

**Clydebank Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31st March 2013**

**Registered Housing Association No. HAL86**

**FCA Reference No. 2191R(S)**

**Scottish Charity No. SC033962**

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS  
YEAR ENDED 31st MARCH 2013**

**MANAGEMENT COMMITTEE**

THOMAS P WINTER	CHAIRMAN
JOHN HILLHOUSE	VICE CHAIRMAN
PAUL SHIACH	SECRETARY
CHRIS MORGAN	TREASURER
NEIL CRILLEY	
MARGARET SHIACH	
THOMAS MCCORMACK	
DOROTHY BAIN	
PATRICK MCGINLEY	
PATRICIA BETTY	
MARGARET MCALLISTER	Resigned February 2013
MARGARET REID	Resigned June 2012
SARAH FERRIER	Resigned June 2012
CLLR. PATRICK MCGLINCHEY	Resigned May 2012
CLLR JAMES MCELHILL	Resigned May 2012
CLLR JOHN MOONEY	Appointed May 2012
CLLR JIM BROWN	Appointed May 2012

**EXECUTIVE OFFICERS**

FIONA WEBSTER	DIRECTOR
SHARON KEENAN	DEPUTE DIRECTOR
ALISON MACFARLANE	MAINTENANCE MANAGER
JOE FARRELL	HOUSING MANAGER
LYNETTE LEES	FINANCE MANAGER

**REGISTERED OFFICE**

77-83 KILBOWIE ROAD  
CLYDEBANK  
G81 1BL

**AUDITORS**

ALEXANDER SLOAN  
CHARTERED ACCOUNTANTS  
38 CADOGAN STREET  
GLASGOW  
G2 7HF

**BANKERS**

HALIFAX/BANK OF SCOTLAND  
SYLVANNIA WAY SOUTH  
CLYDE SHOPPING CENTRE  
CLYDEBANK  
G81

**SOLICITORS**

BOYLE SHAUGHNESSY	TC YOUNG
STANDARD BUILDINGS	7 WEST GEORGE STREET
94 HOPE STREET	GLASGOW
GLASGOW	G2 1BA
G2 6QB	

## CLYDEBANK HOUSING ASSOCIATION LIMITED

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### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2013

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2013.

#### **Legal Status**

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2191RS. The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC033962. The Association is registered with The Scottish Government as a Registered Property Factor, Registration No PF000231.

#### **Principal Activities**

The principal activity of Clydebank Housing Association is the development, management and maintenance of housing for people in housing need.

#### **Strategic Aims**

We aim to be an excellent landlord and factor, providing good quality, affordable homes within the Clydebank area.

We promote the involvement of tenants in our decision making, so that we can be sure our services meet their needs.

We work with the community and other partners to help to improve Clydebank as a place to live.

Our Aims are to:

1. Manage, build and maintain our housing stock to a high standard. We strive for both quality and value for money in all our services, so that rents remain affordable to people in work but with low wages.
2. Continually promote tenant involvement in how we work and perform. We try to ensure tenants views and priorities are taken into account in our policy reviews and service delivery.
3. Meet the specific housing needs of individuals where we can - as far as our existing stock allows and ensuring unmet needs are addressed.
4. Ensure we work in partnership with the community, the Council, other agencies and voluntary groups to make Clydebank more attractive as a place to live.
5. Encourage membership of the organisation among residents.
8. Support and develop staff to achieve their maximum potential in their jobs.
9. Comply with legislation and best practice in all that we do.

#### **Business review**

The Association made a surplus of £817,447 in the year.

The Association remains in a strong financial position with over £5m deposited as cash funds. Clydebank Housing Association Limited continues to have a substantial major repair investment programme with kitchen, bathroom and central heating renewals due in a high proportion of properties over the next year. The Association has also provided for considerable funds over the next five years to continue with the extensive major repairs programme and all of which has been recently costed. Cash surpluses in future years will be subject to the planned major repair programme.

## CLYDEBANK HOUSING ASSOCIATION LIMITED

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### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2013

#### Review of Business and Future Developments (Contd.)

#### Surplus for the year and transfers

The results for the year are shown in the Income and Expenditure Account on page 13

	£
Transfers to designated reserve:	
- Major repairs reserve	817,447
Transfer from revenue reserve	-
Surplus for the year	<u>817,447</u>

#### Operational Review

##### 1 Corporate Governance

Our governing body is our Management Committee, which is elected by and is responsible to the wider membership. It is the responsibility of the Committee to determine the strategy and overall direction for the Association and its policies. They also monitor the operational activities of the Association and set standards of service delivery.

The Management Committee members serve in a voluntary capacity and are unpaid. We recognise that this puts even more onus on us to ensure that we set and achieve high standards of professionalism in our work. We take governance very seriously and review our Governance policies and processes regularly.

The Executive Team is responsible for achieving the strategy set, undertaking the operational activities in line with the policies set.

This report details issues that have arisen during the year relating to the main activities undertaken by Clydebank Housing Association.

##### 2 Corporate Issues

Tenant involvement and participation is a major part of Clydebank Housing Association Limited's Aims and Objectives and we continue to review how Clydebank Housing Association Limited involves tenants in its activities. Clydebank Housing Association Limited is committed to involving tenants in decision making and policy making.

##### Performance Management

Service delivery is underpinned by staff performance. This continues to be a high priority for us. We continue to invest in our staff in terms of provision and access to training opportunities in order to ensure that a high level of performance is maintained.

##### Best use of resources

We regularly conduct risk assessments and take any action necessary to reduce or limit risk. We have continued with a programme of major investment in our housing stock, which is by far our most costly asset. This includes carrying out both major repair and cyclical repairs and also considering whether any of our schemes should be improved further to meet the changing requirements of tenants in the future. We regularly update our stock condition information, to ensure that our long-term financial planning reflects our future investment requirements.

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**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2013**

**Review of Business and Future Developments (Contd.)**

**Services**

We aim to deliver high quality services and we set ourselves the goal of achieving continuous improvement in what we do. In our housing stock, we moved ahead with some major repairs that had become necessary and introduced improved arrangements for gas servicing.

Our rent arrears management improved, with clearer information to tenants. We continued to deliver many completed adaptations to existing properties, to meet the specific needs of our tenants.

**3 Development Issues**

We have spent £190,832 on developing/increasing housing stock (2012 - £197,260) during the year of which £79,012 (2012 - £94,136) was funded by Housing Association Grants.

**4 Housing Issues**

Clydebank continues to work on reducing the period of time taken to re-let or let new properties, to ensure that we maximise our effectiveness in housing people in need and reduce our costs. The rent loss due to empty properties was £13,233 (2012 - £10,353). Work is continuing to improve this figure.

**5 Other Areas**

**Risk Management Policy**

The Committee has a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks the Association faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Committee review the adequacy of the Association's current internal controls.

In addition, the Committee has considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although this is not mandatory for the Association it should, as a public interest body; adopt these guidelines as best practice. Accordingly they have set policies on internal controls which cover the following:

- consideration of the type of risks the Association faces.
- the level of risks which they regard as acceptable.
- the likelihood of the risks concerned materialising.
- the Association's ability to reduce the incidence and impact on the business of risks that do materialise; and the costs of operating particular controls relative to the benefit obtained.
- clarified the responsibility of management to implement the Committee's policies and to identify and evaluate risks for their consideration.
- communicated that employees have responsibility for internal control as part of their accountability for achieving objectives.
- embedded the control system in the charity's operations so that it becomes part of the culture of the Association.
- developed systems to respond quickly to evolving risks arising from factors within the charity and to changes in the external environment.
- included procedures for reporting failings immediately to appropriate levels of management and the Committee together with details of corrective action being undertaken.

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**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2013**

**Review of Business and Future Developments (Contd.)**

**Treasury Management**

The Association has an active treasury management function, which operates in accordance with the Treasury Management Policy approved by the Management Committee. 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 2013, 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.

**Internal Financial Control**

The Committee of Management is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Management Committee has established with a view to providing effective internal financial are outlined on page 9.

**Management Structure**

The Management Committee has overall responsibility for the Association and there is a formal schedule of matters specifically reserved for decision by the Committee.

**Quality and Integrity of Personnel**

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Director.

**Budgetary Process**

Each year the Management Committee approves the annual budget and rolling five-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

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**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2013**

**Review of Business and Future Developments (Contd.)**

**Rental Income**

The Association's Rent Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. This policy follows the generally accepted practice/principles of the Housing Movement.

**Employee Involvement and Health & Safety**

The Association encourages employee involvement in all major initiatives.

**Disabled Employees**

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue. It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

**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 is thirty days.

**General Reserves Policy**

The Committee members have reviewed the reserves of Clydebank Housing Association Limited. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. To allow Clydebank Housing Association Limited to be managed efficiently and to provide a buffer for uninterrupted services, a general reserve equivalent to at least two months operating cost is being maintained. During the year the charity's general reserve remained constant at £500,000 (see note 17).

The Association has one other designated fund, the major repairs reserve. The purpose of this fund is detailed in note 1 in the financial statements. During the year this reserve increased from £10,135,486 to £10,952,933 as a result of a transfer from revenue reserves.

The Association aims to continually add to the reserve in line with its long term plans.

**Sales of housing properties**

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

We sold 1 (2012: 2) property under the Right to Buy scheme thereby allowing the tenant to achieve their aspiration of becoming a home owner.

## **CLYDEBANK HOUSING ASSOCIATION LIMITED**

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### **REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2013**

#### **Review of Business and Future Developments (Contd.)**

##### **Mortgage to Rent and Shared Ownership buy-back Schemes**

During the year 2012/13, the Association purchased one property through the Scottish Government's Mortgage to Rent scheme. The aim of the scheme is to help owners who are in financial difficulty and are in danger of being made homeless. The Association also purchased three shared ownership properties where the sharing owner was facing serious financial difficulties and thereafter was able to remain in the property under a standard Scottish Secure Tenancy Agreement.

##### **Future Developments 2013**

In response to the Government's changes to the funding regime, the Association continues to investigate new funding models, which will allow us to continue our main objective of providing affordable housing.

We are currently considering a possible partnership with Knowes Housing Association and West Dunbartonshire Council to develop proposals for affordable housing on the site of the former Braidfield High School.

In addition to any new build development, we continue to process Mortgage to Rent opportunities as they arise. This enables CHA to achieve a modest level of growth in our stock numbers and to offset any losses through Right to Purchase, when other opportunities for development may be limited by funding constraints.

##### **Management Committee and Executive Officers**

The members of the Management Committee and the Executive Officers are listed on Page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers 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 Management Committee.

The members of the Management Committee are also Trustees of the Charity. Members of the are appointed by the members at the Association's Annual General Meeting.

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**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2013**

**Statement of Management Committee's Responsibilities**

The Industrial and Provident Societies Acts 1965 to 2002 require the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

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**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2013**

**Statement on Internal Financial Control**

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

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

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

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

**Donations**

During the year the Association made charitable donations amounting to £50 (2012 £nil).

**Auditors**

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

**By order of the Management Committee**

**PAUL SHIACH**  
Secretary  
18 June 2013

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REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF  
CLYDEBANK HOUSING ASSOCIATION LIMITED  
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 9 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 the requirements relating to corporate governance matters within Bulletin 2006/5 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 page 9 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.

Through enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the section on Internal Financial Control within SFHA's "Raising Standards in Housing".

**ALEXANDER SLOAN**  
Chartered Accountants

GLASGOW  
18 June 2013

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

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We have audited the financial statements of Clydebank Housing Association Limited for the year ended 31st March 2013 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of Management Committee and Auditors**

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit on the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

### **Opinion on the financial statements**

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2013 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

In our opinion the exemption granted by the Financial Services Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

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

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.

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

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**Matters on which we are required to report by exception (contd.)**

- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.

**ALEXANDER SLOAN**  
Chartered Accountants  
Statutory Auditors  
GLASGOW  
18 June 2013

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2013

	Notes	2013 £	Restated 2012 £
<b>TURNOVER</b>	2.	3,580,418	3,439,728
Operating Costs	2.	(2,727,381)	(2,610,600)
<b>OPERATING SURPLUS</b>	9.	853,037	829,128
Gain On Sale Of Housing Stock	7.	11,608	55,119
Provision against investment	20.	(9,161)	14,174
Interest Receivable and Other Income		100,091	79,948
Interest Payable and Similar Charges	8.	(138,128)	(186,205)
		(35,590)	(36,964)
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		817,447	792,164
Tax on surplus on ordinary activities	10.	-	-
<b>SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		817,447	792,164

All amounts relate to continuing activities

Historical cost surpluses and deficits are identical to those shown in the accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		2013 £	2012 £
Surplus for the financial year		817,447	792,164
Prior year adjustment	22.	(283,633)	3,735,272
<b>Total gains recognised since last annual report</b>		533,814	4,527,436

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## BALANCE SHEET AS AT 31st MARCH 2013

	Notes	2013	Restated 2012
		£	£
<b>TANGIBLE FIXED ASSETS</b>			
Housing Properties - Depreciated Cost	11.(a)	30,804,726	30,562,104
<b>Less:</b> Social Housing Grant	11.(a)	(21,296,056)	(21,368,264)
		<u>9,508,670</u>	<u>9,193,840</u>
Other fixed assets	11.(b)	806,452	822,689
		<u>10,315,122</u>	<u>10,016,529</u>
<b>FIXED ASSET INVESTMENTS</b>			
Investment in subsidiaries	20.	301,864	311,025
<b>CURRENT ASSETS</b>			
Debtors	12.	255,580	215,718
Cash at bank and in hand		5,861,427	5,632,882
		<u>6,117,007</u>	<u>5,848,600</u>
<b>CREDITORS:</b> Amounts falling due within one year	13.	(837,340)	(741,168)
<b>NET CURRENT ASSETS</b>		<u>5,279,667</u>	<u>5,107,432</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		15,896,653	15,434,986
<b>CREDITORS:</b> Amounts falling due after more than one year	14.	(4,443,545)	(4,799,318)
<b>NET ASSETS</b>		<u>11,453,108</u>	<u>10,635,668</u>
<b>CAPITAL AND RESERVES</b>			
Share Capital	16.	175	182
Designated Reserves	17.(a)	10,952,933	10,135,486
Revenue Reserves	17.(b)	500,000	500,000
		<u>11,453,108</u>	<u>10,635,668</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 18 June 2013.

THOMAS P WINTER  
*Chairperson*

JOHN HILLHOUSE  
*Vice-Chairperson*

PAUL SHIACH  
*Secretary*

**CLYDEBANK HOUSING ASSOCIATION LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED  
31st MARCH 2013**

	Notes	2013 £	2012 £
<b>Net Cash Inflow from Operating Activities</b>	15.	1,263,667	1,410,306
<b>Returns on Investment and Servicing of Finance</b>			
Interest Received		91,582	51,517
Interest Paid		(140,749)	(157,018)
<b>Net Cash Outflow from Investment and Servicing of Finance</b>		(49,167)	(105,501)
<b>Capital Expenditure and Financial Investment</b>			
Acquisition and Construction of Properties		(774,454)	(588,552)
Purchase of Other Fixed Assets		(21,951)	(20,851)
Social Housing Grant Received		58,401	93,733
Proceeds on Disposal of Properties		20,700	70,400
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>		(717,304)	(445,270)
<b>Net Cash Inflow before use of Liquid Resources and Financing</b>		497,196	859,535
<b>Financing</b>			
Loan Principal Repayments		(268,655)	(206,104)
Share Capital Issued		4	19
<b>Net Cash Outflow from Financing</b>		(268,651)	(206,085)
<b>Increase in Cash</b>	15.	228,545	653,450

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 PRINCIPAL ACCOUNTING POLICIES

##### **Basis Of Accounting**

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

##### **Basis Of Consolidation**

The Association has obtained exemption from the Financial Services Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The Financial Statements for Clydebank Housing Association Limited present information about it as an individual undertaking and not about its Group.

##### **Turnover**

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

##### **Retirement Benefits**

The Association participates in the Scottish Housing Association 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 in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

##### **Valuation Of Housing Properties**

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Structure	50 years
Kitchen	20 years
Bathroom	25 years
Gas Boiler	15 years
Radiator & pipe work	30 years
Electric heating	25 years
Rewiring	30 years
Ventilation units	10 years
Emergency lighting	10 & 15 years
Windows	30 years
External doors	30 years
Communal entrance & pass doors	20 years
Door entry systems	15 years
Lifts	20 years

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

##### **Depreciation And Impairment Of Other Fixed Assets**

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets as follows:-

Office Premises - Structure	50 years
- Kitchen	20 years
- Bathroom	25 years
- Gas Boiler	15 years
- Radiators & Pipework	30 years
- Rewiring	30 years
- Ventilation Units	10 years
- Doors & Windows	30 years
Furniture and Fittings	5 years
Computer Equipment	3 years
Office Equipment	5 years

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

##### **Social Housing Grant And Other Grants In Advance/Arrears**

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

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

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

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

##### **Sales Of Housing Properties**

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

##### **Leases/Leased Assets**

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

##### **Works to Existing Properties**

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

##### **Capitalisation Of Development Overheads**

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

##### **Development Interest**

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

##### **Designated Reserves**

The Association has designated part of its reserves to meet its long term obligations.

The Major Repairs Reserve is based on the Association's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

##### **Property Development Cost**

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Income and Expenditure Account in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2013			2012 - Restated		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
<b>Social Lettings</b>	3.	3,397,070	2,416,269	980,801	3,261,421	2,301,185	960,236
<b>Other Activities</b>	4.	183,348	311,112	(127,764)	178,307	309,415	(131,108)
<b>Total</b>		<u>3,580,418</u>	<u>2,727,381</u>	<u>853,037</u>	<u>3,439,728</u>	<u>2,610,600</u>	<u>829,128</u>

#### 3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2013 Total £	Restated 2012 Total £
<b>Income from Lettings</b>					
Rent Receivable Net of Identifiable Service Charges	3,267,904	-	106,652	3,374,556	3,236,319
Service Charges Receivable	33,560	-	2,187	35,747	35,455
<b>Gross Rents Receivable</b>	<u>3,301,464</u>	<u>-</u>	<u>108,839</u>	<u>3,410,303</u>	<u>3,271,774</u>
<b>Less:</b> Rent losses from voids	13,233	-	-	13,233	10,353
<b>Net Rents Receivable</b>	<u>3,288,231</u>	<u>-</u>	<u>108,839</u>	<u>3,397,070</u>	<u>3,261,421</u>
<b>Total Income From Social Letting</b>	<u>3,288,231</u>	<u>-</u>	<u>108,839</u>	<u>3,397,070</u>	<u>3,261,421</u>
<b>Expenditure on Social Letting Activities</b>					
Service Costs	35,747	-	-	35,747	35,456
Management and maintenance administration costs	1,066,441	-	50,986	1,117,427	1,072,336
Reactive Maintenance	491,435	-	-	491,435	477,349
Bad Debts - Rents and Service Charges	30,229	-	-	30,229	25,348
Planned and Cyclical Maintenance, including Major Repairs	369,911	-	-	369,911	335,982
Depreciation of Social Housing	366,195	-	5,325	371,520	354,714
<b>Operating Costs of Social Letting</b>	<u>2,359,958</u>	<u>-</u>	<u>56,311</u>	<u>2,416,269</u>	<u>2,301,185</u>
<b>Operating Surplus on Social Letting Activities</b>	<u>928,273</u>	<u>-</u>	<u>52,528</u>	<u>980,801</u>	<u>960,236</u>
<b>2012 - Restated</b>	<u>904,450</u>		<u>55,786</u>	<u>960,236</u>	

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Other £	Operating Surplus / (Deficit) 2013 £	Operating Surplus / (Deficit) 2012 £
Wider Role Activities	51,877	-	-	112,701	164,578	292,229	(127,651)	(127,834)
Factoring	-	-	-	10,195	10,195	10,299	(104)	756
Development and construction of property activities	-	-	-	3,284	3,284	-	3,284	5,005
Other Activities	-	-	-	5,291	5,291	8,584	(3,293)	(9,035)
<b>Total From Other Activities</b>	<u>51,877</u>	<u>-</u>	<u>-</u>	<u>131,471</u>	<u>183,348</u>	<u>311,112</u>	<u>(127,764)</u>	<u>(131,108)</u>
<b>2012</b>	<u>59,308</u>	<u>5,658</u>	<u>-</u>	<u>113,341</u>	<u>178,307</u>	<u>309,415</u>	<u>(131,108)</u>	

Funding for wider role was received in the year from the Scottish Government (£51,877) and Nominett (£9,404) for the ongoing wider role activities. Corresponding operating costs relating to this income are £61,425.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of the Association.

	<b>2013</b>	<b>2012</b>
	£	£

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>62,426</u>	<u>60,896</u>
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Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>5,940</u>	<u>5,795</u>
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Emoluments payable to Chief Executive (excluding pension contributions)	<u>62,426</u>	<u>60,896</u>
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The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	<b>Number</b>	<b>Number</b>
£60,001 to £70,000	1	1

#### 6. EMPLOYEE INFORMATION

	<b>2013</b>	<b>2012</b>
	<b>No.</b>	<b>No.</b>
The average monthly number of full time equivalent persons employed during the year was	<u>29</u>	<u>27</u>

Staff Costs were:	<b>£</b>	<b>£</b>
Wages and Salaries	743,631	692,637
Social Security Costs	58,442	52,358
Other Pension Costs	118,162	113,534
	<u>920,235</u>	<u>858,529</u>

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 7. GAIN ON SALE OF HOUSING STOCK

	2013	2012
	£	£
Sales Proceeds	20,700	70,400
Cost of Sales	<u>9,092</u>	<u>15,281</u>
Gain On Sale Of Housing Stock	<u>11,608</u>	<u>55,119</u>

#### 8. INTEREST PAYABLE

	2013	2012
	£	£
On Bank Loans & Overdrafts	<u>138,128</u>	<u>186,205</u>
	<u>138,128</u>	<u>186,205</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £Nil (2012 £Nil).

#### 9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013	2012
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	409,708	389,328
Auditors' Remuneration - Audit Services	5,950	7,140
Gain on sale of fixed assets	<u>(11,608)</u>	<u>(55,119)</u>

#### 10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Completed Shared Ownership Properties £	Total £
<b>COST</b>			
As at 1st April 2012	30,452,368	2,001,220	32,453,588
Additions	774,454	-	774,454
Disposals	(180,163)	-	(180,163)
Transfer on Shared Ownership Buy-Back	88,930	(88,930)	-
As at 31st March 2013	<u>31,135,589</u>	<u>1,912,290</u>	<u>33,047,879</u>
<b>DEPRECIATION</b>			
As at 1st April 2012	1,814,637	76,847	1,891,484
Charge for Year	357,831	5,325	363,156
Disposals	(11,487)	-	(11,487)
Transfer on Shared Ownership Buy-Back	2,615	(2,615)	-
As at 31st March 2013	<u>2,163,596</u>	<u>79,557</u>	<u>2,243,153</u>
<b>SOCIAL HOUSING GRANT</b>			
As at 1st April 2012	19,644,205	1,724,059	21,368,264
Additions	79,012	-	79,012
Disposals	(151,220)	-	(151,220)
Transfer on Shared Ownership Buy-Back	78,001	(78,001)	-
As at 31st March 2013	<u>19,649,998</u>	<u>1,646,058</u>	<u>21,296,056</u>
<b>NET BOOK VALUE</b>			
As at 31st March 2013	<u>9,321,995</u>	<u>186,675</u>	<u>9,508,670</u>
As at 31st March 2012	<u>8,993,526</u>	<u>200,314</u>	<u>9,193,840</u>

Additions to housing properties includes capitalised development administration costs of £nil (2012 - £nil) and capitalised major repair costs to existing properties of £583,622 (2012 - £391,193).

All land and housing properties are freehold.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Computer Hardware £	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>				
As at 1st April 2012	215,551	3,919,837	133,314	4,268,702
Additions	10,146	-	11,805	21,951
Eliminated on Disposals	-	-	-	-
As at 31st March 2013	<u>225,697</u>	<u>3,919,837</u>	<u>145,119</u>	<u>4,290,653</u>
<b>GRANTS RECEIVED</b>				
As at 1st April 2012	-	2,951,981	-	2,951,981
As at 31st March 2013	<u>-</u>	<u>2,951,981</u>	<u>-</u>	<u>2,951,981</u>
<b>AGGREGATE DEPRECIATION</b>				
As at 1st April 2012	203,718	169,291	121,023	494,032
Charge for year	9,457	20,017	8,714	38,188
Eliminated on disposal	-	-	-	-
As at 31st March 2013	<u>213,175</u>	<u>189,308</u>	<u>129,737</u>	<u>532,220</u>
<b>NET BOOK VALUE</b>				
As at 31st March 2013	<u>12,522</u>	<u>778,548</u>	<u>15,382</u>	<u>806,452</u>
As at 31st March 2012	<u>11,833</u>	<u>798,565</u>	<u>12,291</u>	<u>822,689</u>

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 12. DEBTORS

	2013	Restated 2012
	£	£
Arrears of Rent & Service Charges	66,839	55,371
<b>Less:</b> Provision for Doubtful Debts	<u>(41,388)</u>	<u>(35,978)</u>
	25,451	19,393
Social Housing Grant Receivable	21,115	504
Other Debtors	<u>209,014</u>	<u>195,821</u>
	<u>255,580</u>	<u>215,718</u>

#### 13. CREDITORS: Amounts falling due within one year

	2013	Restated 2012
	£	£
Housing Loans	324,001	236,883
Trade Creditors	146,441	141,807
Rent in Advance	153,815	139,715
Other Taxation and Social Security	16,408	14,831
Other Creditors	9,640	7,140
Accruals and Deferred Income	<u>187,035</u>	<u>200,792</u>
	<u>837,340</u>	<u>741,168</u>

At the balance sheet date there were pension contributions outstanding of £41,868 (2012: £14,047)

#### 14. CREDITORS: Amounts falling due after more than one year

	2013	2012
	£	£
Housing Loans	<u>4,443,545</u>	<u>4,799,318</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	324,001	236,883
Between one and two years	379,136	296,682
Between two and five years	1,463,379	1,242,088
In five years or more	<u>2,601,030</u>	<u>3,260,548</u>
	4,767,546	5,036,201
Less: Amount shown in Current Liabilities	<u>324,001</u>	<u>236,883</u>
	<u>4,443,545</u>	<u>4,799,318</u>

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 15. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2013 £	Restated 2012 £
Operating Surplus	853,037	829,128
Depreciation	409,708	389,328
Change in Debtors	(10,742)	186,846
Change in Creditors	11,675	5,015
Share Capital Written Off	(11)	(11)
Net Cash Inflow from Operating Activities	<u>1,263,667</u>	<u>1,410,306</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2013 £	£	2012 £	£
Increase in Cash	228,545		653,450	
Cash flow from change in debt	<u>268,655</u>		<u>206,105</u>	
Movement in net debt during year		497,200		859,555
Net debt at 1st April 2012		596,681		(262,874)
Net debt at 31st March 2013		<u>1,093,881</u>		<u>596,681</u>

<i>Analysis of changes in net debt</i>	At 01.04.12 £	Cash Flows £	Other Changes £	At 31.03.13 £
Cash at bank and in hand	5,632,882	228,545		5,861,427
Debt: Due within one year	(236,883)	268,655	(355,773)	(324,001)
Due after more than one year	<u>(4,799,318)</u>	-	355,773	<u>(4,443,545)</u>
Net Debt	<u>596,681</u>	<u>497,200</u>	-	<u>1,093,881</u>

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 16. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2012	182
Issued in year	4
Cancelled in year	(11)
At 31st March 2013	<u>175</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.

#### 17. RESERVES

(a) Designated Reserves	Major Repairs £	Total £
At 31st April 2012 (as restated)	10,135,486	10,135,486
Transfer to / (from) Revenue Reserves	817,447	817,447
At 31st March 2013	<u>10,952,933</u>	<u>10,952,933</u>

  

(b) Revenue Reserves	Total £
At 1st April 2012	500,000
Surplus for the year	817,447
Transfer (to) / from Designated Reserves	(817,447)
At 31st March 2013	<u>500,000</u>

#### 18. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2013 No.	2012 No.
General Needs - New Build	939	936
- Rehabilitation	135	135
Shared Ownership	56	59
	<u>1,130</u>	<u>1,130</u>

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 19. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Management Committee is summarised as follows:

6 members are tenants of the Association

4 members are factored owners

2 members are relevant local councillors

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

#### 20. FIXED ASSET INVESTMENT

	2013 £	2012 £
<b>Investments in Subsidiaries</b>		
The Association has a 100% owned subsidiary CHA Power Limited. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.		
<b>Cost</b>		
As at 1st April 2013 & 1st April 2012	2,328,850	2,328,850
<b>Impairment</b>		
As at 1st April 2012	(2,017,825)	(2,003,651)
Reversal of impairment charge	(9,161)	14,174
As at 1st April 2012	(2,026,986)	(1,989,477)
As at 31st March 2013 & 31st March 2012	<u>301,864</u>	<u>311,025</u>

In the opinion of the Management Committee the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

The aggregate amount of capital and reserves and the results of CHA Power Limited for the year ended 31st March 2013 were as follows:

	2013 £	2012 £
Capital & Reserves	<u>301,864</u>	<u>311,025</u>
(Loss)/Profit for the year	<u>(9,161)</u>	<u>14,628</u>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. RETIREMENT BENEFIT OBLIGATIONS

##### General

Clydebank Housing Association Limited participates in the Scottish Housing Association 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 Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Clydebank Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31st March 2013 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1st April 2013.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Clydebank Housing Association Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

As at the balance sheet date there were 17 active members of the Scheme employed by Clydebank Housing Association Limited. The annual pensionable payroll in respect of these members was £544,558. Clydebank Housing Association Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method. This valuation is due to be finalised by December 2013. However, draft results have been published. The market value of the Scheme's assets at the valuation date was £394m. The draft valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

#### Financial Assumptions

The financial assumptions underlying the valuation as at 30th September 2012 have not yet been published, but the assumptions at 2009 were as follows:

	% p.a.
- Investment return pre-retirement	7.4
- Investment return post-retirement - non pensioners	4.6
- Investment return post-retirement - pensioners	4.8
- Rate of Salary increases	4.5
- Rate of pension increases:	
pension accrued pre 6 April 2005 in excess of GMP	2.9
pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	3.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	<i>Males</i>	<i>Females</i>
	<i>Assumed life expectancy in years at age 65</i>	<i>Assumed life expectancy in years at age 65</i>
Non-pensioners	18.1	20.6
Pensioners	18.1	20.6

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. RETIREMENT BENEFIT OBLIGATIONS (Continued)

##### Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable)</i>
Final salary - 60ths	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80ths	13.2
Career average 120ths	9.4

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

The Trustees are currently reviewing the progress of the Recovery Plan and will be supplying updated contribution figures to members in due course. However, they have indicated that the deficit will be based on each member's share of the deficit and that the average increase would (if there is no change in the recovery plan period) be in the region of 153%.

As a result of Pension Scheme legislation 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.

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 currently participating 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.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### **22 PRIOR YEAR ADJUSTMENT**

A prior year adjustment has been incorporated within the Financial Statements in order to correct the rent debit cut-off at 31 March each year. This ensures that the figures reported in respect of rental income, arrears of rent, and rent in advance, are each fairly stated at the year end date.

The impact of the prior year adjustment is a reduction in the reported surplus for the year ended 31 March 2012 of £14,331 and a reduction in reserves as at 31 March 2012 of £283,633.