

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

Registered Housing Association No. HAL86

Financial Services Authority No. 2191 R(S)

Charity No. SCO33962

BAKER TILLY UK AUDIT LLP
Chartered Accountants

Glasgow

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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Registration Particulars

Financial Services Authority	Industrial and Provident Societies Act 1965 Registered Number 2191 R(S)
Scottish Housing Regulator	Housing (Scotland) Act 2001 Registered Number HAL86
Scottish Charities	Charity and Trustee Investment (Scotland) Act 2005 Scottish Charity Number SC033962

CLYDEBANK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2011

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

Principal activity

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

Clydebank Housing Association is registered with the Financial Services Authority as an Industrial and Provident Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and Scottish Housing Regulator as a Registered Social Landlord.

Our Strategic Aims

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

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

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

Our Aims are to:

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

CLYDEBANK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2011

Business review

The Association made a surplus of £1,038,615 in the year, as a result of our Major Repairs programme in the year not progressing as expected and also benefitting from a transfer of £562,107 due to the setting aside of the LSVT contracts. This amount was excess receipts due to be repaid as part of the transfer agreement with the former Communities Scotland for the LSVT properties right to buy sales. In 2010/11, the Scottish Ministers were satisfied that these funds will be used to support the Government's Economic Recovery Programme.

The Association remains in a strong financial position with over £4.9m deposited as cash funds. Clydebank Housing Association Limited continues to have a substantial major repair investment programme with attic insulation and central heating replacements due in a substantial proportion of properties over the year. We have also provided substantial funds over the next five years to continue our extensive major repairs programme. All of which has been recently costed. Cash surpluses will continue to be made, subject to our planned major repair programme over the next few years.

Surplus for the year and transfers

The results for the year are shown in the Income and Expenditure Account on page 14.

Transfers to designated reserve:	£
- Major repairs reserve	1,038,615
Transfer to revenue reserve	-
Surplus for the year	<u>1,038,615</u>

Members of Committee of Management

The Members of the Management Committee of the Association during the year to 31 March 2011 were as follows:

Mr J Hillhouse (Chairperson)
Mr T P Winter (Vice Chairperson)
Mr J Mooney (Secretary – resigned 31 May 2011)
Mr P Shiach (Secretary – temporary appointment from 31 May 2011)
Mr N Crilley
Mrs M Reid
Mrs S Ferrier
Mr T McCormack
Mrs M Shiach
Mr J B Hearn (resigned June 2010)
Miss E Mackie (resigned June 2010)
Mr A Hamilton (resigned January 2011)
Mr D Muir (deceased January 2011)
Cllr P McGlinchey (co-opted)
Cllr J McElhill (co-opted)

Executive Officers

F Webster	Director
S Keenan	Depute Director
J Farrell	Senior Housing Officer
A MacFarlane	Senior Maintenance Officer
L Lees	Senior Finance Officer

CLYDEBANK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2011

Operational Review

1. Corporate Governance

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

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

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

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

2 Corporate Issues

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

Performance Management

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

Best use of resources

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

Services

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

CLYDEBANK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2011

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

3 Development Issues

We have spent £351,037 on developing housing stock (2010 - £2,877,401) during the year of which £218,655 (2010 – £2,708,272) was funded by Housing Association Grants.

4 Housing Issues

Clydebank continues to work on reducing the period of time taken to re-let or let new properties, to ensure that we maximize our effectiveness in housing people in need and reduce our costs. The rent loss due to empty properties was £9,659 (2010 - £13,288). Work is continuing to improve this figure.

5. Other Areas

Risk Management Policy

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

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

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

CLYDEBANK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2011

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Management Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2011, the Association has a mix of fixed and variable rate finance, which it considers appropriate at this time.

Maintenance policies

The Association seeks to maintain its properties to the highest standard. To this end programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Income and Expenditure account.

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. The cost of these repairs would be charged to the Income and Expenditure account, unless it was agreed they could be capitalised within the terms outlined in the SORP.

Internal Financial Control

The Committee of Management is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Committee of Management has established with a view to providing effective internal financial are outlined on pages 9 and 10.

Management Structure

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

Quality and Integrity of Personnel

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

Budgetary Process

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

CLYDEBANK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2011

Rental Income

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

Employee Involvement and Health & Safety

The Association encourages employee involvement in all major initiatives.

Disabled Employees

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

Credit Payment Policy

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is thirty days.

General Reserves Policy

The Committee members have reviewed the reserves of Clydebank. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. To allow Clydebank to be managed efficiently and to provide a buffer for uninterrupted services, a general reserve equivalent to at least two months operating cost is being maintained. During the year the charity's general reserve remained constant at £500,000 (see note 7).

The Association has one other designated fund, the major repairs reserve. The purpose of this fund is detailed in note j in the financial statements. During the year this reserve increased from £4,838,737 to £5,877,352.

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

Sales of housing properties

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

We sold 2 (2010: 1) properties under the Right to Buy scheme thereby allowing the tenants to achieve their aspiration of becoming home owners.

CLYDEBANK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2011

Mortgage to Rent and Shared Ownership buy-back Schemes

During the year 2010/11, the Association purchased two properties through the Scottish Government's Mortgage to Rent scheme. The aim of the scheme is to help owners who are in financial difficulty and are in danger of being made homeless. The Association also purchased back four shared ownership properties where the sharing owners were facing serious financial difficulties and were able to remain in the properties under standard Scottish Secure Tenancy Agreements.

Future developments

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

We will focus our activity on the Clydebank Riverside, which has been identified as a regeneration priority in the Strategic Housing Investment Plan (SHIP) for West Dunbartonshire. To this end, we will submit an application to the Government's Innovation and Investment Fund 2011/12, for funding to support the development of 40-50 flats for social and affordable rent.

A number of other potential development sites exist within our area of operation, such as Stanford Street and Cable Depot Road, which are not included in the SHIP and we will endeavour to agree with West Dunbartonshire Council, a programme for their inclusion in future plans.


Information for Auditors

As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

On behalf of the Committee of Management


.....
(Chairperson)
VICE

Date: 14/06/2011.....

CLYDEBANK HOUSING ASSOCIATION LIMITED

STATEMENT OF COMMITTEE RESPONSIBILITIES

31 MARCH 2011

Under the legislation relating to Industrial and Provident Societies we are required 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 of that period. In preparing those financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the Association's assets;
- taking reasonable steps for the prevention and detection of fraud.

By order of the Committee of Management

Date: ..14/06/2011..

J.P. Winter
.....
(Chairperson)
VICE

CLYDEBANK HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

31 MARCH 2011

The Committee of Management acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments 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; and
- the safeguarding of assets (against unauthorised use or disposition).

It is the Committee of Management'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 include ensuring that;

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

CLYDEBANK HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

**31 MARCH 2011
(Continued)**

The Committee of Management have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2011 and until the below date. 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 auditors' report on the financial statements.

By order of the Committee of Management

Date: 14/06/2011

J.P. Winter
(Chairperson)
VICE

CLYDEBANK HOUSING ASSOCIATION LIMITED

AUDITORS' REPORT ON CORPORATE GOVERNANCE MATTERS

31 MARCH 2011

Corporate Governance

In addition to our audit of the financial statements, we have reviewed the Committee of Management's statement on pages 9 and 10 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

We carried out our review having regard to Bulletin 2006/5 that was 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 pages 9 and 10 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

Baker Tilly UK Audit LLP

**Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow**

Date:*21/6/11*.....

CLYDEBANK HOUSING ASSOCIATION LIMITED

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

We have audited the financial statements of Clydebank Housing Association for the year ended 31 March 2011 on pages 13 to 34. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an 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 Committee and auditor

As explained more fully in the Committee's Responsibilities Statement set out on page 8, the Committee 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements 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.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

Statutory Auditor

Breckenridge House

274 Sauchiehall Street

Glasgow

G2 3EH

Date *21/11/11*

CLYDEBANK HOUSING ASSOCIATION LIMITED

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
Turnover	2	3,336,072	3,718,829
Less: Operating costs	2	<u>(2,800,826)</u>	<u>(3,892,512)</u>
Operating surplus/(deficit)	2	535,246	(173,683)
Gain on sale of fixed assets	4	618,011	26,140
Provision against investment	9	12,471	(37,475)
Interest receivable		62,728	70,741
Interest payable and other charges	5	<u>(189,841)</u>	<u>(176,053)</u>
Surplus/(deficit) on ordinary activities before tax		1,038,615	(290,330)
Taxation on surplus on ordinary activities	6	<u>-</u>	<u>-</u>
Surplus/(deficit) for year	7	<u>1,038,615</u>	<u>(290,330)</u>

All activities relate to continuing activities within the year.

There have been no other recognised surpluses or deficits apart from those noted above.

CLYDEBANK HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2011

	Notes	2011		2010	
		£	£	£	£
Tangible Fixed Assets					
Housing properties					
- gross cost less depreciation	8		27,195,927		26,973,414
Less: HAG	8		<u>(21,686,166)</u>		<u>(21,467,511)</u>
			5,509,761		5,505,903
Other Assets	8		<u>660,941</u>		<u>680,281</u>
			6,170,702		6,186,184
Investment	9		<u>296,851</u>		<u>284,380</u>
			6,467,553		6,470,564
Current Assets					
Debtors	10	531,283		340,336	
Cash at hand and in bank		<u>4,979,432</u>		<u>5,021,365</u>	
		5,510,715		5,361,701	
Current Liabilities					
Creditors due within one year	11	<u>(535,690)</u>		<u>(1,236,539)</u>	
Net Current Assets					
			<u>4,975,025</u>		<u>4,125,162</u>
			11,442,578		10,595,726
Creditors due after one year	12		<u>(5,065,052)</u>		<u>(5,256,731)</u>
Net Assets			<u><u>6,377,526</u></u>		<u><u>5,338,995</u></u>
Capital and Reserves					
Share capital	15		174		258
Designated reserves	7		5,877,352		4,838,737
Revenue reserves	7		<u>500,000</u>		<u>500,000</u>
			<u>6,377,526</u>		<u>5,338,995</u>

These financial statements were approved by the Committee of Management on and authorised for issue
 ..14.06.2011..... and signed on their behalf by:

Committee Member:

Tom Moran

Committee Member:

Margaret Shoch

Secretary:

[Signature]

CLYDEBANK HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

YEAR TO 31 MARCH 2011

	Notes	2011	2010
		£	£
Net cash inflow/(outflow) from operating activities	16	389,789	(138,326)
Returns on investments and servicing of finance			
Interest received		62,728	70,741
Interest paid		<u>(189,841)</u>	<u>(176,053)</u>
Net cash (outflow) from returns on investments and servicing of finance		(127,113)	(105,312)
Taxation			
Corporation tax paid		-	-
Less: Grants received		<u>-</u>	<u>-</u>
Net cash inflow on taxation		-	-
Investing activities			
Cash paid for construction and purchases		(351,037)	(2,877,401)
Housing association grant received		218,655	2,708,272
Sales of housing properties		61,945	29,480
Purchase of other fixed assets		<u>(45,445)</u>	<u>(8,447)</u>
Net cash (outflow) from investing activities		<u>(115,882)</u>	<u>(148,096)</u>
Net cash inflow/(outflow) before financing		146,794	(391,734)
Financing			
Loan received		-	1,399,545
Loan principal repayments		(188,733)	(185,194)
Increase in share capital		6	11
Net cash (outflow)/inflow on financing		<u>(188,727)</u>	<u>1,214,362</u>
(Decrease)/Increase in cash		<u>(41,933)</u>	<u>822,628</u>

Further details are given in note 16.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

1. Accounting Policies

(a) Introduction and accounting basis

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

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered by The Financial Services Authority. These financial statements are prepared under the historical cost convention and are based on the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice "Accounting by Registered Social Landlords", and in accordance with applicable accounting standards.

(b) Finance

The financial statements have been prepared on the basis that the capital expenditure referred to in note 8 will be grant aided, funded by loans or met out of reserves, or from proceeds of sales.

(c) Mortgages

Mortgage loans are advanced by private lenders under the terms of the 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 for Housing Association Grant.

(d) Housing Association Grants

Housing Association Grants (HAG) are utilised to reduce the amount of mortgage loan in respect of an approved scheme to the amount which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on the qualifying cost of the scheme in accordance with instructions issued from time to time by the grant awarding body. HAG and other grants are repayable under certain circumstances. These include the disposal of the properties to which the grants relate.

(e) Housing Association Grant - Acquisition and Development Allowances receivable

Acquisition and Development Allowances are advanced as grants. They are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Development allowances become available in instalments according to the progress of work on the scheme. These allowances are credited to development costs when they are receivable.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

(f) Fixed assets - Housing land and buildings (note 8)

Properties included in housing properties are stated at cost. The cost of such properties includes the following:

- (i) cost of acquiring land and buildings
- (ii) development expenditure including applicable overheads
- (iii) interest charged on the loans raised to finance the scheme

These costs are either termed "qualifying costs" for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities or they 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 financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

Development costs are capitalised to the extent that they are attributable to specific schemes, where such costs are not felt to be excessive.

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

Interest on the loan financing the development is capitalised up to the relevant date of HAG completion.

(g) Depreciation

(i) Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic useful lives of the properties, which is stated to be 50 years.

No depreciation is charged on the cost of land.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

(ii) **Other fixed assets**

The Association's assets are written off evenly over their expected useful lives as follows:

Office & commercial property	-	over 20 years
Office fittings & equipment	-	between 3 and 5 years

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

(h) **Impairment of fixed assets**

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the income and expenditure account. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units.

Impairment of assets would be recognised in the income and expenditure account.

(i) **Improvements**

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in rental income or
- a material reduction in future maintenance costs or
- a significant extension of the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the income and expenditure account.

(j) **Reserve**

Designated reserve - reserve for major repairs (note 7)

Accrued major repair expenditure, being the Association's commitment to undertake major repairs to its properties, is set-aside in a designated reserve to the extent that it is not met from HAG.

(k) **Apportionment of management expenses**

Direct employee administration and operating costs have been apportioned to the income and expenditure account on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealt with in those accounts.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

(l) Sale of housing properties

Properties are disposed of under the appropriate legislation and guidance. 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 and the grants removed from the financial statements.

First tranche Shared Ownership disposals are credited to turnover on completion, the cost of construction of these sales is taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the income and expenditure account, in accordance with the Statement of Recommended Practice.

Disposals under shared equity schemes are accounted for in the income and expenditure account. The remaining equity in properties sold before 1 April 2008 is treated as a fixed asset investment, which is matched with the grant received. For properties sold after 1 April 2008 the standard security over the remaining equity lies with the Scottish Government and is therefore not reflected in the Association's balance sheet.

(m) Lease obligations

Rentals paid under operating leases are charged to the income and expenditure account on the accruals basis.

(n) Value added tax

The Association is VAT registered. However, a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT

(o) Pensions

The Association participates in the centralised SFHA Defined Benefit Pension Scheme and retirement benefits to employees of the Association are funded by 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 expected cost to the Association of pensions is charged to the Income and Expenditure Account so as to spread the cost of pensions over the service lives of the employees.

(p) Turnover

Turnover represents rental, service and management charges from properties, agency fees, revenue based grants receivable from the Scottish Ministers and first tranche sales of shared equity and shared ownership properties.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

(q) Consolidation

The Association and its subsidiary undertaking comprise a group. The accounts represent the results of the Association and not of the group. The subsidiary has not been consolidated due to its immateriality to the overall group and Association.

(r) 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.

(s) Investments

The investment in CHA Power Limited is revalued annually to market value. Market value is taken as the net asset value of the company.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

2. Particulars of turnover, operating costs and operating surplus by class of business

	Turnover £	Operating Costs £	Operating Surplus/ (Deficit) £	Operating Surplus/ (Deficit) 2010 £
Social lettings	3,151,526	(2,478,011)	673,515	(91,913)
Other Activities	184,546	(322,815)	(138,269)	(81,770)
Total	<u>3,336,072</u>	<u>(2,800,826)</u>	<u>535,246</u>	<u>(173,683)</u>
2010	<u>3,718,829</u>	<u>(3,892,512)</u>	<u>(173,683)</u>	

Included within Other Activities turnover is an amount of £72,380 (2010 - £105,772) in relation to income received for wider action projects at Centre81 (£65,360 Tulloch Trust, £7,020 Children in Need). The corresponding operating costs relating to this Income are £71,208 (2010: £105,255).

Included within Other Activities operating costs is an amount of £304,304 (2010 - £257,247) in relation to spending on all of the wider action initiatives.

Revenue funding in respect of the Centre81 Wider Role Project of £0 (2010: £108,810) was received in the year.

Capital funding in respect of the Centre81 Wider Role Project in the sum of £0 (2010: £9,050) was received in the year.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011
(Continued)

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

	Housing Accommodation £	Shared Ownership £	2011 Total £	2010 Total £
Income from lettings				
Rent receivable net of				
Identifiable Service charges	3,025,669	103,463	3,129,132	3,062,801
Service charges receivable	28,883	3,170	32,053	31,815
Gross Rents Receivable	3,054,552	106,633	3,161,185	3,094,616
Less: Rent Losses from Voids	(9,659)	-	(9,659)	(13,288)
Total Income from Lettings	3,044,893	106,633	3,151,526	3,081,328
Expenditure on Letting Activities				
Service costs	33,649	-	33,649	28,628
Management and maintenance administration costs	938,530	39,302	977,832	943,654
Reactive maintenance costs	451,323	-	451,323	453,955
Planned and cyclical maintenance including major repairs costs	878,904	-	878,904	1,599,277
Rent losses from bad debts	13,819	-	13,819	28,116
Property depreciation	112,233	10,251	122,484	119,971
Total Expenditure on Lettings	2,428,458	49,553	2,478,011	3,173,241
Operating Surplus/(Deficit) on Letting Activities	616,435	57,080	673,515	(91,913)

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £3,654 (2010 – £2,909).

The total amount of major repairs expenditure incurred in the year was £689,914 (2010: £1,342,596). No major repairs were capitalised (2010 - £nil).

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

3b – Particulars of turnover, operating costs and operating surplus or deficit from other activities

	<i>Grants from Scottish Ministers</i>	<i>Other revenue grants</i>	<i>Supporting people income</i>	<i>Other income</i>	<i>Total Turnover</i>	<i>Operating costs – bad debts</i>	<i>Other operating costs</i>	<i>Operating surplus/ (deficit)</i>	<i>2010</i>
	£	£	£	£	£	£	£	£	£
Wider action/wider role (see Note 2)	-	75,581	-	90,161	165,742	-	(309,979)	(144,237)	(80,458)
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	9,315	9,315	-	(8,142)	1,173	494
Development activities	6,368	-	-	-	6,368	-	(147)	6,221	(3,066)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments and improvements for sale, (including first tranche shared ownership sales) to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	-	-	-	-	-	-
Total from other activities	6,368	75,581	-	3,121	3,121	-	(4,548)	(1,427)	1,260
2010	340,479	13,332	-	283,690	637,501	-	(719,271)	(81,770)	

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011
(Continued)

4. Sales of Housing Properties

	2011 £	2010 £
Amounts no longer payable under LSVT agreement	562,107	-
Sale proceeds	61,944	29,480
Cost of sales	<u>(6,040)</u>	<u>(3,340)</u>
Gain on disposal	<u>618,011</u>	<u>26,140</u>

The sales of housing properties have occurred under the right to buy legislation.

The amounts no longer payable under LSVT agreement have been taken to the Income and Expenditure account in agreement with the Scottish Ministers. This relates to the excess gains on sale over that expected in the business plan on transfer over the last 12 years. These funds will be used for activities to support the Government's Economic Recovery Programme.

5. Interest Payable

	2011 £	2010 £
Interest payable in the year has been charged as follows:		
Loans	189,841	176,053
Less: Capitalised	<u>-</u>	<u>-</u>
Income & expenditure account	<u>189,841</u>	<u>176,053</u>

6. Taxation

The Association was granted charitable status on 10 December 2002 and is not liable for Corporation Tax on its exempt activities.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011
(Continued)

7. Reserves

(a) Designated reserves

	Opening Balance £	Transfer from Revenue Reserve £	Closing Balance £
Major repairs reserve	<u>4,838,737</u>	<u>1,038,615</u>	<u>5,877,352</u>

No restrictions are placed upon this reserve, but the Committee has designated its use for specific purposes.

(b) Revenue reserve

	2011 £	2010 £
Opening balance at 1 April 2010	500,000	500,000
Surplus/(Deficit) for year	1,038,615	(290,330)
Transfer (to)/from designated reserves	<u>(1,038,615)</u>	<u>290,330</u>
Closing balance at 31 March 2011	<u>500,000</u>	<u>500,000</u>

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

8. Tangible Fixed Assets

	Housing properties held for letting £	Housing properties in course of construction £	Completed shared ownership properties £	Housing properties total £	Office & commercial property £	Office fittings & equipment £	Total £
Cost							
At 1 April 2010	25,588,843	-	2,337,080	27,925,923	3,974,690	320,641	32,221,254
Additions during year	351,038	-	-	351,038	38,072	7,373	396,482
Transfers	271,672	-	(271,672)	-	-	-	-
Disposals in year	(6,744)	-	-	(6,744)	-	-	(6,744)
At 31 March 2011	26,204,809	-	2,065,408	28,270,217	4,012,762	328,014	32,610,992
Housing Association and other Grants							
At 1 April 2010	19,510,383	-	1,957,128	21,467,511	2,980,287	-	24,447,798
Additions during year	218,655	-	-	218,655	-	-	218,655
Transfers	166,739	-	(166,739)	-	-	-	-
Repaid and abated during year	-	-	-	-	-	-	-
At 31 March 2011	19,895,777	-	1,790,389	21,686,166	2,980,287	-	24,666,453
Depreciation							
At 1 April 2010	848,694	-	103,815	952,509	338,133	296,630	1,587,272
Provided during year	112,233	-	10,251	122,484	50,067	14,718	187,269
Transfers	32,110	-	(32,110)	-	-	-	-
Eliminated on disposal	(703)	-	-	(703)	-	-	(703)
At 31 March 2011	992,334	-	81,956	1,074,290	388,199	311,348	1,773,837
Net book value							
As at 31 March 2011	5,316,698	-	193,063	5,509,761	644,275	16,666	6,170,702
As at 31 March 2010	5,229,766	-	276,137	5,505,903	656,270	24,011	6,186,184

None of the Association's properties is held under a lease. Capitalised development and interest costs in the year amounted to £0 (2010-£20,111).

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

9. Investments

	2011 £	2010 £
Opening balance	284,380	321,855
Additions in year	-	-
Provision against investment	<u>12,471</u>	<u>(37,475)</u>
Closing balance	<u>296,851</u>	<u>284,380</u>

Company	Holding	Turnover £	Surplus For period £	Capital and reserves £
CHA Power Limited	<u>100%</u>	<u>226,477</u>	<u>12,471</u>	<u>296,851</u>

10. Debtors

	2011 £	2010 £
Amounts falling due within one year:		
Gross Rents arrears	70,926	65,303
Bad debt provision	<u>(27,959)</u>	<u>(30,060)</u>
	42,967	35,243
Housing benefit due	135,916	129,373
Trade debtors	39,890	35,646
Prepayments and accrued income	<u>312,510</u>	<u>140,074</u>
	<u>531,283</u>	<u>340,336</u>

11. Creditors due within one year

Loans	177,254	174,308
Trade creditors	82,291	130,695
Other creditors	24,842	588,790
Accruals and deferred income	215,611	326,680
Rents in advance	<u>35,691</u>	<u>16,065</u>
	<u>535,690</u>	<u>1,236,539</u>

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

12. Creditors due after one year

	2011	2010
	£	£
Loans	<u>5,065,052</u>	<u>5,256,731</u>

Loans are secured by specific charges on the Association's properties. Loans are repayable at varying rates of interest of 1.31% to 5.98% (2010 – 1.19% to 6.84%) in instalments due as follows:

In one year or less	177,254	174,308
Between two and five years	1,263,071	1,035,814
In five years or more	<u>3,801,981</u>	<u>4,220,917</u>
	<u>5,242,306</u>	<u>5,431,039</u>

13. Employees

	2011	2010
	£	£
Staff costs during year		
Wages and salaries	687,301	651,602
Social security costs	50,560	47,380
Other pension costs	<u>76,137</u>	<u>78,686</u>
	<u>813,998</u>	<u>777,668</u>

The average full time equivalent number of persons employed by the Association during the year were as follows:

Administration and maintenance	<u>26.8</u>	<u>26.5</u>
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The Directors are defined as the members of the Committee of Management, the Director and any other person reporting directly to the Directors or the Management Committee whose total emoluments including pension contributions exceed £60,000 per year.

	2011	2010
	£	£
Aggregate Emoluments payable to Directors (including pension contributions and benefits in kind)	<u>237,379</u>	<u>234,436</u>
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>60,238</u>	<u>58,947</u>

The Association's pension contributions for the Director in the year amounted to £9,211 (2010 - £9,009).

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

The emoluments of the directors whose emoluments, excluding pension contributions, were over £60,000 were as follows:

	2011	2010
	No	No
£60,001 to £65,000	1	-
£65,001 to £70,000	-	-
£70,000 to £75,000	-	-

No member of the Committee of Management received any emoluments in respect of their services to the Association.

14. Auditors' Remuneration

	2011	2010
	£	£
The remuneration of the auditors (including expenses and excluding VAT for the year)	9,440	8,900
Remuneration of related parties to the auditors in respect of services other than those of external auditors	-	556
	<u>9,440</u>	<u>9,456</u>

15. Share Capital

Shares of £1 fully paid and issued at beginning of year	258	258
Shares issued during year	6	11
Shares cancelled in year	<u>(90)</u>	<u>(11)</u>
Shares issued at end of year	<u>174</u>	<u>258</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.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

16. Notes to the Cash Flow Statement

(a)	Reconciliation of surplus to net cash inflow from operating activities	2011	2010
		£	£
	Surplus/(Deficit) for year	1,038,615	(290,330)
	Net interest payable	127,113	105,312
	Operating surplus/(deficit) for the year excluding interest and tax payable	1,165,728	(185,018)
	Share capital surrendered	(90)	(11)
	Depreciation	187,269	187,518
	(Reversal of Impairment)/Impairment loss	(12,471)	37,475
	Gain on sale of property	(618,011)	(26,140)
	(Increase)/decrease in debtors	(190,948)	267,502
	Decrease in stock	-	141,911
	(Decrease) in creditors	(141,688)	(561,563)
		389,789	(138,326)
(b)	Reconciliation of net cash flow to movement in net debt	2011	2010
		£	£
	(Decrease)/increase in cash for the year	(41,933)	822,628
	Loans received	-	(1,399,545)
	Loan repayments	188,733	185,194
	Change in net debt	146,800	(391,723)
	Net debt as at 1 April 2010	(409,674)	(17,951)
	Net debt as at 31 March 2011	(262,874)	(409,674)
(c)	Analysis of Changes in net debt		
		As at 31	As at 31
		March 2010	March 2011
		£	£
	Cash at bank and in hand	5,021,365	4,979,432
	Overdraft	-	-
	Debt due within one year	(174,308)	(177,254)
	Debt due after one year	(5,256,731)	(5,065,052)
		(409,674)	(262,874)

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

17. Capital Commitments

	2011	2010
	£	£
Expenditure authorised by the committee of management contracted less certified	<u>-</u>	<u>-</u>

18. Contingent Liabilities

Clydebank Housing 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 30 September 2010. As of that date the estimated employer debt for Clydebank Housing Association was £3,191,780. The Association has no current plans to withdraw from the scheme.

At 31 March 2011, the Association had no other contingent liabilities (2010 -£Nil).

19. Pension Commitments

General

Clydebank Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme').

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

The Scheme offers five benefit structures to employers, namely:

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

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

Clydebank Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1st April 2008 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1st April 2008.

During the accounting period Clydebank Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were nineteen active members of the Scheme employed by Clydebank

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

19. Pension Commitments (continued)

Housing Association Limited. Clydebank Housing Association Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employer 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 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.

General

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 with the value of 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 a decrease 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%.

The key valuation assumptions used to determine the assets and liabilities of the SFHA Pension Scheme are:

	% p.a.
2009 Valuation Assumptions	
- Investment return pre retirement	7.4
- Investment return post retirement – Non-pensioners	4.6
- Investment return post retirement – Pensioners	4.8
- Rate of salary increases	4.5
Rate of pension increases	
- Pension accrued pre 6 April 2005 in excess of GMP	2.9
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
- Rate of price inflation	3.0

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

19. Pension Commitments (continued)

Mortality Tables

- Non-pensioners
SAPS (S1 PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
- Pensioners
SAPS (S1 PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement

Contribution Rates for Future Service (payable from 1 April 2011)

	% p.a.
- Final Salary 1/60ths	19.2
- Career average revalued earnings 1/60ths	17.1
- Career average revalued earnings 1/70ths	14.9
- Career average revalued earnings 1/80ths	13.2
- Career average revalued earnings 1/120ths	9.4
Additional rate for deficit contributions*	10.4

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 buy-out 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.

Clydebank Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2010. As of this date the estimated employer debt for Clydebank Housing Association Limited was £3,191,780.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

20. Housing Stock

The number of units in Management at 31 March was as follows: -

	2011	2010
	No	No
General Needs Housing	1,070	1,065
Supported Housing Accommodation	-	-
Shared Ownership Housing	<u>60</u>	<u>64</u>
	<u>1,130</u>	<u>1,129</u>

21. Related parties

Various members of the Committee and their relatives are tenants of the Association. All of the transactions between them and the Association have been carried out on the terms applicable to all tenants. Two members of the committee are relevant local Councillors. Governing Body Members cannot use their position to their advantage. Any transaction 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.