

Clydebank Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2015

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 2015

MANAGEMENT COMMITTEE

Thomas P Winter	Chairman
Thomas McCormack	Vice Chairman
Paul Shiach	Secretary
Chris Morgan	Treasurer
John Hillhouse	
Neil Crilley	
Patrick McGinley	
Patricia Betty	
Dorothy Bain	
Rosemary McCormack	
Cllr John Mooney	co-opted August 2014
Margaret Shiach	resigned September 2014
Fergus Russell	casual vacancy Nov 2014, resigned April 2015
Catherine McGarrity	co-opted December 2014
Nikki Robertson	co-opted January 2015
Laura-Anne Murray	co-opted February 2015

EXECUTIVE OFFICERS

Sharon Keenan	Chief Executive Officer
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
Clyde bank
G81 2TL

SOLICITORS

Boyle Shaughnessy
Standard Buildings
94 Hope Street
Glasgow
G2 6QB

TC Young
7 West George Street
Glasgow
G2 1BA

Brechin Tindall Oats
48 St. Vincent Street
Glasgow
G2 5HS

CLYDEBANK HOUSING ASSOCIATION LIMITED

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

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

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2191R(S). The Association is governed 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 the Association is the provision of housing for let at rents affordable to the client groups for whom it intends to provide.

The Association 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.

Review of Business and Future Developments

The Association made a surplus of £845,545 in the year.

The Association remains in a strong financial position with over £7m deposited as cash funds. We continue to have a substantial major repair investment programme with kitchen, bathroom, central heating and foyer refurbishments due in a high proportion of properties over the year. We have also provided for considerable funds over the next five years to continue our extensive major repairs programme and all of which has been recently costed. Cash surpluses in future years will be subject to our planned major repair programme.

Surplus for the year and transfers

The results for the year are shown in the Income and Expenditure Account on page 15

	£
Transfers to designated reserve:	
- Major repairs reserve	845,545
Transfer from revenue reserve	-
Surplus for the year	<u><u>845,545</u></u>

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

FUTURE DEVELOPMENTS

West Dunbartonshire Council announced last year 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 site, however, has yet to be developed and further information regarding this and all the ex-school sites in Clydebank in terms of the suitability for housing development, the proposed tenure mix, etc. is awaited from the Council as investigations/surveys are ongoing.

We have been approached by the owner of a portion of the Queens Quay/Riverside site to participate in a development for affordable housing. Discussions are at a very early stage; however, following a meeting with WDC, it appears that the proposals would not conflict with the Masterplan for the area. Whilst there is scope in the Strategic Housing Investment Plan (SHIP) under the Regeneration Opportunities heading from 18/19 for such a project, the Association may progress discussions with the developer meantime, to ensure that we are able to take advantage of any potential slippage in Years 1-3 of the SHIP which could allow funding/the scheme to be brought forward.

Although WDC's strategic partnership with the Cube Housing Association/Wheatley Group means that it may be more difficult for us to secure grant funding for development, the Association continues to have the desire to grow by participating in development activities. Provided that proposed schemes stack up, meet WDC's scoring criteria, are of a manageable scale and do not put the Association at undue financial risk, we will continue to explore opportunities that are presented to us.

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

Scottish Social Housing Charter

The Association continues to monitor its performance against the Scottish Social Housing Charter with its second year statistical information submitted to the Scottish Housing Regulator in May 2015.

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

DATE OF ANNUAL GENERAL MEETING

Thursday, 25 June 2015

REGISTERED NUMBERS

Registered Society registered under the Co-operative and Community Benefit Societies Act 2014 (No. 2191RS).

Registered Social Landlord with the Scottish Housing Regulator Registration No. 86.

Registered Property Factor, Registration No PF000231.

Member of the Scottish Federation of Housing Associations.

CHARITY NUMBER

A Scottish Charity No. SC033962.

Registered in Scotland at the above address.

STRATEGIC AIMS AND OBJECTIVES

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

We promote the involvement of customers 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 strategic objectives are:

1. To provide good quality, affordable housing, which meets the changing needs of our customers and to widen and facilitate access to housing within our area.
2. To manage the houses provided, in a sensitive and cost effective manner, for the benefit of the local community.
3. To provide a first class maintenance service which offers value for money and ensures the comfort and safety of our residents while maintaining high levels of satisfaction.
4. To work in partnership with others, supporting our tenants and other customers, to maximise opportunities for regeneration in Clydebank.
5. To ensure that our community focus is underpinned by local decision making and community control, encouraging our tenants and other customers to influence our policy and to participate in
6. To ensure that our resources are adequate to deliver our objectives.

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

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 Management Committee 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 as well as undertaking significant training in this regard.

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 the Association

2 Corporate Issues

Tenant involvement and participation is a major part of our Aims and Objectives and we continue to review how the Association involves tenants in its activities. The Association is committed to involving tenants in decision making and policy making ensuring Scottish Housing Regulator (SHR) governance compliance as well as meeting the requirements of the Scottish Social Housing Charter (SSHC). This includes continued customer engagement (formation of a tenants' panel and focus groups, increase numbers on consultation register) and performance reporting.

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. In this regard, Clydebank Housing Association Limited was recently awarded the Gold Standard for its Investors in People Accreditation. Meeting the Gold Standard means that the Association has not only met the core foundation of people management excellence but has provided significant evidence of many areas of good practice.

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

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.

Our excellent rent arrears management has been maintained despite challenges of welfare reform. We continued to deliver many completed adaptations to existing properties, to meet the specific and changing needs of our tenants.

3 Development Issues

We have spent £132,111 on developing/increasing housing stock (2014 - £275,555) during the year of which £23,861 (2014 - £108,037) was funded by Housing Association Grants.

4 Housing Issues

The Association continues to work on reducing the period of time taken to re-let or let new properties, to ensure that we maximise our effectiveness in housing people in need and reduce our costs. The rent loss due to empty properties was £12,881 which represents 0.35% of total rental income (2014 - £13,968).

5 Other Areas

Risk Management Policy

The Committee has 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.

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

The Management Committee has 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.

Treasury Management

The Association has a robust treasury management function, which operates in accordance with the Treasury Management Policy approved by the Management Committee, which recognises the importance of cash management and the administration and compliance with the terms set out in its loans with current lenders, Dexia and the Clydesdale Bank. 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 2015, 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.

Internal Financial Control

The Management Committee 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 page 11.

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

Management Structure

The Management Committee 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 Chief Executive Officer.

Budgetary Process

Each year the Management Committee 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.

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. An interview is guaranteed to all those applicants who meet the minimum criteria. In the event of employees becoming disabled, every effort is made to re-train 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.

General Reserves Policy

The Committee members have reviewed the reserves of the Association. 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 the Association 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 17).

The Association has one other designated fund, the major repairs reserve. The purpose of this fund is detailed in note 1 in the financial statements. During the year this reserve increased from £11,884,294 to £12,729,837 as a result of a transfer from revenue reserves.

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

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

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 3 (2014: 6) properties under the Right to Buy scheme thereby allowing the tenants to achieve their aspiration of becoming home owners.

Mortgage to Rent and Shared Ownership buy-back Schemes

During the year 2014/15, the Association was processing one property 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 three shared ownership properties where the sharing owners were facing serious financial difficulties and thereafter were able to remain in their properties under a standard Scottish Secure Tenancy Agreement.

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

Management Committee and Executive Officers

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

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

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

Statement of Management Committee's Responsibilities

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

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

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

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

In so far as the Management Committee are aware:

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

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

Statement on Internal Financial Control

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

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

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

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that internal financial controls are in place and are effective and that a review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2015. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Donations

During the year the Association made charitable donations amounting to £100 (2014 - £nil).

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
16 June 2015

REPORT BY THE AUDITORS TO THE MEMBERS 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 11 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 11 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Alexander Sloan

ALEXANDER SLOAN
Chartered Accountants

GLASGOW
16 June 2015

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 2015 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Management Committee and Auditors

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

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

Scope of the audit on the Financial Statements

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

Opinion on the financial statements

In our opinion the Financial Statements:

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

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

ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
16 June 2015

CLYDEBANK HOUSING ASSOCIATION LIMITED

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

	Notes	£	2015 £	£	2014 £
TURNOVER	2.		3,865,119		3,736,149
Operating Costs	2.		<u>(2,948,417)</u>		<u>(2,799,953)</u>
OPERATING SURPLUS	9.		916,702		936,196
Gain On Sale Of Housing Stock	7.	13,132		26,443	
Provision against investment	20.	(36,973)		9,743	
Interest Receivable and Other Income		62,341		77,940	
Interest Payable and Similar Charges	8.	<u>(109,657)</u>		<u>(118,961)</u>	
			<u>(71,157)</u>		<u>(4,835)</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION			845,545		931,361
Tax on surplus on ordinary activities	10.		<u>-</u>		<u>-</u>
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION			<u>845,545</u>		<u>931,361</u>

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.

The notes on pages 18 to 33 form an integral part of the financial statements.

CLYDEBANK HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2015

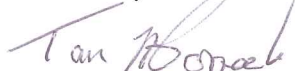
	Notes	£	2015 £	£	2014 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		30,671,976		30,852,071
Less: Social Housing Grant	11.(a)		(21,325,700)		(21,304,732)
			<u>9,346,276</u>		<u>9,547,339</u>
Other fixed assets	11.(b)		758,748		785,273
			<u>10,105,024</u>		<u>10,332,612</u>
FIXED ASSET INVESTMENTS					
Investment in subsidiaries	20.		274,635		311,608
CURRENT ASSETS					
Debtors	12.	296,811		267,252	
Cash at bank and in hand		7,143,695		6,303,195	
		<u>7,440,506</u>		<u>6,570,447</u>	
CREDITORS: Amounts falling due within one year					
	13.	(1,066,726)		(827,213)	
NET CURRENT ASSETS			<u>6,373,780</u>		<u>5,743,234</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>16,753,439</u>		<u>16,387,454</u>
CREDITORS: Amounts falling due after more than one year					
	14.	(3,523,404)		(4,002,972)	
NET ASSETS			<u>13,230,035</u>		<u>12,384,482</u>
CAPITAL AND RESERVES					
Share Capital	16.		196		188
Designated Reserves	17.(a)		12,729,839		11,884,294
Revenue Reserves	17.(b)		500,000		500,000
			<u>13,230,035</u>		<u>12,384,482</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 16 June 2015.

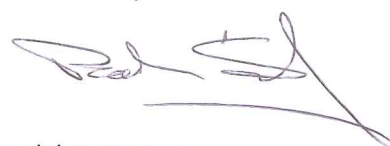
Chairperson



Vice-Chairperson



Secretary



The notes on pages 18 to 33 form an integral part of these financial statements.

CLYDEBANK HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2015

	Notes	2015	2014
		£	£
Net Cash Inflow from Operating Activities	15.	1,526,143	1,269,698
Returns on Investment and Servicing of Finance			
Interest Received		43,575	85,421
Interest Paid		(111,116)	(121,859)
Net Cash Outflow from Investment and Servicing of Finance		(67,541)	(36,438)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(251,717)	(602,931)
Purchase of Other Fixed Assets		(16,413)	(19,595)
Social Housing Grant Received		26,936	112,658
Proceeds on Disposal of Properties		53,600	97,800
Net Cash Outflow from Capital Expenditure and Financial Investment		(187,594)	(412,068)
Net Cash Inflow before use of Liquid Resources and Financing		1,271,008	821,192
Loan Principal Repayments		(430,529)	(379,439)
Share Capital Issued		21	15
Net Cash Outflow from Financing		(430,508)	(379,424)
Increase in Cash	15.	840,500	441,768

The notes on pages 18 to 33 form an integral part of the financial statements.

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis Of Accounting

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

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 has switched to a Defined Contribution (DC) benefit option for all 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 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Fixed Assets

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

Office Premises - 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 2015

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 designated 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 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2015			2014		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	3,631,406	2,595,953	1,035,453	3,502,304	2,438,691	1,063,613
Other Activities	4.	233,713	352,464	(118,751)	233,845	361,262	(127,417)
Total		3,865,119	2,948,417	916,702	3,736,149	2,799,953	936,196

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Shared ownership £	2015 Total £	2014 Total £
Income from Lettings				
Rent Receivable Net of Identifiable Service Charges	3,494,218	111,169	3,605,387	3,477,708
Service Charges Receivable	38,900	-	38,900	38,564
Gross Rents Receivable	3,533,118	111,169	3,644,287	3,516,272
Less: Rent losses from voids	12,881	-	12,881	13,968
Net Rents Receivable	3,520,237	111,169	3,631,406	3,502,304
Revenue Grants from Scottish Ministers	-	-	-	-
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-
Total Income From Social Letting	3,520,237	111,169	3,631,406	3,502,304
Expenditure on Social Letting Activities				
Service Costs	38,900	-	38,900	38,564
Management and maintenance administration costs	1,287,827	52,213	1,340,040	1,165,174
Reactive Maintenance	492,404	-	492,404	490,174
Bad Debts - Rents and Service Charges	23,497	-	23,497	33,496
Planned and Cyclical Maintenance, including Major Repairs	312,661	-	312,661	326,415
Depreciation of Social Housing	383,723	4,728	388,451	384,868
Impairment of Housing	-	-	-	-
Operating Costs of Social Letting	2,539,012	56,941	2,595,953	2,438,691
Operating Surplus on Social Letting Activities	981,225	54,228	1,035,453	1,063,613
2014	1,010,317	53,296		

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus /(Deficit) 2015 £	Operating Surplus /(Deficit) 2014 £
Wider Role Activities	89,318	-	-	118,652	207,970	-	335,241	(127,271)	(140,892)
Factoring	-	-	-	10,444	10,444	-	10,387	57	679
Development and construction of property activities	2,169	-	-	-	2,169	-	1,346	823	2,696
Other Activities	-	-	-	13,130	13,130	-	5,490	7,640	10,100
Total From Other Activities	91,487	-	-	142,226	233,713	-	352,464	(118,751)	(127,417)
2014	69,114	-	-	164,731	233,845	-	361,262	(127,417)	

Funding for Wider Role was received in the year from the Scottish Government (£89,318) for the on-going wider role activities. Corresponding costs relating to this income are £89,318.

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

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

	2015	2014
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>64,805</u>	<u>64,131</u>
Compensation payable to Officers for loss of Office	<u>55,165</u>	<u>-</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>6,457</u>	<u>5,940</u>
Emoluments payable to the Highest Paid Officer (excluding pension contributions)	<u>64,805</u>	<u>64,131</u>

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

	Number	Number
£60,001 to £70,000	1	1

6. EMPLOYEE INFORMATION

	2015	2014
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>33</u>	<u>32</u>
Staff Costs were:	£	£
Wages and Salaries	839,488	779,779
Social Security Costs	73,805	61,589
Other Pension Costs	186,987	117,788
	<u>1,100,280</u>	<u>959,156</u>

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2015	2014
	£	£
Sales Proceeds	53,600	97,800
Cost of Sales	<u>40,468</u>	<u>71,357</u>
Gain On Sale Of Housing Stock	<u>13,132</u>	<u>26,443</u>

8. INTEREST PAYABLE

	2015	2014
	£	£
On Bank Loans & Overdrafts	<u>109,657</u>	<u>118,961</u>

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015	2014
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	428,285	425,642
Auditors' Remuneration - Audit Services	7,140	7,140
Gain on sale of fixed assets	<u>(13,132)</u>	<u>(26,443)</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 2015

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 2014	31,584,759	1,868,192	33,452,951
Additions	251,717	-	251,717
Disposals	(58,822)	-	(58,822)
Transfers on Shared Ownership Buy-Back	118,609	(118,609)	-
As at 31st March 2015	<u>31,896,263</u>	<u>1,749,583</u>	<u>33,645,846</u>
DEPRECIATION			
As at 1st April 2014	2,519,234	81,646	2,600,880
Charge for Year	380,619	4,728	385,347
Disposals	(12,357)	-	(12,357)
Transfers on Shared Ownership Buy-Back	8,220	(8,220)	-
As at 31st March 2015	<u>2,895,716</u>	<u>78,154</u>	<u>2,973,870</u>
SOCIAL HOUSING GRANT			
As at 1st April 2014	19,693,309	1,611,423	21,304,732
Additions	23,861	-	23,861
Disposals	(2,893)	-	(2,893)
Transfers on Shared Ownership Buy-Back	94,784	(94,784)	-
As at 31st March 2015	<u>19,809,061</u>	<u>1,516,639</u>	<u>21,325,700</u>
NET BOOK VALUE			
As at 31st March 2015	<u>9,191,486</u>	<u>154,790</u>	<u>9,346,276</u>
As at 31st March 2014	<u>9,372,216</u>	<u>175,123</u>	<u>9,547,339</u>

Additions to housing properties includes capitalised development administration costs of £nil (2014 - £nil) and capitalised major repair costs to existing properties of £191,410 (2014 £327,376)

All land and housing properties are heritable.

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	Computer Hardware £	Office Premises £	Office Furniture & Equipment £	Total £
COST				
As at 1st April 2014	157,056	3,919,837	139,902	4,216,795
Additions	9,650	5,942	821	16,413
Eliminated on Disposals	-	-	(1,993)	(1,993)
As at 31st March 2015	166,706	3,925,779	138,730	4,231,215
GRANTS RECEIVED				
As at 1st April 2014	-	2,951,981	-	2,951,981
As at 31st March 2015	-	2,951,981	-	2,951,981
AGGREGATE DEPRECIATION				
As at 1st April 2014	142,341	209,173	128,027	479,541
Charge for year	18,024	19,870	5,044	42,938
Eliminated on disposal	-	-	(1,993)	(1,993)
As at 31st March 2015	160,365	229,043	131,078	520,486
NET BOOK VALUE				
As at 31st March 2015	6,341	744,755	7,652	758,748
As at 31st March 2014	14,715	758,683	11,875	785,273

12. DEBTORS

	2015 £	2014 £
Arrears of Rent & Service Charges	70,177	64,697
Less: Provision for Doubtful Debts	(44,882)	(34,097)
	25,295	30,600
Social Housing Grant Receivable	13,419	16,494
Other Debtors	244,297	214,208
Amounts Due from Group Undertakings	13,800	5,950
	296,811	267,252

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. CREDITORS: Amounts falling due within one year

	2015	2014
	£	£
Housing Loans	434,175	385,136
Trade Creditors	213,986	124,036
Rent in Advance	165,088	157,663
Other Taxation and Social Security	17,653	16,127
Other Creditors	9,990	9,940
Accruals and Deferred Income	225,834	134,311
	<u>1,066,726</u>	<u>827,213</u>

At the balance sheet date there were pension contributions outstanding of £17,640 (2014 £13,358)

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

	2015	2014
	£	£
Housing Loans	<u>3,523,404</u>	<u>4,002,972</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	434,175	385,136
Between one and two years	487,076	434,174
Between two and five years	3,036,328	1,624,553
In five years or more	-	1,944,245
	<u>3,957,579</u>	<u>4,388,108</u>
Less: Amount shown in Current Liabilities	434,175	385,136
	<u>3,523,404</u>	<u>4,002,972</u>

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2015 £	2014 £
Operating Surplus	916,702	936,196
Depreciation	431,360	425,642
Change in Debtors	(13,839)	(23,774)
Change in Creditors	191,933	(68,364)
Share Capital Written Off	(13)	(2)
Net Cash Inflow from Operating Activities	<u>1,526,143</u>	<u>1,269,698</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2015 £	£	2014 £	£
Increase in Cash	840,500		441,768	
Cash flow from change in debt	<u>430,529</u>		<u>379,438</u>	
Movement in net debt during year		1,271,029		821,206
Net debt at 1st April 2014		<u>1,915,087</u>		<u>1,093,881</u>
Net debt at 31st March 2015		<u>3,186,116</u>		<u>1,915,087</u>

<i>Analysis of changes in net debt</i>	At 01.04.14 £	Cash Flows £	Other Changes £	At 31.03.15 £
Cash at bank and in hand	6,303,195	840,500		7,143,695
Bank Overdrafts	-	-		-
	<u>6,303,195</u>	<u>840,500</u>		<u>7,143,695</u>
Liquid Resources	-	-		-
Debt: Due within one year	(385,136)	(479,568)	430,529	(434,175)
Due after more than one year	(4,002,972)	910,097	(430,529)	(3,523,404)
Net Debt	<u>1,915,087</u>	<u>1,271,029</u>	<u>-</u>	<u>3,186,116</u>

16. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2014	188
Issued in year	21
Cancelled in year	(13)
At 31st March 2015	<u>196</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 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. RESERVES

(a) Designated Reserves	Major Repairs £	Total £
At 1st April 2014	11,884,294	11,884,294
Transfer from Revenue Reserves	845,545	845,545
At 31st March 2015	<u>12,729,839</u>	<u>12,729,839</u>

(b) Revenue Reserves	Total £
At 1st April 2014	500,000
Surplus for the year	845,545
Transfer to Designated Reserves	<u>(845,545)</u>
At 31st March 2015	<u>500,000</u>

18. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2015 No.	2014 No.
General Needs - New Build	938	937
- Rehabilitation	135	135
Shared Ownership	52	55
	<u>1,125</u>	<u>1,127</u>

19. RELATED PARTY TRANSACTIONS

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

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

8 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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. FIXED ASSET INVESTMENT

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.

	2015 £	2014 £
Cost		
As at 31st March 2015 & 31st March 2014	2,328,850	2,328,850
Impairment		
As at 1st April 2013	(2,017,243)	(2,026,986)
Impairment charge	(36,973)	9,743
As at 31st March 2014	(2,054,216)	(2,017,243)
As at 31st March 2015 & 31st March 2014	<u>274,634</u>	<u>311,607</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 2015 were as follows:

	2015 £	2014 £
Capital & Reserves	<u>274,634</u>	<u>311,607</u>
Loss for the year	<u>(36,973)</u>	<u>9,743</u>

The following transactions took place during the year:

Clydebank Housing Association Limited charged CHA Power Ltd £13,800 (2014 - £11,700) in respect of management fees and insurance.

At the balance sheet date CHA Power Ltd owed Clydebank Housing Association Limited £13,800 (2014 - £5,950) in respect of management fees and insurance.

During the previous year, Clydebank Housing Association Limited purchased the entire share capital of Radnor Park Homes Limited. The company was incorporated in February 2014 and, as at 31 March 2015, is currently dormant.

	2015 £	2014 £
Cost		
As at 1st April 2014 & 31st March 2015	<u>1</u>	<u>1</u>
Capital & Reserves	<u>1</u>	<u>1</u>
Total Investments Held	<u>274,635</u>	<u>311,608</u>

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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.

During 2014/15 Clydebank Housing Association Limited closed 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 switched 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 10% of pensionable salaries. Member contributions were agreed at a minimum level of 5%.

As at the balance sheet date there were 14 active members of the Scheme employed by Clydebank Housing Association Limited. The annual pensionable payroll in respect of these members was £466,967. 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 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 2015

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. 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 an increase 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	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Rate of Salary increases	4.1
- Rate of price inflation:	
RPI	2.6
CPI	2.0

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

	<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 2015

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	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

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

The Trustees have recently supplied Clydebanks Housing Association Limited with an updated contribution figure to the past service deficit. From 1 April 2015 Clydebanks Housing Association Limited will be required to pay £11,116 per month as a contribution to the past service deficit. This will represent an increase/decrease of 30.75% in Clydebanks Housing Association Limited's contribution to the past service deficit. The deficit contribution will increase each April by 3%.

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

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

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