

CLOCH HOUSING ASSOCIATION LIMITED

Report and Financial Statements

For the year ended 31 March 2011

Registration information

Financial Services Authority

Industrial and Provident Societies 1965
Registered number SP1893RS

The Scottish Housing Regulator

Housing (Scotland) Act 2001
Registered number HEP91

Scottish Charity Number

SCO 13996

CLOCH HOUSING ASSOCIATION LIMITED

Report and Financial Statements

For the year ended 31 March 2011

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Members, Executives and Advisers

Committee of Management

Isobel Carson	Chair
Catherine Maynard	Treasurer
Catherine Scott	Secretary
BarrySmall	Vice-Chair (appointed 29/7/10)
Harriet Scott	
Monica Sheekey	
Charles Brown	
JanetStewart	(resigned 26/4/11)
Jane Cheshire	
Frank McEntee	(resigned 2/8/11)
Elaine Cannon	(resigned 16/9/10)
Ann McGinty	(resigned 26/5/11)
Michael Clarke	(co-opted 26/5/11)
Brenda Higgins	(co-opted 26/5/11)

Executive Officers

Charles Turner	Interim Director
Yvonne Browne	Financial Services Manager
John F Deasy	Housing Services Manager
Elaine McShane	Business Development Manager

Registered Office

19 Bogle Street
Greenock
PA15 1ER

Auditors

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

Bankers

Clydesdale Bank plc
100 West Blackhall Street
Greenock
PA15 1XR

Solicitors

Patten & Prentice
2 Ardgowan Square
Greenock
PA16 8PP

Harper MacLeod
The Ca'd'oro Building
45 Gordon Street
Glasgow G1 3PE

**Report of the Management Committee
For the year ended 31 March 2011**

The Committee of Management present their report and the audited financial statements for the year ended 31 March 2011.

Principal activities

The principal activity of the Association is the provision of rented accommodation.

Review of business and future activities

This past twelve months have seen some big external factors that will begin to feature on how the association will change, whilst at the same time ensure that every one of its customers receives a service from the association second to none. During the year, the UK Coalition Government's comprehensive spending review, the emergency budget, the increase of Value Added Tax the response to the prevailing economic conditions and ultimately the Scottish Government's review of how investment in social housing will change, makes the association very aware that increasing our own efficiency and focussing on value for money services is vitally important.

Development work both at Gibshill and Maukinhill continued throughout the year, with 79 new houses completed, leaving a further 93 for completion next year, with an overall investment of over £20.5 million into Cloch communities. Expenditure on maintaining properties to a very high standard remains an important aim for the association, with some £1.3 million spent on planned and cyclical maintenance, £72,000 carrying out disabled adaptations and £291,000 completing some 4,500 reactive repairs. Controlling expenditure is an important factor for the association, and overall it reduced by 5.3% from last year. Factors like an average time to re-let a house in between tenancies of just six days; letting 72% of the empty houses within a 2-week turnaround time; ensuring that overall rent arrears remain low at just 2.6% and nurturing tenancy sustainment at a record high of 91% shows that front line service delivery plays an important role within the association.

As is the association's commitment to 'wider role' projects, which throughout the year have included Inverclyde Youth Project, (attracting an additional £60,000 of Scottish Government funding), and working with both the Mungo Foundation and Impact Arts. Cloch continue to manage the Inverclyde Care and Repair project, which during the year has also been successful in securing over £805,000 in grant income for elderly and disabled home owners.

72% of the association's customers are in receipt of some form of Housing Benefit, and they are the people that will be hit the hardest should all the planned welfare reforms be implemented by the Government in 2013. The work carried out at Cloch during the past 12 months will form part of ensuring that all the association's customers get the best deal possible in years to come.

Changes in fixed assets

Details of fixed assets are set out in note 9.

The committee of management and executive officers

The committee of management and executive officers of the Association are listed on page 1.

Each member of the committee of management holds one fully paid share of £1 in the Association. The executive officers of the Association hold no interest in the Association's share capital and although not having the legal status of directors they act as executives within the authority delegated by the committee.

**Report of the Management Committee
For the year ended 31 March 2011****Internal Financial Controls**

The Committee is responsible for the Association's system of internal financial control, and has reviewed its effectiveness from information provided by management staff.

Any system can only provide reasonable and not absolute assurance against material mis-statement or loss.

The financial control system within the Association is fundamentally simple and appropriate to the size and complexity of the organisation. It includes a combination of regular review of financial results compared with an agreed budget and authorisation of all expenditure by senior staff and Committee. In addition a programme of internal audit reviews examines the operations of controls across all areas of activity on a cyclical basis.

Statement of Committee's Responsibilities

Housing association legislation requires the 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 income and expenditure of the Association for the year ended on that date. In preparing those financial statements the committee are 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 a going concern basis unless it is inappropriate to presume that the association will continue in business.

The committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association.

The committee is 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.

Related Party Transactions

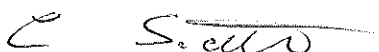
Some members of the Management Committee are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Auditors

A resolution to re-appoint Scott-Moncrieff, Chartered Accountants as auditors will be put to the members at the annual general meeting.

By order of the committee

Catherine Scott
Secretary



Dated: 1 September 2011

Report of the Auditors to the Members of Cloch Housing Association Limited

We have audited the financial statements of Cloch Housing Association Limited for the year ended 31 March 2011 which comprise the income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice - Accounting by Registered Social Landlords issued in 2008.

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

As explained more fully in the Management Committee Responsibilities statement set out on page 3, the committee members are responsible for the preparation of the financial statements and for being satisfied that they 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 of 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 overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Management Committee to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2011 and of its surplus for the year ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting by Registered Social Landlords issued in 2008;

Report of the Auditors to the Members of Cloch Housing Association Limited

- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

In our opinion the information given in the Report of the Management Committee for the financial year for which the financial statements are prepared is consistent with the financial statements.



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

Dated: 1 September 2011

**Report of the Auditors to the Management Committee 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 3 concerning the Association's compliance with the paragraphs of the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing". The objective of our review is to draw attention to non-compliance with those paragraphs of the Code, if not otherwise disclosed.

Basis of Opinion

We carried out our review having regard to Bulletin 2009/4 issued by the Auditing Practices Board. The Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures.

Opinion

In our opinion, your statement on internal financial control on page 3 has provided the disclosures required by the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing" and is not inconsistent with the information which came to our attention as a result of our audit work on the Financial Statements.



Scott-Moncrieff
Statutory Accountants
Registered Auditor
25 Bothwell Street
Glasgow G2 6NL

Dated: 1 September 2011

Income and Expenditure Account
For the year ended 31 March 2011

	Note	2011 £	2010 £
Turnover	2	5,040,305	4,836,533
Operating costs	2	3,871,422	4,043,614
Operating surplus	2	1,168,883	792,919
Gain/(Loss) on disposal of fixed assets		17,781	(5,135)
Interest receivable and other income	5	6,509	2,005
Interest payable and similar charges	6	(388,377)	(446,143)
Surplus on ordinary activities		<u>804,796</u>	<u>343,646</u>

The results for the year relate wholly to continuing activities.

The Association has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the surplus on ordinary activities for the year stated above and its historical cost equivalent.

Balance Sheet
As at 31 March 2011

		2011 £	2010 £
Tangible fixed assets	Note		
Housing properties – cost less depreciation	9	95,293,127	86,569,041
Less: SHG and other grants	9	(76,229,393)	(69,727,949)
		<u>19,063,734</u>	<u>16,841,092</u>
Office Premises	9	703,161	373,546
Other fixed assets	9	20,815	24,374
		<u>19,787,710</u>	<u>17,239,012</u>
Current assets			
Debtors	10	1,410,402	1,105,811
Cash at bank and in hand		<u>1,747,202</u>	<u>1,494,331</u>
		3,157,604	2,600,142
Creditors: amounts falling due within one year	11	<u>(3,694,794)</u>	<u>(3,927,119)</u>
Net current liabilities		<u>(537,190)</u>	<u>(1,326,977)</u>
Total assets less current liabilities		<u>19,250,520</u>	<u>15,912,035</u>
Creditors: amounts falling due after more than one year	12	<u>(16,153,956)</u>	<u>(13,620,172)</u>
Net assets		<u>3,096,564</u>	<u>2,291,863</u>
Capital and reserves			
Share capital	13	89	184
Designated reserves	7	1,064,250	1,300,000
Revenue reserve	8	2,032,225	991,679
		<u>3,096,564</u>	<u>2,291,863</u>

The financial statements on pages 7 to 25 were authorised for issue by the Committee of Management on 1 September 2011 and were signed on its behalf by:

Isobel Carson

Chair

I Carson

Barry Small

Vice-Chair

B Small

Catherine Scott

Secretary

C Scott

Catherine Maynard

Treasurer

Catherine Maynard

The notes on pages 12 to 25 form part of these financial statements.

Cash Flow Statement
For the year ended 31 March 2011

	Notes	2011 £	2010 £
Net cash inflow from operating activities	1	1,006,216	1,665,417
Returns on investments and servicing of finance	2	(381,868)	(444,138)
Capital expenditure	2	(2,944,620)	(1,087,723)
		(2,320,272)	133,556
Financing	2	2,573,144	141,200
Increase In cash	4	252,872	274,756

Notes to the Cash Flow Statement
For the year ended 31 March 2011

1) Reconciliation of Surplus for year to Net Cash Inflow from Operating Activities

	2011 £	2010 £
Operating surplus	1,168,883	792,919
Depreciation	413,609	309,172
(Increase) in debtors	(304,591)	(40,979)
(Decrease) / Increase in creditors	(271,685)	604,305
	<u>1,006,216</u>	<u>1,665,417</u>

2) Gross Cash Flows

Returns on investments and servicing of finance

Interest received	6,509	2,005
Interest paid	(388,377)	(446,143)
	<u>(381,868)</u>	<u>(444,138)</u>

Capital expenditure

Purchase and development of housing properties	(9,227,451)	(7,846,598)
Sale of fixed assets	143,283	-
HAG and other grants received	6,569,524	6,779,172
HAG repaid and abated	(68,080)	-
Payments to acquire other tangible fixed assets	(361,896)	(20,297)
	<u>(2,944,620)</u>	<u>(1,087,723)</u>

Financing

Issue of share capital	(95)	1
Loans borrowed	2,573,239	141,199
	<u>2,573,144</u>	<u>141,200</u>

3) Analysis of changes in net debt

	At 1 April 2010 £	Cash Flow £	Other Changes £	At 31 March 2011 £
Cash in hand, at bank	1,494,331	252,872	-	1,747,203
Overdrafts	-	-	-	-
	<u>1,494,331</u>	<u>252,872</u>	<u>-</u>	<u>1,747,203</u>
Debt due within 1 year	(814,222)	(39,360)	-	(853,582)
Debt due after 1 year	(13,620,172)	(2,533,784)	-	(16,153,956)
	<u>(12,940,063)</u>	<u>(2,320,272)</u>	<u>-</u>	<u>(15,260,335)</u>

Notes to the Cash Flow Statement
For the year ended 31 March 2011

4) Reconciliation of net cash flow to movement in net debt (Note 3)	2011 £	2010 £
Increase for the year	252,872	274,756
Loans borrowed	(2,573,144)	(141,200)
	<u>(2,320,272)</u>	<u>133,556</u>
Change in net debt		
Net debt at 1 April 2010	(12,940,063)	(13,073,619)
	<u>(12,940,063)</u>	<u>(13,073,619)</u>
Net debt at 31 March 2011	(15,260,335)	(12,940,063)
	<u><u>(15,260,335)</u></u>	<u><u>(12,940,063)</u></u>

**Notes to the financial statements
For the year ended 31 March 2011**

1. Accounting policies

(a) Introduction and accounting basis

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

These financial statements are prepared in accordance with applicable accounting standards and statements of recommended practice, and comply with the requirements of the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice (SORP) Accounting for Social Landlords 2008.

(b) Going Concern

The Committee of Management anticipate that a surplus will be generated in the year to 31 March 2012. The Association has a healthy cash and net current asset/(liability) position and thus the Committee of Management are satisfied that there are sufficient resources in place to continue operations in the foreseeable future. Thus the Committee of Management continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) Turnover

Turnover represents rental and service charge income, factoring service income, and fees or revenue grants receivable from local authorities and from The Scottish Government. Also included is any income from first tranche shared ownership disposals.

(d) Loans

Mortgage loans are advanced by Private Lenders or The Scottish Government under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by The Scottish Government. Mortgage loans in the balance sheet include amounts due but not received.

(e) Social housing grant (SHG)

Social Housing Grant, at amounts approved by The Scottish Government, is paid directly to the Association as required to meet its liabilities during the development process.

SHG is repayable under certain circumstances primarily following sale of property, but will normally be restricted to net proceeds of sale.

SHG received as a contribution towards the capital cost of housing development is deducted from the cost of those developments. SHG received as a contribution towards revenue expenditure is included in turnover.

Notes to the financial statements
For the year ended 31 March 2011

1. Accounting policies (continued)

(f) Fixed assets - Housing properties

Housing properties are stated at cost, less social housing grants (SHG) and other public grants and less accumulated depreciation. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings
2. Development expenditure including administration costs
3. Interest charged on the mortgage loans raised to finance the scheme

These costs are either termed "qualifying costs" by The Scottish Government for approved social housing grant schemes and are considered for mortgage loans by the relevant lending authorities or are met out of the Association's reserves.

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

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

Interest is capitalised from first draw down of private finance according to the funding arrangements agreed by The Scottish Government. This will normally occur after SHG has been claimed up to the agreed limit.

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

(g) Depreciation

1. Housing properties

Housing properties at cost, less grants received, less land, are depreciated over their expected useful lives of 50 years.

2. Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used:-

Housing Properties -	2% on cost
Heritable Office Property -	2% on cost
Computer Equipment -	33% on cost
Office Furniture & Equipment -	20% on cost

A full year's depreciation is charged on year of purchase. No charge is made in the year of disposal.

Notes to the financial statements
For the year ended 31 March 2011

1. Accounting policies (continued)

(h) Designated Reserves (Note 7)

(i) Cyclical maintenance

The reserve is based on the Association's liability to maintain the properties in accordance with a planned programme of works, provided it will not be met from revenue in the year in which it is incurred.

(ii) Major repairs

The reserve is based on the Association's requirement to maintain housing properties in a state of repair which at least maintains their residual value in prices prevailing at the time of acquisition and construction. The reserve represents amounts set aside in respect of future costs and will be transferred to General Reserves as appropriate.

(i) Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant sections of the income and expenditure account on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

(j) Pensions (Note 20)

The Association contributes to a defined benefit scheme, the cost of which is written off to the income and expenditure account on an accruals basis. The assets of the scheme are held separately from those of the Association in an independently administered fund.

(k) Financial Commitments

Assets held under finance leases where substantially all the risks and rewards of ownership of the asset have passed to the association, and hire purchase contracts are capitalised in the balance sheet and are depreciated in the income and expenditure account over the period of their useful lives.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

CLOCH HOUSING ASSOCIATION LIMITED

Notes to the financial statements
For the year ended 31 March 2011

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2. Particulars of Turnover, Operating Costs and Operating Surplus

	2011		2010	
	Turnover	Operating Costs	Turnover	Operating Costs
	£	£	£	£
Income and Expenditure From lettings				
Social Lettings	4,663,377	(3,459,202)	4,445,005	(3,694,879)
Other activities	376,928	(412,220)	391,528	(348,735)
	<u>5,040,305</u>	<u>(3,871,422)</u>	<u>4,836,533</u>	<u>(4,043,614)</u>
		1,168,883		792,919
		<u>1,204,175</u>		<u>750,126</u>
		(35,292)		<u>42,793</u>

Notes to the financial statements
For the year ended 31 March 2011

3. Particulars of turnover, operating costs and operating surplus from social letting activities

	General Needs Housing £	Supported Housing £	Shared Ownership £	2011 Total £	2010 Total £
Income from rent and service charges					
Rent receivable net of service charges	3,840,274	298,924	42,494	4,181,692	4,074,372
Service Charges	347,760	175,486	-	523,246	502,435
	<u>4,188,034</u>	<u>474,410</u>	<u>42,494</u>	<u>4,704,938</u>	<u>4,576,807</u>
Gross income from rents and service charges	<u>4,188,034</u>	<u>474,410</u>	<u>42,494</u>	<u>4,704,938</u>	<u>4,576,807</u>
Less voids	<u>(41,561)</u>	<u>-</u>	<u>-</u>	<u>(41,561)</u>	<u>(131,802)</u>
	<u>4,146,473</u>	<u>474,410</u>	<u>42,494</u>	<u>4,663,377</u>	<u>4,445,005</u>
Net income from rents and service charges	<u>4,146,473</u>	<u>474,410</u>	<u>42,494</u>	<u>4,663,377</u>	<u>4,445,005</u>
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
	<u>4,146,473</u>	<u>474,410</u>	<u>42,494</u>	<u>4,663,377</u>	<u>4,445,005</u>
Total turnover from social letting activities	<u>4,146,473</u>	<u>474,410</u>	<u>42,494</u>	<u>4,663,377</u>	<u>4,445,005</u>
Expenditure					
Management and maintenance administration costs	1,223,032	62,146	19,421	1,304,599	1,025,763
Service charges	-	39,940	-	39,940	252,383
Planned cyclical maintenance including major repairs	1,140,643	58,682	18,338	1,217,663	1,544,360
Reactive maintenance costs	486,388	25,023	7,820	519,231	590,145
Depreciation of social housing	377,769	-	-	377,769	282,228
	<u>3,227,832</u>	<u>185,791</u>	<u>45,579</u>	<u>3,459,202</u>	<u>3,694,879</u>
Operating costs for social letting activities	<u>3,227,832</u>	<u>185,791</u>	<u>45,579</u>	<u>3,459,202</u>	<u>3,694,879</u>
Operating Surplus on letting activities, 2011	<u>918,641</u>	<u>288,619</u>	<u>(3,085)</u>	<u>1,204,175</u>	<u>750,126</u>
Operating Surplus on letting activities, 2010	<u>829,847</u>	<u>10,975</u>	<u>13,892</u>	<u>854,714</u>	<u>883,945</u>

Notes to the financial statements for the year ended 31 March 2011

4. Particulars of turnover, operating costs and operating surplus/(deficit) from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Other operating costs	Operating Surplus / (deficit)
	£	£	£	£	2011 £ 2010 £	£	2011 £ 2010 £
Wider role activities #	61,942	-	-	-	61,942 78,064	66,611	(4,669) (2,282)
Care and repair of property	-	256,907	-	-	256,907 248,290	256,907	-
Factoring	-	-	-	21,236	21,236	21,236	-
Development and construction of property activities	-	-	-	-	-	67,466	(67,466)
Support activities	-	-	35,803	-	35,803 38,489	-	35,803 38,489
Care activities	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-
Other agency / management services	-	-	-	-	-	-	-
Developments for sale to RSLs	-	-	-	-	-	-	-
Development and improvements for sale to non RSLs	-	-	-	-	-	-	-
Other activities	-	-	-	1,040	1,040 6,586	-	1,040 6,586
Total from other activities, 2011	61,942	256,907	35,803	22,276	376,928	412,220	(35,292)
Total from other activities, 2010	78,064	248,290	38,489	26,685	391,528	348,735	42,793
# Undertaken to support the community, other than the provision, construction, improvement and management of housing							

Notes to the financial statements
For the year ended 31 March 2011

5. Interest Receivable and Other Income	2011	2010
	£	£
Interest receivable on deposits	6,509	2,005
	<u> </u>	<u> </u>
 6. Interest payable and similar charges		
On loans from The Scottish Government	13,702	19,894
On private loans	374,675	426,249
	<u> </u>	<u> </u>
	388,377	446,143
	<u> </u>	<u> </u>
 7. Designated Reserves		
	Opening Balance	Closing Balance
	£	£
Cyclical maintenance	660,000	709,250
Major repairs	640,000	355,000
	<u> </u>	<u> </u>
	1,300,000	1,064,250
	<u> </u>	<u> </u>
 8. Revenue Reserves	2011	2010
	£	£
At 1 April 2010	991,679	688,033
Surplus for the year	804,796	343,646
	<u> </u>	<u> </u>
	1,796,475	1,031,679
Transfer from /(to) designated reserves	235,750	(40,000)
	<u> </u>	<u> </u>
At 31 March 2011	2,032,225	991,679
	<u> </u>	<u> </u>

Notes to the financial statements
For the year ended 31 March 2011

9. Tangible Fixed Assets

Cost	Office £	Properties Held for Letting £	Properties Under Development £	Furniture Supported Accommodation £	Computer Equipment £	Furniture Fittings & Equipment £	Sheltered Housing F & F £	Total £
At start of year	408,166	84,105,449	4,233,867	118,457	129,182	53,384	12,517	89,061,022
Additions during year	344,675	296,494	8,930,957	-	16,547	674	-	9,589,347
Transfers	-	9,744,887	(9,744,887)	-	-	-	-	-
Mortgage to Rent	-	-	-	-	-	-	-	-
Disposals	-	(10,760)	(117,203)	-	-	-	-	(127,963)
At end of year	752,841	94,136,070	3,302,734	118,457	145,729	54,058	12,517	98,522,406
Depreciation								
At start of year	34,620	1,770,275	-	118,457	109,833	52,257	8,619	2,094,061
Charge for year	15,060	377,769	-	-	18,193	749	1,838	413,609
On disposals	-	(2,367)	-	-	-	-	-	(2,367)
	49,680	2,145,677		118,457	128,026	53,006	10,457	2,505,303
SHG and Other Grants								
At start of year	-	65,499,665	4,228,284	-	-	-	-	69,727,949
Additions during year	-	1,876,996	4,692,528	-	-	-	-	6,569,524
Transfers	-	5,618,078	(5,618,078)	-	-	-	-	-
Disposals	-	(68,080)	-	-	-	-	-	(68,080)
	-	72,926,659	3,302,734	-	-	-	-	76,229,393
Net Book Value								
At end of year 2011	703,161	19,063,734	-	-	17,703	1,052	2,060	19,787,710
Net Book Value								
At end of year 2010	373,546	16,835,509	5,583	-	19,349	1,127	3,898	17,239,012

Development administration costs capitalised during the year amounted to £322,486 (2010: £375,872) for which Social Housing Grants amounting to £102,589 (2010: £205,938) were received.

Notes to the financial statements
For the year ended 31 March 2011

10. Debtors: amounts falling due within one year	2011 £	2010 £
Amounts falling due within one year:		
Rental arrears	95,556	82,881
Social Housing Grant receivable	237,894	74,620
Homestake Debtor	940,060	868,497
Other debtors and prepayments	136,892	79,813
	<u>1,410,402</u>	<u>1,105,811</u>
11. Creditors: amounts falling due within one year		
Loans	853,582	814,222
Other taxes and social security costs	26,768	26,121
Homestake Creditor	930,134	862,054
Other creditors	1,884,310	2,224,722
	<u>3,694,794</u>	<u>3,927,119</u>
12. Creditors: amounts falling due after more than one year		
Loans:		
Due between one and two years	855,507	816,851
Due between two and five years	2,562,939	2,464,057
Due in five years or more	12,735,510	10,339,264
	<u>16,153,956</u>	<u>13,620,172</u>

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments.

Notes to the financial statements
For the year ended 31 March 2011

13. Share Capital	2011	2010
	£	£
At beginning of year	184	183
Shares of £1 each fully paid and issued during the year	3	12
Shares forfeited in year	(98)	(11)
	<u>89</u>	<u>184</u>
At end of year	<u>89</u>	<u>184</u>

14. Average Rents		
Average rent for housing accommodation	<u>£3,366</u>	<u>£3,220</u>
Percentage increase from previous year	<u>5.8%</u>	<u>4.5%</u>

15. Directors' Emoluments

The directors are defined as the members of the Management Committee, the chief executive and any other person reporting directly to the chief executive or the Management Committee whose total emoluments exceed £60,000 per year. No emoluments were paid to any member of the Management Committee during the year.

	2011	2010
	£	£
Aggregate emoluments payable to directors (including Pension contributions and benefits in kind)	<u>265,069</u>	<u>279,986</u>
Emoluments payable to highest paid director (excluding pension contributions)	<u>66,670</u>	<u>72,178</u>
Total expenses reimbursed to directors in so far as not chargeable to United Kingdom income tax	<u>-</u>	<u>-</u>
Number of Directors during the year were as follows (excluding pension contributions):		
£50,001 - £55,000	2	3
£55,001 - £60,000	-	-
£60,001 - £65,000	-	-
£65,000 - £70,000	1	1
£70,001 - £75,000	1	-

Notes to the financial statements
For the year ended 31 March 2011

16. Employee Information	2011 £	2010 £
The average weekly number of persons employed during the year		
Maintenance staff	3	4
Administrative staff	39	40
Wardens and cleaners	4	4
	<u>46</u>	<u>48</u>
Staff costs (including Directors' Emoluments):		
Wages and salaries	1,077,799	1,121,171
Compensation for loss of office	50,000	-
Social security costs	88,904	90,980
Pension costs (note 20)	113,670	115,146
	<u>1,330,373</u>	<u>1,327,297</u>
17. Operating Surplus		
Operating surplus is stated after charging:		
Depreciation	413,609	309,172
Auditors' remuneration		
- In their capacity as auditors	<u>13,998</u>	<u>12,810</u>
18. Capital Commitments		
Capital expenditure –		
Contracted for but not provided in the financial statements	1,621,000	5,823,000
Approved but not contracted for	-	-
	<u>1,621,000</u>	<u>5,823,000</u>

The amount contracted for at 31 March 2011 will be funded from grants approved by The Scottish Government, financed from private loans or met from the Association's reserves.

Notes to the financial statements
For the year ended 31 March 2011

As at the balance sheet date there were 26 active members (2010: 27) of the Scheme employed by Cloch Housing Association. The Association 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. The pension charge for the year to 31 March 2011 was £113,670 (2010 - £115,146)..

The last formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared to liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%.

Financial Assumptions

The financial assumptions underlying the valuation at 30th September 2009 were as follows: -

	% pa
- Investment return pre retirement	7.40
- Investment return post retirement – Non pensioners	4.60
- Investment return post retirement – Pensioners	4.80
- Rate of salary increases	4.50
- Rate of pension increases:	
Pension accrued pre 6 April 2005	2.90
Pension accrued from 6 April 2005	2.20
(for leavers before 1 October 1993 pension increases are 5.0% pa)	
- Rate of price inflation	3.00

Notes to the financial statements
For the year ended 31 March 2011

The valuation was carried out using the SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% minimum improvement mortality tables for pensioners and non-pensioners.

The joint contribution rates required from employers and members to meet the cost of future benefit accrual for the final salary 60ths benefit structure was assessed as 19.2%.

This is split equally between employers and members. Accordingly the contribution rates for the Final salary 60ths benefit structure from 1 April 2011 is 9.6% employer contributions and 9.6% member contributions.

There is an additional employer rate for deficit contributions of 10.4% expressed in nominal pound terms for each employer increasing each 1 April in line with the rate of salary increases assumption. Earnings as at 30 September 2009 are used as the reference point for calculating the additional contributions.

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

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 31 March 2011. As of this date the estimated employer debt for the Association was £4,416,934.

21. Housing Stock

The number of units of accommodation in management was as follows:-

	Units in management	
	2011	2010
General needs		
– Available for Letting	1,244	1,239
– Under Development	53	77
Supported	64	57
Shared Ownership	20	20
	<hr/>	<hr/>
	1,381	1,393
	<hr/>	<hr/>

22. Legislative Provisions

The Association is incorporated under the Industrial and Provident Societies Act 1965 – 2002.