

Clydebank Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2014

Registered Housing Association No. HAL86

FCA Reference No. 2191R(S)

Scottish Charity No. SC033962

CLYDEBANK HOUSING ASSOCIATION LIMITED

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CLYDEBANK HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2014

MANAGEMENT COMMITTEE

Thomas P Winter	Chairman
Thomas McCormack	Vice Chairman
Paul Shiach	Secretary
Chris Morgan	Treasurer
Neil Crilley	
Margaret Shiach	
John Hillhouse	
Patrick McGinley	
Patricia Betty	
Dorothy Bain	
Rosemary McCormack	appointed December 2013
Cllr John Mooney (co-opted)	appointed September 2013
Fergus Russell	appointed June 2013, resigned November 2013
Tony Watson	appointed September 2013, resigned April 2014
Cllr Jim Brown	resigned September 2013

EXECUTIVE OFFICERS

Fiona Webster	Director
Sharon Keenan	Depute Director
Alison MacFarlane	Maintenance Manager
Joe Farrell	Housing Manager
Lynette Lees	Finance Manager

REGISTERED OFFICE

77-83 Kilbowie Road
Clydebank
G81 1BL

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

Bank of Scotland
Sylvannia Way South
Clyde Shopping Centre
Clydebank
G81 2TL

SOLICITORS

Boyle Shaughnessy	TC Young
Standard Buildings	7 West George Street
94 Hope Street	Glasgow
Glasgow	G2 1BA
G2 6QB	

CLYDEBANK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2014

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2014.

Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2191R(S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC033962. The Association is registered with The Scottish Government as a Registered Property Factor, Registration No PF000231.

Principal Activities

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

Review of Business and Future Developments

Clydebank Housing Association Limited became a Scottish Charity on 10 December 2002. Financial strength has been maintained which will allow our medium to long term major repairs programme to be funded as well as continuing to provide high levels of service to our tenants.

The Association has had greater involvement in identifying and participating in Wider Action activities within our area of operation for the benefit of our tenants and the wider community.

Scottish Social Housing Charter

The Association is now monitoring its performance against the new Scottish Social Housing Charter with its first year statistical information submitted to the Scottish Housing Regulator in May 2014.

Future Developments 2014

West Dunbartonshire Council recently announced that our joint bid with Knowes HA Ltd, to support development on the Braidfield School site, had been rejected and that WDC has entered into a ten-year, strategic partnership with Cube HA, part of the Wheatley Group.

This means that it will be almost impossible for us to secure grant funding for development and that for the foreseeable future, opportunities for growth by traditional means, will be extremely rare.

However, we continue to process "Mortgage to Rent" opportunities as they arise and we have recently adopted a new Open Market Purchase Policy, which allows us each year, to buy a limited number of existing properties "off the shelf". This enables CHA to achieve a modest level of growth in our stock numbers and to offset any losses through Right to Purchase.

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2014**

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 Industrial and Provident Societies Acts 1965 to 2002 require 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 Industrial and Provident Societies Act 1965 to 2002, 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.

REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2014

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;
- regular 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;
- 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 control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

Donations

During the year the Association made charitable donations amounting to £nil (2013 - £50).

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



PAUL SHIACH

Secretary

17 June 2014

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF
CLYDEBANK 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 section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 4 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.

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 the section on Internal Financial Control within SFHA's "Raising Standards in Housing".



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
17 June 2014

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

We have audited the financial statements of Clydebank Housing Association Limited for the year ended 31st March 2014 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 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 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 2014 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 Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

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

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.
- 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 Auditor
GLASGOW
17 June 2014

CLYDEBANK HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014

	Notes	2014 £	2013 £
TURNOVER	2.	3,736,149	3,580,418
Operating Costs	2.	<u>(2,799,953)</u>	<u>(2,727,381)</u>
OPERATING SURPLUS	9.	936,196	853,037
Gain On Sale Of Housing Stock	7.	26,443	11,608
Provision against investment	20.	9,743	(9,161)
Interest Receivable and Other Income		77,940	100,091
Interest Payable and Similar Charges	8.	<u>(118,961)</u>	<u>(138,128)</u>
		(4,835)	(35,590)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>931,361</u>	<u>817,447</u>
Tax on surplus on ordinary activities	10.	-	-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>931,361</u>	<u>817,447</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

	2014 £	2013 £
Surplus for the financial year	931,361	817,447
Prior year adjustment	-	<u>(283,633)</u>
Total gains recognised since last annual report	<u>931,361</u>	<u>533,814</u>

The notes on pages 11 to 26 form an integral part of these financial statements.

CLYDEBANK HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2014

	Notes	£	2014 £	£	2013 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		30,852,071		30,804,726
Less: Social Housing Grant	11.(a)		(21,304,732)		(21,296,056)
			<u>9,547,339</u>		<u>9,508,670</u>
Other fixed assets	11.(b)		785,273		806,452
			<u>10,332,612</u>		<u>10,315,122</u>
FIXED ASSET INVESTMENTS					
Investment in subsidiaries	20.		311,608		301,864
CURRENT ASSETS					
Debtors	12.	267,252		255,580	
Cash at bank and in hand		6,303,195		5,861,427	
			<u>6,570,447</u>	<u>6,117,007</u>	
CREDITORS: Amounts falling due within one year	13.	(827,213)		(837,340)	
NET CURRENT ASSETS			<u>5,743,234</u>		<u>5,279,667</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			16,387,454		15,896,653
CREDITORS: Amounts falling due after more than one year	14.		(4,002,972)		(4,443,545)
NET ASSETS			<u>12,384,482</u>		<u>11,453,108</u>
CAPITAL AND RESERVES					
Share Capital	16.		188		175
Designated Reserves	17.(a)		11,884,294		10,952,933
Revenue Reserves	17.(b)		500,000		500,000
			<u>12,384,482</u>		<u>11,453,108</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 17 June 2014.

Thomas McCormack

Chris Morgan

Paul Shiach

Vice-Chairperson

Treasurer

Secretary





The notes on pages 11 to 26 form an integral part of these financial statements.

CLYDEBANK HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2014

	Notes	2014	2013
		£	£
Net Cash Inflow from Operating Activities	15.	1,269,698	1,263,667
Returns on Investment and Servicing of Finance			
Interest Received		85,421	91,582
Interest Paid		(121,859)	(140,749)
Net Cash Outflow from Investment and Servicing of Finance		(36,438)	(49,167)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(602,931)	(774,454)
Purchase of Other Fixed Assets		(19,595)	(21,951)
Social Housing Grant Received		112,658	58,401
Proceeds on Disposal of Properties		97,800	20,700
Net Cash Outflow from Capital Expenditure and Financial Investment		(412,068)	(717,304)
Net Cash Inflow before use of Liquid Resources and Financing		821,192	497,196
Financing			
Loan Principal Repayments		(379,439)	(268,655)
Share Capital Issued		15	4
Net Cash Outflow from Financing		(379,424)	(268,651)
Increase in Cash	15.	441,768	228,545

The notes on pages 11 to 26 form an integral part of these financial statements

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

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.

Basis Of Consolidation

The Association has obtained exemption from the Financial Services Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The Financial Statements for Clydebank Housing Association Limited present information about it as an individual undertaking and not about its Group.

Turnover

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

Retirement Benefits

Until 31st March 2014 the Association participated in the Scottish Housing Association Defined Benefit Pension Scheme. During 2013/14 the Association gave the Pensions Trust notice of its intention to close the Scottish Housing Associations' Pension Scheme Defined Benefit Final Salary option to new and existing members. The Association remains a member of the scheme but will switch to a Defined Contribution (DC) benefit option for all future pension accruals from 1st April 2014. 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>
Structure	50 years
Kitchen	20 years
Bathroom	25 years
Gas Boiler	15 years
Radiator & pipe work	30 years
Electric heating	25 years
Rewiring	30 years
Ventilation units	10 years
Emergency Lighting	10 & 15 years
Windows	30 years
External Doors	30 years
Communal entrance & pass doors	20 years
Door entry system	15 years
Lifts	20 years

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

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 - Structure	50 years
- Kitchen	20 years
- Bathroom	25 years
- Electrical Heating System	25 years
- Gas Boiler	15 years
- Door Entry System	15 years
- Radiators & Pipework	30 years
- Rewiring	30 years
- Ventilation Units	10 years
- Lifts	10 years
- Heating System	10 years
- Doors & Windows	30 years
- Land	Not depreciated
Furniture and Fittings	5 years
Computer Equipment	3 years
Office Equipment	5 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.

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term.

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 retained part of its reserves to meet its long term obligations.

The Association has designated part of its reserves 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.

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2014			2013		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	3,502,304	2,438,691	1,063,613	3,397,070	2,416,269	980,801
Other Activities	4.	233,845	361,262	(127,417)	183,348	311,112	(127,764)
Total		3,736,149	2,799,953	936,196	3,580,418	2,727,381	853,037

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2014 Total £	2013 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	3,369,666	-	108,042	3,477,708	3,374,556
Service Charges Receivable	36,445	-	2,119	38,564	35,747
Gross Rents Receivable	3,406,111	-	110,161	3,516,272	3,410,303
Less: Rent losses from voids	13,968	-	-	13,968	13,233
Net Rents Receivable	3,392,143	-	110,161	3,502,304	3,397,070
Total Income From Social Letting	3,392,143	-	110,161	3,502,304	3,397,070
Expenditure on Social Letting Activities					
Service Costs	38,564	-	-	38,564	35,747
Management and maintenance administration costs	1,113,634	-	51,540	1,165,174	1,117,427
Reactive Maintenance	490,174	-	-	490,174	491,435
Bad Debts - Rents and Service Charges	33,496	-	-	33,496	30,229
Planned and Cyclical Maintenance, including Major Repairs	326,415	-	-	326,415	369,911
Depreciation of Social Housing	379,543	-	5,325	384,868	371,520
Operating Costs of Social Letting	2,381,826	-	56,865	2,438,691	2,416,269
Operating Surplus on Social Letting Activities	1,010,317	-	53,296	1,063,613	980,801
2013	928,273	-	52,528		

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

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		Operating Surplus / (Deficit)	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Wider Role Activities	69,114	-	-	-	135,744	204,858	345,750	(140,892)	(127,651)					
Factoring	-	-	-	-	10,965	10,965	10,286	679	(104)					
Development and construction of property activities	-	-	-	-	2,696	2,696	-	2,696	3,284					
Other Activities	-	-	-	-	15,326	15,326	5,226	10,100	(3,293)					
Total From Other Activities	69,114	-	-	-	164,731	233,845	361,262	(127,417)	(127,764)					
2013	51,877	-	-	-	131,471	183,348	311,112	(127,764)	(127,764)					

Funding for Wider Role was received in the year from the Scottish Government (£69,114) for the on-going wider role activities. Corresponding operating costs relating to this income are £69,114.

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of the Association.

	2014	2013
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>64,131</u>	<u>62,426</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>6,118</u>	<u>5,940</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>64,131</u>	<u>62,426</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	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

	2014	2013
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>32</u>	<u>29</u>
Staff Costs were:	£	£
Wages and Salaries	779,779	743,631
Social Security Costs	61,589	58,442
Other Pension Costs	117,788	118,162
	<u>959,156</u>	<u>920,235</u>

7. GAIN ON SALE OF HOUSING STOCK

	2014	2013
	£	£
Sales Proceeds	97,800	20,700
Cost of Sales	71,357	9,092
Gain On Sale Of Housing Stock	<u>26,443</u>	<u>11,608</u>

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. INTEREST PAYABLE

	2014	2013
	£	£
On Bank Loans & Overdrafts	<u>118,961</u>	<u>138,128</u>

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014	2013
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	425,642	409,708
Auditors' Remuneration - Audit Services	7,140	5,950
Gain on sale of fixed assets	<u>(26,443)</u>	<u>(11,608)</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.

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Completed Shared Ownership Properties £	Total £
COST			
As at 1st April 2013	31,135,589	1,912,290	33,047,879
Additions	602,931	-	602,931
Disposals	(197,859)	-	(197,859)
Transfers on Shared Ownership Buy- Back	44,098	(44,098)	-
As at 31st March 2014	<u>31,584,759</u>	<u>1,868,192</u>	<u>33,452,951</u>
DEPRECIATION			
As at 1st April 2013	2,163,596	79,557	2,243,153
Charge for Year	375,040	5,205	380,245
Disposals	(22,518)	-	(22,518)
Transfers on Shared Ownership Buy- Back	3,116	(3,116)	-
As at 31st March 2014	<u>2,519,234</u>	<u>81,646</u>	<u>2,600,880</u>
SOCIAL HOUSING GRANT			
As at 1st April 2013	19,649,998	1,646,058	21,296,056
Additions	108,037	-	108,037
Disposals	(99,361)	-	(99,361)
Transfers on Shared Ownership Buy- Back	34,635	(34,635)	-
As at 31st March 2014	<u>19,693,309</u>	<u>1,611,423</u>	<u>21,304,732</u>
NET BOOK VALUE			
As at 31st March 2014	<u>9,372,216</u>	<u>175,123</u>	<u>9,547,339</u>
As at 31st March 2013	<u>9,321,995</u>	<u>186,675</u>	<u>9,508,670</u>

Additions to housing properties includes capitalised development administration costs of £nil (2013 - £nil) and capitalised major repair costs to existing properties of £327,376 (2013 - £583,622).

All land and housing properties are heritable.

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	Computer Hardware £	Office Premises £	Office Furniture & Equipment £	Total £
COST				
As at 1st April 2013	225,697	3,919,837	145,119	4,290,653
Additions	17,001	-	2,594	19,595
Eliminated on Disposals	(85,642)	-	(7,811)	(93,453)
As at 31st March 2014	157,056	3,919,837	139,902	4,216,795
GRANTS RECEIVED				
As at 1st April 2013	-	2,951,981	-	2,951,981
As at 31st March 2014	-	2,951,981	-	2,951,981
AGGREGATE DEPRECIATION				
As at 1st April 2013	213,175	189,308	129,737	532,220
Charge for year	14,808	19,865	6,101	40,774
Eliminated on disposal	(85,642)	-	(7,811)	(93,453)
As at 31st March 2014	142,341	209,173	128,027	479,541
NET BOOK VALUE				
As at 31st March 2014	14,715	758,683	11,875	785,273
As at 31st March 2013	12,522	778,548	15,382	806,452

12. DEBTORS

	2014 £	2013 £
Arrears of Rent & Service Charges	64,697	66,839
Less: Provision for Doubtful Debts	(34,097)	(41,388)
	30,600	25,451
Social Housing Grant Receivable	16,494	21,115
Other Debtors	214,208	209,014
Amounts Due from Group Undertakings	5,950	-
	267,252	255,580

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. CREDITORS: Amounts falling due within one year

	2014	2013
	£	£
Housing Loans	385,136	324,001
Trade Creditors	124,036	146,441
Rent in Advance	157,663	153,815
Other Taxation and Social Security	16,127	16,408
Other Creditors	9,940	9,640
Accruals and Deferred Income	134,311	187,035
	<u>827,213</u>	<u>837,340</u>

At the balance sheet date there were pension contributions outstanding of £13,358 (2013 - £41,868).

14. CREDITORS: Amounts falling due after more than one year

	2014	2013
	£	£
Housing Loans	<u>4,002,972</u>	<u>4,443,545</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	385,136	324,001
Between one and two years	434,174	379,136
Between two and five years	1,624,553	1,463,379
In five years or more	1,944,245	2,601,030
	<u>4,388,108</u>	<u>4,767,546</u>
Less: Amount shown in Current Liabilities	385,136	324,001
	<u>4,002,972</u>	<u>4,443,545</u>

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2014 £	2013 £
Operating Surplus	936,196	853,037
Depreciation	425,642	409,708
Change in Debtors	(23,774)	(10,742)
Change in Creditors	(68,364)	11,675
Share Capital Written Off	(2)	(11)
Net Cash Inflow from Operating Activities	<u>1,269,698</u>	<u>1,263,667</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2014 £	£	2013 £	£
Increase in Cash	441,768		228,545	
Cash flow from change in debt	<u>379,438</u>		<u>268,655</u>	
Movement in net debt during year		821,206		497,200
Net debt at 1st April 2013 -		1,093,881		596,681
Net debt at 31st March 2014		<u>1,915,087</u>		<u>1,093,881</u>

<i>Analysis of changes in net debt</i>	At 01.04.13 £	Cash Flows £	Other Changes £	At 31.03.14 £
Cash at bank and in hand	5,861,427	441,768		6,303,195
Debt: Due within one year	(324,001)	379,437	(440,572)	(385,136)
Due after more than one year	(4,443,545)	1	440,572	(4,002,972)
Net Debt	<u>1,093,881</u>	<u>821,206</u>	<u>-</u>	<u>1,915,087</u>

16. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April	175
Issued in year	15
Cancelled in year	(2)
At 31st March	<u>188</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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. RESERVES

(a) Designated Reserves

	Major Repairs £	Total £
As at 1st April 2013	10,952,933	10,952,933
Transfer from Revenue Reserves	931,361	931,361
At 31st March 2014	<u>11,884,294</u>	<u>11,884,294</u>

(b) Revenue Reserves

	Total £
As at 1st April 2013	500,000
Surplus for the year	931,361
Transfer to Designated Reserves	<u>(931,361)</u>
At 31st March 2014	<u>500,000</u>

18. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2014 No.	2013 No.
General Needs - New Build	937	939
- Rehabilitation	135	135
Shared Ownership	55	56
	<u>1,127</u>	<u>1,130</u>

19. RELATED PARTY TRANSACTIONS

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

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

7 members are tenants of the Association

4 members are factored owners

1 member is a relevant local councillor

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.

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. FIXED ASSET INVESTMENT

Investments in Subsidiaries

The Association has a 100% owned subsidiary CHA Power Ltd. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

	2014 £	2013 £
Cost		
As at 31st March 2014 & 31st March 2013	<u>2,328,850</u>	<u>2,328,850</u>
Impairment		
As at 1st April 2013	(2,026,986)	(2,017,825)
Reversal of impairment charge	<u>9,743</u>	<u>(9,161)</u>
As at 31st March 2014	<u>(2,017,243)</u>	<u>(2,026,986)</u>
As at 31st March 2014 & 31st March 2013	<u>311,607</u>	<u>301,864</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 aggregate amount of capital and reserves and the results of CHA Power Ltd for the year ended 31st March 2014 were as follows:

	2014 £	2013 £
Capital & Reserves	<u>311,607</u>	<u>301,864</u>
Profit/ (Loss) for the year	<u>9,743</u>	<u>(9,161)</u>

The following transactions took place during the year:

Clydebank Housing Association Limited charge CHA Power Ltd £11,700 (2013 - £12,600) in respect of management fees.

At the balance sheet date CHA Power Ltd. owed Clydebank Housing Association Limited £5,950 (2013 - nil) in respect of management fees.

During the year, Clydebank Housing Association Limited purchased the entire share capital of Radnor Park Homes Limited. The company was incorporated in February 2014 and remained dormant at 31st March 2014.

	2014 £	2013 £
Cost		
As at 1st April 2013	-	-
Additions in the year	<u>1</u>	<u>-</u>
As at 31st March 2014	<u>1</u>	<u>-</u>
Capital & Reserves	<u>1</u>	<u>-</u>
Total Investments Held	<u>311,608</u>	<u>301,864</u>

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RETIREMENT BENEFIT OBLIGATIONS

General

Clydebank 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 six 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

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 elected to operate the Final Salary with a 1/60th accrual rate to 31 March 2014 and the Final Salary with a 1/60th accrual rate for new entrants until 31st March 2014.

During 2013/14 Clydebank Housing Association Limited gave the Pensions Trust notice of its intention to close the Scottish Housing Associations' Pension Scheme defined benefit Final Salary option to new and existing members. The Association remains a member of the scheme but will switch from a defined benefit option to a defined contribution (DC) benefit option for all future pension accruals from 1st April 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 Clydebank Housing Association Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

As at the balance sheet date there were 15 active members of the Scheme employed by Clydebank Housing Association Limited. The annual pensionable payroll in respect of these members was £508,120.

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.

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. 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. This valuation is due to be finalised by December 2013. However, draft results have been published. 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%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

Financial Assumptions

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

	% p.a.
- 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 from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	3.0

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. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	<i>Males</i>	<i>Females</i>
	<i>Assumed life expectancy in years at age 65</i>	<i>Assumed life expectancy in years at age 65</i>
Non-pensioners	18.1	20.6
Pensioners	18.1	20.6

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. 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	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80ths	13.2
Career average 120ths	9.4

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 are currently reviewing the progress of the Recovery Plan and will be supplying updated contribution figures to members in due course. However, they have indicated that the deficit will be based on each member's share of the deficit and that the average increase would (if there is no change in the recovery plan period) be in the region of 153%.

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.

The Association has been notified by the Pension 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 30th September 2013. As of this date the estimated employer debt on withdrawal for Clydebank Housing Association Limited has been calculated as £3,356,855.