



Alexander Sloan
Accountants and Business Advisers

Cloch Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2018

Registered Housing Association No. HEP91

FCA Reference No. SP1893RS

Scottish Charity No. SCO13996

CLOCH HOUSING ASSOCIATION LIMITED

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CLOCH HOUSING ASSOCIATION LIMITED

BOARD, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2018

BOARD

Julianne Scarlett	Chairperson
Monica Sheekey	Vice Chairperson
Alison Greenhill	Secretary
Jane Cheshire	
Kelly Ferns	
Eleanor Robertson	
Heather Thomson	Appointed 20.09.17
Ronny Lee	Co-optee
Peter Galbraith	Resigned 07.03.18
Edward Coogans	Resigned 04.07.17
James Anderson	Resigned 13.11.17

SENIOR MANAGEMENT

Paul McVey	Director
Andrew Thomson	Housing Services Manager
Paul McColgan	Property Services Manager
Elizabeth Bowden	Corporate Services Manager

REGISTERED OFFICE

19 Bogle Street
Greenock
PA15 1ER

EXTERNAL AUDITORS

Alexander Sloan
Chartered Accountants
180 St Vincent Street
Glasgow
G2 5SG

INTERNAL AUDITORS

TIAA Ltd
53-55 Business Centre
Aerodrome Road
Gosport
PO13 0FQ

BANKERS

Bank of Scotland
The Cross Branch
Paisley
PA1 1DD

SOLICITORS

Patten & Prentice
2 Ardgowan Square
Greenock
PA16 8PP

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2018

The Board presents its report and the Financial Statements for the year ended 31 March 2018.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.SP1893RS. The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SCO13996.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

1. providing, constructing, improving and managing land, accommodation and associated facilities and providing care;
2. providing or arranging home maintenance, repair and improvement services and providing facilities and services for the benefit of such people either exclusively for them or together with other persons;
3. undertaking any activities which are charitable, allowed under section 58 of the Housing (Scotland) Act 2001, including any statutory amendment or re-enactment of the provisions of this section from time to time being in force and;
4. carrying on any other charitable activities permitted to registered social landlords from time to time.

Review of Business and Future Developments

There has been a lot going on in the last year at Cloch which has taken the organisation forward in a really positive fashion, exploring new projects and initiatives. Our performance continues to improve in most of our key areas across all departments, achieving significant outcomes for our customers and communities. Last year we launched our Customer Service Project – FACE – and during 2017/18 this project has gathered momentum and support as it is underpinned by a commitment to excellent customer service and making people's lives better. This year and next are particularly poignant for the Association as we enter our 50th year in operation. Originally established on 16th January 1968, the Association intend to celebrate this achievement in 2018 with a range of activities and events, with the community and our charitable purpose at the core.

We have now experienced a full financial year with Universal Credit (full service) being in place in Inverclyde and this has had a significant impact on our service and resources. We spend much more time now helping our tenants navigate the welfare benefits system and the Housing Services team along with our partners at Financial Fitness, Future Skills and other support services have been working hard to assist our tenants dealing with this transition and the financial impact it causes. Despite this Cloch continue to report the lowest rent arrears in Inverclyde with our non-technical arrears just under 1.21% at 31 March 2018.

There has been a significant increase in the number of empty properties (voids) returned to Cloch during this year. The Association managed 160 voids in the year, compared to 61 the previous year, which sparked an increase in void loss from 0.57% to 1.03%. Our average days taken to let marginally increased to 20 days from 19 days (including supported accommodation lets). There are multiple reasons for this increase ranging from the impact of welfare reform to an increase in new supply in the area resulting in displacement. However, it is also considered that a sector-wide average for relets is in the region of 8-12%; this last year is 11% for Cloch – we have experienced a spell of lower than average voids at around 5% in recent years. It is anticipated that we will be closer to the sector average in the years to come due to the number of new build developments proposed in the Inverclyde area.

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2018

Review of Business and Future Developments (Continued)

In October 2017 Cloch entered a new Reactive Maintenance and Void Repairs Contract with Novus. This contract was procured with our partners Oak Tree Housing Association and will introduce an enhanced service for customers and a range of community benefits. The initial 6-months of the contract have been challenging with a number of teething issues and performance has suffered as a result. These challenges mainly centre around interfacing issues, communication and processes.

Despite the resource commitment required with the reactive contract, the Property Services Team have been working hard on our planned maintenance programme which has included the award of a 3-year Painting Contract with JS McColl's (300 properties completed in Year 1), 3 year Kitchen Contract awarded to CCG (36 kitchens completed in Year 1), a 3 year Boiler Replacement Contract awarded to CMBS (39 boilers completed in Year 1) and an Electrical Periodic Testing Contract awarded to McGill Electrical (48 properties completed in Year 1). In addition, the £1m Aberfoyle Road Improvement Programme was completed which saw 3 blocks being reroofed, having external wall insulation installed and environmental improvements taking place in and around the properties.

Our rent increase from the previous year allowed us to introduce a Garden Tidy Scheme for a limited number of older or disabled tenants and also take on an additional Modern Apprentice. Our commitment is now that we will have 2 Modern Apprentices employed at any one time in Cloch. Our 1st Apprentice has just "graduated" and gained full time employment with a Housing Association in Glasgow which is an excellent achievement both for him and for the Association.

Plans are still in place to commence a new build development at the former Kings Glen Primary School in Kilmacolm Road. Cloch is working in partnership with Oak Tree HA to start developing in January 2019. It is hoped that we could develop 58 affordable homes for rent and as plans progress resident engagement will commence.

Our FACE project mentioned earlier has resulted in many changes to how we do things. We launched our new Customer Service Standards in 2017 which were shaped with the input of our Customer Panel, who are now working on scrutiny projects for the Association. We improved our reception area and changed the way that we survey satisfaction and handle queries. Planning is underway to establish our new Customer Connections Team who will "go live" in April 2018 and offer a "first time service" response to our customers. This will tie in with the launch of our new customer self-service portal later in the year.

The Association continued to provide the Inverclyde Care & Repair Service in 2017 – 2018 which included our Small Repairs Service. With membership of the Small Repairs Service at over 400 members we are now servicing more customers than ever. During 17/18 we made improvements to our processes and how we deal with and manage major adaptations in peoples' homes. We were disappointed to learn that Inverclyde Council has made the decision to no longer outsource the Care & Repair service with effect from April 2019, as part of a budget saving. In 2018 the Association will be attempting to demonstrate an alternative way to deliver the service, without reducing the quality or standard, which is what is feared if it is taken in-house. The delivery of major adaptations in private homes and the withdrawal of our Small Repairs Service is a key concern for the Association moving forward.

Finally, our governance arrangements. Julianne Scarlett was re-elected for a 2nd year as Chairperson of the Association following the AGM in September and Monica Sheekey continues as Vice Chair. A recruitment exercise for additional Board Members started in February 2018 with the expectation that new Board Members will join in Spring. The Board work with a Training & Development Plan and receive training and awareness sessions throughout the year. We started our Governance Self-Assessment Working Group where consideration and evidence is provided as to how informed and compliant the governing body are against the regulatory standards outlined by the Scottish Housing Regulator.

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2018

Board and Executive Officers

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

Each member of the Board 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 Board.

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

Statement of Board's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Board 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 Board is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements 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 Board 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 Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements - 2015. 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 Board must in determining how amounts are presented within items in the Statement of Comprehensive Income and the Statement of Financial Position, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Board 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 Board 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.

CLOCH HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2018

Statement on Internal Financial Control

The Board 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 Board'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 Board 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;
- Quarterly 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;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board;
- the Board 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.

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2018. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Donations

During the year the Association made charitable donations amounting to £450 (2017 - £1,000).

Auditors

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

By order of the Board


ALISON GREENHILL

Secretary

16 August 2018

CLOCH HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF CLOCH HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

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

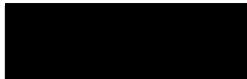
Basis of Opinion

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 5 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
24 August 2018



Alexander Sloan
Accountants and Business Advisers

CLOCH HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLOCH HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Cloch Housing Association Limited (the 'Association') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 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 prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board.

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

- 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;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

CLOCH HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLOCH HOUSING ASSOCIATION LIMITED (Continued)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board.

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

- 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;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities as set out on Page 4, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

CLOCH HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLOCH HOUSING ASSOCIATION LIMITED (Continued)

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


ALEXANDER SLOAN

Accountants and Business Advisers
Statutory Auditors
GLASGOW
24 August 2018



Alexander Sloan

Accountants and Business Advisers

CLOCH HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
REVENUE	2		8,186,042		8,207,126
Operating Costs	2		<u>(5,972,114)</u>		<u>(6,138,820)</u>
OPERATING SURPLUS			2,213,928		2,068,306
Gain On Sale Of Housing Stock	7	-		7,539	
Interest Receivable and Other Income		15,105		20,523	
Interest Payable and Similar Charges	8	(507,223)		(551,604)	
Other Finance Income / (Charges)	10	<u>(84,506)</u>		<u>(80,733)</u>	
			<u>(576,624)</u>		<u>(604,275)</u>
SURPLUS FOR THE YEAR	9		1,637,304		1,464,031
Other Comprehensive Income			-		-
TOTAL COMPREHENSIVE INCOME			<u>1,637,304</u>		<u>1,464,031</u>

The notes on pages 14 to 27 form part of these financial statements.

CLOCH HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	11 (a)		73,684,623		75,212,400
Other Non-current Assets	11 (b)		<u>565,741</u>		<u>550,651</u>
			74,250,364		75,763,051
INVESTMENTS					
Investment in subsidiaries	24	<u>2</u>		<u>2</u>	
			2		2
CURRENT ASSETS					
Receivables	14	381,380		254,599	
Cash at bank and in hand		<u>3,592,245</u>		<u>2,852,552</u>	
		3,973,625		3,107,151	
CREDITORS: Amounts falling due within one year	15	<u>(3,060,486)</u>		<u>(2,693,081)</u>	
NET CURRENT ASSETS			<u>913,139</u>		<u>414,070</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			75,163,505		76,177,123
CREDITORS: Amounts falling due after more than one year	16		<u>(15,546,879)</u>		<u>(16,702,078)</u>
DEFERRED INCOME					
Social Housing Grants	18	(47,223,414)		(48,698,881)	
Other Grants	18	<u>(577,969)</u>		<u>(598,225)</u>	
			<u>(47,801,383)</u>		<u>(49,297,106)</u>
NET ASSETS			<u>11,815,243</u>		<u>10,177,939</u>
EQUITY					
Share Capital	19		53		53
Revenue Reserves			<u>11,815,190</u>		<u>10,177,886</u>
			<u>11,815,243</u>		<u>10,177,939</u>

The Financial Statements were approved by the Board and authorised for issue and signed on their behalf on 16 August 2018.

Chairperson
Julianne Scarlett

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Secretary
Alison Greenhill

The notes on pages 14 to 27 form part of these financial statements.

CLOCH HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2017
		£	£
Net cash inflow from operating activities	17	3,385,439	2,758,691
Investing Activities			
Acquisition and Construction of Properties	(913,804)	(1,567,819)	
Purchase of Other Fixed Assets	(74,362)	(70,329)	
Social Housing Grant Received	63,500	5,190	
Social Housing Grant Repaid	(243,727)	(200,000)	
Proceeds on Disposal of Properties	-	142,935	
Net cash outflow from investing activities		(1,168,393)	(1,690,023)
Financing Activities			
Loan Advances Received	-	147,869	
Loan Facility set-up Fee	(75,785)	-	
Interest Received on Cash and Cash Equivalents	15,105	20,523	
Interest Paid on Loans	(507,223)	(551,604)	
Loan Principal Repayments	(909,455)	(1,124,949)	
Share Capital Issued	5	3	
Net cash outflow from financing activities		(1,477,353)	(1,508,158)
Increase / (decrease) in cash		739,693	(439,490)
Opening Cash & Cash Equivalents		2,852,552	3,292,042
Closing Cash & Cash Equivalents		3,592,245	2,852,552
Cash and Cash equivalents as at 31 March			
Cash		3,592,245	2,852,552
		3,592,245	2,852,552

The notes on pages 14 to 27 form part of these financial statements.

CLOCH HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2016	62	8,713,855	8,713,917
Issue of Shares	3	-	3
Cancellation of Shares	(12)	-	(12)
Surplus for Year	-	1,464,031	1,464,031
Balance as at 31 March 2017	53	10,177,886	10,177,939
Balance as at 1 April 2017	53	10,177,886	10,177,939
Issue of Shares	5	-	5
Cancellation of Shares	(5)	-	(5)
Surplus for Year	-	1,637,304	1,637,304
Balance as at 31 March 2018	53	11,815,190	11,815,243

The notes on pages 14 to 27 form part of these financial statements.

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice - Accounting by Registered Social Landlords 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

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 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

Basis of Consolidation

The financial statements for Cloch Housing Association Limited present information about it as an individual undertaking and not about the group.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the asset to which it relates.

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. The Association has moved from the Defined Benefit scheme to the Scottish Housing Association Defined Contribution Scheme for new employees.

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

Valuation Of Housing Properties

Housing Properties are stated at cost 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.

Component	Useful Economic Life
Land	Not depreciated
Structure	50 years
Roof	50 years
Windows	30 years
Rewiring	30 years
Central Heating	30 years
Bathrooms	20 years
Lifts	20 years
Kitchens	15 years
Boilers	15 years

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Non-Current Assets

Non-current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Asset Category	Depreciation Rate
Office Premises	2%
Furniture and Fittings	20%
Computer Equipment	33%

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

Social Housing Grant And Other Grants In Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income 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 non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as non-current asset disposals and any gain or loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board to exercise judgement in applying the Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

a) Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

b) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

d) Costs of shared ownership

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position 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.

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Board of Management the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Financial instrument break clauses

The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Board of Management, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

d) Pension Liability

In March 2018 the Association received details from the Pension Trust of the valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions. The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Board feels this is the best available estimate of the past service liability.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING AND OTHER ACTIVITIES

	Notes	2018			2017		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	7,825,230	5,559,440	2,265,790	7,892,359	5,773,961	2,118,398
Other Activities	4	360,812	412,674	(51,862)	314,767	364,859	(50,092)
Total		8,186,042	5,972,114	2,213,928	8,207,126	6,138,820	2,068,306

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	Shared Ownership £	2018 Total £	2017 Total £
Revenue from Lettings:					
Rent receivable net of service charges	5,795,508	261,883	45,354	6,102,745	5,942,580
Service charges receivable	40,056	65,521	-	105,577	177,920
Gross income from rent and service charges	5,835,564	327,404	45,354	6,208,322	6,120,500
Less: Rent losses from voids	47,168	16,609	-	63,777	35,025
Net Rents Receivable	5,788,396	310,795	45,354	6,144,545	6,085,475
Grants released from deferred income	1,467,299	54,048	96,362	1,617,709	1,617,759
Revenue grants from Scottish Ministers	62,976	-	-	62,976	68,496
Other revenue grants	-	-	-	-	120,629
Total turnover from affordable letting activities	7,318,671	364,843	141,716	7,825,230	7,892,359
Expenditure on affordable letting activities					
Management and maintenance administration costs	1,503,768	77,566	12,407	1,593,741	1,666,366
Service Costs	47,151	58,370	-	105,521	138,190
Planned and cyclical maintenance, including major repairs	530,179	21,043	-	551,222	690,989
Reactive maintenance costs	755,345	33,609	-	788,954	648,513
Bad Debts - rents and service charges	46,510	-	-	46,510	22,833
Depreciation of affordable let properties	2,258,492	80,322	134,678	2,473,492	2,607,070
Operating costs of affordable letting activities	5,141,445	270,910	147,085	5,559,440	5,773,961
Operating surplus on affordable letting activities	2,177,226	93,933	(5,369)	2,265,790	2,118,398
2017	2,002,807	147,952	(32,361)		

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Revenue Grants	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2018	Operating Surplus / (Deficit) 2017
	£	£	£	£	£	£	£	£
Wider role activities	68,916	-	2,834	71,750	-	111,870	(40,120)	(35,038)
Factoring	-	-	23,209	23,209	1,026	23,322	(1,139)	6,638
Care and Repair	215,000	-	46,447	261,447	-	234,088	27,359	12,867
Common Housing Register	-	-	4,406	4,406	-	42,368	(37,962)	(34,559)
Total From Other Activities	283,916	-	76,896	360,812	1,026	411,648	(51,862)	(50,092)
2017	247,874	9,800	57,093	314,767	(6,638)	371,497	(50,092)	

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

	2018	2017
	£	£
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board, managers and employees of the Association.		
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>188,084</u>	<u>184,526</u>
Pension contributions made on behalf of Officers with emoluments greater than £60,000	<u>23,618</u>	<u>19,907</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>72,056</u>	<u>70,854</u>
Total Emoluments paid to key management personnel	<u>294,644</u>	<u>244,241</u>
The number of Officers, including the highest paid Officer, who received emoluments over £60,000 was in the following ranges:-		
	Number	Number
£60,001 to £70,000	2	2
£70,001 to £80,000	-	1
£80,001 to £90,000	<u>1</u>	<u>-</u>

6. EMPLOYEE INFORMATION

	2018	2017
	No.	No.
The average monthly number of full time equivalent persons employed during the year was:	<u>30</u>	<u>31</u>
The average total number of Employees employed during the year was:	<u>35</u>	<u>36</u>
Staff Costs were:	£	£
Wages and Salaries	945,549	927,315
Social Security Costs	88,024	84,080
Other Pension Costs	157,858	149,245
Temporary, Agency and Seconded Staff	160,856	137,131
	<u>1,352,287</u>	<u>1,297,771</u>

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2018	2017
	£	£
Sales Proceeds	-	142,935
Cost of Sales	-	135,396
Gain On Sale Of Housing Stock	-	7,539

8. INTEREST PAYABLE & SIMILAR CHARGES

	2018	2017
	£	£
On Bank Loans & Overdrafts	507,223	551,604
	<u>507,223</u>	<u>551,604</u>

9. SURPLUS FOR THE YEAR

	2018	2017
	£	£
Surplus For The Year is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	2,500,853	2,706,148
Auditors' Remuneration - Audit Services	7,919	8,016
Gain on sale of fixed assets	-	7,539

10. OTHER FINANCE INCOME / CHARGES

	2018	2017
	£	£
Loan Set-Up Fees	75,785	-
Unwinding of Discounted Liabilities	8,721	80,733
	<u>84,506</u>	<u>80,733</u>

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In Course of Construction £	Shared Ownership Completed £	Total £
COST				
As at 1 April 2017	106,274,670	518,909	921,131	107,714,710
Additions	926,874	18,840	-	945,714
Disposals	(243,279)	-	-	(243,279)
As at 31 March 2018	<u>106,958,265</u>	<u>537,749</u>	<u>921,131</u>	<u>108,417,145</u>
DEPRECIATION				
As at 1 April 2017	32,137,722	-	364,588	32,502,310
Charge for Year	2,415,877	-	25,704	2,441,581
Disposals	(211,369)	-	-	(211,369)
As at 31 March 2018	<u>34,342,230</u>	<u>-</u>	<u>390,292</u>	<u>34,732,522</u>
NET Book VALUE				
As at 31 March 2018	<u>72,616,035</u>	<u>537,749</u>	<u>530,839</u>	<u>73,684,623</u>
As at 31 March 2017	<u>74,136,948</u>	<u>518,909</u>	<u>556,543</u>	<u>75,212,400</u>

Additions to housing properties include capitalised development administration costs of £Nil (2017 - £Nil), capitalised major repairs and costs to properties in the course of construction of £816,914 (2017 - £1,567,819) and the purchase of three properties for £128,800 (2017: £Nil).

All land and housing properties are heritable.

Total expenditure on properties in the year amounted to £2,285,890 (2017 - £2,907,321). The amount capitalised is £945,714 (2017 - £1,567,819) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £798,074 (2017 - £1,567,819), development costs of £18,840 (2017: £Nil) and the purchase of 3 properties for £128,800 (2017: £Nil).

The Association's Lenders have standard securities over Housing Property with a carrying value of £52,620,539 (2017 - £54,251,140).

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. NON CURRENT ASSETS (Continued)

b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Sheltered Housing F&F £	Computer Equipment £	Total £
COST					
As at 1 April 2017	1,123,225	68,104	18,374	115,602	1,325,305
Additions	36,219	12,719	-	25,424	74,362
Eliminated on Disposals	-	(22,826)	-	-	(22,826)
As at 31 March 2018	<u>1,159,444</u>	<u>57,997</u>	<u>18,374</u>	<u>141,026</u>	<u>1,376,841</u>
AGGREGATE DEPRECIATION					
As at 1 April 2017	626,283	63,781	7,114	77,476	774,654
Charge for year	23,193	4,487	3,135	28,457	59,272
Eliminated on Disposals	-	(22,826)	-	-	(22,826)
As at 31 March 2018	<u>649,476</u>	<u>45,442</u>	<u>10,249</u>	<u>105,933</u>	<u>811,100</u>
NET Book VALUE					
As at 31 March 2018	<u>509,968</u>	<u>12,555</u>	<u>8,125</u>	<u>35,093</u>	<u>565,741</u>
As at 31 March 2017	<u>496,942</u>	<u>4,323</u>	<u>11,260</u>	<u>38,126</u>	<u>550,651</u>

12. CAPITAL COMMITMENTS

	2018 £	2017 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>590,217</u>	<u>543,744</u>

The above commitments will be financed by the Association's own resources.

13. COMMITMENTS UNDER OPERATING LEASES

	2018 £	2017 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	4,953	12,203
Later than one year and not later than five years	<u>2,064</u>	<u>4,953</u>

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Arrears of Rent & Service Charges	130,307	101,582
Less: Provision for Doubtful Debts	<u>(74,667)</u>	<u>(50,532)</u>
	55,640	51,050
Other Receivables	306,050	202,395
Amounts Due from Group Undertakings	<u>19,690</u>	<u>1,154</u>
	381,380	254,599

15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Housing Loans	1,026,800	975,530
Trade Payables	209,325	112,070
Rent Received in Advance	342,236	328,556
Social Housing Grant in Advance	81,745	374,889
Other Taxation and Social Security	21,319	21,866
Amounts Due to Group Undertakings	105,041	22,886
Other Payables	480,444	442,930
Liability for Past Service Contributions	197,092	191,503
Accruals and Deferred Income	<u>596,484</u>	<u>222,851</u>
	3,060,486	2,693,081

At the Statement of Financial Position date there were pension contributions outstanding of £32,486 (2017 - £31,544).

16. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017
	£	£
Liability for Past Service Contributions	592,199	786,673
Housing Loans	14,954,680	15,915,405
	<u>15,546,879</u>	<u>16,702,078</u>
Housing Loans		
Amounts due within one year	1,026,800	975,530
Amounts due in one year or more but less than two years	1,036,900	1,085,700
Amounts due in two years or more but less than five years	3,189,900	3,319,500
Amounts due in more than five years	<u>10,727,880</u>	<u>11,510,205</u>
	15,981,480	16,890,935
Less: Amount shown in Current Liabilities	<u>1,026,800</u>	<u>975,530</u>
	14,954,680	15,915,405
Liability for Past Service Contributions		
Amounts due within one year	197,092	191,503
Amounts due in one year or more but less than two years	199,985	192,184
Amounts due in two years or more but less than five years	392,214	564,847
Amounts due in more than five years	<u>-</u>	<u>29,642</u>
	789,291	978,176
Less: Amount shown in Current Liabilities	<u>197,092</u>	<u>191,503</u>
	592,199	786,673

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable Fixed
Bank of Scotland	Standard security over 172 properties	4.3%	2037	Fixed
Bank of Scotland	Standard security over 59 properties	4.8%	2037	Fixed
Bank of Scotland	Standard security over 124 properties	2.1%	2042	Variable
Nationwide	Standard security over 32 properties	1.0%	2028	Variable
Nationwide	No security over properties	1.0%	2030	Variable
Nationwide	Standard security over 119 properties	1.0%	2027	Variable
Nationwide	Standard security over 13 properties	1.0%	2023	Variable
Nationwide	Standard security over 46 properties	1.2%	2025	Variable
Nationwide	Standard security over 145 properties	1.0%	2025	Variable
Royal Bank of Scotland	Standard security over 80 properties	4.8%	2027	Variable
Oak Tree Housing Association	Standard security over 53 properties	2.0%	2027	Variable
Energy Savings Trust	No security over properties	0.0%	2027	Variable

All of the Association's bank borrowings are repayable on a monthly or quarterly basis with the principal being amortised over the term of the loans.

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 1.51% (2017 - 1.06%).

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2018 £	2017 £
Operating Surplus	2,213,928	2,068,306
Depreciation	2,500,853	2,792,581
Amortisation of Capital Grants	(1,608,640)	(1,622,385)
Change in debtors	(126,781)	16,141
Change in creditors	414,805	(415,207)
Unwinding of Discount on Pension Liability	(8,721)	(80,733)
Share Capital Written Off	(5)	(12)
Net cash inflow from operating activities	<u>3,385,439</u>	<u>2,758,691</u>

18. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In Course of Construction £	Shared Ownership Completed £	Total £
Social Housing Grants				
As at 1 April 2017	73,606,204	518,909	815,960	74,941,073
Additions in the year	63,500	-	-	63,500
Eliminated on disposal of components and property	(93,070)	-	-	(93,070)
As at 31 March 2018	<u>73,576,634</u>	<u>518,909</u>	<u>815,960</u>	<u>74,911,503</u>
Amortisation				
As at 1 April 2017	25,933,643	-	308,549	26,242,192
Eliminated on disposal	(142,615)	-	-	(142,615)
Amortisation in year	1,569,580	-	18,932	1,588,512
As at 31 March 2018	<u>27,360,608</u>	<u>-</u>	<u>327,481</u>	<u>27,688,089</u>
Net book value				
As at 31 March 2018	<u>46,216,026</u>	<u>518,909</u>	<u>488,479</u>	<u>47,223,414</u>
As at 31 March 2017	<u>47,672,561</u>	<u>518,909</u>	<u>507,411</u>	<u>48,698,881</u>
Other Grants				
As at 1 April 2017	985,275	-	-	985,275
Eliminated on disposal of components and property	(864)	-	-	(864)
As at 31 March 2018	<u>984,411</u>	<u>-</u>	<u>-</u>	<u>984,411</u>
Amortisation				
As at 1 April 2017	387,050	-	-	387,050
Eliminated on disposal	(736)	-	-	(736)
Amortisation in year	20,128	-	-	20,128
As at 31 March 2018	<u>406,442</u>	<u>-</u>	<u>-</u>	<u>406,442</u>
Net book value				
As at 31 March 2018	<u>577,969</u>	<u>-</u>	<u>-</u>	<u>577,969</u>
As at 31 March 2017	<u>598,225</u>	<u>-</u>	<u>-</u>	<u>598,225</u>
Total grants net book value as at 31 March 2018	<u>46,793,995</u>	<u>518,909</u>	<u>488,479</u>	<u>47,801,383</u>
Total grants net book value as at 31 March 2017	<u>48,270,786</u>	<u>518,909</u>	<u>507,411</u>	<u>49,297,106</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2018 £	2017 £
Amounts due within one year	1,608,640	1,622,385
Amounts due in one year or more	46,192,743	47,674,721
	<u>47,801,383</u>	<u>49,297,106</u>

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
As at 1 April 2017	53
Issued in year	5
Cancelled in year	(5)
At 31 March 2018	<u>53</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.

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2018 No.	2017 No.
General Needs - New Build	1,326	1,324
Supported Housing	59	58
Shared Ownership	19	19
	<u>1,404</u>	<u>1,401</u>

21. RELATED PARTY TRANSACTIONS

Members of the Board are related parties of the Association as defined by Financial Reporting Standard 102.

Those members who 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.

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

Transactions with Board members (and their close family) were as follows:

	2018 £	2017 £
Rent received from tenants on the Board and their close family members.	<u>12,325</u>	<u>18,777</u>

At the year end total rent arrears owed by the tenant members on the Board (and their close family) were £Nil (2017 - £Nil).

Members of the Board who are tenants.	<u>2</u>	<u>3</u>
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22. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 19 Bogle Street, Greenock, PA15 1ER.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Inverclyde.

23. BOARD MEMBER EMOLUMENTS

Board members received £1,533 (2017 - £706) in the year by way of reimbursement of expenses. No remuneration is paid to Board members in respect of their duties to the Association.

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. INVESTMENTS

Investments in Subsidiaries	2018	2017
	£	£
As at 31 March 2018	<u>2</u>	<u>2</u>

In the opinion of the Board 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 Statement of Financial Position.

The Association has a 100% owned subsidiary named Cloch Property Service Ltd. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties. The Company was incorporated on 29 September 2006 and for the year ended 31 March 2018 filed dormant accounts.

25. CONTROLLING PARTY

The Association's parent undertaking at the reporting date was Oak Tree Housing Association Ltd, a charity registered under the Co-operative and Community Benefit Societies Act 2014. Oak Tree Housing Association Ltd exercises dominant control through its ability to control the majority of the membership of the Board. Cloch Housing Association Ltd continues to have primary responsibility for all aspects of its business operations.

The Association has taken advantage of the exemption from disclosing related party transactions, available to 100% subsidiaries, within FRS102.

CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 RETIREMENT BENEFIT OBLIGATIONS

General

Cloch Housing Association Limited participated 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.

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 FRS102 represents the employer contribution payable.

The last valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £789,291 (2017 - £978,176). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.51% (2017 - 1.06%).

The Association made payments totalling £246,307 (2017- £193,887) to the pension scheme during the year.

