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**Alexander Sloan**  
Accountants and Business Advisers

# **Clydebank Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31 March 2019**

**Registered Housing Association No. HAL86**

**FCA Reference No. 2191R(S)**

**Scottish Charity No. SCO33962**

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2019

### MANAGEMENT COMMITTEE

Kimberley Tennant	Chairperson
Catherine McGarrity	Vice Chairperson
Paul Shiach	Secretary
John Hillhouse	
Patricia Betty	
Doris Smith	
Grace Daly	
John Calderwood	
Joe O'Donnell	
Cllr John Mooney	Co-opted Member
Cllr Marie McNair	Co-opted Member
Thomas McCormack	resigned 29 June 2018
Nikki Robertson	resigned 25 September 2018
Chris Morgan	resigned 29 January 2019

### EXECUTIVE OFFICERS

Sharon Keenan	Chief Executive Officer
Lynette Lees	Head of Finance & Corporate Services
Joe Farrell	Head of Housing Services
Alison Macfarlane	Housing Services Manager
Fiona White	Finance & Corporate Services Manager

### REGISTERED OFFICE

77-83 Kilbowie Road  
Clydebank  
G81 1BL

### EXTERNAL AUDITORS

Alexander Sloan  
Accountants & Business Advisers  
180 St Vincent Street  
Glasgow  
G2 5SG

### INTERNAL AUDITORS

Wylie & Bisset LLP  
168 Bath Street  
Glasgow  
G2 4TP

### BANKERS

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

### SOLICITORS

Blackadders  
Standard Building  
94 Hope Street  
Glasgow  
G2 6QB

### SOLICITORS

TC Young  
7 West George Street  
Glasgow  
G2 1BA

### SOLICITORS

Brechin Tindal Oatts  
48 St Vincent Street  
Glasgow  
G2 5HS

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

The Management Committee presents its report and the Financial Statements for the year ended 31 March 2019.

### Legal Status

The Association is a Registered Society registered under the Co-operative and Community Benefit Societies Act 2014 (No. 2191RS). The Association is governed under its Rule Book and is a Registered Scottish Charity with the charity number SC039962. The Association is registered with The Scottish Government as a Registered Property Factor, registration no. PF000231.

The Association is a member of the Scottish Federation of Housing Associations.

### 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 £885,941 in the year.

The Association remains in a strong financial position with over £7.3m deposited as cash funds and is committed to investing in its stock. In 2019/20, CHA has an extensive programme of major improvement works planned for its properties including heat and smoke alarm renewals due in almost all of the properties. CHA has provided for considerable funds over the next five years to continue its extensive repairs programme, all of which has been costed and is incorporated into long-term financial plans. A total spend of £15.7m is expected in major repairs in CHA properties over the next 5 years and all tenants have received personalised 5 year plans informing them of the proposed works.

### Future Developments

Since 2016, the Association's development function has been revived with a 44 unit affordable housing project completed at Graham Avenue in 2018, a further 37 units at Queens Quay recently confirmed and a potential development at the former St. Cuthbert's site in Linnvale to build 20-25 units in the pipeline. The Management Committee remains committed to growing the stock base and therefore the Association continues to liaise with West Dunbartonshire Council and the Scottish Government to secure grant funding for other development proposals. Additionally, as well as continuing to ensure ongoing SHQS compliance, the Association is now working towards the 2020 deadline for the new Energy Efficiency Standard for Scottish Housing (EESHS) compliance.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

### Review of Business and Future Developments (Continued)

#### Scottish Social Housing Charter

The Association continues to monitor its performance against the Scottish Social Housing Charter with its sixth year statistical information submitted to the Scottish Housing Regulator in May 2019.

#### Date of Annual General Meeting

Thursday, 27 June 2019

#### Strategic Aims and Objectives

Clydebank Housing Association will aim to achieve its mission by delivering a range of high quality housing and regeneration services, which meet or exceed the needs and aspirations of our customers. We will maximise both our financial and staff resources to achieve value for money, responding to change and working with others to regenerate Clydebank.

Our strategic objectives are:

1. To provide quality, affordable housing that meets the changing needs of our customers and to ensure fair access to housing within our area.
2. To manage the houses provided, in a professional and cost effective manner, for the benefit of our local community and the environment.
3. To provide a first class maintenance service which offers value for money and ensures the comfort and safety of our residents while achieving high levels of satisfaction.
4. To work in partnership with others, supporting our tenants and other customers, to maximise opportunities for physical and socio-economic regeneration in Clydebank.
5. To ensure local decision making and community control, we will encourage our tenants and other customers to influence our policy and participate in decisions, which may affect them.
6. To ensure that our resources are adequate to deliver our objectives by investing in our people, demonstrating value for money and through robust procurement practices.
7. To promote social inclusion by applying principles of equality and diversity to everything we do.

#### Operational Review

##### Corporate Governance

Our governing body is our Management Committee, 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.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

### Review of Business and Future Developments (Continued)

#### Corporate Services

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 holds the Investors in People Gold accreditation, the Investors in Young People Gold award for Good Practice and is a Living Wage employer. Maintaining the Gold Standard means that the Association not only met the core foundation of people management excellence but has provided significant evidence of many areas of good practice.

#### Best use of resources and Asset Management

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, in line with our Asset Management Strategy which was agreed in December 2018. 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, with a recent detailed survey carried out in September 2018, to ensure that our long-term financial planning reflects our future investment requirements. We will continue to review the stock condition survey plans and ensure they are accurate and fully costed in line with the Scottish Regulator's recent Engagement Plan for the Association.

#### Services

The Association provides a full range of property management to tenants and factored owners involving reactive, planned and cyclical maintenance. The Association continually assesses and invests in its stock to ensure that it is of good quality, remains desirable and meets regulatory standards. We do this by maintaining accurate information and by continually assessing our stock through regular inspections and by carrying out physical stock condition surveys. We have surveyed 10% of our homes for Scottish Housing Quality Standard (SHQS) compliance in the last five years and plan to survey a further 20% in 2019/2020 and each year thereafter until we have physically surveyed all of the properties.

Welfare reform continues to present a challenge; however, our rent arrears performance still remains below peer group and national average. We continue to complete adaptations to existing properties, to meet the specific and changing needs of our tenants.

#### 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 £17,457 which represents 0.42% of total rental income (2018 - £12,380).



# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

### Other Areas

#### Risk Management Policy

Risk management is linked directly to the fulfilment of our strategic objectives. 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.

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 a Treasury Management Policy and an Investment Strategy both approved by the Management Committee. The Association recognises the importance of cash management and the administration and compliance with the terms set out in its loans with current lenders, Dexia, Clydesdale Bank and CAF 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 2019, 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 Statement of Comprehensive Income.

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original developments were 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. Efforts are now being concentrated on compliance with the Energy Efficiency Standard for Social Housing (ESSH) and we will also be prioritising energy efficiency advice for tenants to assist with any fuel poverty issues they may have.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

### **Procurement**

The Association is committed to ensuring best value for money and quality of service when securing contracts and purchasing goods and services. To assist CHA with this commitment we have undergone a Procurement & Commercial Improvement Plan (PCIP) assessment carried out by Scotland Excel. The PCIP focuses on the policies and procedures driving procurement performance and the delivery of results.

### **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 5.

### **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 clear and transparent and is based on the size, type and makeup of the accommodation. The policy ensures that the rent structure is easy to administer and covers the different types of properties owned by the Association. This policy follows the generally accepted practice/principles of most Housing Associations.

### **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.



# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

### **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 0 (2018: 1) property under the Right to Buy scheme thereby allowing the tenants to achieve their aspiration of becoming home owners

The Association notified its tenants that the Right to Buy scheme came to an end in Scotland on 1 August 2016.

### **Property Purchases**

During the year to 31 March 2019, the Association purchased 1 shared ownership property where the sharing owner was facing serious financial difficulties and thereafter was able to remain in their property under a standard Scottish Secure Tenancy Agreement.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

### 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 and Community Benefit 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on 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 2014 and the Determination of Accounting Requirements - 2019. 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 Statement of Comprehensive Income 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.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

### 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 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.

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 2019. No weaknesses were found in the 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 £220 (2018 - £435).

### Auditors

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

### By order of the Management Committee



Secretary  
18 June 2019

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## 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 9 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Regulation of Social Housing in Scotland' 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 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 9 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes 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 the relevant Regulatory Standards in respect of internal financial controls within the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



**ALEXANDER SLOAN**

Accountants and Business Advisers

Statutory Auditors

GLASGOW

18 June 2019



**Alexander Sloan**

Accountants and Business Advisers

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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

### Opinion

We have audited the financial statements of Clydebank Housing Association Limited (the 'Association') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2019 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 prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2019.

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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Management Committee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The Management Committee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Management Committee.

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- 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 Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.



# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLYDEBANK HOUSING ASSOCIATION LIMITED (Continued)

### Responsibilities of the Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities as set out on page 9, the Management Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee.
- Conclude on the appropriateness of the Management Committee use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**ALEXANDER SLOAN**

Accountants and Business Advisers

Statutory Auditors

GLASGOW

18 June 2019



**Alexander Sloan**

Accountants and Business Advisers



# CLYDEBANK HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
<b>REVENUE</b>	2		5,165,463		4,740,292
Operating Costs	2		(3,830,086)		(3,350,546)
<b>OPERATING SURPLUS</b>			1,335,377		1,389,746
Gain On Sale Of Housing Stock	7	51,389		48,675	
Provision against Investment	26	12,999		22,867	
Interest Receivable and Other Income		46,354		50,089	
Interest Payable and Similar Charges	8	(97,123)		(64,891)	
Other Finance Income / (Charges)	11	(23,000)		(1,698)	
			(9,381)		55,042
Surplus on ordinary activities before taxation			1,325,996		1,444,788
<b>SURPLUS FOR THE YEAR</b>	9		1,325,996		1,444,788
<b>Other comprehensive income</b>					
Adjustment relating to Opening Pension Liability	28		(252,055)		-
Actuarial Gains/ (Losses) on defined benefit Pension Plan	27		(188,000)		-
<b>TOTAL COMPREHENSIVE INCOME</b>			885,941		1,444,788

The notes on pages 17 to 37 form part of these financial statements.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
<b>NON-CURRENT ASSETS</b>					
Housing Properties - Depreciated Cost	12 (a)		29,230,200		27,757,717
Other Non-current Assets	12 (b)		3,006,321		3,079,431
			<u>32,236,521</u>		<u>30,837,148</u>
<b>INVESTMENTS</b>					
Investment in subsidiaries	26	365,669		352,670	
			<u>365,669</u>		<u>352,670</u>
<b>CURRENT ASSETS</b>					
Receivables	15	672,030		223,604	
Cash at bank and in hand		7,395,913		7,629,314	
			<u>8,067,943</u>		<u>7,852,918</u>
<b>CREDITORS: Amounts falling due within one year</b>	16	<u>(1,542,464)</u>		<u>(1,246,526)</u>	
<b>NET CURRENT ASSETS</b>			<u>6,525,479</u>		<u>6,606,392</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>39,127,669</u>		<u>37,796,210</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	17		<u>(3,779,116)</u>		<u>(4,036,795)</u>
<b>PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Scottish Housing Association Pension Scheme	27	<u>(866,000)</u>		-	
			<u>(866,000)</u>		-
<b>DEFERRED INCOME</b>					
Social Housing Grants	19	<u>(15,241,876)</u>		<u>(15,404,677)</u>	
			<u>(15,241,876)</u>		<u>(15,404,677)</u>
<b>NET ASSETS</b>			<u><u>19,240,677</u></u>		<u><u>18,354,738</u></u>
<b>EQUITY</b>					
Share Capital	20		162		164
Revenue Reserves			20,106,515		18,354,574
Pension Reserves			(866,000)		-
			<u>19,240,677</u>		<u>18,354,738</u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 18 June 2019.

  
Chairperson

  
Vice Chairperson

  
Secretary

The notes on pages 17 to 37 form part of these financial statements.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£	£
<b>Net cash inflow from operating activities</b>	18	1,886,134	913,582
<b>Investing Activities</b>			
Acquisition and Construction of Properties	(2,491,287)	(2,509,204)	
Purchase of Other Fixed Assets	(11,714)	(9,505)	
Social Housing Grant Received	57,694	897,513	
Investment in subsidiaries	(12,999)	-	
Proceeds on Disposal of Properties	52,500	60,000	
<b>Net cash outflow from investing activities</b>		(2,405,806)	(1,561,196)
<b>Financing Activities</b>			
Loan Advances Received	739,637	1,775,602	
Loan redemption payments	-	-	
Interest Received on Cash and Cash Equivalents	46,354	130,625	
Interest Paid on Loans	(66,410)	(28,499)	
Loan Principal Repayments	(433,317)	(398,634)	
Share Capital Issued	7	7	
<b>Net cash inflow from financing activities</b>		286,271	1,479,101
<b>(Decrease) / increase in cash</b>		(233,401)	831,487
<b>Opening Cash &amp; Cash Equivalents</b>		7,629,314	6,797,827
<b>Closing Cash &amp; Cash Equivalents</b>		<u>7,395,913</u>	<u>7,629,314</u>
<b>Cash and Cash equivalents as at 31 March</b>			
Cash		7,395,913	7,629,314
		<u>7,395,913</u>	<u>7,629,314</u>

The notes on pages 17 to 37 form part of these financial statements.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

	Share Association Capital Pension reserve	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
<b>Balance as at 31 March 2017</b>				
Issue of Shares	172	-	16,909,786	16,909,958
Cancellation of Shares	7	-	-	7
Surplus for the year	(15)	-	-	(15)
<b>Balance as at 31 March 2018</b>	<b>164</b>	-	<b>1,444,788</b>	<b>1,444,788</b>
<b>Balance as at 1 April 2018</b>	<b>164</b>	-	<b>18,354,574</b>	<b>18,354,738</b>
Issue of Shares	7	-	-	7
Cancellation of Shares	(9)	-	-	(9)
Other comprehensive income	-	(866,000)	425,945	(440,055)
Surplus for the year	-	-	1,325,996	1,325,996
<b>Balance as at 31 March 2019</b>	<b>162</b>	<b>(866,000)</b>	<b>20,106,515</b>	<b>19,240,677</b>

The notes on pages 17 to 37 form part of these financial statements.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

#### 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 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2019. A summary of the more important accounting policies is set out below.

#### Basis of Consolidation

The Association has obtained exemption from the Financial Conduct 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 the group.

#### Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the asset to which it relates.

#### Retirement Benefits

The Association previously participated in the Scottish Housing Associations Defined Benefit Pension Scheme where 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 organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. The Association moved to the Scottish Housing Associations Defined Contribution scheme on leaving the defined benefit scheme. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

#### Valuation Of Housing Properties

Housing Properties are stated at cost 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 12. 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.

Component	Useful Economic Life
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

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Depreciation and Impairment of Other Non-Current Assets

Non-current 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:

Asset Category	Depreciation Rate
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
Door entry system	15 years
Lifts	10 years
Heating system	10 years
Doors & windows	20 years
Land	Not depreciated
Furniture and Fittings	5 years
Computer Equipment	3 years
Office Equipment	5 years

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

#### Social Housing Grant and Other Grants in Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income 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 non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as non-current asset disposals and any gain or loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.



# CLYDEBANK HOUSING ASSOCIATION LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 1. PRINCIPAL ACCOUNTING POLICIES

### **Leases/Leased Assets**

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

### **Works to Existing Properties**

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

### **Capitalisation Of Development Overheads**

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

### **Development Interest**

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

### **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 Statement of Comprehensive Income in accordance with the Statement of Recommended Practice.

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

### **VAT**

The Association is VAT registered but a large proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Key Judgements made in the application of Accounting Policies

##### **a) The Categorisation of Housing Properties**

In the judgement of the Board of Management the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

##### **b) Identification of cash generating units**

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

##### **c) Financial instrument break clauses**

The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Board of Management, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

##### **d) Pension Liability**

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method.

#### **Financial Instruments - Basic**

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

#### **Estimation Uncertainty**

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Management Committee to exercise judgement in applying the Association's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below.

##### **a) Rent Arrears - Bad Debt Provision**

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

##### **b) Life Cycle of Components**

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

##### **c) Useful life of properties, plant and equipment**

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

##### **d) Costs of shared ownership**

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

##### **e) Defined pension liability**

Determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

##### **f) Allocation of share of assets and liabilities for multi employer schemes**

Judgements in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi employer pension schemes and estimations performed by the Pensions Trust.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING AND OTHER ACTIVITIES

	Notes	2019			2018		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	4,699,271	3,283,647	1,415,624	4,396,988	2,912,337	1,484,651
Other Activities	4	466,192	546,439	(80,247)	343,304	438,209	(94,905)
<b>Total</b>		<b>5,165,463</b>	<b>3,830,086</b>	<b>1,335,377</b>	<b>4,740,292</b>	<b>3,350,546</b>	<b>1,389,746</b>

## 3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared Ownership £	2019 Total £	2018 Total £
<b>Revenue from Lettings</b>				
Rent receivable net of service charges	3,969,056	102,996	4,072,052	3,776,271
Service charges receivable	104,537	3,376	107,913	84,443
<b>Gross income from rent and service charges</b>	<b>4,073,593</b>	<b>106,372</b>	<b>4,179,965</b>	<b>3,860,714</b>
Less: Rent losses from voids	17,457	-	17,457	12,380
<b>Net Rents Receivable</b>	<b>4,056,136</b>	<b>106,372</b>	<b>4,162,508</b>	<b>3,848,334</b>
Grants released from deferred income	511,059	25,704	536,763	548,654
Other revenue grants	-	-	-	-
<b>Total turnover from affordable letting activities</b>	<b>4,567,195</b>	<b>132,076</b>	<b>4,699,271</b>	<b>4,396,988</b>
<b>Expenditure on affordable letting activities</b>				
Management and maintenance administration costs	1,286,552	42,234	1,328,786	1,248,955
Service Costs	107,913	-	107,913	84,443
Planned and cyclical maintenance, including major repairs	374,265	-	374,265	244,819
Reactive maintenance costs	484,153	-	484,153	457,270
Bad Debts - rents and service charges	53,294	-	53,294	16,287
Depreciation of affordable let properties	906,170	29,066	935,236	860,563
<b>Operating costs of affordable letting activities</b>	<b>3,212,347</b>	<b>71,300</b>	<b>3,283,647</b>	<b>2,912,337</b>
<b>Operating surplus on affordable letting activities</b>	<b>1,354,848</b>	<b>60,776</b>	<b>1,415,624</b>	<b>1,484,651</b>
<b>2018</b>	<b>1,430,874</b>	<b>53,777</b>		

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Revenue Grants	Other Income	Total Turnover	Operating Costs Other	Operating Surplus / (Deficit) 2019	Operating Surplus / (Deficit) 2018
	£	£	£	£	£	£	£
Wider role activities	275,582	2,160	128,983	406,725	494,279	(87,554)	(98,720)
Factoring	-	-	10,894	10,894	10,715	179	604
Development administration	-	-	3,840	3,840	15,573	(11,733)	(12,052)
Other activities	-	-	44,733	44,733	25,872	18,861	15,263
<b>Total From Other Activities</b>	<b>275,582</b>	<b>2,160</b>	<b>188,450</b>	<b>466,192</b>	<b>546,439</b>	<b>(80,247)</b>	<b>(94,905)</b>
<b>2018</b>	<b>157,849</b>	<b>13,063</b>	<b>172,392</b>	<b>343,304</b>	<b>438,209</b>	<b>(94,905)</b>	

Funding for wider role activities received in the year from the Scottish Government was £277,742 (2018: £170,912). Corresponding operating costs relating to this income was £277,742 (2018: £170,912).

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 5. OFFICERS' EMOLUMENTS

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

	<b>2019</b>	<b>2018</b>
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>73,152</u>	<u>71,197</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>7,252</u>	<u>7,065</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>73,152</u>	<u>71,197</u>
Total Emoluments paid to key management personnel	<u>305,770</u>	<u>235,037</u>

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

	<b>Number</b>	<b>Number</b>
£70,001 to £80,000	<u>1</u>	<u>1</u>

### 6. EMPLOYEE INFORMATION

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
The average monthly number of full time equivalent persons employed during the year was:	<u>32</u>	<u>30</u>
The average total number of Employees employed during the year was:	<u>38</u>	<u>33</u>
Staff Costs were:	£	£
Wages and Salaries	959,087	820,150
Social Security Costs	85,983	74,428
Other Pension Costs	73,004	65,017
	<u>1,118,074</u>	<u>959,595</u>

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7. GAIN ON SALE OF HOUSING STOCK

	2019	2018
	£	£
Sales Proceeds	52,500	60,000
Cost of Sales	<u>1,111</u>	<u>11,325</u>
Gain On Sale Of Housing Stock	<u>51,389</u>	<u>48,675</u>

### 8. INTEREST PAYABLE & SIMILAR CHARGES

	2019	2018
	£	£
On Bank Loans & Overdrafts	<u>103,800</u>	<u>104,958</u>
	103,800	104,958
Less: Interest Capitalised	<u>6,677</u>	<u>40,067</u>
	<u>97,123</u>	<u>64,891</u>

Interest capitalised was incurred at varying rates of interest.

### 9. SURPLUS FOR THE YEAR

	2019	2018
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	995,653	849,178
Auditors' Remuneration - Audit Services	8,220	7,980
Gain on sale of fixed assets	<u>(51,389)</u>	<u>(48,675)</u>

### 11. OTHER FINANCE INCOME / CHARGES

	2019	2018
	£	£
Net interest on pension obligations	<u>23,000</u>	<u>1,698</u>



# CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Lead Tenancies for Lettings £	Total £
<b>COST</b>					
As at 1 April 2018	34,067,923	5,055,343	1,510,479	-	40,633,745
Additions	2,018,800	472,487	-	-	2,491,287
Disposals	(268,540)	-	(37,899)	-	(306,439)
Schemes Completed	5,186,680	(5,167,414)	(19,266)	-	-
As at 31 March 2019	<u>41,004,863</u>	<u>360,416</u>	<u>1,453,314</u>	<u>-</u>	<u>42,818,593</u>
<b>DEPRECIATION</b>					
As at 1 April 2018	12,173,486	-	702,542	-	12,876,028
Charge for Year	881,763	-	29,066	-	910,829
Transfers	9,623	-	(9,623)	-	-
Disposals	(179,602)	-	(18,862)	-	(198,464)
As at 31 March 2019	<u>12,885,270</u>	<u>-</u>	<u>703,123</u>	<u>-</u>	<u>13,588,393</u>
<b>NET BOOK VALUE</b>					
As at 31 March 2019	<u>28,119,593</u>	<u>360,416</u>	<u>750,191</u>	<u>-</u>	<u>29,230,200</u>
As at 31 March 2018	<u>21,894,437</u>	<u>5,055,343</u>	<u>807,937</u>	<u>-</u>	<u>27,757,717</u>

Additions to housing properties include capitalised development administration costs of £Nil (2018 - £Nil) and capitalised major repair costs to existing properties of £2,018,000 (2018 - £505,903).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £2,877,218 (2018 - £3,337,497). The amount capitalised is £2,018,800 (2018 - £505,903) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £1,801,800 (2018 - £399,612) and improvements of £216,200 (2018 - £77,291).

### Impairment Charges

The Association's Lenders have standard securities over Housing Property with a carrying value of £16,672,968 (2018 - £16,655,994).

# CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Machinery & Equipment £	Computer Equipment £	Total £
<b>COST</b>					
As at 1 April 2018	3,937,825	143,407	-	142,889	4,224,121
Additions	-	1,746	-	9,968	11,714
Eliminated on Disposals	-	-	-	-	-
As at 31 March 2019	<u>3,937,825</u>	<u>145,153</u>	<u>-</u>	<u>152,857</u>	<u>4,235,835</u>
<b>AGGREGATE DEPRECIATION</b>					
As at 1 April 2018	876,182	130,285	-	138,223	1,144,690
Charge for year	74,218	4,718	-	5,888	84,824
Eliminated on Disposals	-	-	-	-	-
As at 31 March 2019	<u>950,400</u>	<u>135,003</u>	<u>-</u>	<u>144,111</u>	<u>1,229,514</u>
<b>NET BOOK VALUE</b>					
As at 31 March 2019	<u>2,987,425</u>	<u>10,150</u>	<u>-</u>	<u>8,746</u>	<u>3,006,321</u>
As at 31 March 2018	<u>3,061,643</u>	<u>13,122</u>	<u>-</u>	<u>4,666</u>	<u>3,079,431</u>

## 13. CAPITAL COMMITMENTS

	2019 £	2018 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	-	<u>178,356</u>

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Arrears of Rent & Service Charges	156,922	135,900
Less: Provision for Doubtful Debts	(118,924)	(90,931)
	37,998	44,969
Social Housing Grant Receivable	398,722	-
Other Receivables	235,310	178,610
Amounts Due from Group Undertakings	-	25
	<u>672,030</u>	<u>223,604</u>

## 16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Housing Loans	589,273	433,317
Trade Payables	496,947	219,896
Rent Received in Advance	109,565	95,381
Other Taxation and Social Security	21,900	19,734
Other Payables	9,000	8,000
Liability for Past Service Contributions	-	135,902
Accruals and Deferred Income	315,779	334,296
	<u>1,542,464</u>	<u>1,246,526</u>

At the balance sheet date there were pension contributions outstanding of £21,489 (2018 - £19,892).

# CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 17. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Liability for Past Service Contributions	-	408,043
Derivative Financial Instruments	-	-
Housing Loans	3,779,116	3,628,752
	<u>3,779,116</u>	<u>4,036,795</u>
<b>Housing Loans</b>		
Amounts due within one year	589,273	433,317
Amounts due in one year or more but less than two years	368,476	540,345
Amounts due in two years or more but less than five years	824,476	813,683
Amounts due in more than five years	2,586,164	2,274,724
	<u>4,368,389</u>	<u>4,062,069</u>
Less: Amount shown in Current Liabilities	589,273	433,317
	<u>3,779,116</u>	<u>3,628,752</u>
	<u>3,779,116</u>	<u>3,628,752</u>
<b>Liability for Past Service Contributions</b>		
Amounts due within one year	-	135,902
Amounts due in one year or more but less than two years	-	137,897
Amounts due in two years or more but less than five years	-	270,146
Amounts due in more than five years	-	-
	<u>-</u>	<u>543,945</u>
Less: Amount shown in Current Liabilities	-	135,902
	<u>-</u>	<u>408,043</u>
	<u>-</u>	<u>408,043</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Dexia	Standard security over 254 properties	5.2%	2019	Fixed
Clydesdale Bank	Standard security over 116 properties	2.3%	2022	Fixed
Clydesdale Bank	Standard security over 115 properties	LIBOR + 0.37%	2022	Variable
Clydesdale Bank	Standard security over 20 properties	LIBOR + 1.75%	2034	Variable
Clydesdale Bank	Standard security over 20 properties	LIBOR + 1.75%	2034	Variable
CAF Bank	Standard security over 121 properties	LIBOR + 1.25%	2042	Variable

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 18. STATEMENT OF CASH FLOWS

<i>Reconciliation of surplus for the year to net cash inflow from operating activities</i>	2019 £	2018 £
Surplus for the year	1,325,996	1,389,746
Depreciation	1,020,035	946,060
Gain on disposal	(51,389)	
Amortisation of Capital Grants	(536,735)	(548,655)
Change in debtors	(49,704)	(49,946)
Change in creditors	275,884	(821,910)
Adjustments in relation to defined benefit pension scheme	(118,000)	(1,698)
Transfer of interest to financial activities	20,056	
Share Capital Written Off	(9)	(15)
Net cash inflow from operating activities	<u>1,886,134</u>	<u>913,582</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2019 £	£	2018 £	£
(Decrease) / increase in cash	(233,401)		831,487	
Cashflow from change in net debt	101,723		(1,479,108)	
Movement in net debt during the year		(131,678)		(647,621)
Net debt at 1st April 2018		3,159,202		3,806,823
Net debt at 31 March 2019		<u>3,027,524</u>		<u>3,159,202</u>

<i>Analysis of changes in net debt</i>	At 01 April 2018	Cashflows	Other Changes	At 31 March 2019
Cash at bank and in hand	7,629,314	(233,401)	-	7,395,913
Bank overdrafts	-	-	-	-
	<u>7,629,314</u>	<u>(233,401)</u>	<u>-</u>	<u>7,395,913</u>
Liquid resources	-	-	-	-
Debt: Due within one year	(433,317)	(155,956)	-	(589,273)
Due after more than one year	(4,036,795)	257,679	-	(3,779,116)
Net Debt	<u>3,159,202</u>	<u>(131,678)</u>	<u>-</u>	<u>3,027,524</u>

# CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 19. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Other Fixed Assets £	Total £
<b>Social Housing Grants</b>					
As at 1 April 2018	19,876,119	3,168,000	1,374,407	2,951,981	27,370,507
Additions in the year	96,000	360,416	-	-	456,416
Eliminated on disposal of components and property Transferred	(244,762)	-	(17,955)	-	(262,717)
Amortisation in year	3,175,351	(3,168,000)	(7,351)	-	-
	(439,451)	-	(25,704)	(71,580)	(536,735)
As at 31 March 2019	22,463,257	360,416	1,349,101	2,951,981	27,024,755
<b>Amortisation</b>					
As at 1 April 2018	10,520,642	-	682,445	762,743	11,965,830
Eliminated on disposal	439,451	-	25,704	71,580	536,735
Amortisation in year	(180,235)	-	-	-	(180,235)
As at 31 March 2019	10,779,858	-	708,149	834,323	12,322,330
<b>Net book value</b>					
As at 31 March 2019	12,122,850	360,416	640,952	2,117,658	15,241,876
As at 31 March 2018	9,355,477	3,168,000	691,962	2,189,238	15,404,677

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2019 £	2018 £
Amounts due within one year	536,735	548,655
Amounts due in one year or more	14,705,141	14,856,022
	15,241,876	15,404,677

## 20. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2019 £	2018 £
As at 1 April 2018	164	164
Issued in year	7	7
Cancelled in year	(9)	(9)
As at 31 March 2019	162	162

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 31 MARCH 2019  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2019 No.	2018 No.
General Needs - Built by Association	989	962
General Needs - Purchased by Association	135	135
Shared Ownership	42	44
	<u>1,166</u>	<u>1,141</u>

## 22. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102.

Those members who 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.

Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members (and their close family) were as follows:

	2019 £	2018 £
Rent received from tenants on the Management Committee and their close family members	<u>14,604</u>	<u>14,321</u>
Factoring charges received from factored owners on the Management Committee and their close family members	<u>312</u>	<u>322</u>

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £631 (2018 - £172).

At the year end total factoring arrears owed by the factored owners on the Management Committee (and their close family) were £9 (2018 - £0).

Members of the Management Committee who are tenants	3	5
Members of the Management Committee who are owner occupiers	4	4
Members of the Management Committee who are local councillors	2	2

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 24. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 77-83 Kilbowie Road, Clydebank, G81 1BL.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Clydebank.

## 25. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £2,160 (2018 - £2,284) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 26. INVESTMENTS

Investments in Subsidiaries	2019	2018
	£	£
<b>Cost</b>		
As at 1 April and 31 March	2,328,850	2,328,850
<b>Impairment</b>		
As at 1 April	(1,976,180)	(1,999,047)
Impairment reversal	12,999	22,867
	<u>(1,963,181)</u>	<u>(1,976,180)</u>
<b>NBV</b>		
As at 31 March	365,669	352,670
As at 1 April	<u>352,670</u>	<u>329,803</u>

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

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

The aggregate amount of capital and reserves and the results of CHA Power Ltd for the year ended 31 March 2019 were as follows:

	2019	2018
	£	£
Capital & Reserves	<u>365,669</u>	<u>352,670</u>
Surplus for the year	<u>7,299</u>	<u>22,867</u>

The Association has a 100% owned subsidiary named Radnor Park Homes Limited. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The aggregate amount of capital and reserves and the results of Radnor Park Homes Limited for the year ended 31 March 2019 were as follows:

	2019	2018
	£	£
Capital & Reserves	<u>1</u>	<u>1</u>
Surplus for the year	<u>-</u>	<u>-</u>

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 27. RETIREMENT BENEFIT OBLIGATIONS

#### Scottish Housing Association Pension Scheme

Clydebank Housing Association Limited participated 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 Association is an admitted body under the Scottish Housing Association Pension Fund, the assets of which are held in a separate trustee administered fund. The Scheme operates on a "last man standing" basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, then the liability of the withdrawing employer is re-apportioned amongst the remaining employers. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

At the balance sheet date, there was 12 active member of the scheme employed by the Association. Total pension contributions made by the Association for the year were £141,000. Gross pensionable salaries for the year were £468,000.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2016. 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 £341m and indicated an increase in the shortfall of assets compared to liabilities to approximately £270m, equivalent to a past service funding level of 62.2%.

The following figures are prepared by the Actuaries in accordance with their understanding of FRS 102 and Guidance Note 36: Accounting for Retirement Benefits under FRS 102 issued by the Institute and Faculty of Actuaries.

#### Principal Actuarial Assumptions

Assumptions as at 31 March	2019 %p.a.	2018 %p.a.
Salary increases	3.3%	3.2%
Inflation RPI	3.3%	3.2%
Inflation CPI	2.3%	2.2%
Discount rate	2.3%	3.2%

The defined benefit obligation is estimated to comprise of the following:

	2019 £000
Employee members	12
Deferred pensioners	9
Pensioners	8
	<hr/>
	29
	<hr/>

#### Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	21.7	23.4
Future Pensioners	23.1	24.7

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 27. RETIREMENT BENEFIT OBLIGATIONS

#### Fair value of scheme assets by category

	2019	2018
	£000	£000
Growth Assets	1,946	1,866
Matching Plus	456	392
Liability Driven Investment	1,484	1,413
Net Current Assets	4	7
	<u>3,890</u>	<u>3,678</u>

None of the above assets includes any direct involvement in the Association's assets.

#### Net Pension Liability

	2019	2018
	£000	£000
Fair value of employer's assets	3,890	3,678
Present value of scheme liabilities	(4,756)	(4,474)
	<u>(866)</u>	<u>(796)</u>

#### Reconciliation of fair value of employer assets

	2019
	£000
Opening fair value of employer assets	3,678
Expected Return on Assets	97
Contributions by the Employer	141
Actuarial Gains / (Losses)	21
Estimated Benefits Paid	(47)
<b>Closing fair value</b>	<u>3,890</u>

Return on plan assets was £108,000

#### Reconciliation of defined benefit obligations

	2019
	£000
Opening defined benefit obligation	4,474
Current Service Cost	4
Interest Cost	116
Actuarial Gains	209
Estimated Benefits Paid	(47)
<b>Closing defined benefit obligation</b>	<u>4,756</u>

# CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 27. RETIREMENT BENEFIT OBLIGATIONS

### Analysis of amount charged to the Statement of Comprehensive Income

	2019 £000
Charged to operating costs:	
Service cost	-
	<hr/>
Charged to Other Finance Costs / (Income)	
Expected Return on employer assets	(97)
Interest on pension scheme liabilities	120
	<hr/>
	23
	<hr/>
<b>Net Charge to the Statement of Comprehensive Income</b>	<b>23</b>
	<hr/>

### Actuarial Gain / (Loss) recognised in Other Comprehensive Income.

	2019 £000
Actuarial gain/(loss) recognised in year	(188)
Cumulative actuarial gains	(188)

# CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 28 SHAPS PENSION PROVISION

	2019	2018
	£	£
As at 1 April 2018	-	-
Increase in Provision	(613,945)	-
Adjustment to opening pension liability	(252,055)	-
	<hr/>	<hr/>
Balance as at 31 March 2019	(866,000)	-
	<hr/>	<hr/>