



Cordale Housing Association
Report and Financial Statements
For the year ended 31st March 2010

Registered Housing Association No.HCB 259

FSA Reference No. 2411R (S)

Scottish Charity No. SCO32859

CORDALE HOUSING ASSOCIATION

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CORDALE HOUSING ASSOCIATION

**MANAGEMENT COMMITTEE , EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2010**

MANAGEMENT COMMITTEE

T. McKeown	Chairperson
I.Barr	Vice Chairperson
E. Buckley	Secretary
M.McCallion	
A. Thomson MBE	
M.McNicol	
N.Wardrop	
J.Brogan	
G.Brown	
V.Hamilton	
G. Kemsley	
J Hamilton	Resigned June 2009

EXECUTIVE OFFICERS

S. Gibson	Director
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REGISTERED OFFICE

1 Red Row
Renton
Dunbartonshire
G82 4PL

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

Bank of Scotland
133 Main Street
Alexandria
Dunbartonshire
G83 0NX

SOLICITORS

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

FINANCE AGENTS

FMD Financial Services Ltd
KCEDG Commercial Centre
Unit 29
Ladyloan Place
Glasgow

CORDALE HOUSING ASSOCIATION

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2010

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2010.

Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2411R (S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SCO32859.

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 of Cordale Housing Association are pleased to present the annual accounts for the year ended 31 March 2010, which demonstrate the continued sound financial management of the organisation. In 2009/10, turnover increased by 24.46% to £1,543,895, operating costs increased by 22.2% to £1,129,260 and net interest payments reduced by 18.82% to £159,713. This generated a surplus for the year of £254,922, which is 113% higher than 2008/09. The Balance sheet shows that net assets have also increased in the year to £1,640,552. Cordale also continued to improve on an operational level. Non-technical rent arrears at the end of March 2010 reduced from 1.3% to 1.02% and our Management & Admin costs per unit also decreased in the year.

The building work on the Dalquhurn project to provide 111 new homes for rent in Renton commenced at the end of this financial year. Looking ahead, Cordale has been identified as the preferred developer for the housing-led regeneration of Alexandria, which will generate circa 55 homes for rent in phase one. At the same time, tenants in Brucehill selected Cordale to undertake feasibility study. An initial options appraisal concluded that up to 46 new homes for rent could be built in Hill Street, Brucehill. Cordale will continue to work closely with West Dunbartonshire Council and gain preferred landlord status for the proposed transfer of stock within our expanded area of operation.

The Association consistently reviews its medium and long term financial projections to ensure the continued viability of the Association. Cordale has aspirations to develop innovative partnerships with public and private sector organisations that will improve efficiency and assist with local and national objectives. By increasing its stock base and working in neighbouring areas, the Association can spread its influence and ethos, promoting community development values to a broader audience, create more jobs and reinvest additional resources to support initiatives that complement housing-led investment.

CORDALE HOUSING ASSOCIATION

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2010

Management Committee and Executive Officers

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

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

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

Statement of Management Committee's Responsibilities

The Industrial and Provident Societies Acts 1965 to 2002 require the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee is required to:-

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. 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 Association's Auditors are aware of that information

CORDALE HOUSING ASSOCIATION

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2010

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.

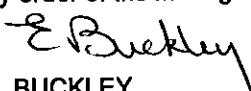
Donations

During the year the Association made charitable donations amounting to £11,150 (2009 £28,070)

Auditors

Currently our auditors are Alexander Sloan, Chartered Accountants. Cordale Housing Association is reviewing the external audit service for the upcoming financial year 2010/2011. Alexander Sloan, Chartered Accountants have indicated their willingness to participate in this exercise.

By order of the Management Committee


E. BUCKLEY
Secretary
31 August 2010

CORDALE HOUSING ASSOCIATION

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF
CORDALE HOUSING ASSOCIATION
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
31 August 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORDALE HOUSING ASSOCIATION

We have audited the financial statements of Cordale Housing Association for the year ended 31st March 2010 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

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 described in the Statement of Management Committee's Responsibilities the Association's Management Committee are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, the Management Committee's Report is consistent with the Financial Statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Management Committee's remuneration and transactions with the Association is not disclosed.

We read the Management Committee's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Management Committee in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion the Financial Statements:

give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Association's affairs as at 31st March 2010 and of its income and expenditure and cash flow for the year then ended; and

have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

In our opinion, the information given in the Management Committee's Report is consistent with the financial statements.

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



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
31 August 2010

CORDALE HOUSING ASSOCIATION

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	Notes	£	2010 £	£	2009 £
TURNOVER	2.		1,543,895		1,240,445
Operating Costs	2.		<u>(1,129,260)</u>		<u>(924,089)</u>
OPERATING SURPLUS	9.		414,635		316,356
Profit on Sale of Housing Stock	7.	1,908		2,723	
Interest Receivable and Other Income		5,401		24,931	
Interest Payable and Similar Charges	8.	<u>(167,022)</u>		<u>(224,402)</u>	
			<u>(159,713)</u>		<u>(196,748)</u>
SURPLUS ON ORDINARY ACTIVITIES			<u><u>254,922</u></u>		<u><u>119,608</u></u>

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

CORDALE HOUSING ASSOCIATION

BALANCE SHEET AS AT 31st MARCH 2010

	Notes	£	2010 £	£	2009 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		48,422,238		46,514,127
Less: Social Housing Grant	11.(a)		(39,510,134)		(37,574,650)
: Other Public Grants	11.(a)		(3,063,813)		(3,063,813)
			<u>5,848,291</u>		<u>5,875,664</u>
Other fixed assets	11.(b)		50,632		50,499
			<u>5,898,922</u>		<u>5,926,163</u>
FIXED ASSET INVESTMENTS					
Investment in subsidiaries	22		200		200
CURRENT ASSETS					
Stock	13.	121,382		-	
Debtors	14.	831,070		365,809	
Investments	23.	509,498		254,381	
Cash at bank and in hand		783,382		570,946	
		<u>2,245,332</u>		<u>1,191,136</u>	
CREDITORS: Amounts falling due within one year	15.	(1,706,893)		(770,718)	
NET CURRENT ASSETS			<u>538,439</u>		<u>420,418</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,437,562</u>		<u>6,346,781</u>
CREDITORS: Amounts falling due after more than one year	16.		(4,797,010)		(4,961,128)
NET ASSETS			<u>1,640,552</u>		<u>1,385,653</u>
CAPITAL AND RESERVES					
Share Capital	18.		299		322
Designated Reserves	19.(a)		1,276,522		1,085,331
Revenue Reserves	19.(b)		363,731		300,000
			<u>1,640,552</u>		<u>1,385,653</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 31 August 2010

Chairperson

Shirley Keown

Vice-Chairperson

Isabella Barr

Secretary

E Buckley

CORDALE HOUSING ASSOCIATION

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2010**

	Notes	2010 £	2009 £
Net Cash Inflow from Operating Activities	17.	1,322,515	654,733
Returns on Investment and Servicing of Finance			
Interest Received		5,401	28,516
Interest Paid		(167,022)	(237,442)
Net Cash (Outflow) from Investment and Servicing of Finance		(161,621)	(208,926)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(2,246,126)	(5,563,097)
Purchase of Other Fixed Assets		(8,960)	(7,226)
Social Housing Grant Received		1,688,805	4,664,567
Social Housing Grant Repaid		(22,951)	(52,991)
Proceeds on Disposal of Properties		35,096	71,667
Net Cash (Outflow) from Capital Expenditure and Financial Investment		(554,136)	(887,080)
Net Cash Inflow / (Outflow) before use of Liquid Resources and Financing		606,758	(441,273)
Management of Liquid Resources			
Change in short term deposits with banks		(255,117)	(254,381)
Financing			
Loan Advances Received		109,763	987,234
Loan Principal Repayments		(268,556)	(194,193)
Share Capital Issued		37	26
Net Cash (Outflow)/Inflow from Financing		(158,756)	793,067
Increase in Cash	17.	<u>192,885</u>	<u>97,413</u>

CORDALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

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 2008, and on the historical cost basis. They also comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

Basis Of Consolidation

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

Turnover

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

Retirement Benefits

The Association participates in the S.F.H.A. 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. Depreciation is charged on a straight line basis over the expected economic useful lives of the properties at an annual rate of 2%. Land is not depreciated. Housing Properties are reviewed for impairment if events or circumstances indicate that the carrying value is higher than the recoverable amount.

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	- 15 years
Furniture and Fittings	- 20%
Computer Equipment	- 33.33%
Estates Equipment	- 33.33%
Office Equipment	- 20%

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 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.

CORDALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

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.

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.

Works to Existing Properties

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

Capitalisation Of Development Overheads

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

Development Interest

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

Designated Reserves

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

The 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.

CORDALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

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.

CORDALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2010			2009		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	1,496,378	1,088,460	407,918	1,179,229	852,787	326,442
Other Activities	4.	47,517	40,800	6,717	61,216	71,302	(10,086)
Total		1,543,895	1,129,260	414,635	1,240,445	924,089	316,356

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2010 Total £	2009 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	1,091,164	185,077	18,404	1,294,645	1,164,723
Service Charges Receivable	-	207,354	-	207,354	34,577
Gross Rents Receivable	1,091,164	392,431	18,404	1,501,999	1,199,300
Less: Rent losses from voids	5,621	-	-	5,621	20,071
Net Rents Receivable	1,085,543	392,431	18,404	1,496,378	1,179,229
Revenue Grants from Scottish Ministers	-	-	-	-	-
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-	-
Total Income From Social Letting	1,085,543	392,431	18,404	1,496,378	1,179,229
Expenditure on Social Letting Activities					
Service Costs	-	207,354	-	207,354	34,577
Management and maintenance administration costs	386,284	43,251	11,894	441,429	478,589
Reactive Maintenance	77,896	-	-	77,896	83,166
Bad Debts - Rents and Service Charges	1,852	-	-	1,852	3,236
Planned and Cyclical Maintenance, including Major Repairs	236,299	-	-	236,299	129,589
Depreciation of Social Housing	105,171	16,751	1,708	123,630	123,630
Operating Costs of Social Letting	807,502	267,356	13,602	1,088,460	852,787
Operating Surplus on Social Letting Activities	278,041	125,075	4,802	407,918	326,442
2009		315,705	(1,490)	12,227	

CORDALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Grants From Scottish Ministers		Other Revenue Grants		Supporting People Income		Other Income		Total Turnover		Operating Costs		Operating Costs		Operating Surplus / (Deficit)	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,182)
Factoring	-	-	-	-	-	207	-	207	207	-	180	-	-	-	27	(30)
Other Agency or Management Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,997
Rechargeable Repairs	-	-	-	-	-	-	-	-	-	-	154	-	-	(154)	(923)	
Commercial Rents	-	-	-	-	-	47,000	-	47,000	47,000	-	-	-	-	47,000	54,225	
Tenant Participation	-	-	-	-	-	-	-	-	-	-	-	8,541	-	(8,541)	(14,865)	
Other Income/Community Dev/Econ Dev	-	-	-	-	-	310	-	310	310	-	-	31,925	-	(31,615)	(30,308)	
Total From Other Activities	-	-	-	-	-	<u>47,517</u>	-	<u>47,517</u>	<u>47,517</u>	-	<u>154</u>	<u>40,646</u>	<u>6,717</u>	<u>(10,086)</u>		
2009	-	-	-	-	-	<u>61,216</u>	-	<u>61,216</u>	<u>61,216</u>	<u>923</u>	<u>70,379</u>	<u>(10,086)</u>				

CORDALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

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.

	2010 £	2009 £
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>74,190</u>	<u>68,043</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>9,181</u>	<u>8,854</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>74,190</u>	<u>68,043</u>

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

	Number	Number
£60,001 to £70,000	-	1
£70,001 to £80,000	1	-

6. EMPLOYEE INFORMATION

	2010	2009
The average total number of Employees employed during the year was	<u>No. 9</u>	<u>No. 12</u>
Staff Costs were:	£	£
Wages and Salaries	275,771	279,740
Social Security Costs	23,102	23,204
Other Pension Costs	30,011	28,323
	<u>328,884</u>	<u>331,267</u>

CORDALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2010	2009
	£	£
7. GAIN ON SALE OF HOUSING STOCK		
Sales Proceeds	35,096	71,667
Cost of Sales	<u>33,188</u>	<u>68,944</u>
Gain On Sale Of Housing Stock	<u>1,908</u>	<u>2,723</u>

	2010	2009
	£	£
8. INTEREST PAYABLE		
On Bank Loans & Overdrafts	<u>167,022</u>	<u>237,442</u>
	167,022	237,442
Less: Interest Capitalised	<u>-</u>	<u>13,040</u>
	<u>167,022</u>	<u>224,402</u>

Interest capitalised was incurred at varying rates of interest.

	2010	2009
	£	£
9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	132,458	135,298
Auditors' Remuneration - Audit Services	<u>5,700</u>	<u>5,043</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.

CORDALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

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 £
COST				
As at 1st April 2009	37,369,536	9,327,159	625,900	47,322,595
Additions	27,343	2,218,783	-	2,246,126
Disposals	(216,364)	-	-	(216,364)
Schemes Completed	-	-	-	-
As at 31st March 2010	<u>37,180,515</u>	<u>11,545,942</u>	<u>625,900</u>	<u>49,352,357</u>
DEPRECIATION				
As at 1st April 2009	788,750	-	19,718	808,468
Charge for Year	121,922	-	1,708	123,630
Disposals	(1,979)	-	-	(1,979)
As at 31st March 2010	<u>908,693</u>	<u>-</u>	<u>21,426</u>	<u>930,119</u>
SOCIAL HOUSING GRANT				
As at 1st April 2009	29,802,746	7,329,270	442,634	37,574,650
Additions	20,203	2,119,429	-	2,139,632
Disposals	(204,148)	-	-	(204,148)
Schemes Completed	-	-	-	-
As at 31st March 2010	<u>29,618,801</u>	<u>9,448,699</u>	<u>442,634</u>	<u>39,510,134</u>
OTHER CAPITAL GRANTS				
As at 1st April 2009	1,065,395	1,997,889	529	3,063,813
Additions	-	-	-	-
Disposals	-	-	-	-
Schemes Completed	-	-	-	-
As at 31st March 2010	<u>1,065,395</u>	<u>1,997,889</u>	<u>529</u>	<u>3,063,813</u>
NET BOOK VALUE				
As at 31st March 2010	<u>5,587,626</u>	<u>99,354</u>	<u>161,311</u>	<u>5,848,291</u>
As at 31st March 2009	<u>5,712,645</u>	<u>-</u>	<u>163,019</u>	<u>5,875,664</u>

Additions to housing properties includes capitalised development administration costs of £138,698 (2009 - £105,436) and capitalised major repair costs to existing properties of £Nil (2009 £Nil)

All land and housing properties are freehold.

CORDALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Estates Equipment £	Office Premises £	Furniture & Equipment £	Total £
COST				
As at 1st April 2009	4,765	49,503	98,762	153,030
Additions	1,353	1,135	6,472	8,960
Eliminated on Disposals	-	-	-	-
As at 31st March 2010	<u>6,118</u>	<u>50,638</u>	<u>105,234</u>	<u>161,990</u>
GRANTS RECEIVED				
As at 1st April 2009	-	-	17,896	17,896
Received in year	-	-	-	-
Repaid on Disposal	-	-	-	-
As at 31st March 2010	<u>-</u>	<u>-</u>	<u>17,896</u>	<u>17,896</u>
AGGREGATE DEPRECIATION				
As at 1st April 2009	1,588	6,493	76,554	84,635
Charge for year	2,039	3,376	3,412	8,828
Eliminated on disposal	-	-	-	-
As at 31st March 2010	<u>3,627</u>	<u>9,869</u>	<u>79,966</u>	<u>93,463</u>
NET BOOK VALUE				
As at 31st March 2010	<u>2,491</u>	<u>40,769</u>	<u>7,372</u>	<u>50,632</u>
As at 31st March 2009	<u>3,177</u>	<u>43,010</u>	<u>4,312</u>	<u>50,499</u>

12. CAPITAL COMMITMENTS

	2010 £	2009 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>13,629,830</u>	<u>1,240,000</u>

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

13. STOCK

The association has acquired properties in Dunbartonshire at a cost of £121,382. The intention is for these properties to be used as part of a future development, if funding can be secured, and if not then the properties will be resold. The Association has classified these properties as stock until funding for the development is approved. As stock they have been valued at the lower of their cost and net realisable value.

CORDALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2010	2009
	£	£
Arrears of Rent & Service Charges	32,421	59,495
Less: Provision for Doubtful Debts	<u>(6,791)</u>	<u>(6,138)</u>
	25,630	53,357
Social Housing Grant Receivable	714,773	263,946
Other Debtors	<u>90,667</u>	<u>48,506</u>
	<u>831,070</u>	<u>365,809</u>

Arrears of rent & Service Charges includes technical arrears of £17,070 (2009 : £38,796).

15. CREDITORS: Amounts falling due within one year

	2010	2009
	£	£
Bank Overdrafts	22,553	3,002
Housing Loans	213,962	208,636
Trade Creditors	602,121	48,746
Rent in Advance	14,380	14,910
Other Taxation and Social Security	8,154	7,656
Amounts Due to Group Undertakings	-	142,966
Other Creditors	717,196	332,459
Accruals and Deferred Income	<u>128,527</u>	<u>12,343</u>
	<u>1,706,893</u>	<u>770,718</u>

At the balance sheet date there were pension contributions outstanding of £3,817 (2009 £3,540)

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

	2010	2009
	£	£
Housing Loans	<u>4,797,010</u>	<u>4,961,128</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	213,962	208,636
Between one and two years	215,064	208,490
Between two and five years	691,943	670,165
In five years or more	<u>3,890,003</u>	<u>4,082,473</u>
	5,010,972	5,169,764
Less: Amount shown in Current Liabilities	<u>213,962</u>	<u>208,636</u>
	<u>4,797,010</u>	<u>4,961,128</u>

CORDALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2010 £	2009 £
Operating Surplus	414,635	316,356
Depreciation	132,458	135,298
Change in properties held as stock	(121,382)	-
Change in Debtors	(14,434)	40,667
Change in Creditors	911,298	162,425
Share Capital Written Off	(60)	(13)
Net Cash Inflow from Operating Activities	1,322,515	654,733

<i>Reconciliation of net cash flow to movement in net debt</i>	2010 £		2009 £	
Increase in Cash	192,885		97,413	
Cash flow from management of liquid resources	255,117		254,381	
Cash flow from change in debt	158,792		(793,041)	
		606,794		(441,247)
Movement in net debt during year		(4,347,439)		(4,347,439)
Net debt at 1st April 2009				(4,788,686)
Net debt at 31st March 2010		(3,740,645)		(3,740,645)

<i>Analysis of changes in net debt</i>	At 01.04.09 £	Cash Flows £	Other Changes £	At 31.03.10 £
Cash at bank and in hand	570,946	212,436		783,382
Bank Overdrafts	(3,002)	(19,551)		(22,553)
	567,944	192,885		760,829
Liquid Resources	254,381	(255,117)		509,498
Debt: Due within one year	(208,636)	158,792	(164,118)	(213,962)
Due after more than one year	(4,961,128)	(0)	164,118	(4,797,010)
Net Debt	(4,347,439)	96,560	-	(3,740,645)

Liquid resources

Cordale Housing Association includes as liquid resources deposits of less than one year

CORDALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2009	322
Issued in year	37
Cancelled in year	(60)
	<u>299</u>
At 31st March 2010	<u>299</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

19. RESERVES

(a) Designated Reserves	Cyclcal Maintenance £	Major Repairs £	Total £
At 1st April 2009	77,988	1,007,343	1,085,331
Transfer from Revenue Reserves	-	191,191	191,191
At 31st March 2010	<u>77,988</u>	<u>1,198,534</u>	<u>1,276,522</u>

(b) Revenue Reserves	Total £
At 1st April 2009	300,000
Surplus for the Year	254,922
Transfer (to) Designated Reserves	(191,191)
At 31st March 2010	<u>363,731</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2010 No.	2009 No.
General Needs - New Build	300	301
- Rehabilitation	74	74
Shared Ownership	11	11
Supported Housing	40	40
	<u>425</u>	<u>426</u>

CORDALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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.

The Association donated £11,150 (2009 - £26,550) to the Renton Community Trust . One of the Association's Management Committee members is an employee of the Renton Community Trust.

22. FIXED ASSET INVESTMENT

	2009 £	2008 £
Investments in Subsidiaries	200	200
As at 31 March 2010 & 31 March 2009	<u>200</u>	<u>200</u>

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

The Association has two 100% owned subsidiaries Cordale Property Services Limited and Cordale Support Services Limited. The relationship between the Association and its subsidiaries is set out in the independence agreement between the parties.

The Association paid costs of £1,420 on behalf of Cordale Property Services Limited in respect of shared costs. The Association sold 3 properties to Cordale Property Services Limited for £142,926. There was no gain or loss on this sale. At the year end the Association owes Cordale Property Services Limited £Nil (2009 - £142,966).

The aggregate amount of capital and reserves and the results of the subsidiaries for the year ended 30 September 2009 were as follows:

	<i>Cordale Property Services Limited</i>		<i>Cordale Support Services Limited</i>	
	2009 £	2008 £	2009 £	2008 £
Capital & Reserves	<u>32</u>	<u>586</u>	<u>253,739</u>	<u>299,132</u>
Loss for the year	<u>(554)</u>	<u>(810)</u>	<u>(45,493)</u>	<u>(3,793)</u>

CORDALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. CURRENT ASSET INVESTMENTS

	2010	2009
	£	£
Short Term Deposits	<u>509,498</u>	<u>254,381</u>

CORDALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS

General

Cordale Housing Association participates in the SFHA Pension Scheme.

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

The Scheme offers three 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.

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.

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

The Trustee commissions an actuarial valuation of the Scheme every 3 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 levels. 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 Cordale Housing Association paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were 6 active members of the Scheme employed by Cordale Housing Association. The annual pensionable payroll in respect of these members was £207,959. Cordale Housing Association 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. SFHA is a multi-employer scheme where the scheme 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 Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2006 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £268m. The valuation revealed a shortfall of assets compared with the value of liabilities of £54m (equivalent to a past service funding level of 83.4%).

CORDALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2006.

Financial Assumptions

The financial assumptions underlying the valuation as at 30 September 2006 were as follows:

	% p.a.
- Investment return pre-retirement	7.2
- Investment return post-retirement	4.9
- Rate of Salary increases	4.6
- Rate of pension increases:	
pension accrued pre 6 April 2005	2.6
pension accrued from 6 April 2005	2.25
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	2.6

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	<i>Males</i>	<i>Females</i>
	<i>Assumed life expectancy in years at age 65</i>	<i>Assumed life expectancy in years at age 65</i>
Non-pensioners	21.6	24.4
Pensioners	20.7	23.6

CORDALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. 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	17.8
Career average 60ths	14.6
Career average 70ths	12.6

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.

Following consideration of the results of the valuation it was agreed that the shortfall of £54m would be dealt with by the payment of additional contributions of 5.3% of pensionable salaries per annum with effect from 1 April 2008. It is the Scheme policy that the joint contribution rate payable is split between employers and members in the ratio 2:1. Accordingly the joint contribution rates from 1 April 2008 for each of the benefit structures will be:

<i>Benefit Structure</i>	<i>Joint contribution rate (% of pensionable salaries)</i>
Final salary 60ths	23.1% comprising employer contributions of 15.4% and member contributions of 7.7%
Career average 60ths	19.9% comprising employer contributions of 13.3% and member contributions of 6.6%
Career average 70ths	17.9% comprising employer contributions of 11.9% and member contributions of 6.0%

CORDALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS (Continued)

A small number of employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.5% to reflect the higher costs of a closed arrangement.

If the valuation assumptions are borne out in practice, this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by 31 March 2020.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SFHA Pension Scheme and confirmed that, in respect of the September 2006 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The current triennial valuation, as at 30 September 2009, is being undertaken by a professionally qualified actuary. The provisional results of this valuation were issued by the SFHA Pension Scheme in May 2010. These figures show that the deficit on the scheme has increased from £53.6million to £160million. The funding level of liabilities, based on these figures, would be 64.8% (2006 - 83.4%). As a result of this valuation the total contribution rate must increase on average by 7% of pensionable earnings for all existing benefit options structures from April 2011.

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.