |

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## CASH FLOW STATEMENT

YEAR TO 31 MARCH 2005

|  | Notes | 2005             |                  | 2004             |                  |
|--|-------|------------------|------------------|------------------|------------------|
|  |       | £                | £                | £                | £                |
| <b>Net cash inflow from operating activities</b>                               | 15    |                  | 863,569          |                  | 1,391,553        |
| <b>Returns on investments and servicing of finance</b>                         |       |                  |                  |                  |                  |
| Interest received  |       | 203,931          |                  | 124,496          |                  |
| Interest paid  |       | <u>(290,473)</u> |                  | <u>(261,443)</u> |                  |
| <b>Net cash (outflow) from returns on investments and servicing of finance</b> |       |                  | (86,542)         |                  | (136,947)        |
| <b>Taxation</b>  |       |                  |                  |                  |                  |
| Corporation tax paid   |       | -                |                  | (134,284)        |                  |
| Less: Grants received  |       | <u>54,284</u>    |                  | <u>298,462</u>   |                  |
| Net cash inflow on taxation  |       |                  | 54,284           |                  | 164,178          |
| <b>Investing activities</b>  |       |                  |                  |                  |                  |
| Cash paid for construction and purchases                                       |       | (195,659)        |                  | (129,188)        |                  |
| Housing association grant received   |       | 119,080          |                  | 145,630          |                  |
| Other grants received  |       | 122,510          |                  | -                |                  |
| Sales of housing properties  |       | 398,114          |                  | 336,133          |                  |
| Purchase of other fixed assets   |       | (224,065)        |                  | (109,248)        |                  |
| Housing Association Grant repaid   |       | <u>(383,606)</u> |                  | <u>(216,243)</u> |                  |
| Net cash (outflow)/inflow from investing activities                            |       |                  | (163,626)        |                  | 27,084           |
| Net cash inflow before financing   |       |                  | 667,686          |                  | 1,445,868        |
| <b>Financing</b>   |       |                  |                  |                  |                  |
| Loan received  |       | -                |                  | -                |                  |
| Loan principal repayments  |       | (105,693)        |                  | (111,663)        |                  |
| Increase in share capital  |       | 15               |                  | 12               |                  |
| Net cash (outflow)/inflow on financing   |       |                  | <u>(105,678)</u> |                  | <u>(111,651)</u> |
| Increase in cash and cash equivalents  |       |                  | <u>562,008</u>   |                  | <u>1,334,217</u> |

Further details are given in note 15.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2005

### 1. Accounting Policies

#### (a) Introduction and accounting basis

The principal accounting policies of the Association are set out in the paragraphs (b) to (p) below.

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered by The Financial Services Authority. These financial statements are prepared under the historical cost convention and are based on the Registered Housing Associations (Accounting Requirements) (Scotland) Order 1999 and the Statement of Recommended Practice "Accounting by Registered Social Landlords", and in accordance with applicable accounting standards.

#### (b) Finance

The financial statements have been prepared on the basis that the capital expenditure referred to in note 8 will be grant aided, funded by loans or met out of reserves, or from proceeds of sales.

#### (c) Mortgages

Mortgage loans are advanced by private lenders under the terms of the individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval for Housing Association Grant by Communities Scotland.

#### (d) Housing Association Grants

Housing Association Grants (HAG) are made by Communities Scotland and are utilised to reduce the amount of mortgage loan in respect of an approved scheme to the amount which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on the qualifying cost (note 1(f)) of the scheme in accordance with instructions issued from time to time by Communities Scotland. HAG and other grants are repayable under certain circumstances. These include the disposal of the properties to which the grants relate.

#### (e) Housing Association Grant - Acquisition and Development Allowances receivable

Acquisition and Development Allowances are determined by Communities Scotland and are advanced as grants. They are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Development allowances become available in instalments according to the progress of work on the scheme. These allowances are credited to development costs when they are receivable.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2005

(Continued)

(f) **Fixed assets - Housing land and buildings** (note 8)

Properties included in housing properties are stated at cost. The cost of such properties includes the following:

- (i) cost of acquiring land and buildings
- (ii) development expenditure including applicable overheads
- (iii) interest charged on the loans raised to finance the scheme

These costs are either termed "qualifying costs" by Communities Scotland for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities or they are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

Development costs are capitalised to the extent that they are attributable to specific schemes, where such costs are not felt to be excessive.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the scheme will not be developed to completion.

Interest on the loan financing the development is capitalised up to the relevant date of HAG completion.

(g) **Depreciation**

(i) **Housing Properties**

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic useful lives of the properties, which is stated to be 50 years.

No depreciation is charged on the cost of land.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2005

(Continued)

(ii) **Other fixed assets**

The Association's assets are written off evenly over their expected useful lives as follows:

|                       |   |                       |
|-----------------------|---|-----------------------|
| Office Property       | - | over 20 years         |
| Furniture & equipment | - | between 3 and 5 years |

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

(h) **Impairment of fixed assets**

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

Impairment of assets would be recognised in the income and expenditure account.

(i) **Improvements**

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in rental income or
- a material reduction in future maintenance costs or
- a significant extension of the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the income and expenditure account.

(j) **Reserve**

**Designated reserve - reserve for major repairs** (note 7)

Accrued major repair expenditure, being the Association's commitment to undertake major repairs to its properties, is set-aside in a designated reserve to the extent that it is not met from HAG.

(k) **Apportionment of management expenses**

Direct employee administration and operating costs have been apportioned to the income and expenditure account on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealt with in those accounts.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2005

(Continued)

(l) **Sale of housing properties**

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

(m) **Lease obligations**

Rentals paid under operating leases are charged to the income and expenditure account on the accruals basis.

(n) **Value added tax**

The Association is VAT registered. However, a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT

(o) **Pensions**

The Association participates in the centralised SFHA Defined Benefit Pension Scheme and retirement benefits to employees of the Association are funded by contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The expected cost to the Association of pensions is charged to the Income and Expenditure Account so as to spread the cost of pensions over the service lives of the employees.

(p) **Turnover**

Turnover represents rental income from tenants, development administration and other income.

**CLYDEBANK HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31 MARCH 2005**

**(Continued)**

**2. Particulars of turnover, operating costs and operating surplus and surplus before taxation by class of business**

|  | <b>Turnover</b>  | <b>Operating</b>   | <b>Operating</b> | <b>Gain on</b> | <b>Interest</b>   | <b>Interest</b>  | <b>Surplus</b>   | <b>2004</b>      |
|--|------------------|--------------------|------------------|----------------|-------------------|------------------|------------------|------------------|
|  | <b>£</b>         | <b>Costs</b>       | <b>Surplus</b>   | <b>sale of</b> | <b>Receivable</b> | <b>Payable</b>   | <b>Before</b>    | <b>Total</b>     |
|  |                  | <b>£</b>           | <b>£</b>         | <b>Fixed</b>   | <b>£</b>          | <b>£</b>         | <b>Taxation</b>  | <b>£</b>         |
|  |                  |                    |                  | <b>Assets</b>  |                   |                  | <b>£</b>         |                  |
|  |                  |                    |                  | <b>£</b>       |                   |                  |                  |                  |
| <b>Income and expenditure from letting</b> |                  |                    |                  |                |                   |                  |                  |                  |
| Housing Accommodation                      | 2,503,944        | (1,830,501)        | 673,443          | -              | -                 | -                | 673,443          | 1,156,198        |
| Shared ownership accommodation             | 104,206          | (36,965)           | 67,241           | -              | -                 | -                | 67,241           | 73,716           |
|  | <u>2,608,150</u> | <u>(1,867,466)</u> | <u>740,684</u>   | -              | -                 | -                | <u>740,684</u>   | <u>1,229,914</u> |
| Other income                               | 54,735           | (102,364)          | (47,629)         | -              | -                 | -                | (47,629)         | (45,103)         |
| Development administration                 | 6,081            | (49,037)           | (42,956)         | -              | -                 | -                | (42,956)         | 343              |
|  | <u>2,668,966</u> | <u>(2,018,867)</u> | <u>650,099</u>   | -              |                   |                  | <u>650,099</u>   | <u>1,185,154</u> |
| Sale of housing association accommodation  |                  |                    | -                | 105,099        | -                 | -                | 105,099          | 84,971           |
| Investment income                          |                  |                    | -                | -              | 203,931           | -                | 203,931          | 124,496          |
| Interest payable                           |                  |                    | -                | -              | -                 | (290,473)        | (290,473)        | (261,443)        |
|  |                  |                    | <u>650,099</u>   | <u>105,099</u> | <u>203,931</u>    | <u>(290,473)</u> | <u>668,656</u>   | <u>1,133,178</u> |
| <b>2004</b>                                | <u>2,567,723</u> | <u>(1,382,569)</u> | <u>1,185,154</u> | <u>84,971</u>  | <u>124,496</u>    | <u>(261,443)</u> | <u>1,133,178</u> |                  |

Included within Operating Costs of Other Income is an amount of £96,415 in relation to spending on Wider Action initiatives. Included in other income is £15,000 in revenue grants from West Dunbartonshire Partnership .The Association also received £120,000 in capital funding from the Partnership in relation to the Whitecrook Centre.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2005

(Continued)

### 3. Particulars of income and expenditure from lettings

|  | <b>Housing<br/>Accommodation</b> | <b>Shared<br/>Ownership</b> | <b>2005<br/>Total</b> | <b>2004<br/>Total</b> |
|--|----------------------------------|-----------------------------|-----------------------|-----------------------|
|  | £                                | £                           | £                     | £                     |
| <b>Income from lettings</b>                    |                                  |                             |                       |                       |
| Rent receivable net of                         |                                  |                             |                       |                       |
| Identifiable Service charges                   | 2,452,098                        | 102,136                     | 2,554,234             | 2,517,993             |
| Service charges receivable                     | 16,075                           | 2,070                       | 18,145                | 18,057                |
| Gross Rents Receivable                         | 2,468,173                        | 104,206                     | 2,572,379             | 2,536,050             |
| Less: Rent Losses from Voids                   | (34,229)                         | -                           | (34,229)              | (25,198)              |
|  | 2,433,944                        | 104,206                     | 2,538,150             | 2,510,852             |
| Revenue Grants from Communities Scotland       | 70,000                           | -                           | 70,000                | 15,400                |
| <b>Total Income from Lettings</b>              | <b>2,503,944</b>                 | <b>104,206</b>              | <b>2,608,150</b>      | <b>2,526,252</b>      |
| <b>Expenditure on Letting Activities</b>       |                                  |                             |                       |                       |
| Services                                       | 218,781                          | -                           | 218,781               | 214,334               |
| Management                                     | 339,122                          | 26,267                      | 365,389               | 368,489               |
| Routine maintenance                            | 548,331                          | -                           | 548,331               | 498,964               |
| Major repairs expenditure                      | 625,014                          | -                           | 625,014               | 115,212               |
| Rent losses from bad debts                     | 19,608                           | -                           | 19,608                | 9,142                 |
| Property depreciation                          | 79,645                           | 10,698                      | 90,343                | 90,197                |
| <b>Total Expenditure on Lettings</b>           | <b>1,830,501</b>                 | <b>36,965</b>               | <b>1,867,466</b>      | <b>1,296,338</b>      |
| <b>Operating Surplus on Letting Activities</b> | <b>673,443</b>                   | <b>67,241</b>               | <b>740,684</b>        | <b>1,229,914</b>      |

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £Nil (2004 - £Nil).

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2005

(Continued)

### 4. Sales of Housing Properties

|                  | 2005<br>£        | 2004<br>£        |
|------------------|------------------|------------------|
| Sale proceeds    | 398,114          | 336,133          |
| Cost of sales    | <u>(293,015)</u> | <u>(251,162)</u> |
| Gain on disposal | <u>105,099</u>   | <u>84,971</u>    |

The sales of housing properties have occurred under the right to buy legislation.

### 5. Interest Payable

|   | 2005<br>£      | 2004<br>£      |
|---|----------------|----------------|
| Interest payable in the year has been charged as follows: |                |                |
| Loans   | 290,473        | 261,443        |
| Less: Capitalised   | <u>-</u>       | <u>-</u>       |
| Income & expenditure account                              | <u>290,473</u> | <u>261,443</u> |

### 6. Taxation

The Association was granted charitable status on 10 December 2002 and is not liable for Corporation Tax on its exempt activities.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2005

(Continued)

### 7. Reserves

#### (a) Designated reserves

|                       | <b>Opening<br/>Balance<br/>£</b> | <b>Transfer<br/>from<br/>Revenue<br/>Reserve<br/>£</b> | <b>Closing<br/>Balance<br/>£</b> |
|-----------------------|----------------------------------|--|----------------------------------|
| Major repairs reserve | <u>2,916,800</u>                 | <u>1,619,682</u>                                       | <u>4,536,482</u>                 |

No restrictions are placed upon this reserve, but the Committee has designated its use for specific purposes.

#### (b) Revenue reserve

|                                  | <b>2005</b>        | <b>2004<br/>£</b>  |
|----------------------------------|--------------------|--------------------|
| Opening balance at 1 April 2004  | 1,451,026          | 1,730,848          |
| Surplus for year                 | 668,656            | 1,133,178          |
| Transfer to designated reserves  | <u>(1,619,682)</u> | <u>(1,413,000)</u> |
| Closing balance at 31 March 2005 | <u>500,000</u>     | <u>1,451,026</u>   |

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2005  
(Continued)

### 8. Tangible Fixed Assets

|                                  | Housing properties held for letting<br>£ | Housing properties in course of construction<br>£ | Completed Shared ownership properties<br>£ | Housing properties total<br>£ | Office property<br>£ | Office fittings & equipment<br>£ | Total<br>£        |
|----------------------------------|--|---|--|-------------------------------|----------------------|----------------------------------|-------------------|
| <b>Cost</b>                      |  |   |  |                               |                      |                                  |                   |
| At 1 April 2004                  | 19,988,755                               | 68,030  | 2,627,139                                  | 22,683,924                    | 730,160              | 176,588                          | 23,590,672        |
| Additions during year            | 195,659                                  | -   | -  | 195,659                       | 212,330              | 11,735                           | 419,724           |
| Transfers                        | 68,030                                   | (68,030)  | -  | -                             | -                    | -                                | -                 |
| Disposals in year                | (91,016)                                 | -   | (72,866)                                   | (163,882)                     | -                    | -                                | (163,882)         |
| At 31 March 2005                 | <u>20,161,428</u>                        | <u>-</u>  | <u>2,554,273</u>                           | <u>22,715,701</u>             | <u>942,490</u>       | <u>188,323</u>                   | <u>23,846,514</u> |
| <b>Housing Association Grant</b> |  |   |  |                               |                      |                                  |                   |
| At 1 April 2004                  | 15,434,868                               | 68,030  | 2,211,295                                  | 17,714,193                    | 123,740              | -                                | 17,837,933        |
| Additions during year            | 119,080                                  | -   | -  | 119,080                       | 122,510              | -                                | 241,590           |
| Transfers                        | 68,030                                   | (68,030)  | -  | -                             | -                    | -                                | -                 |
| Repaid and abated during year    | (34,301)                                 | -   | (60,271)                                   | (94,572)                      | -                    | -                                | (94,572)          |
| At 31 March 2005                 | <u>15,587,677</u>                        | <u>-</u>  | <u>2,151,024</u>                           | <u>17,738,701</u>             | <u>246,250</u>       | <u>-</u>                         | <u>17,984,951</u> |
| <b>Depreciation</b>              |  |   |  |                               |                      |                                  |                   |
| At 1 April 2004                  | 363,831                                  | -   | 50,682                                     | 414,513                       | 107,471              | 142,320                          | 664,304           |
| Provided during year             | 79,880                                   | -   | 10,463                                     | 90,343                        | 33,255               | 20,065                           | 143,663           |
| Eliminated on disposal           | (1,452)                                  | -   | (1,643)                                    | (3,095)                       | -                    | -                                | (3,095)           |
| At 31 March 2005                 | <u>442,259</u>                           | <u>-</u>  | <u>59,502</u>                              | <u>501,761</u>                | <u>140,726</u>       | <u>162,385</u>                   | <u>804,872</u>    |
| <b>Net book value</b>            |  |   |  |                               |                      |                                  |                   |
| As at 31 March 2005              | <u>4,131,492</u>                         | <u>-</u>  | <u>343,747</u>                             | <u>4,475,239</u>              | <u>555,514</u>       | <u>25,938</u>                    | <u>5,056,691</u>  |
| As at 31 March 2004              | <u>4,190,056</u>                         | <u>-</u>  | <u>365,162</u>                             | <u>4,555,218</u>              | <u>498,949</u>       | <u>34,268</u>                    | <u>5,088,435</u>  |

None of the Association's properties is held under a lease. Capitalised development and interest costs in the year amounted to £Nil (2004 – £Nil).

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**AS AT 31 MARCH 2005**

(Continued)

### 9. Debtors

|                                      | <b>2005</b>           | <b>2004</b>           |
|--------------------------------------|-----------------------|-----------------------|
|                                      | £                     | £                     |
| Amounts falling due within one year: |                       |                       |
| Gross Rents arrears                  | 53,004                | 46,451                |
| Bad debt provision                   | <u>(28,489)</u>       | <u>(25,481)</u>       |
|                                      | 24,515                | 20,970                |
| Housing benefit due                  | 114,097               | 113,304               |
| Trade debtors                        | 51,891                | 30,159                |
| Corporation tax: Grants receivable   | -                     | 54,284                |
| Prepayments and accrued income       | 182,468               | 205,966               |
| Other debtors                        | <u>346,901</u>        | <u>-</u>              |
|                                      | <u><u>719,872</u></u> | <u><u>424,683</u></u> |

### 10. Creditors due within one year

|                              |                       |                       |
|------------------------------|-----------------------|-----------------------|
| Loans                        | 90,895                | 87,486                |
| Trade creditors              | 324,760               | 116,298               |
| Other creditors              | 17,593                | 256,872               |
| Accruals and deferred income | 321,052               | 76,451                |
| Rents in advance             | <u>19,124</u>         | <u>53,345</u>         |
|                              | <u><u>773,424</u></u> | <u><u>590,452</u></u> |

### 11. Creditors due outwith one year

|                 |                         |                         |
|-----------------|-------------------------|-------------------------|
| Loans           | 4,662,777               | 4,771,878               |
| Other creditors | <u>82,916</u>           | <u>-</u>                |
|                 | <u><u>4,745,693</u></u> | <u><u>4,771,878</u></u> |

Loans are secured by specific charges on the Association's properties. Loans are repayable at varying rates of interest of 5.47% to 6.84% (2004 - 4.38% to 6.84%), in instalments due as follows:

|                            |                         |                         |
|----------------------------|-------------------------|-------------------------|
| In one year or less        | 90,895                  | 87,486                  |
| Between two and five years | 1,406,795               | 1,425,857               |
| In five years or more      | <u>3,255,982</u>        | <u>3,346,021</u>        |
|                            | <u><u>4,753,672</u></u> | <u><u>4,859,364</u></u> |

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**AS AT 31 MARCH 2005**

(Continued)

### 12. Employees

|                         | <b>2005</b>    | <b>2004</b>    |
|-------------------------|----------------|----------------|
|                         | <b>£</b>       | <b>£</b>       |
| Staff costs during year |                |                |
| Wages and salaries      | 416,800        | 385,551        |
| Social security costs   | 34,356         | 30,781         |
| Other pension costs     | 74,443         | 56,863         |
|                         | <u>525,599</u> | <u>473,195</u> |

The average full time equivalent number of persons employed by the Association during the year were as follows:

|                                | <b>No</b> | <b>No</b> |
|--------------------------------|-----------|-----------|
| Administration and maintenance | <u>21</u> | <u>20</u> |

The average number of persons employed by the Association during the year were as follows:

|                                | <b>No</b> | <b>No</b> |
|--------------------------------|-----------|-----------|
| Administration and maintenance | <u>22</u> | <u>21</u> |

The Directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Directors or the Management Committee whose total emoluments exceed £40,000 per year.

|   | <b>£</b>      | <b>£</b>      |
|---|---------------|---------------|
| Aggregate Emoluments payable to Directors (including pension contributions)   | <u>49,310</u> | <u>46,453</u> |
| Emoluments payable to Highest Paid Director (excluding pension contributions) | <u>44,000</u> | <u>41,448</u> |

The Director is an ordinary member of the Association's pension scheme described in note 18. No enhanced or special terms apply to membership and she has no other pension arrangements to which the Association contribute. The Association's contributions for the Director in the year amounted to £5,310 (2004 - £5,005).

Total expenses reimbursed insofar as not chargeable to UK Income Tax

|                           |              |            |
|---------------------------|--------------|------------|
| - Committee of Management | <u>1,182</u> | <u>813</u> |
|---------------------------|--------------|------------|

No member of the Committee of Management received any emoluments in respect of their services to the Association.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2005

(Continued)

### 13. Auditors' Remuneration

|   | 2005         | 2004         |
|---|--------------|--------------|
|   | £            | £            |
| The remuneration of the auditors (including expenses and excluding VAT for the year)      | 6,110        | 7,500        |
| Remuneration of the auditors in respect of services other than those of external auditors | -            | 1,685        |
|   | <u>6,110</u> | <u>9,185</u> |

### 14. Share Capital

|   |            |             |
|---|------------|-------------|
| Shares of £1 fully paid and issued at beginning of year | 238        | 236         |
| Shares issued during year                               | 15         | 12          |
| Shares cancelled in year                                | <u>(5)</u> | <u>(10)</u> |
| Shares issued at end of year                            | <u>248</u> | <u>238</u>  |

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.

### 15. Notes to the Cash Flow Statement

#### (a) Reconciliation of surplus to net cash inflow from operating activities

|   |                |                  |
|---|----------------|------------------|
| Surplus for year  | 668,656        | 1,133,178        |
| Net interest payable  | <u>86,542</u>  | <u>136,947</u>   |
| Operating surplus for the year excluding interest and tax payable | 755,198        | 1,270,125        |
| Share capital surrendered   | (5)            | (10)             |
| Depreciation  | 143,663        | 137,081          |
| Gain on sale of fixed assets                                      | (105,099)      | (84,971)         |
| (Increase)/decrease in debtors                                    | (349,473)      | 100,607          |
| Increase/(decrease) in creditors                                  | <u>419,285</u> | <u>(31,279)</u>  |
|   | <u>863,569</u> | <u>1,391,553</u> |

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**AS AT 31 MARCH 2005**

(Continued)

|   | <b>2005</b>             | <b>2004</b>             |                          |
|---|-------------------------|-------------------------|--------------------------|
|   | £                       | £                       |                          |
| (b) Reconciliation of net cash flow to movement in net debt |                         |                         |                          |
| Increase in cash for the year                               | 562,008                 | 1,334,217               |                          |
| Loans received  | -                       | -                       |                          |
| Loan repayments   | <u>105,693</u>          | <u>111,663</u>          |                          |
| Change in net debt  | 667,701                 | 1,445,880               |                          |
| Net debt as at 1 April 2004                                 | <u>(642,089)</u>        | <u>(2,087,969)</u>      |                          |
| Net debt as at 31 March 2005                                | <u><u>25,612</u></u>    | <u><u>(642,089)</u></u> |                          |
| (c) Analysis of Changes in net debt                         |                         |                         |                          |
|   | <b>As at 31</b>         | <b>Cash Flow</b>        | <b>Other</b>             |
|   | <b>March 2004</b>       |                         | <b>Changes</b>           |
|   | £                       | £                       | £                        |
| Cash at bank and in hand                                    | 4,217,276               | 562,008                 | -                        |
| Overdraft   | -                       | -                       | -                        |
| Debt due within one year                                    | (87,486)                | 105,693                 | (109,102)                |
| Debt due after one year                                     | <u>(4,771,879)</u>      | <u>-</u>                | <u>109,102</u>           |
|   | <u><u>(642,089)</u></u> | <u><u>667,701</u></u>   | <u><u>-</u></u>          |
|   |                         |                         | <u><u>As at 1</u></u>    |
|   |                         |                         | <u><u>April 2005</u></u> |
|   |                         |                         | £                        |
|   |                         |                         | 4,779,284                |
|   |                         |                         | -                        |
|   |                         |                         | (90,895)                 |
|   |                         |                         | <u>(4,662,777)</u>       |
|   |                         |                         | <u><u>25,612</u></u>     |

### 16. Capital Commitments

|   | <b>2005</b> | <b>2004</b>   |  |
|---|-------------|---------------|--|
|   | £           | £             |  |
| Expenditure authorised by the committee of management contracted less certified | <u>-</u>    | <u>99,000</u> |  |
| Expenditure authorised by the committee of management not contracted            | <u>-</u>    | <u>-</u>      |  |

### 17. Contingent Liabilities

As part of the transfer agreement with Communities Scotland for the LSVT properties, the Association had undertaken to spend specific amounts on major repairs, planned maintenance and reactive maintenance. The expenditure was to be incurred before 31 March 2005. The final totals included a shortfall which by agreement with Communities Scotland has been carried over into the next review period.

In addition there were conditions in the transfer agreement relating to right to buy sales. If the number of sales exceeded a stated total, there was the possibility of further sums being payable to Communities Scotland. The sales total was exceeded and a creditor for the sums repayable has been included within the financial statements.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2005

(Continued)

### 18. Pension Commitments

#### General

Clydebank Housing Association Limited participates in the SFHA Pension Scheme (the "Scheme"). The Scheme is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme.

The last formal valuation of the Scheme was performed at 30 September 2003 by a professionally qualified actuary using the "projected unit credit" method. Clydebank Housing Association Limited paid contributions at the rate of 12.2% during the accounting period. Member contributions were 6.0%.

It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers. Due to the nature of the Scheme, the profit and loss account charge for the period under both SSAP24 and FRS17 represents the employer contribution payable.

The pension charge for the year to 31 March 2005 was £74,443 (2004- £56,863).

#### Financial assumptions

The financial assumptions underlying the valuation were as follows:

|   | % pa |
|---|------|
| - Investment return pre retirement                                | 7.8  |
| - Investment return post retirement                               | 5.2  |
| - Rate of salary increases  | 4.0  |
| - Rate of pension increases                                       | 2.5  |
| (for leavers before 1 October 1993 pension increases are 5.0% pa) |      |
| - Rate of price inflation   | 2.5  |

#### Valuation results

The market value of the Scheme's assets as at the 30 September 2003 valuation date was £143 million. The valuation showed a shortfall of assets compared to liabilities of £37 million (equivalent to a past service funding level of 80%).

The employer's ongoing future service contribution rate, after allowing for changes in benefits, was assessed as 9.3% of pensionable salaries. In view of the past service shortfall it was agreed that:

- The standard employer contribution rate would be increased from 12.2% to 14.0% of pensionable salaries with effect from April 2005.
- Member contributions would be increased from 6.0% to 7.0% with effect from April 2005.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2005

(Continued)

### 18. Pension Commitments (contd)

A small number of employers that have closed the Scheme to new entrants are required to pay an additional contribution loading of 3.5% to reflect the higher costs of a closed arrangement.

On the basis of the valuation assumptions this pattern of contributions will be sufficient to eliminate the past service deficit by 30 September 2015. The next valuation will be as at 30 September 2006 and the results will be available in September 2007.

### 19. Housing Stock

The number of units in Management at 31 March 2005 was as follows: -

|                  | <b>2005</b>  | <b>2004</b>  |
|------------------|--------------|--------------|
|                  | <b>No</b>    | <b>No</b>    |
| Rehabilitation   | 834          | 847          |
| New build        | 219          | 221          |
| Shared ownership | 72           | 75           |
|                  | <u>1,125</u> | <u>1,143</u> |

### 20. Related parties

Various members of the Management Committee are tenants of the Association. The transactions with the Association are all done on standard terms, as applicable to all tenants.