

**Cloch Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31st March 2015**

**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**

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**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS  
YEAR ENDED 31st MARCH 2015**

**MANAGEMENT COMMITTEE**

Monica Sheeky	Chair
Danny McMillan	Vice Chair
Edward Coogans	Secretary
Jane Cheshire	
Kelly Ferns	
Peter Galbraith	
Margaret McKay	Resigned 20/01/15
Jackie McKelvie	
Morag Paul	Appointed 21/10/14
Ronald Phillips	Resigned 20/01/15
Eleanor Robertson	
Julianne Scarlett	

**EXECUTIVE OFFICERS**

Paul McVey	Director
Andrew Thomson	Housing Manager
Paul McColgan	Property Services Manager

**REGISTERED OFFICE**

19 Bogle Street  
Greenock  
PA15 1ER

**AUDITORS**

Alexander Sloan  
Chartered Accountants  
38 Cadogan Street  
Glasgow  
G2 7HF

**BANKERS**

Bank of Scotland  
The Cross Branch  
Paisley  
PA1 1DD

**SOLICITORS**

Patten & Prentice  
2 Ardgowan Square  
Greenock  
PA16 8PP

## CLOCH HOUSING ASSOCIATION LIMITED

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### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2015

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2015.

#### Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.SP1893RS. The Association is constituted 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.

#### Review of Business and Future Developments

The last year has heralded a number of key achievements at Cloch Housing Association against the backdrop of continued austerity measures and welfare reform.

In an operational sense our performance and service delivery has continued to improve –

- New Contracts established for Kitchen & Boiler Replacements over the next 3 years
- Community Alarm provision reviewed and realigned
- Housing Support Services at our sheltered housing unit transferred to Blackwood HA
- Structural fabric repairs and maintenance carried out at Cross shore Street and Belville Street
- A record low of actual rent arrears to 1.16%
- Void Rent Loss reduced to 0.23%
- 99.5% Emergency Repairs Completed on time
- 100% of Gas Boilers/Fires with a CP12 annual safety certificate, on time.

The Association also considered the office premises in Bogle Street, and carried out external improvements to enhance the protection to the dwelling and also the aesthetic quality of the office. In addition, we secured funding from the Big Lottery to carry out a feasibility study into a new community hub/office facility in the East End of Greenock. This would be dependent on funding for the Association but would hope to offer a solution both for Cloch and for the community which would be our home and centre for community focus for years to come.

Six units were purchased from home owners this year with the assistance of Scottish Government funding – the focus was on Aberfoyle Road, which is an area the Association will be investing in future years to improve the maintenance and fabric of the dwellings. The Association also bought the land at the former Kings Glen Primary School for future development. The funding for this was received by the Scottish Government and our intention is to build new homes for rent on this site.

The governance of the Association remains strong and along with our partners at Oak Tree Housing Association, we entered into a 3 year contract with Governance Alliance Scotland who will carry out skills and development appraisals with each of our Management Committee members. This will ensure that those individuals tasked with governing the Association have the necessary skills, experience and knowledge to fulfil this role in accordance with the Regulatory Standards.

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**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31st MARCH 2015**

**Management Committee and Executive Officers**

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

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Management Committee.

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

**Statement of Management Committee's Responsibilities**

The Co-operative & Community Benefit Societies Act 2014 requires the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee is required to:-

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

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

In so far as the Management Committee are aware:

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

## CLOCH HOUSING ASSOCIATION LIMITED

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### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31st MARCH 2015

#### Statement on Internal Financial Control

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

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

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

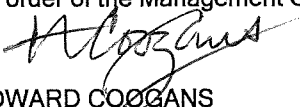
- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- 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 Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that internal financial controls are in place and are effective and that a 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 Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2015. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

#### Auditors

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

By order of the Management Committee



EDWARD COOGANS

Secretary

18 August 2015

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

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 4 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within 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 Financial Reporting Council. 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 4 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued 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 Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by relevant Regulatory Standards 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  
Chartered Accountants

GLASGOW  
18 August 2015

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

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We have audited the financial statements of Cloch Housing Association Limited for the year ended 31st March 2015 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Co-operative and Community Benefit Societies 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

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

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

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

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

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2015 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

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

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

- the information given in the Management Committee's Report is inconsistent with the financial statements.



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

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

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

We have nothing to report in respect of these matters.



ALEXANDER SLOAN  
Chartered Accountants  
Statutory Auditors  
GLASGOW  
18 August 2015

# CLOCH HOUSING ASSOCIATION LIMITED

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2015

	Notes	2015 £	2014 £
TURNOVER	2.	6,373,492	6,147,005
Operating Costs	2.	<u>(4,346,863)</u>	<u>(4,306,680)</u>
OPERATING SURPLUS	9.	2,026,629	1,840,325
(Loss) / Gain On Sale Of Housing Stock	7.	(3,860)	32,997
Interest Receivable and Other Income		7,174	6,844
Interest Payable and Similar Charges	8.	<u>(706,305)</u>	<u>(744,594)</u>
		<u>(702,991)</u>	<u>(704,753)</u>
SURPLUS ON ORDINARY ACTIVITIES		<u>1,323,638</u>	<u>1,135,572</u>

All amounts relate to continuing activities. Historical cost surpluses and deficits are identical to those shown in the accounts.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES


	2015 £	2014 £
Surplus for the financial year	1,323,638	1,135,572
Prior year adjustment	-	<u>(15,597)</u>
Total gains recognised since last annual report	<u>1,323,638</u>	<u>1,119,975</u>

# CLOCH HOUSING ASSOCIATION LIMITED

## BALANCE SHEET AS AT 31st MARCH 2015

	Notes	2015 £	2014 £
<b>TANGIBLE FIXED ASSETS</b>			
Housing Properties - Depreciated Cost	11.(a)	101,408,449	101,259,767
Less: Social Housing Grant	11.(a)	(76,314,224)	(76,254,945)
: Other Public Grants	11.(a)	(32,884)	-
		<u>25,061,341</u>	<u>25,004,822</u>
Other fixed assets	11.(b)	982,794	994,770
		<u>26,044,135</u>	<u>25,999,592</u>
<b>FIXED ASSET INVESTMENTS</b>			
Investment in subsidiaries	21.	2	2
Shared Equity Cost	21.	898,019	989,435
Shared Equity Grant	21.	(898,019)	(989,435)
		<u></u>	<u></u>
<b>CURRENT ASSETS</b>			
Debtors	13.	978,483	344,654
Investments	23.	54,408	425,709
Cash at bank and in hand		<u>2,117,084</u>	<u>2,461,001</u>
		<u>3,149,975</u>	<u>3,231,364</u>
<b>CREDITORS: Amounts falling due within one year</b>	14.	<u>(2,764,915)</u>	<u>(3,488,102)</u>
<b>NET CURRENT ASSETS</b>		<u>385,060</u>	<u>(256,738)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>26,429,197</u>	<u>25,742,856</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	15.	<u>(17,857,934)</u>	<u>(18,495,227)</u>
<b>NET ASSETS</b>		<u><u>8,571,263</u></u>	<u><u>7,247,629</u></u>
<b>CAPITAL AND RESERVES</b>			
Share Capital	17.	61	65
Designated Reserves	18.(a)	6,888,607	6,418,699
Revenue Reserves	18.(b)	1,682,595	828,865
		<u>8,571,263</u>	<u>7,247,629</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 18 August 2015.

  
Chairperson

  
Vice-Chairperson

  
Secretary

# CLOCH HOUSING ASSOCIATION LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015

	Notes	2015 £	2014 £
Net Cash Inflow from Operating Activities	16.	2,755,277	2,486,955
Returns on Investment and Servicing of Finance			
Interest Received	7,174	6,844	
Interest Paid	(706,305)	(744,594)	
Net Cash Outflow from Investment and Servicing of Finance		(699,131)	(737,750)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties	(1,755,468)	(381,610)	
Purchase of Other Fixed Assets	(46,104)	(2,809)	
Social Housing Grant Received	5,504	80,225	
Social Housing Grant Repaid	1	-	
Other Grants Received	38,884	-	
Proceeds on Disposal of Properties	40,728	85,755	
Net Cash Outflow from Capital Expenditure and Financial Investment		(1,716,455)	(218,439)
Net Cash Inflow before use of Liquid Resources and Financing		339,691	1,530,766
Management of Liquid Resources			
Change in short term deposits with banks		371,301	58,238
Financing			
Loan Advances Received	-	2,574,160	
Loan Principal Repayments	(1,054,913)	(3,497,751)	
Share Capital Issued	4	5	
Net Cash Outflow from Financing		(1,054,909)	(923,586)
(Decrease) / Increase in Cash	16.	(343,917)	665,418

# CLOCH HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 PRINCIPAL ACCOUNTING POLICIES

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

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

##### **Turnover**

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

##### **Retirement Benefits**

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

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

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

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

# CLOCH HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

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

Office Premises	50 years
Furniture and Fittings	5 years
Computer Equipment	3 years

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

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

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

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

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

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

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

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

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

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

# CLOCH HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

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

##### **Development Interest**

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

##### **Designated Reserves**

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

The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.

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

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

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

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

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2015			2014		
		Turnover	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£
Social Lettings	3.	5,923,328	3,832,315	2,091,013	5,703,346	3,826,192	1,877,154
Other Activities	4.	450,164	514,548	(64,384)	443,659	480,488	(36,829)
<b>Total</b>		<b>6,373,492</b>	<b>4,346,863</b>	<b>2,026,629</b>	<b>6,147,005</b>	<b>4,306,680</b>	<b>1,840,325</b>

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

	General Needs Housing	Supported Housing	Shared ownership	2015 Total	2014 Total
	£	£	£	£	£
<b>Income from Lettings</b>					
Rent Receivable Net of Identifiable Service Charges	5,554,652	144,182	40,845	5,739,679	5,501,380
Service Charges Receivable	57,863	165,695	-	223,558	245,143
<b>Gross Rents Receivable</b>	<b>5,612,515</b>	<b>309,877</b>	<b>40,845</b>	<b>5,963,237</b>	<b>5,746,523</b>
Less: Rent losses from voids	37,833	2,076	-	39,909	43,177
<b>Net Rents Receivable</b>	<b>5,574,682</b>	<b>307,801</b>	<b>40,845</b>	<b>5,923,328</b>	<b>5,703,346</b>
<b>Total Income From Social Letting</b>	<b>5,574,682</b>	<b>307,801</b>	<b>40,845</b>	<b>5,923,328</b>	<b>5,703,346</b>
<b>Expenditure on Social Letting Activities</b>					
Service Costs	148,295	88,927	-	237,222	232,547
Management and maintenance administration costs	1,570,845	41,209	11,674	1,623,728	1,640,574
Reactive Maintenance	619,176	57,952	-	677,128	522,350
Bad Debts - Rents and Service Charges	53,153	-	-	53,153	3,644
Planned and Cyclical Maintenance, including Major Repairs	393,143	15,273	-	408,416	582,364
Depreciation of Social Housing	811,751	20,917	-	832,668	844,713
<b>Operating Costs of Social Letting</b>	<b>3,596,363</b>	<b>224,278</b>	<b>11,674</b>	<b>3,832,315</b>	<b>3,826,192</b>
<b>Operating Surplus on Social Letting Activities</b>	<b>1,978,319</b>	<b>83,523</b>	<b>29,171</b>	<b>2,091,013</b>	<b>1,877,154</b>
<b>2014</b>	<b>1,708,860</b>	<b>138,065</b>	<b>30,229</b>		



# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus /(Deficit) 2015	Operating Surplus /(Deficit) 2014
	£	£	£	£	£	£	£	£	£
Wider Role Activities	22,672	-	-	12,470	35,142	-	62,449	(27,307)	(14,082)
Care and Repair of Property	-	246,000	-	33,205	279,205	-	263,365	15,840	(15,953)
Factoring	-	-	-	23,041	23,041	21,600	17,164	(15,723)	17,992
Support Activities	-	-	9,974	-	9,974	-	7,674	2,300	5,846
Stage 3	86,635	-	-	-	86,635	-	89,117	(2,482)	(243)
Common Housing Register	-	-	-	16,167	16,167	-	53,179	(37,012)	(30,389)
<b>Total From Other Activities</b>	<b>109,307</b>	<b>246,000</b>	<b>9,974</b>	<b>84,883</b>	<b>450,164</b>	<b>21,600</b>	<b>492,948</b>	<b>(64,384)</b>	<b>(36,829)</b>
<b>2014</b>	<b>106,625</b>	<b>-</b>	<b>23,734</b>	<b>313,300</b>	<b>443,659</b>	<b>10,296</b>	<b>470,192</b>	<b>(36,829)</b>	

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

The Officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or servants of the Association.

	2015	2014
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>68,139</u>	<u>64,956</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>8,323</u>	<u>6,234</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>68,139</u>	<u>64,956</u>

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	1	1

#### 6. EMPLOYEE INFORMATION

	2015	2014
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>28</u>	<u>28</u>
The average total number of Employees employed during the year was	<u>35</u>	<u>36</u>
Staff Costs were:	£	£
Wages and Salaries	910,858	861,389
Social Security Costs	71,874	65,652
Other Pension Costs	255,233	153,824
Temporary, Agency and Seconded Staff	152,975	142,211
	<u>1,390,940</u>	<u>1,223,076</u>

## CLOCH HOUSING ASSOCIATION LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>7. (LOSS) / GAIN ON SALE OF HOUSING STOCK</b>		
	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Sales Proceeds	40,728	85,755
Cost of Sales	<u>44,588</u>	<u>52,758</u>
(Loss) / Gain On Sale Of Housing Stock	<u>(3,860)</u>	<u>32,997</u>

<b>8. INTEREST PAYABLE</b>		
	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
On Bank Loans & Overdrafts	651,675	684,542
On Other Loans	<u>54,630</u>	<u>60,052</u>
	<u>706,305</u>	<u>744,594</u>

<b>9. SURPLUS ON ORDINARY ACTIVITIES</b>		
	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	880,263	860,479
Auditors' Remuneration - Audit Services	7,842	11,103
- Other Services	<u>1,170</u>	<u>1,482</u>

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

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

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
<b>COST</b>				
As at 1st April 2014	105,101,568	-	979,154	106,080,722
Additions	1,107,633	505,504	-	1,613,137
Disposals	(615,841)	-	(58,023)	(673,864)
Schemes Completed	-	-	-	-
As at 31st March 2015	105,593,360	505,504	921,131	107,019,995
<b>DEPRECIATION</b>				
As at 1st April 2014	4,789,097	-	31,858	4,820,955
Charge for Year	818,861	-	3,322	822,183
Disposals	(27,186)	-	(4,406)	(31,592)
As at 31st March 2015	5,580,772	-	30,774	5,611,546
<b>SOCIAL HOUSING GRANT</b>				
As at 1st April 2014	75,359,615	-	895,330	76,254,945
Additions	174,000	505,504	-	679,504
Disposals	(575,097)	-	(45,128)	(620,225)
Schemes Completed	-	-	-	-
As at 31st March 2015	74,958,518	505,504	850,202	76,314,224
<b>OTHER CAPITAL GRANTS</b>				
As at 1st April 2014	-	-	-	-
Additions	32,884	-	-	32,884
Disposals	-	-	-	-
Schemes Completed	-	-	-	-
As at 31st March 2015	32,884	-	-	32,884
<b>NET BOOK VALUE</b>				
As at 31st March 2015	25,021,186	-	40,155	25,061,341
As at 31st March 2014	24,952,856	-	51,966	25,004,822

Additions to housing properties includes capitalised development administration costs of £Nil (2014 - £Nil) and capitalised major repair costs to existing properties of £610,047 (2014 £382,357)

All land and housing properties are freehold.

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

##### b) Other Tangible Assets

	Furniture - Supported Accommodation £	Computer Equipment £	Sheltered Housing F&F £	Office Premises £	Office Furniture & Equipment £	Total £
<b>COST</b>						
As at 1st April 2014	118,457	170,258	15,216	1,100,122	59,757	1,463,810
Additions	-	15,536	3,200	21,123	6,245	46,104
Eliminated on Disposals	-	-	-	-	-	-
As at 31st March 2015	118,457	185,794	18,416	1,121,245	66,002	1,509,914
<b>AGGREGATE DEPRECIATION</b>						
As at 1st April 2014	118,457	165,198	13,987	114,606	56,792	469,040
Charge for year	-	9,697	1,180	44,680	2,523	58,080
Eliminated on disposal	-	-	-	-	-	-
As at 31st March 2015	118,457	174,895	15,167	159,286	59,315	527,120
<b>NET BOOK VALUE</b>						
As at 31st March 2015	-	10,899	3,249	961,959	6,687	982,794
As at 31st March 2014	-	5,060	1,229	985,516	2,965	994,770

#### 12. COMMITMENTS UNDER OPERATING LEASES

	2015 £	2014 £
At the year end, the annual commitments under operating leases were as follows:-		
Other		
Expiring within one year	-	11,780
Expiring between two and five years	6,893	6,893

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 13. DEBTORS

	2015 £	2014 £
Arrears of Rent & Service Charges	136,287	149,508
Less: Provision for Doubtful Debts	(76,454)	(83,212)
	<u>59,833</u>	<u>66,296</u>
Social Housing Grant Receivable	674,000	-
Other Debtors	244,650	278,358
	<u>978,483</u>	<u>344,654</u>

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

	2015 £	2014 £
Housing Loans	1,104,261	1,521,887
Trade Creditors	286,113	178,739
Rent in Advance	324,787	288,225
Other Taxation and Social Security	19,838	18,675
Other Creditors	781,593	1,359,129
Accruals and Deferred Income	248,323	121,447
	<u>2,764,915</u>	<u>3,488,102</u>

At the balance sheet date there were pension contributions outstanding of £28,126 (2014 £17,006)

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

	2015 £	2014 £
Housing Loans	<u>17,857,934</u>	<u>18,495,227</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	1,104,261	1,521,887
Between one and two years	1,138,282	1,578,807
Between two and five years	3,631,875	5,101,717
In five years or more	13,087,777	11,814,703
	<u>18,962,195</u>	<u>20,017,114</u>
Less: Amount shown in Current Liabilities	1,104,261	1,521,887
	<u>17,857,934</u>	<u>18,495,227</u>

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 16. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2015 £	2014 £
Operating Surplus	2,026,629	1,840,325
Depreciation	880,263	860,479
Change in Debtors	40,171	11,546
Change in Creditors	(191,778)	(225,368)
Share Capital Written Off	(8)	(27)
Net Cash Inflow from Operating Activities	<u>2,755,277</u>	<u>2,486,955</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2015 £	£	2014 £	£
(Decrease) / Increase in Cash	(343,917)		665,418	
Cash flow from management of liquid resources	(371,301)		(58,238)	
Cash flow from change in debt	<u>1,054,919</u>		<u>923,588</u>	
Movement in net debt during year		339,701		1,530,768
Net debt at 1st April 2014		(17,130,404)		(18,661,172)
Net debt at 31st March 2015		<u>(16,790,703)</u>		<u>(17,130,404)</u>

<i>Analysis of changes in net debt</i>	At 01.04.14 £	Cash Flows £	Other Changes £	At 31.03.15 £
Cash at bank and in hand	2,461,001	(343,917)		2,117,084
Bank Overdrafts	-	-		-
	<u>2,461,001</u>	<u>(343,917)</u>		<u>2,117,084</u>
Liquid Resources	425,709	371,301		54,408
Debt: Due within one year	(1,521,887)	953,009	(535,383)	(1,104,261)
Due after more than one year	<u>(18,495,227)</u>	<u>101,910</u>	<u>535,383</u>	<u>(17,857,934)</u>
Net Debt	<u>(17,130,404)</u>	<u>1,082,303</u>	<u>-</u>	<u>(16,790,703)</u>

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 17. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2014	65
Issued in year	4
Cancelled in year	(8)
At 31st March 2015	<u>61</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.

#### 18. RESERVES

(a) Designated Reserves	Cyclical Maintenance £	Major Repairs £	Total £
At 1st April 2014	969,750	5,448,949	6,418,699
Transfer to / (from) Revenue Reserves	315,321	154,587	469,908
At 31st March 2015	<u>1,285,071</u>	<u>5,603,536</u>	<u>6,888,607</u>

(b) Revenue Reserves	Total £
At 1st April 2014	828,865
Surplus for the year	1,323,638
Transfer (to) / from Designated Reserves	(469,908)
At 31st March 2015	<u>1,682,595</u>

#### 19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2015 No.	2014 No.
General Needs - New Build	1,329	1,323
Shared Ownership	19	20
Supported Housing	62	62
	<u>1,410</u>	<u>1,405</u>



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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 20. RELATED PARTY TRANSACTIONS

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

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

3 members are tenants of the Association

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

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

#### 21. FIXED ASSET INVESTMENT

	2015 £	2014 £
<b>Shared Equity Properties</b>		
Development Cost of Shared Equity Property	898,019	989,435
Less: Grants Receivable	898,019	989,435
	<u>-</u>	<u>-</u>
<b>Investments in Subsidiaries</b>		
As at 31st March 2015 & 31st March 2014	<u>2</u>	<u>2</u>

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

The Association has a 100% owned subsidiary Cloch Property Services 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 2009 and for the year ended 31st March 2015 filed dormant accounts.

# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 22. CONTROLLING PARTY

The Association's parent undertaking at the balance sheet date was Oak Tree Housing Association Ltd, a charitable registered social landlord registered under the Co-operative and Community Benefit Societies Act. Oak Tree Housing Association Ltd exercises dominant control through its ability to control the majority of the membership of Committee of Management. 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 FRS 8.

## 23. CURRENT ASSET INVESTMENTS

	2015	2014
	£	£
Short Term Deposits	54,408	425,709

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 24. RETIREMENT BENEFIT OBLIGATIONS

##### General

Cloch Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme offers five benefit structures to employers, namely:

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

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants.

Cloch Housing Association Limited has elected to operate the Final salary with a 1/60th accrual rate, the Career average revalued earnings with a 1/70th accrual rate (from 1 April 2014) and the Career average revalued earnings with a 1/120th accrual rate from 1 December 2014.

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

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

During the accounting period Cloch Housing Association Limited paid contributions at the rate of 12.3% of pensionable salaries on the Final Salary 1/60th scheme. Member contributions were 12.3%. For the Career average revalued earnings with a 1/70th accrual rate, employer and employee contributions are 9.6% each and for the Career average revalued earnings with a 1/120th accrual rate employer and employee contributions are 5.7% each.

As at the balance sheet date there were 21 active members of the Scheme employed by Cloch Housing Association Limited. The annual pensionable payroll in respect of these members was £559,643. Cloch Housing Association Limited continues to offer membership of the Scheme to its employees.

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

## CLOCH HOUSING ASSOCIATION LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

#### Financial Assumptions

The key financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% p.a.
- Investment return pre-retirement	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Rate of Salary increases	4.1
- Rate of price inflation:	
RPI	2.6
CPI	2.0

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

## CLOCH HOUSING ASSOCIATION LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

##### Valuation Results

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

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable</i>
Final salary - 60ths	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

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

The Trustees have recently supplied Cloch Housing Association Limited with an updated contribution figure to the past service deficit. From 1 April 2015 Cloch Housing Association Limited will be required to pay £188,421 per annum as a contribution to the past service deficit. This will represent an increase of 3% in Cloch Housing Association Limited's contribution to the past service deficit. The deficit contribution will increase each April by 3%.

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

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