



Alexander Sloan
Accountants and Business Advisers

Clydesdale Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2019

Registered Housing Association No. HAL93

FCA Reference No. 2237R(S)

Scottish Charity No. SC034228

CLYDESDALE HOUSING ASSOCIATION LIMITED

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CLYDESDALE HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2019

MANAGEMENT COMMITTEE

Pauline Sandford	Chairperson
Maggie Botham	Vice Chairperson Appointed 26 June 2018
Carmena Nixon	Secretary
Patrick Ross Taylor	Treasurer
Gillian Callaghan	Resigned 27 March 2019
Jean Ramage	Resigned 5 December 2018
Catherine McClymont	Council Representative (South Lanarkshire Council)
Clive Malins	
Jeanette Arneil	
Frank Caddell	Resigned 26 September 2018
Christine Shookhye	
Susanne Crayton	
Gillian Birtwistle	Resigned 26 September 2018
Lee Birtwistle	Resigned 27 June 2018
Brian Moore	Appointed 26 June 2018
Mary Clarke	Appointed 26 June 2018
David Robb	Appointed 5 December 2018
Hazel Galbraith	Appointed 27 March 2019
Ruth McElhinney	Appointed 27 March 2019
Brian McInally	Appointed 27 March 2019

EXECUTIVE OFFICERS

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

REGISTERED OFFICE

99 High Street
Lanark
ML11 7LN

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

Wylie & Bissett
168 Bath Street
Glasgow
G2 4TP

BANKERS

Royal Bank of Scotland
88 High Street
Lanark
ML11 7ET

SOLICITORS

Davidson & Shirley
11 Hope Street
Lanark
ML11 7ND

SOLICITORS

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

CLYDESDALE HOUSING ASSOCIATION LIMITED

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 non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2237R(S). The Association is governed 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.

1. providing, constructing, improving and managing land, accommodation and associated facilities and providing care;
2. providing or arranging home maintenance, repair and improvement services and providing facilities and services for the benefit of such people either exclusively for them or together with other persons;
3. undertaking any activities which are charitable, allowed under section 58 of the Housing (Scotland) Act 2001, including any statutory amendment or re enactment of the provisions of this section from time to time
4. carrying on any other charitable activities permitted to registered social landlords from time to time.

Review of Business and Future Developments

The Association approved a new Business Plan for the period 2019 to 2022 that focuses on the strategic themes of:

- good governance and regulatory compliance;
- financial viability and value for money;
- controlled growth;
- maintaining the quality of housing stock and improving energy efficiency;
- widening community engagement.

Good governance is pivotal, providing the strategic direction and leadership necessary to create a successful housing association. Within the Scottish Housing Regulator's (SHR) Regulatory Framework, it has outlined Regulatory Standards of Governance and Financial Management, with which all housing associations must comply. In February 2019, the SHR published a revised framework for the regulation of social housing in Scotland – a major new requirement of which is that governing bodies of Registered Social Landlords must submit an Annual Assurance Statement to the SHR by the end of October, starting in 2019.

The Association's Management Committee and senior staff continued activity to further strengthen governance arrangements through:

- self-assessing compliance with the new SHR Regulatory Framework;
- the open recruitment and induction of four new Committee members selected to strengthen the skills, knowledge, diversity and objectivity the Management Committee;
- work to identify and develop future office bearers;
- an annual review of the performance of the Committee and identification of learning and development needs;
- the delivery of a learning and development programme to Committee members;
- reviewing and updating governance policies;
- strengthening risk management arrangements;
- procuring new internal audit services.

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

Review of Business and Future Developments (Continued)

The members of the Management Committee are of the opinion that the state of affairs of the Association is satisfactory. Turnover in the financial year to 31 March 2019 was £3,772,068 and slightly up on the previous year (2018 - £3,667,027) and the operating surplus of £912,500 represented an increase on the previous year (2018 - £682,143). The Association continues to monitor financial forecasts and incorporate these into long term financial planning, including the possible effects of Brexit.

The Association's Housing Management Team have continued to support tenants affected by the implementation of Universal Credit and work to mitigate the financial impact of this to organisational income levels remains a priority.

The Association has made progress on the construction of permanent new office accommodation. With completion anticipated in October 2019, the project will also provide four mainstream flats for social rent which have been part-funded by the Scottish Government. In addition, a new community hub will be provided in order to facilitate the delivery of services by agencies and local voluntary groups that will support the wellbeing of the Association's service users and wider community. Lanarkshire Leader has provided grant funding to support the construction costs of the community hub and other funders are being identified to support furniture and computer equipment costs.

Whereas the Association will assess the viability of further new housing development opportunities, investment in future projects will only take place following a thorough risk assessment and where there will be no detriment to the ongoing management and maintenance of existing housing stock.

The Association continued to improve the quality of housing stock through the annual investment programme which delivered:

- new kitchens to 95 homes;
- window replacements in 32 homes;
- Door replacements to 14 homes
- new roofs to 46 homes;
- render replacement and structural improvements to 23 homes;
- smoke alarm and carbon monoxide replacements in 24 homes;
- cyclical gas safety and electrical safety inspections to relevant homes;
- annual gutter cleaning to all properties.

A pilot study to measure the impact of different heating systems as alternatives to ageing electric storage heaters was completed and informed the Management Committee's choice in progressing investment that will improve the performance the Association's housing stock for achieving energy efficiency targets for social housing set out by the Scottish Government by the December 2020 target deadline.

Tenant involvement in the running of the Association is a vital part of delivering on the services that tenants value. Work to support tenant participation has continued through ongoing support and co-operation with the Clydesdale Tenants' and Residents' Group. In addition to this, the Association's Tenant Scrutiny Panel has reviewed policies and procedures on the management of empty houses and customer care – reports on both of these have been presented to the Management Committee and led to policy and procedure improvements.

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

Review of Business and Future Developments (Continued)

The Association has continued to use an independent market research company to obtain ongoing feedback from tenants who have used the reactive repairs service. 483 tenants (approximately 40 each month) participated in telephone surveys that delivered the following results:

Overall satisfaction with the repairs service	95%
Satisfaction with the helpfulness of the Association's staff	98%
Satisfaction with the system for reporting repairs	98%
Satisfaction with contact to arrange access for the repair	97%
Satisfaction with the contractor arriving on time	98%
Satisfaction with the time taken to do the repair	95%
Satisfaction with the attitude of the tradespeople	97%
Satisfaction with the tidiness of tradespeople	97%
Satisfaction with the quality of the repair carried out	95%

A review of the Association's repairs and maintenance policy will take place over 2019. The first stage in this will involve a meeting with a tenant focus group to obtain more detailed views on the service before the Association's proposals are developed and then published for stakeholder consultation.

The Association plans to conduct a full tenant satisfaction survey in the autumn of 2019 that will involve door to door surveys by independent researchers. The results of the survey will be published for stakeholders. The Association anticipates that around 450 tenants will participate in the survey – providing results with a +/-3% accuracy margin.

CLYDESDALE HOUSING ASSOCIATION LIMITED

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 income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

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

CLYDESDALE HOUSING ASSOCIATION LIMITED

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 £464 (2018 - £0).

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
28 August 2019

CLYDESDALE HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS 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 6 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 6 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
28 August 2019



Alexander Sloan
Accountants and Business Advisers

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

Opinion

We have audited the financial statements of Clydesdale 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.

CLYDESDALE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLYDESDALE 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 5, 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
28 August 2019



Alexander Sloan
Accountants and Business Advisers

CLYDESDALE HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£	£
REVENUE	2	3,772,068	3,667,027
Operating Costs	2	(2,859,568)	(2,984,884)
OPERATING SURPLUS		912,500	682,143
Interest Receivable and Other Income		8,823	3,160
Interest Payable and Similar Charges	7.	(83,184)	(81,118)
Other Finance Income / (Charges)	10	(13,000)	(1,342)
		(87,361)	(79,300)
Surplus on ordinary activities before taxation		825,139	602,843
SURPLUS FOR THE YEAR	8	825,139	602,843
Other comprehensive income			
Adjustment relating to Opening Pension Liability		(164,285)	
Actuarial Gains/ (Losses) on defined benefit Pension Plan		(139,000)	-
TOTAL COMPREHENSIVE INCOME		521,854	602,843

The notes on pages 14 to 33 form part of these financial statements.

CLYDESDALE HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	11 (a)		29,928,718		29,123,468
Other Non-current Assets	11 (b)		416,094		37,195
			<u>30,344,812</u>		<u>29,160,663</u>
CURRENT ASSETS					
Receivables	13.	226,623		186,233	
Cash at bank and in hand		3,519,107		4,677,876	
		<u>3,745,730</u>		<u>4,864,109</u>	
CREDITORS: Amounts falling due within one year	14	(924,570)		(997,702)	
NET CURRENT ASSETS			<u>2,821,160</u>		<u>3,866,407</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>33,165,972</u>		<u>33,027,070</u>
CREDITORS: Amounts falling due after more than one year	15		(3,704,978)		(4,253,561)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish Housing Association Pension Scheme	22	(630,000)		-	
			<u>(630,000)</u>		<u>-</u>
DEFERRED INCOME					
Social Housing Grants	17	(16,677,654)		(17,126,648)	
Other Grants	17	(309,058)		(324,437)	
			<u>(16,986,712)</u>		<u>(17,451,085)</u>
NET ASSETS			<u>11,844,282</u>		<u>11,322,424</u>
EQUITY					
Share Capital	18		121		117
Revenue Reserves			12,474,161		11,322,307
Pension Reserves			(630,000)		-
			<u>11,844,282</u>		<u>11,322,424</u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 28 August 2019.

Chairperson

Treasurer

Secretary

The notes on pages 14 to 33 form part of these financial statements.

CLYDESDALE HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£	£
Net cash inflow from operating activities	16	1,111,989	1,060,413
Investing Activities			
Acquisition and Construction of Properties	(1,767,939)	(893,103)	
Purchase of Other Fixed Assets	(412,672)	(2,087)	
Social Housing Grant Received	209,400	27,889	
Net cash outflow from investing activities		(1,971,211)	(867,301)
Financing Activities			
Interest Received on Cash and Cash Equivalents	8,823	3,160	
Interest Paid on Loans	(83,184)	(81,118)	
Loan Principal Repayments	(225,204)	(227,021)	
Share Capital Issued	18	6	
Net cash outflow from financing activities		(299,547)	(304,973)
Decrease in cash		(1,158,769)	(111,861)
Opening Cash & Cash Equivalents		4,677,876	4,789,737
Closing Cash & Cash Equivalents		3,519,107	4,677,876
Cash and Cash equivalents as at 31 March			
Cash		3,519,107	4,677,876
		<u>3,519,107</u>	<u>4,677,876</u>

The notes on pages 14 to 33 form part of these financial statements.

CLYDESDALE HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 31 March 2017	113	-	10,719,464	10,719,577
Issue of Shares	6		-	6
Cancellation of Shares	(2)		-	(2)
Surplus for the year	-		602,843	602,843
Balance as at 31 March 2018	<u>117</u>	<u>-</u>	<u>11,322,307</u>	<u>11,322,424</u>
Balance as at 1 April 2018	117	-	11,322,307	11,322,424
Issue of Shares	18		-	18
Cancellation of Shares	(14)		-	(14)
Other comprehensive income	-	(630,000)	326,715	(303,285)
Surplus for the year	-		825,139	825,139
Balance as at 31 March 2019	<u>121</u>	<u>(630,000)</u>	<u>12,474,161</u>	<u>11,844,282</u>

The notes on pages 14 to 33 form part of these financial statements.

CLYDESDALE 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 Clydesdale 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 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.

Component	Useful Economic Life
Land	Not depreciated
Structure	50 years
Kitchens	15 years
Bathrooms	30 years
Roofs	50 years
Windows	30 years
External Doors	25 years
Rewiring	40 years
Boilers	20 years

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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
Office Premises	3%
Furniture and Fittings	15%
Computer & Office Equipment	33.33%

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.

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

Service Charge Sinking Funds

The Association receives a service charge from owner occupiers to fund future planned maintenance, cyclical maintenance and car park costs. In accordance with the Statement of Recommended Practice the balance of unspent service income is included as a liability where amounts are repayable or contributions are reduced.

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.

Negative Goodwill

Negative goodwill created through acquisition is written off to the Statement of Comprehensive Income as the non-cash assets acquired are depreciated or sold.

Housing Property Managed By Agents

Where a third party manages the Association's housing property the accounting treatment reflects the substance of the transactions. The property is only excluded if the rights and obligations associated with the scheme has been transferred to the third party.

Stocks

Stocks of Maintenance materials have been valued at the lower of cost and net realisable value. Cost is defined as the supplier's invoice price.

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.

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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 a 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.

CLYDESDALE 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	3,759,627	2,849,726	909,901	3,647,530	2,965,990	681,540
Other Activities	4	12,441	9,842	2,599	19,497	18,894	603
Total		3,772,068	2,859,568	912,500	3,667,027	2,984,884	682,143

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared Ownership £	2019 Total £	2018 Total £
Revenue from Lettings				
Rent receivable net of service charges	3,001,210	22,961	3,024,171	2,915,140
Service charges receivable	65,362	907	66,269	62,553
Gross income from rent and service charges	3,066,572	23,868	3,090,440	2,977,693
Less: Rent losses from voids	18,890	-	18,890	13,739
Net Rents Receivable	3,047,682	23,868	3,071,550	2,963,954
Grants released from deferred income	636,857	12,620	649,477	657,576
Revenue grants from Scottish Ministers	38,600	-	38,600	26,000
Total turnover from affordable letting activities	3,723,139	36,488	3,759,627	3,647,530
Expenditure on affordable letting activities				
Management and maintenance administration costs	927,280	23,876	951,156	913,389
Service Costs	69,506	942	70,448	77,123
Planned and cyclical maintenance, including major repairs	455,573	-	455,573	588,907
Reactive maintenance costs	415,825	-	415,825	418,850
Bad Debts - rents and service charges	18,086	245	18,331	7,115
Depreciation of affordable let properties	925,795	12,598	938,393	960,606
Operating costs of affordable letting activities	2,812,065	37,661	2,849,726	2,965,990
Operating surplus on affordable letting activities	911,074	(1,173)	909,901	681,540
2018	680,685	855		

CLYDESDALE 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

	Other Income	Total Turnover	Operating Costs Other	Operating Surplus / (Deficit) 2019	Operating Surplus / (Deficit) 2018
	£	£	£	£	£
Factoring	12,441	12,441	9,842	2,599	603
Total From Other Activities	12,441	12,441	9,842	2,599	603
2018	19,497	19,497	18,894	603	

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

5. OFFICERS' EMOLUMENTS

	2019	2018
	£	£
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.		
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	67,255	65,519
Pension contributions made on behalf on Officers with emoluments greater than £60,000	9,886	9,631
Emoluments payable to Chief Executive (excluding pension contributions)	67,255	65,519
Total Emoluments paid to key management personnel	257,100	252,082

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

	Number	Number
£60,001 to £70,000	1	1

6. EMPLOYEE INFORMATION

	2019	2018
	No.	No.
The average monthly number of full time equivalent persons employed during the year was:	13	12
The average total number of Employees employed during the year was:	16	15
Staff Costs were:	£	£
Wages and Salaries	500,656	478,227
Social Security Costs	50,179	46,720
Other Pension Costs	62,808	61,313
	613,643	586,259

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

7. INTEREST PAYABLE & SIMILAR CHARGES

	2019	2018
	£	£
On Bank Loans & Overdrafts	<u>83,184</u>	<u>81,118</u>

8. SURPLUS FOR THE YEAR

	2019	2018
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	935,579	945,296
Auditors' Remuneration - Audit Services	8,067	9,724
Auditors' Remuneration - Other Services	500	450
Operating Lease Rentals - Land & Buildings	9,500	9,500
(Loss) on sale of fixed assets	<u>25,163</u>	<u>-</u>

9. 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.

10. OTHER FINANCE INCOME / CHARGES

	2019	2018
	£	£
Unwinding of Discounted Pension Liabilities	-	1,342
Net Interest on Pension Obligation	13,000	-

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held in course of Construction	Shared Ownership Completed	Total
£	£	£	£

COST			
As at 1 April 2018	42,618,448	76,692	43,419,613
Additions	1,558,539	-	1,767,939
Disposals	(84,134)	-	(84,134)
As at 31 March 2019	44,092,853	286,092	45,103,418
DEPRECIATION			
As at 1 April 2018	14,038,246	-	14,296,145
Charge for Year	914,371	-	926,969
Disposals	(48,414)	-	(48,414)
As at 31 March 2019	14,904,203	-	15,174,700
NET BOOK VALUE			
As at 31 March 2019	29,188,650	286,092	29,928,718
As at 31 March 2018	28,580,202	76,692	29,123,468

Additions to housing properties include capitalised development administration costs of £Nil (2018 - £Nil) and capitalised major repair costs to existing properties of £1,558,539 (2018 - £829,220).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £2,429,937 (2018 - £1,836,975). The amount capitalised is £1,558,539 (2018 - £829,220) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £1,558,539 (2018 - £829,220) and improvement of £Nil (2018 - £Nil).

The Association's Lenders have standard securities over Housing Property with a carrying value of £14,097,938 (2018 - £13,606,129).

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

11. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Computer Equipment £	Total £
COST				
As at 1 April 2018	72,879	15,678	34,654	123,211
Additions	410,165	670	1,837	412,672
Eliminated on Disposals	(72,879)	-	-	(72,879)
As at 31 March 2019	<u>410,165</u>	<u>16,348</u>	<u>36,491</u>	<u>463,004</u>
AGGREGATE DEPRECIATION				
As at 1 April 2018	45,291	12,178	28,547	86,016
Charge for year	2,427	1,015	5,168	8,610
Eliminated on Disposals	(47,716)	-	-	(47,716)
As at 31 March 2019	<u>2</u>	<u>13,193</u>	<u>33,715</u>	<u>46,910</u>
NET BOOK VALUE				
As at 31 March 2019	<u>410,163</u>	<u>3,155</u>	<u>2,776</u>	<u>416,094</u>
As at 31 March 2018	<u>27,588</u>	<u>3,500</u>	<u>6,107</u>	<u>37,195</u>

12. CAPITAL COMMITMENTS

	2019 £	2018 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>1,323,162</u>	<u>460,988</u>

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

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

13. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Arrears of Rent & Service Charges
127,845	133,634
(42,938)	(56,656)
101,326	149,633
186,233	226,623
2018	2019
£	£

Other Receivables
 Less: Provision for Doubtful Debts

14. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Housing Loans
227,191	226,938
78,657	81,110
13,618	30,452
157,642	292,827
107,083	-
413,511	293,243
2018	2019
£	£

Rent Received in Advance
 Other Taxation and Social Security
 Other Payables
 Liability for Past Service Contributions
 Accruals and Deferred Income

At the balance sheet date there were pension contributions outstanding of £92 (2018 - £14,749).

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

15. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
Liability for Past Service Contributions	323,632	323,632
Housing Loans	4,253,561	4,253,561
Amounts due within one year	226,938	227,191
Amounts due in one year or more but less than two years	229,805	229,562
Amounts due in two years or more but less than five years	706,902	704,599
Amounts due in more than five years	2,768,271	2,995,768
Less: Amount shown in Current Liabilities	3,931,916	4,157,120
	226,938	227,191
3,704,978	3,929,929	
Liability for Past Service Contributions		
Amounts due within one year	107,083	107,083
Amounts due in one year or more but less than two years	109,170	109,170
Amounts due in two years or more but less than five years	214,462	-
Amounts due in more than five years	-	-
Less: Amount shown in Current Liabilities	430,715	107,083
	-	-
	323,632	323,632

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	Variable / Fixed
RBS	Standard security over 89 properties	0.6%	2036	Variable
RBS	Standard security over 98 properties	1.6%	2036	Fixed
RBS	Standard security over 98 properties	5.0%	2036	Fixed
RBS	Standard security over 49 properties	0.6%	2036	Variable
RBS	Standard security over 110 properties	0.6%	2040	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.

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 2.30% (2018 - 2.56%).

Due to lenders at the year end

3,931,915	4,157,120
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CLYDESDALE HOUSING ASSOCIATION LIMITED

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

16. 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	825,139	602,843
Depreciation	947,003	969,234
Gain on disposal	25,163	-
Amortisation of Capital Grants	(649,477)	(657,576)
Change in debtors	(40,390)	(50,158)
Change in creditors	34,204	118,114
Unwinding of Discount on Pension Liability	(104,000)	(1,342)
Transfer of interest to financial activities	74,361	79,300
Share Capital Written Off	(14)	(2)
Net cash inflow from operating activities	<u>1,111,989</u>	<u>1,060,413</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2019 £	£	2018 £	£
Decrease in cash	(1,158,769)		(111,861)	
Cashflow from change in net debt	<u>548,836</u>		<u>304,967</u>	
Movement in net debt during the year		(609,933)		193,106
Net debt at 1st April 2018		<u>197,124</u>		<u>4,018</u>
Net debt at 31 March 2019		<u>(412,809)</u>		<u>197,124</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	4,677,876	(1,158,769)	-	3,519,107
	<u>4,677,876</u>	<u>(1,158,769)</u>	<u>-</u>	<u>3,519,107</u>
Debt: Due within one year	(227,191)	253	-	(226,938)
Due after more than one year	(4,253,561)	548,583	-	(3,704,978)
Net Debt	<u>197,124</u>	<u>(609,933)</u>	<u>-</u>	<u>(412,809)</u>

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

17. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
Social Housing Grants				
As at 1 April 2018	28,081,594	-	584,210	28,665,804
Additions in the year	-	209,400	-	209,400
Eliminated on disposal of components and property	(52,635)	-	-	(52,635)
As at 31 March 2019	28,028,959	209,400	584,210	28,822,569
Amortisation				
As at 1 April 2018	11,300,431	-	238,725	11,539,156
Eliminated on disposal	(32,095)	-	-	(32,095)
Amortisation in year	626,170	-	11,684	637,854
As at 31 March 2019	11,894,506	-	250,409	12,144,915
Net book value				
As at 31 March 2019	16,134,453	209,400	333,801	16,677,654
As at 31 March 2018	16,781,163	-	345,485	17,126,648
Other Grants				
As at 1 April 2018	527,693	-	-	527,693
Eliminated on disposal of components and property	(8,664)	-	-	(8,664)
As at 31 March 2019	519,029	-	-	519,029
Amortisation				
As at 1 April 2018	203,256	-	-	203,256
Eliminated on disposal	(4,908)	-	-	(4,908)
Amortisation in year	11,623	-	-	11,623
As at 31 March 2019	209,971	-	-	209,971
Net book value				
As at 31 March 2019	309,058	-	-	309,058
As at 31 March 2018	324,437	-	-	324,437
Total grants net book value as at 31 March 2019	16,443,511	209,400	333,801	16,986,712
Total grants net book value as at 31 March 2018	17,105,600	-	345,485	17,451,085

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

	2019 £	2018 £
Amounts due within one year	649,477	657,576
Amounts due in one year or more	16,337,235	16,793,509
	16,986,712	17,451,085

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2019 £	2018 £
As at 1 April 2018	117	113
Issued in year	18	6
Cancelled in year	(14)	(2)
As at 31 March 2019	121	117

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.

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

18. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2019 No.	2018 No.
General Needs - Built by Association	580	580
General Needs - Purchased by Association	158	158
Shared Ownership	10	10
	<u>748</u>	<u>748</u>

19. RELATED PARTY TRANSACTIONS

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

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>26,850</u>	<u>29,355</u>

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £478 (2018 - £875).

Members of the Management Committee who are tenants	8	7
Members of the Management Committee who are local councillors	1	1

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

20. 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 99 High Street , Lanark, ML11 7LN.

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

21. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £6,316 (2018 - £3,658) 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.

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

22. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Clydesdale 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 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 last valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

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 employer. 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 were no active members of the scheme employed by the Association. Total pension contributions made by the Association for the year were £121,000. Gross pensionable salaries were £nil.

Change in Accounting Estimate

The pension fund is administered by the Pensions Trust. Previously only the past service deficit was included as a liability in the financial statements as the Association's share of the pension assets and liabilities could not be determined. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The figures are available at 1 April 2018 and 31 March 2019. 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.

In January 2019, the FRC issued FRED 71 (Draft amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, Multiemployer defined benefit plans) which provides proposed changes to FRS 102 on how to treat the transition from defined contribution to defined benefit accounting. This method has been adopted by the Housing Association as the most appropriate treatment. As a result the change has been accounted for as change in accounting estimate.

Due to the change in accounting estimate the past service deficit liability has been removed as the liability is included in the pension liability now calculated by the actuary and shown under Pension and Other Provisions for Liabilities and Charges in the Balance Sheet. The change has been reflected in Other Comprehensive Income as follows:

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

22. RETIREMENT BENEFIT OBLIGATIONS

	£
Opening defined benefit obligation as at 1 April 2018 (per actuary)	595,000
Opening past service deficit liability under previous recognition basis	430,715
Movement to other comprehensive income	<u>164,285</u>

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	2019 %p.a.	2018 %p.a.
Discount Rate	2.3%	2.6%
Inflation (RPI)	3.3%	3.2%
Inflation (CPI)	2.3%	2.2%
Salary Growth	3.3%	3.2%

Allowance for commutation of pension for cash retirement is 75% of maximum allowance for both years.

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

	2019 £000
Employee members	6
Deferred pensioners	3
Pensioners	5
	<u>14</u>

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

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

22. RETIREMENT BENEFIT OBLIGATIONS

Fair value of scheme assets by category

	2019	2018
	£000	£000
Growth Assets	1,395	1,380
Matching Plus	592	585
Liability Driven Investment	1,241	1,177
Property	257	193
Net Current Asset	4	6
	<u>3,489</u>	<u>3,341</u>

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

Net Pension Liability

	2019
	£000
Fair value of employer's assets	3,489
Present value of scheme liabilities	(4,119)
	<u>(630)</u>

Reconciliation of fair value of employer assets

	2019
	£000
Opening fair value of employer assets	3,341
Expected Return on Assets	86
Contributions by the Employer	121
Actuarial Gains / (Losses)	57
Estimated Benefits Paid	(116)
Closing fair value of assets	<u>3,489</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £143,000.

Reconciliation of defined benefit obligations

	2019
	£000
Opening defined benefit obligation	3,936
Current Service Cost	4
Interest Cost	99
Contributions by members	-
Actuarial Gains	196
Estimated Benefits Paid	(116)
Closing defined benefit obligation	<u>4,119</u>

CLYDESDALE HOUSING ASSOCIATION LIMITED

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

22. RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Statement of Comprehensive Income

	2019 £
Charged to operating costs:	
Service cost	(117)
Charged to Other Finance Costs / (Income)	
Expected Return on employer assets	(86)
Interest on pension scheme liabilities	99
Net interest on pension obligations	13
Net Charge to the Statement of Comprehensive Income	(104)

Actuarial Gain / (Loss) recognised in Other Comprehensive Income

	2019 £000
Experience on plan assets	57
Experience gains and losses arising on the plan liabilities - gain/(loss)	65
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain/(loss)	(12)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/(loss)	(249)
Total actuarial gains and losses recognised in other comprehensive income	(139)

Analysis of projected amount to be charged to the Statement of Comprehensive Income for the year ended 31 March 2019

	£000
Projected current service cost	4
Interest on obligation	13
	17