

**CLYDEBANK HOUSING ASSOCIATION LIMITED**

**FROM:** HEAD OF FINANCE & CORPORATE SERVICES

**DATE:** 29.09.20

**TO:** MANAGEMENT COMMITTEE (29 September)

**REF:** /LL

**SUBJECT: THE SCOTTISH HOUSING REGULATOR  
FIVE YEAR FINANCIAL PROJECTIONS RETURN 2020**

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Please find attached the Association's completed Five Year Financial Projections Return (FYFP), which includes our Statement of Income Account, Statement of Financial Position (Balance Sheet), Cashflow Statement and Additional Information /Ratio Analysis for the recent financial year and the following 5 years. The information contained therein is derived from our recently approved 2019/20 Audited Financial Statements, Annual Budgets and Financial Plan 2019/24 projections.

Once approved, it will be submitted to The Scottish Housing Regulator online by 30 September 2020.

Please note, the Linnvale Church Development at Dalton Avenue (24 units) has not been incorporated into these projected and will be included within the 2020/25 Financial Projections which will be finalised over the next couple of weeks.

Detailed on the next page is a description of the key financial ratios contained in the report and their purpose for your information.

## PRIMARY RATIOS

### Name & Type

### Calculation

### Purpose

#### Financial Capacity/Gearing

Interest Cover (%)	(Operating surplus/(deficit) +housing depreciation +interest receivable –major repairs capitalised) / (interest payable +interest capitalised)	To indicate the extent by which the interest paid on loans is covered by operating cash flow/cash generated
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Gearing Ratio (%)	Net debt /capital & reserves	To show the total amount of borrowing in relation to the net value of the housing stock and other fixed assets. The expectation would be for this to show a downward trend.
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#### Efficiency

Net rent arrears (%)	Net rental arrears/Gross rents +service charges receivable (HB and non-HB)	To provide a standard measure to show the level of rent arrears
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Voids (%)	Rent loss from voids / Gross rents & service charges receivable	To show the percentage of lost income through voids (unoccupied properties)
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Staff Costs as a percentage of Turnover (%)	Total Staff Costs/Turnover	To show the percentage turnover spent on staff costs
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#### Liquidity

Quick Ratio	Current assets/Current Liabilities	To establish liquidity ie is the RSL generating enough income to meet immediate and short term costs. The ability to pay liabilities as they fall due.
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#### Profitability

Gross Surplus or (Deficit) (%)	Gross Operating Surplus/(Deficit) excl depreciation / Turnover	To provide a measure of the extent by which the operating surplus from housing activities exceeds the turnover
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Net Surplus/(Deficit) (%)	Net Surplus/(Deficit) excl depreciation / Turnover	To provide a measure of the extent by which the net surplus exceeds the turnover
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**Financial Projections & Assumptions**
**2020**
**Clydebank Housing Association Ltd**
**86**


		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	
		£'000	£'000	£'000	£'000	£'000	£'000	
<b>PLEASE USE "0" FOR NIL VALUES THROUGHOUT THIS RETURN</b>								
<b>STATEMENT OF COMPREHENSIVE INCOME</b>								
Gross rents	10 :	4,216.5	4,288.1	4,425.7	4,896.5	5,052.4	5,213.0	
Service charges	11 :	111.7	164.4	169.3	174.4	179.6	185.0	
<b>Gross rents &amp; service charges</b>	12 :	<b>4,328.2</b>	<b>4,452.5</b>	<b>4,595.0</b>	<b>5,070.9</b>	<b>5,232.0</b>	<b>5,398.0</b>	10+11
Rent loss from voids	13 :	12.6	36.3	46.0	50.7	52.3	54.0	
<b>Net rent &amp; service charges</b>	14 :	<b>4,315.6</b>	<b>4,416.2</b>	<b>4,549.0</b>	<b>5,020.2</b>	<b>5,179.7</b>	<b>5,344.0</b>	12-13
Developments for sale income	15 :	0	0	0	0	0	0	
Grants released from deferred income	16 :	589.1	530	520	510	500	490	
Grants from Scottish Ministers	17 :	192.3	2.2	2	2	2	2	
Other grants	18 :	0	0	0	0	0	0	
Other income	19 :	166.3	148.5	127.2	127.3	127.7	127.8	
<b>TURNOVER</b>	20 :	<b>5,263.3</b>	<b>5,096.9</b>	<b>5,198.2</b>	<b>5,659.5</b>	<b>5,809.4</b>	<b>5,963.8</b>	SUM(14:19)
Less:								
Housing depreciation	22 :	1,010.3	950.0	955.0	960.0	965.0	970.0	
Impairment written off / (back)	23 :	0.0	0.0	0.0	0.0	0.0	0.0	
Management costs	25 :	958.9	1,048.5	1,094.2	1,112.1	1,130.3	1,149.1	
Planned maintenance - direct costs	26 :	364.9	917.7	382.7	387.7	392.7	418.2	
Re-active & voids maintenance - direct costs	27 :	463.8	470	460.5	487.2	491.8	496.5	
Maintenance overhead costs	28 :	561.6	631.4	741.9	749.1	756.4	763.7	
Bad debts written off / (back)	29 :	42.6	181.4	229.8	253.5	261.6	269.9	
Developments for sale costs	30 :	0	0	0	0	0	0	
Other activity costs	31 :	480	297.4	260.3	260.8	261.5	262.1	
Other costs	32 :	0.0	0	0	0	0	0	
	33 :	<b>2,871.8</b>	<b>3,546.4</b>	<b>3,169.4</b>	<b>3,250.4</b>	<b>3,294.3</b>	<b>3,359.5</b>	SUM (25:32)
<b>Operating Costs</b>	35 :	<b>3,882.1</b>	<b>4,496.4</b>	<b>4,124.4</b>	<b>4,210.4</b>	<b>4,259.3</b>	<b>4,329.5</b>	22+23+33
Gain/(Loss) on disposal of PPE	36 :	0.0	0	0	0	0	0	
Exceptional Items - (Income) / Expense	37 :	0	0	0	0	0	0	
<b>OPERATING SURPLUS/(DEFICIT)</b>	38 :	<b>1,381.2</b>	<b>600.5</b>	<b>1,073.8</b>	<b>1,449.1</b>	<b>1,550.1</b>	<b>1,634.3</b>	20-35+36-37
Interest receivable and other income	40 :	64.5	69.4	26.5	23.7	24.2	26.2	
Interest payable and similar charges	41 :	105.6	97	75.5	69.3	65.6	65	
Increase / (Decrease) in Negative Goodwill	42 :	0	0	0	0	0	0	
Other Gains / (Losses)	43 :	26.9	-81.4	(100.0)	(100.0)	(100.0)	(100.0)	
<b>SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAX</b>	45 :	<b>1,367.0</b>	<b>491.5</b>	<b>924.8</b>	<b>1,303.5</b>	<b>1,408.7</b>	<b>1,495.5</b>	38+40-41+42+43
Tax on surplus on ordinary activities	47 :	0	0	0	0	0	0	
<b>SURPLUS/(DEFICIT) FOR THE YEAR AFTER TAX</b>	49 :	<b>1,367.0</b>	<b>491.5</b>	<b>924.8</b>	<b>1,303.5</b>	<b>1,408.7</b>	<b>1,495.5</b>	45-47
Actuarial (loss) / gain in respect of pension schemes	51 :	743.0	0.0	0	0	0	0	
Change in Fair Value of hedged financial instruments.	52 :	0.0	0	0	0	0	0	

		£'000	£'000	£'000	£'000	£'000	£'000	
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	54 :	<b>2,110.0</b>	<b>491.5</b>	<b>924.8</b>	<b>1,303.5</b>	<b>1,408.7</b>	<b>1,495.5</b>	49+51+52
<b>STATEMENT OF FINANCIAL POSITION</b>								
<b>Non-Current Assets</b>								
Intangible Assets & Goodwill	59 :	0	0	0	0	0	0	
Housing properties - Gross cost or valuation	62 :	44154.8	45153.2	53472.2	55973.4	57737.3	59159.4	
Less								
Housing Depreciation	64 :	14414.1	14755.9	15780.9	16946.9	17981.9	19021.9	
Negative Goodwill	65 :	0	0	0	0	0	0	
<b>NET HOUSING ASSETS</b>	66 :	<b>29,740.7</b>	<b>30,397.3</b>	<b>37,691.3</b>	<b>39,026.5</b>	<b>39,755.4</b>	<b>40,137.5</b>	62-64-65
Non-Current Investments	68 :	392.6	390	430	470	510	550	
Other Non Current Assets	69 :	3003.1	2946.8	2867.9	2788.1	2707.4	2625.7	
<b>TOTAL NON-CURRENT ASSETS</b>	70 :	<b>33,136.4</b>	<b>33,734.1</b>	<b>40,989.2</b>	<b>42,284.6</b>	<b>42,972.8</b>	<b>43,313.2</b>	59+66+68+69
<b>Current Assets</b>								
Net rental receivables	73 :	38.3	40	44	48.4	53.2	58.6	
Other receivables, stock & WIP	74 :	571.3	200.2	205.2	210.2	215.2	220.2	
Investments (non-cash)	75 :	0	0	0	0	0	0	
Cash at bank and in hand	76 :	8208.3	6869.6	6756.1	5960.6	5848.3	6187.2	
<b>TOTAL CURRENT ASSETS</b>	77 :	<b>8,817.9</b>	<b>7,109.8</b>	<b>7,005.3</b>	<b>6,219.2</b>	<b>6,116.7</b>	<b>6,466.0</b>	SUM(73:76)
<b>Payables : Amounts falling due within One Year</b>								
Loans due within one year	80 :	715.7	297	390.8	392.6	394.4	294.7	
Overdrafts due within one year	81 :	0	0	0	0	0	0	
Other short-term payables	82 :	991.3	585	970.8	1052.5	1097	1150.5	
<b>TOTAL CURRENT LIABILITIES</b>	83 :	<b>1,707.0</b>	<b>882.0</b>	<b>1,361.6</b>	<b>1,445.1</b>	<b>1,491.4</b>	<b>1,445.2</b>	80+81+82
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	85 :	<b>7,110.9</b>	<b>6,227.8</b>	<b>5,643.7</b>	<b>4,774.1</b>	<b>4,625.3</b>	<b>5,020.8</b>	77-83
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	87 :	<b>40,247.3</b>	<b>39,961.9</b>	<b>46,632.9</b>	<b>47,058.7</b>	<b>47,598.1</b>	<b>48,334.0</b>	70+85
<b>Payables : Amounts falling due After One Year</b>								
Loans due after one year	90 :	3605.7	3308.8	4935	4542.4	4148	3853.3	
Other long-term payables	91 :	0	70	0	0	0	0	
Grants to be released	92 :	15290.9	14801.8	18991.8	18506.8	18031.8	17566.8	
	93 :	<b>18,896.6</b>	<b>18,180.6</b>	<b>23,926.8</b>	<b>23,049.2</b>	<b>22,179.8</b>	<b>21,420.1</b>	90+91+92
Provisions for liabilities & charges	94 :	0	0	0	0	0	0	
<b>NET ASSETS</b>	95 :	<b>21,350.7</b>	<b>21,781.3</b>	<b>22,706.1</b>	<b>24,009.5</b>	<b>25,418.3</b>	<b>26,913.9</b>	87-93-94
<b>Capital &amp; Reserves</b>								
Share capital	98 :	0.1	0.2	0.2	0.2	0.2	0.2	
Revaluation reserve	99 :	0	0	0	0	0	0	
Restricted reserves	100 :	0	0	0	0	0	0	
Revenue reserves	101 :	21350.6	21781.1	22705.9	24009.3	25418.1	26913.7	
<b>TOTAL CAPITAL &amp; RESERVES</b>	102 :	<b>21,350.7</b>	<b>21,781.3</b>	<b>22,706.1</b>	<b>24,009.5</b>	<b>25,418.3</b>	<b>26,913.9</b>	SUM(98:101)
Pension Liability - as included above	104 :	0	0	0	0	0	0	
Intra Group Receivables - as included above	105 :	0	0	0	0	0	0	
Intra Group Payables - as included above	106 :	0	0	0	0	0	0	
Balance check	107 :	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	
<b>STATEMENT OF CASHFLOWS</b>								
<b>Net Cash from Operating Activities</b>								
Operating Surplus/(Deficit)	111 :	1,381.2	600.5	1,073.8	1,449.1	1,550.1	1,634.3	38
Depreciation & Amortisation	112 :	1083.4	1110	1115.9	1257.8	1263.7	1269.7	
Impairments / (Revaluation Enhancements)	113 :	-589.1	-530	-520	-510	-500	-490	
Increase / (Decrease) in Payables	114 :	-177.1	-278.2	385.8	81.7	44.5	53.5	
(Increase) / Decrease in Receivables	115 :	113.9	-29.4	-9	-9.4	-9.8	-10.3	

		£'000	£'000	£'000	£'000	£'000	£'000	
(Increase) / Decrease in Stock & WIP	116 :	-167.9	-20	-5	-5	-5	-5	
Gain / (Loss) on sale of non-current assets	117 :	64.2	100	100	100	100	100	
Other non-cash adjustments	118 :	26.9	0	0	0	0	0	
<b>NET CASH FROM OPERATING ACTIVITIES</b>	119 :	<b>1,735.5</b>	<b>952.9</b>	<b>2,141.5</b>	<b>2,364.2</b>	<b>2,443.5</b>	<b>2,552.2</b>	SUM(111:118)
Tax (Paid) / Refunded	121 :	0	0	0	0	0	0	
<b>Return on Investment and Servicing of Finance</b>								
Interest Received	124 :	64.5	69.5	26.5	23.7	24.2	26.2	
Interest (Paid)	125 :	-87.7	-167	-70.5	-64.3	-60.6	-60	
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>	126 :	<b>(23.2)</b>	<b>(97.5)</b>	<b>(44.0)</b>	<b>(40.6)</b>	<b>(36.4)</b>	<b>(33.8)</b>	124+125
<b>Capital Expenditure &amp; Financial Investment</b>								
Construction or acquisition of Housing properties	129 :	(748.8)	(81.4)	(6,925.0)	(100.0)	(100.0)	(100.0)	
Improvement of Housing	130 :	(591.6)	(1,412.1)	(1,706.1)	(2,643.3)	(2,041.9)	(1,700.0)	
Construction or acquisition of other Land & Buildings	131 :	0.0	0	0	0	0	0	
Construction or acquisition of other Non-Current Assets	132 :	(99.3)	(10.0)	-10	-10	-10	-10	
Sale of Social Housing Properties	133 :	0.0	0	0	0	0	0	
Sale of Other Land & Buildings	134 :	0	0	0	0	0	0	
Sale of Other Non-Current Assets	135 :	0	0	0	0	0	0	
Grants (Repaid) / Received	136 :	586.7	25.0	4,710.0	25.0	25.0	25.0	
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	137 :	<b>(853.0)</b>	<b>(1,478.5)</b>	<b>(3,931.1)</b>	<b>(2,728.3)</b>	<b>(2,126.9)</b>	<b>(1,785.0)</b>	SUM(129:136)
<b>NET CASH BEFORE FINANCING</b>	139 :	<b>859.3</b>	<b>(623.1)</b>	<b>(1,833.6)</b>	<b>(404.7)</b>	<b>280.2</b>	<b>733.4</b>	119+121+126+137
<b>Financing</b>								
Equity drawdown	142 :	0.0	0	0	0	0	0	
Debt drawdown	143 :	527.4	0.0	2,109.0	0.0	0.0	0.0	
Debt repayment	144 :	-574.3	-715.6	-388.9	-390.8	-392.5	-394.5	
Working Capital (Cash) - Drawn / (Repaid)	145 :	0	0	0	0	0	0	
<b>NET CASH FROM FINANCING</b>	146 :	<b>(46.9)</b>	<b>(715.6)</b>	<b>1,720.1</b>	<b>(390.8)</b>	<b>(392.5)</b>	<b>(394.5)</b>	SUM(142:145)
<b>INCREASE / (DECREASE) IN NET CASH</b>	148 :	<b>812.4</b>	<b>-1338.7</b>	<b>-113.5</b>	<b>-795.5</b>	<b>-112.3</b>	<b>338.9</b>	139+146
<b>Cash Balance</b>								
Balance Brought Forward	151 :	7395.873	8208.3	6,869.6	6,756.1	5,960.6	5,848.3	153 (Prior Year)
Increase / (Decrease) in Net Cash	152 :	812.4	(1,338.7)	(113.5)	(795.5)	(112.3)	338.9	148
<b>CLOSING BALANCE</b>	153 :	<b>8,208.3</b>	<b>6,869.6</b>	<b>6,756.1</b>	<b>5,960.6</b>	<b>5,848.3</b>	<b>6,187.2</b>	151+152
Difference between Closing Balance and Cash at bank and in hand	154 :	0.0	0.0	0.0	0.0	0.0	0.0	153-76
<b>ADDITIONAL INFORMATION</b>								
<b>Units owned:</b>								
Social Rent Properties	159 :	1,168	1,171	1,211	1,214	1,217	1,220	
MMR Properties	160 :	0	0	0	0	0	0	
Low Costs Home Ownership Properties	161 :	0	0	0	0	0	0	
Properties - Other Tenures	162 :	0	0	0	0	0	0	
<b>Number of units owned at end of period</b>	163 :	<b>1168</b>	<b>1171</b>	<b>1211</b>	<b>1214</b>	<b>1217</b>	<b>1220</b>	SUM(159:162)
Number of units managed at end of period (exclude factored units)	165 :	0	0	0	0	0	0	
New Social Rent Properties added	167 :	4	3	40	3	3	3	
New MMR Properties added	168 :	0	0	0	0	0	0	
New Low Costs Home Ownership Properties added	169 :	0	0	0	0	0	0	
New Properties - Other Tenures added	170 :	0	0	0	0	0	0	
<b>Total number of new affordable housing units added during year</b>	171 :	<b>4</b>	<b>3</b>	<b>40</b>	<b>3</b>	<b>3</b>	<b>3</b>	SUM (167:170)

		£'000	£'000	£'000	£'000	£'000	£'000	
<b>Financed by:</b>								
Scottish Housing Grants	174 :	0.0	0.0	4685	0	0	0	
Other public subsidy	175 :	0	0	0	0	0	0	
Private finance	176 :	0	0	2109	0	0	0	
Sales	177 :	0	0	0	0	0	0	
Cash reserves	178 :	118.6	81.4	131	100	100	100	
Other	179 :	0	0	0	0	0	0	
<b>Total cost of new units</b>	180 :	<b>118.6</b>	<b>81.4</b>	<b>6,925.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	SUM (174:179)
	181 :							
<b>Number of units lost during year from:</b>								
Sales including right to buy	183 :	0	0	0	0	0	0	
Demolition	184 :	0	0	0	0	0	0	
Other	185 :	2	0	0	0	0	0	
<b>Assumptions:</b>								
General Inflation (%)	188 :	2	2	2	2	2	2	
Rent increase - Margin above General Inflation (%)	189 :	1	1	1	1	1	1	
Operating cost increase - Margin above General Inflation (%)	190 :	1	1	1	1	1	1	
Direct maintenance cost increase - Margin above General Inflation (%)	191 :	1	1	1	1	1	1	
Actual / Assumed average salary increase (%)	192 :	1	1	1	1	1	1	
Average cost of borrowing (%)	193 :	2.05	6	6	6	6	6	
Employers Contributions for pensions (%)	194 :	10	10	10	10	10	10	
Employers Contributions for pensions (£'000)	195 :	76.4	95.0	98.0	101.0	102.0	102.3	
SHAPS Pensions deficit contributions (£'000)	196 :	145.2	137.4	141.4	145.5	0.0	0.0	
Total staff costs (including NI & pension costs)	198 :	1129.2	1294.2	1322.7	1351.8	1381.7	1412.3	
Full time equivalent staff	199 :	33	35	35	35	35	35	
EESSE Capital Expenditure included above	201 :	0	0	0	0	0	0	
Total capital and revenue expenditure on maintenance of pre-1919 properties	202 :	0	0	0	0	0	0	
Total capital and revenue expenditure on maintenance of all other properties	203 :	798.7	1347.8	1152.4	2396.1	1658.5	1316.6	
EESSE Revenue Expenditure included above	204 :	0	0	0	0	0	0	
<b>Version 8.42</b>								

## Ratios

Clydebank Housing Association Ltd

86



	2019/20 Year 0	2020/21 Year 1	2021/22 Year 2	2022/23 Year 3	2023/24 Year 4	2024/25 Year 5
<b>Financial capacity</b>						
Interest cover %	2,052.5	612.2	3,075.2	3,713.7	4,072.1	4,297.3
Gearing %	(18.2)	(15.0)	(6.3)	(4.3)	(5.1)	(7.6)
<b>Efficiency</b>						
Voids %	0.3	0.8	1.0	1.0	1.0	1.0
Arrears %	0.9	0.9	1.0	1.0	1.0	1.1
Bad debts %	1.0	4.1	5.1	5.0	5.1	5.1
Staff costs / turnover %	21.5	25.4	25.4	23.9	23.8	23.7
Turnover per unit (£)	4,506.3	4,352.6	4,292.5	4,661.9	4,773.5	4,888.4
Responsive repairs to planned maintenance	2.1	5.0	4.5	6.2	5.0	4.3
<b>Liquidity</b>						
Current ratio	5.2	8.1	5.1	4.3	4.1	4.5
<b>Profitability</b>						
Gross surplus / Deficit %	26.2	11.8	20.7	25.6	26.7	27.4
Net surplus / Deficit %	26.0	9.6	17.8	23.0	24.2	25.1
EBITDA / revenue (%)	35.6	5.9	9.3	1.1	13.3	20.2
<b>Financing</b>						
Debt Burden	0.8	0.7	1.0	0.9	0.8	0.7
Net debt per unit (£)	(3,327.8)	(2,787.2)	(1,181.1)	(844.8)	(1,073.0)	(1,671.5)
Debt per unit (£)	3,699.8	3,079.2	4,397.9	4,065.1	3,732.5	3,400.0
<b>Diversification</b>						
Income from non-rental activities %	3.2	2.9	2.4	2.2	2.2	2.1
Other Activities Surplus to Operating Surplus %	(22.7)	(24.8)	(12.4)	(9.2)	(8.6)	(8.2)