

**Clydesdale Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31st March 2013**

**Registered Housing Association No. HAL93**

**FCA Reference No. 2237RS**

**Scottish Charity No. SC034228**

# CLYDESDALE HOUSING ASSOCIATION LIMITED

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**CLYDESDALE HOUSING ASSOCIATION LIMITED**

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**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS  
YEAR ENDED 31st MARCH 2013**

**MANAGEMENT COMMITTEE**

Pauline Sandford	Chairperson
Jean Ramage	Secretary
Don Anderson	Treasurer
Mary McNeil	Council Representative - Resigned August 2012
Clive Mallins	
Bobby MacDonald	
Jeanette Arneill	
Ricky Duncan	
Patrick Ross Taylor	Appointed May 2012
Margaret Lindsay	Council Representative - Appointed August 2012
Catherine McClymont	Elected September 2012
Anne Bowie	Co-opted February 2012; Removed June 2013
Christine Shookhye	Co-opted March 2013
Iain Cochrane	Co-opted April 2013
Beth Anderson	

**EXECUTIVE OFFICERS**

Joe Gorman	Chief Executive
Jane Guthrie	Deputy Chief Executive
Eileen Wilson	Finance Manager
Vicky Rogers	Technical Services Manager

**REGISTERED OFFICE**

St Kentigern's Church  
St Kentigern's Court  
15 Hope Street  
Lanark  
ML11 7LZ

**AUDITORS**

Alexander Sloan  
Chartered Accountants  
38 Cadogan Street  
Glasgow  
G2 7HF

**BANKERS**

Royal Bank of Scotland  
88 High Street  
Lanark  
ML11 7ET

**SOLICITORS**

Criggies  
20 Broomgate  
Lanark  
ML11 9EE

T.C. Young  
7 West George Street  
Glasgow  
G2 1BA

## CLYDESDALE HOUSING ASSOCIATION LIMITED

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### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2013

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2013.

#### **Legal Status**

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2237RS. The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC034228.

#### **Principal Activities**

The principal activities of the Association are the provision and management of affordable rented accommodation.

#### **Review of Business and Future Developments**

The members of the Management Committee are of the opinion that the state of affairs of the Association is satisfactory. The surplus for the year was £881,056 (2012 - £470,788). The net Designated Reserves transfer amounted to £715,110 (2012 - £381,332). Net Assets now stand at £7,631,202 (2012 - £6,750,136).

The Association has continued to apply staff resources in progressing future development opportunities in the year.

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REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2013

**Statement on Internal Financial Control**

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

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

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

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

**Donations**

During the year the Association made charitable donations amounting to £505 (2012- £100).

**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**

JEAN RAMAGE  
Secretary  
28 August 2013



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REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF  
CLYDESDALE HOUSING ASSOCIATION LIMITED  
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 4 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

**Basis of Opinion**

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

**Opinion**

In our opinion the Statement on Internal Financial Control on page 4 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the section on Internal Financial Control within SFHA's "Raising Standards in Housing".



ALEXANDER SLOAN  
Chartered Accountants

GLASGOW  
28 August 2013

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

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We have audited the financial statements of Clydesdale Housing Association Limited for the year ended 31st March 2013 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective Responsibilities of Management Committee and Auditors**

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

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements. 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 2013 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

**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.

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

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

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

We have nothing to report in respect of these matters.



**ALEXANDER SLOAN**  
Chartered Accountants  
Statutory Auditors  
GLASGOW  
28 August 2013



**CLYDESDALE HOUSING ASSOCIATION LIMITED**

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2013**

	Notes	2013 £	2012 £
TURNOVER	2.	2,601,149	2,457,585
Operating Costs	2.	<u>(1,681,215)</u>	<u>(1,853,096)</u>
<b>OPERATING SURPLUS</b>	9.	919,934	604,489
Gain On Sale Of Housing Stock	7.	93,955	-
Interest Receivable and Other Income		3,557	6,422
Interest Payable and Similar Charges	8.	<u>(136,390)</u>	<u>(140,123)</u>
		<u>(38,878)</u>	<u>(133,701)</u>
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		881,056	470,788
Tax on surplus on ordinary activities	10.	-	-
<b>SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>881,056</u>	<u>470,788</u>

All amounts relate to continuing activities.

Historical cost surpluses and deficits are identical to those shown in the accounts.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

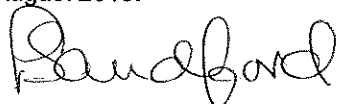
	2013 £	2012 £
Surplus for the financial year	881,056	470,788
Prior year adjustment	-	<u>2,382,892</u>
<b>Total gains recognised since last annual report</b>	<u>881,056</u>	<u>2,853,680</u>

CLYDESDALE HOUSING ASSOCIATION LIMITED

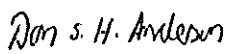
BALANCE SHEET AS AT 31st MARCH 2013

	Notes	£	2013 £	£	2012 £
<b>TANGIBLE FIXED ASSETS</b>					
Housing Properties - Depreciated Cost	11.(a)		40,556,415		40,430,821
Less: Social Housing Grant	11.(a)		(29,536,991)		(29,517,131)
: Other Public Grants	11.(a)		(535,437)		(537,619)
			<u>10,483,987</u>		<u>10,376,071</u>
Other fixed assets	11.(b)		41,887		44,074
			<u>10,525,874</u>		<u>10,420,145</u>
<b>CURRENT ASSETS</b>					
Debtors	14.	182,984		178,777	
Cash at bank and in hand		2,440,657		2,205,607	
			<u>2,623,641</u>	<u>2,384,384</u>	
<b>CREDITORS: Amounts falling due within one year</b>	15.	(513,173)		(855,986)	
			<u>2,110,468</u>	<u>1,528,398</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>12,636,342</u>	<u>11,948,543</u>	
<b>CREDITORS: Amounts falling due after more than one year</b>	16.	(5,005,140)		(5,198,407)	
<b>NET ASSETS</b>			<u>7,631,202</u>	<u>6,750,136</u>	
<b>CAPITAL AND RESERVES</b>					
Share Capital	18.		200		190
Designated Reserves	19.(a)		4,178,729		3,463,619
Revenue Reserves	19.(b)		3,452,273		3,286,327
			<u>7,631,202</u>		<u>6,750,136</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 28 August 2013.



Pauline Sandford  
Chairperson



Don Anderson  
Treasurer



Jean Ramage  
Secretary

CLYDESDALE HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED  
31st MARCH 2013

	Notes	2013 £	2012 £
Net Cash Inflow from Operating Activities	17.	1,241,804	895,852
<b>Returns on Investment and Servicing of Finance</b>			
Interest Received		3,557	6,422
Interest Paid		(136,141)	(138,742)
<b>Net Cash Outflow from Investment and Servicing of Finance</b>		<b>(132,584)</b>	<b>(132,320)</b>
<b>Capital Expenditure and Financial Investment</b>			
Acquisition and Construction of Properties		(845,664)	(2,993,626)
Purchase of Other Fixed Assets		(1,153)	(3,053)
Social Housing Grant Received		100,827	1,837,040
Social Housing Grant Repaid		(24,427)	-
Proceeds on Disposal of Properties		138,351	46,699
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>		<b>(632,066)</b>	<b>(1,112,940)</b>
<b>Net Cash Inflow / (Outflow) before use of Liquid Resources and Financing</b>		<b>477,154</b>	<b>(349,408)</b>
<b>Financing</b>			
Loan Principal Repayments		(189,974)	(185,476)
Share Capital Issued		10	18
<b>Net Cash Outflow from Financing</b>		<b>(189,964)</b>	<b>(185,458)</b>
<b>Increase / (decrease) in Cash</b>	17.	<b>287,190</b>	<b>(534,866)</b>

# CLYDESDALE HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 PRINCIPAL ACCOUNTING POLICIES

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

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

##### **Turnover**

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

##### **Retirement Benefits**

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

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

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

<i>Component</i>	<i>Useful Economic Life</i>
Kitchens	15 years
Bathrooms	30 years
Roofs	50 Years
Windows	30 years
External Doors	25 years
Rewiring	40years
Boilers	15 years
Radiators	20 years

# CLYDESDALE HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### 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	- 3.33%
Furniture and Fittings	- 15%
Computer Equipment	- 33.33%

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.

# CLYDESDALE HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

##### **Development Interest**

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

##### **Designated Reserves**

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

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

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

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

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

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

# CLYDESDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2013			2012		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	2,597,250	1,680,825	916,425	2,436,840	1,852,054	584,786
Other Activities	4.	3,899	390	3,509	20,745	1,042	19,703
<b>Total</b>		<b>2,601,149</b>	<b>1,681,215</b>	<b>919,934</b>	<b>2,457,585</b>	<b>1,853,096</b>	<b>604,489</b>

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

	General Needs Housing £	Supported Housing £	Shared ownership £	2013 Total £	2012 Total £
<b>Income from Lettings</b>					
Rent Receivable Net of Identifiable Service Charges	2,438,683	-	35,528	2,474,211	2,336,073
Service Charges Receivable	54,099	-	1,894	55,993	48,602
<b>Gross Rents Receivable</b>	<b>2,492,782</b>	<b>-</b>	<b>37,422</b>	<b>2,530,204</b>	<b>2,384,675</b>
Less: Rent losses from voids	8,642	-	962	9,604	8,224
<b>Net Rents Receivable</b>	<b>2,484,140</b>	<b>-</b>	<b>36,460</b>	<b>2,520,600</b>	<b>2,376,451</b>
Revenue Grants from Scottish Ministers	76,650	-	-	76,650	60,389
<b>Total Income From Social Letting</b>	<b>2,560,790</b>	<b>-</b>	<b>36,460</b>	<b>2,597,250</b>	<b>2,436,840</b>
<b>Expenditure on Social Letting Activities</b>					
Service Costs	54,362	-	1,381	55,743	44,237
Management and maintenance administration costs	657,739	-	19,421	677,160	661,138
Reactive Maintenance	403,316	-	-	403,316	373,698
Bad Debts - Rents and Service Charges	14,933	-	379	15,312	13,112
Planned and Cyclical Maintenance, including Major Repairs	208,642	-	-	208,642	458,069
Depreciation of Social Housing	316,004	-	4,648	320,652	301,800
<b>Operating Costs of Social Letting</b>	<b>1,654,996</b>	<b>-</b>	<b>25,829</b>	<b>1,680,825</b>	<b>1,852,054</b>
<b>Operating Surplus on Social Letting Activities</b>	<b>905,794</b>	<b>-</b>	<b>10,631</b>	<b>916,425</b>	<b>584,786</b>
<b>2012</b>	<b>571,814</b>	<b>-</b>	<b>12,972</b>		

# CLYDESDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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) 2013	Operating Surplus / (Deficit) 2012
	£	£	£	£	£	£	£	£	£
Factoring	-	-	-	399	399	-	390	9	16,203
Other Activities	-	-	-	3,500	3,500	-	-	3,500	3,500
<b>Total From Other Activities</b>	-	-	-	<b>3,899</b>	<b>3,899</b>	-	<b>390</b>	<b>3,509</b>	<b>19,703</b>
<b>2012</b>	-	-	-	<b>20,745</b>	<b>20,745</b>	-	<b>1,042</b>	<b>19,703</b>	



# CLYDESDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of the Association.	2013	2012
	£	£
No Officer of the Association received emoluments greater than £60,000.		
Emoluments payable to Chief Executive (excluding pension contributions)	<u>59,533</u>	<u>58,467</u>

#### 6. EMPLOYEE INFORMATION

	2013	2012
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>11</u>	<u>11</u>
Staff Costs were:	£	£
Wages and Salaries	345,473	356,312
Social Security Costs	30,632	31,401
Other Pension Costs	62,213	61,950
	<u>438,318</u>	<u>449,663</u>

# CLYDESDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 7. GAIN ON SALE OF HOUSING STOCK

	2013	2012
	£	£
Sales Proceeds	138,351	-
Cost of Sales	44,396	-
Gain On Sale Of Housing Stock	<u>93,955</u>	<u>-</u>

#### 8. INTEREST PAYABLE

	2013	2012
	£	£
On Bank Loans & Overdrafts	<u>136,390</u>	<u>140,123</u>

#### 9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013	2012
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	323,992	309,404
Auditors' Remuneration - Audit Services	7,459	6,480
- Other Services	3,000	-
Operating Lease Rentals - Land & Buildings	<u>21,000</u>	<u>21,000</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.

# CLYDESDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
<b>COST</b>				
As at 1st April 2012	37,267,557	3,959,725	1,315,500	42,542,782
Additions	-	552,772	-	552,772
Disposals	(81,465)	-	(31,122)	(112,587)
Schemes Completed	4,512,497	(4,512,497)	-	-
As at 31st March 2013	41,698,589	-	1,284,378	42,982,967
<b>DEPRECIATION</b>				
As at 1st April 2012	2,057,697	-	54,264	2,111,961
Charge for Year	316,004	-	4,648	320,652
Disposals	(3,633)	-	(2,428)	(6,061)
As at 31st March 2013	2,370,068	-	56,484	2,426,552
<b>SOCIAL HOUSING GRANT</b>				
As at 1st April 2012	25,964,188	2,496,203	1,056,740	29,517,131
Additions	-	93,549	-	93,549
Disposals	(59,948)	-	(13,741)	(73,689)
Schemes Completed	2,589,752	(2,589,752)	-	-
As at 31st March 2013	28,493,992	-	1,042,999	29,536,991
<b>OTHER CAPITAL GRANTS</b>				
As at 1st April 2012	537,619	-	-	537,619
Disposals	(2,182)	-	-	(2,182)
As at 31st March 2013	535,437	-	-	535,437
<b>NET BOOK VALUE</b>				
As at 31st March 2013	10,299,092	-	184,895	10,483,987
As at 31st March 2012	8,708,053	1,463,522	204,496	10,376,071

Additions to housing properties includes capitalised development administration costs of £nil (2012 - £33,076) and capitalised major repair costs to existing properties of £nil (2012 - £184,690)

All land and housing properties are freehold.

# CLYDESDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>			
As at 1st April 2012	72,879	241,343	314,222
Additions	-	1,153	1,153
As at 31st March 2013	<u>72,879</u>	<u>242,496</u>	<u>315,375</u>
<b>AGGREGATE DEPRECIATION</b>			
As at 1st April 2012	30,729	239,419	270,148
Charge for year	2,427	913	3,340
As at 31st March 2013	<u>33,156</u>	<u>240,332</u>	<u>273,488</u>
<b>NET BOOK VALUE</b>			
As at 31st March 2013	<u>39,723</u>	<u>2,164</u>	<u>41,887</u>
As at 31st March 2012	<u>42,150</u>	<u>1,924</u>	<u>44,074</u>

#### 12. CAPITAL COMMITMENTS

	2013 £	2012 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>92,173</u>	<u>549,919</u>

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

#### 13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2013 £	2012 £
Land and Buildings		
Expiring between two and five years	<u>21,000</u>	<u>21,000</u>

# CLYDESDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 14. DEBTORS

	2013 £	2012 £
Arrears of Rent & Service Charges	131,055	102,446
Less: Provision for Doubtful Debts	<u>(34,621)</u>	<u>(25,062)</u>
	96,434	77,384
Social Housing Grant Receivable	33,693	37,332
Other Debtors	<u>52,857</u>	<u>64,061</u>
	<u>182,984</u>	<u>178,777</u>

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

	2013 £	2012 £
Bank Overdrafts	-	52,140
Housing Loans	193,035	189,742
Rent in Advance	53,802	55,495
Other Taxation and Social Security	10,443	8,715
Other Creditors	167,569	525,769
Accruals and Deferred Income	<u>88,324</u>	<u>24,125</u>
	<u>513,173</u>	<u>855,986</u>

At the balance sheet date there were pension contributions outstanding of £21,853 (2012 £nil)

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

	2013 £	2012 £
Housing Loans	<u>5,005,140</u>	<u>5,198,407</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	193,035	189,742
Between one and two years	196,167	193,034
Between two and five years	609,636	598,537
In five years or more	<u>4,199,337</u>	<u>4,406,836</u>
	5,198,175	5,388,149
Less: Amount shown in Current Liabilities	<u>193,035</u>	<u>189,742</u>
	<u>5,005,140</u>	<u>5,198,407</u>

CLYDESDALE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**17. CASH FLOW STATEMENT**

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2013 £	2012 £
Operating Surplus	919,934	604,489
Depreciation	323,992	309,404
Change in Debtors	(11,485)	(29,185)
Change in Creditors	9,363	11,144
Net Cash Inflow from Operating Activities	<u>1,241,804</u>	<u>895,852</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2013 £	£	2012 £	£
Increase / (decrease) in Cash	287,190		(534,866)	
Cash flow from change in debt	<u>189,974</u>		<u>185,476</u>	
Movement in net debt during year		477,164		(349,390)
Net debt at 1st April 2012		<u>(3,234,682)</u>		<u>(2,885,292)</u>
Net debt at 31st March 2013		<u>(2,757,518)</u>		<u>(3,234,682)</u>

<i>Analysis of changes in net debt</i>	At 01.04.12 £	Cash Flows £	Other Changes £	At 31.03.13 £
Cash at bank and in hand	2,205,607	235,050		2,440,657
Bank Overdrafts	<u>(52,140)</u>	<u>52,140</u>		<u>-</u>
	2,153,467	287,190		2,440,657
Debt: Due within one year	(189,742)	189,974	(193,267)	(193,035)
Due after more than one year	<u>(5,198,407)</u>	<u>-</u>	<u>193,267</u>	<u>(5,005,140)</u>
Net Debt	<u>(3,234,682)</u>	<u>477,164</u>	<u>-</u>	<u>(2,757,518)</u>

# CLYDESDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2012	190
Issued in year	<u>10</u>
At 31st March 2013	<u>200</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'

#### 19. RESERVES

(a) Designated Reserves	Cyclical Maintenance £	Major Repairs £	Total £
At 1st April 2012	10,199	3,453,420	3,463,619
Transfer from Revenue Reserves	<u>9,406</u>	<u>705,704</u>	<u>715,110</u>
At 31st March 2013	<u>19,605</u>	<u>4,159,124</u>	<u>4,178,729</u>

(b) Revenue Reserves	Total £
At 1st April 2012	3,286,327
Surplus for the year	881,056
Transfer (to) Designated Reserves	<u>(715,110)</u>
At 31st March 2013	<u>3,452,273</u>

#### 20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2013 No.	2012 No.
General Needs - New Build	584	549
- Rehabilitation	162	162
Shared Ownership	<u>18</u>	<u>19</u>
	<u>764</u>	<u>730</u>

**21. 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:

7 members are tenants of the Association

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.



# CLYDESDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 22. RETIREMENT BENEFIT OBLIGATIONS

##### General

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

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

The Scheme offers five benefit structures to employers, namely:

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

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.

Clydesdale Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31st March 2008 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1st April 2008.

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 Clydesdale Housing Association Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

As at the balance sheet date there were 7 active members of the Scheme employed by Clydesdale Housing Association Limited. The annual pensionable payroll in respect of these members was £273,714. Clydesdale 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.

# CLYDESDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

#### Financial Assumptions

The 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.

# CLYDESDALE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 22. 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 salaries)</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 Clydesdale Housing Association Limited with an updated contribution figure to the past service deficit. From 1 April 2014 Clydesdale Housing Association Limited will be required to pay £106,608 per annum as a contribution to the past service deficit. This will represent an increase of 193% in Clydesdale 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.