

**Clydebank Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31st March 2012**

**Registered Housing Association No.HAL 86**

**FSA Reference No. 2191RS**

**Scottish Charity No. SC033962**

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS  
YEAR ENDED 31st MARCH 2012**

**MANAGEMENT COMMITTEE**

JOHN HILLHOUSE	CHAIRMAN
PAUL SHIACH	SECRETARY
THOMAS P WINTER	VICE CHAIRMAN
MARGARET REID	
NEIL CRILLEY	
MARGARET SHIACH	
THOMAS MCCORMACK	
SARAH FERRIER	
DOROTHY BAIN	
CHRIS MORGAN	
PATRICK MCGINLEY	
PATRICIA BETTY	
MARGARET MCALLISTER	
CLLR. PATRICK MCGLINCHEY	
CLLR JAMES MCELHILL	

**EXECUTIVE OFFICERS**

FIONA WEBSTER	DIRECTOR
SHARON KEENAN	DEPUTE DIRECTOR
ALISON MACFARLANE	MAINTENANCE MANAGER
JOSEPH FARRELL	HOUSING MANAGER
LYNETTE LEES	FINANCE MANAGER

**REGISTERED OFFICE**

77-83 KILBOWIE ROAD  
CLYDEBANK  
G81 1BL

**AUDITORS**

ALEXANDER SLOAN  
CHARTERED ACCOUNTANTS  
38 CADOGAN STREET  
GLASGOW  
G2 7HF

**BANKERS**

HALIFAX/BANK OF SCOTLAND  
SYLVANNIA WAY SOUTH  
CLYDE SHOPPING CENTRE  
CLYDEBANK  
G81

**SOLICITORS**

BOYLE SHAUGHNESSY  
STANDARD BUILDINGS  
94 HOPE STREET  
GLASGOW  
G2 6QB

**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2012**

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2012.

**Legal Status**

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2191RS. The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC033962.

**Principal Activities**

The principal activity of Clydebank Housing Association is the development, management and maintenance of housing for people in housing need.

**Strategic Aims**

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

We promote the involvement of tenants in our decision making, so that we can be sure our services meet their needs.

We work with the community and other partners to help to improve Clydebank as a place to live.

Our Aims are to:

1. Manage, build and maintain our housing stock to a high standard. We strive for both quality and value for money in all our services, so that rents remain affordable to people in work but with low wages.
2. Continually promote tenant involvement in how we work and perform. We try to ensure tenants views and priorities are taken into account in our policy reviews and service delivery.
3. Meet the specific housing needs of individuals where we can - as far as our existing stock allows and ensuring unmet needs are addressed.
4. Ensure we work in partnership with the community, the Council, other agencies and voluntary groups to make Clydebank more attractive as a place to live.
5. Encourage membership of the organisation among residents.
8. Support and develop staff to achieve their maximum potential in their jobs.
9. Comply with legislation and best practice in all that we do.

**Business review**

The Association made a surplus of £806,495 in the year.

The Association remains in a strong financial position with over £5m deposited as cash funds. Clydebank Housing Association Limited continues to have a substantial major repair investment programme with kitchen, bathroom, central heating, internal pass door and emergency light fitting renewals due in a high proportion of properties over the year. We have also provided for considerable funds over the next five years to continue our extensive major repairs programme and all of which has been recently costed. Cash surpluses in future years will be subject to our planned major repair programme.

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REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2012

**Review of Business and Future Developments (Contd.)**

**Surplus for the year and transfers**

The results for the year are shown in the Income and Expenditure Account on page 13

	£
Transfers to designated reserve:	
- Major repairs reserve	806,495
Transfer from revenue reserve	-
Surplus for the year	<u>806,495</u>

**Operational Review**

**1 Corporate Governance**

Our governing body is our Committee of Management, which is elected by and is responsible to the wider membership. It is the responsibility of the Committee to determine the strategy and overall direction for the Association and its policies. They also monitor the operational activities of the Association and set standards of service delivery.

The Committee of Management members serve in a voluntary capacity and are unpaid. We recognise that this puts even more onus on us to ensure that we set and achieve high standards of professionalism in our work. We take governance very seriously and review our Governance policies and processes regularly.

The Executive Team is responsible for achieving the strategy set, undertaking the operational activities in line with the policies set.

This report details issues that have arisen during the year relating to the main activities undertaken by Clydebank Housing Association

**2 Corporate Issues**

Tenant involvement and participation is a major part of Clydebank's Aims and Objectives and we continue to review how Clydebank involves tenants in its activities. Clydebank is committed to involving tenants in decision making and policy making.

**Performance Management**

Service delivery is underpinned by staff performance. This continues to be a high priority for us. We continue to invest in our staff in terms of provision and access to training opportunities in order to ensure that a high level of performance is maintained.

**Best use of resources**

We regularly conduct risk assessments and take any action necessary to reduce or limit risk. We have continued with a programme of major investment in our housing stock, which is by far our most costly asset. This includes carrying out both major repair and cyclical repairs and also considering whether any of our schemes should be improved further to meet the changing requirements of tenants in the future. We regularly update our stock condition information, to ensure that our long-term financial planning reflects our future investment requirements.

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REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2012

**Review of Business and Future Developments (Contd.)**

**Services**

We aim to deliver high quality services and we set ourselves the goal of achieving continuous improvement in what we do. In our housing stock, we moved ahead with some major repairs that had become necessary and introduced improved arrangements for gas servicing.

Our rent arrears management improved, with clearer information to tenants. We continued to deliver many completed adaptations to existing properties, to meet the specific needs of our tenants.

**3 Development Issues**

We have spent £197,260 on developing/increasing housing stock (2011 - £351,037) during the year of which £94,136 (2011 - £218,655) was funded by Housing Association Grants.

**4 Housing Issues**

Clydebank continues to work on reducing the period of time taken to re-let or let new properties, to ensure that we maximise our effectiveness in housing people in need and reduce our costs. The rent loss due to empty properties was £10,353 (2011 - £9,659). Work is continuing to improve this figure.

**5 Other Areas**

**Risk Management Policy**

The Committee has a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks the Association faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Committee review the adequacy of the Association's current internal controls.

In addition, the Committee has considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although this is not mandatory for the Association it should, as a public interest body; adopt these guidelines as best practice. Accordingly they have set policies on internal controls which cover the following:

- consideration of the type of risks the Association faces;
- the level of risks which they regard as acceptable;
- the likelihood of the risks concerned materialising;
- the Association's ability to reduce the incidence and impact on the business of risks that do materialise; and the costs of operating particular controls relative to the benefit obtained.
- clarified the responsibility of management to implement the Committee's policies and to identify and evaluate risks for their consideration.
- communicated that employees have responsibility for internal control as part of their accountability for achieving objectives.
- embedded the control system in the charity's operations so that it becomes part of the culture of the Association.
- developed systems to respond quickly to evolving risks arising from factors within the charity and to changes in the external environment.
- included procedures for reporting failings immediately to appropriate levels of management and the Committee together with details of corrective action being undertaken.

**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2012**

**Review of Business and Future Developments (Contd.)**

**Treasury Management**

The Association has an active treasury management function, which operates in accordance with the Treasury Management Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2012, the Association has a mix of fixed and variable rate finance, which it considers appropriate at this time.

**Maintenance policies**

The Association seeks to maintain its properties to the highest standard. To this end, programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Income and Expenditure account.

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. The cost of these repairs would be charged to the Income and Expenditure account, unless it was agreed they could be capitalised within the terms outlined in the SORP.

**Internal Financial Control**

The Committee of Management is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Committee of Management has established with a view to providing effective internal financial are outlined on pages 9.

**Management Structure**

The Committee of Management has overall responsibility for the Association and there is a formal schedule of matters specifically reserved for decision by the Committee.

**Quality and Integrity of Personnel**

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Director.

**Budgetary Process**

Each year the Committee of Management approves the annual budget and rolling five-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2012

**Review of Business and Future Developments (Contd.)**

**Rental Income**

The Association's Rent Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. This policy follows the generally accepted practice/principles of the Housing Movement.

**Employee Involvement and Health & Safety**

The Association encourages employee involvement in all major initiatives.

**Disabled Employees**

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue. It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

**Credit Payment Policy**

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is thirty days.

**General Reserves Policy**

The Committee members have reviewed the reserves of Clydebank. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. To allow Clydebank to be managed efficiently and to provide a buffer for uninterrupted services, a general reserve equivalent to at least two months operating cost is being maintained. During the year the charity's general reserve remained constant at £500,000 (see note 17).

The Association has one other designated fund, the major repairs reserve. The purpose of this fund is detailed in note 1 in the financial statements. During the year this reserve increased from £9,612,624 to £10,419,119 as a result of a transfer from revenue reserves.

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

**Sales of housing properties**

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

We sold 2 (2011: 2) properties under the Right to Buy scheme thereby allowing the tenants to achieve their aspiration of becoming home owners.

**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2012**

**Review of Business and Future Developments (Contd.)**

**Mortgage to Rent and Shared Ownership buy-back Schemes**

During the year 2011/12, the Association purchased one property through the Scottish Government's Mortgage to Rent scheme. The aim of the scheme is to help owners who are in financial difficulty and are in danger of being made homeless. The Association also purchased one shared ownership property where the sharing owner was facing serious financial difficulties and thereafter was able to remain in the property under a standard Scottish Secure Tenancy Agreement.

**Future Developments 2012**

In response to the Government's changes to the funding regime, the Association is currently investigating new funding models, which will allow us to continue our main objective of providing affordable housing.

Although a number of opportunities exist within our area of operation, such as Stanford Street, and the Riverside, none have been designated as "high priority" within WDC's Strategic Housing Investment Plan and therefore, are unlikely to attract the necessary subsidy from the Scottish Government to allow development within the short term.

Nevertheless, we will continue our endeavours, in partnership with West Dunbartonshire Council, to respond to identified housing needs in Clydebank.

**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 are appointed by the members at the Association's Annual General Meeting.

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**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2012**

**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 Housing Association's auditors are aware of that information.

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**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2012**

**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 of 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.

**Auditors**

Alexander Sloan, Chartered Accountants were appointed as Auditors during the year. A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

**By order of the Management Committee**

**PAUL SHIACH**

Secretary  
19 June 2012

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

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 9 concerning the Association's compliance with the information required by the 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 9 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  
19 June 2012

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

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We have audited the financial statements of Clydebank Housing Association Limited for the year ended 31st March 2012 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The financial statements of the Association for the year ended 31 March 2011 were audited by another Auditor whose report expressed an unqualified opinion on those financial statements.

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

### **Respective Responsibilities of Management Committee and Auditors**

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

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

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

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

### **Opinion on the financial statements**

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements

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.

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

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

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.
- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.

**ALEXANDER SLOAN**  
Chartered Accountants  
Statutory Auditors  
GLASGOW  
19 June 2012

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012

	Notes	2012 £	Restated 2011 £
<b>TURNOVER</b>	2.	3,454,059	3,336,072
Operating Costs	2.	<u>(2,610,600)</u>	<u>(2,445,299)</u>
<b>OPERATING SURPLUS</b>	9.	843,459	890,773
Gain On Sale Of Housing Stock	7.	55,119	618,011
Provision against investment	20.	14,174	12,471
Interest Receivable and Other Income		79,948	62,728
Interest Payable and Similar Charges	8.	<u>(186,205)</u>	<u>(189,841)</u>
		<u>(36,964)</u>	<u>503,369</u>
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		806,495	1,394,142
Tax on surplus on ordinary activities	10.	-	-
<b>SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>806,495</u>	<u>1,394,142</u>

All amounts relate to continuing activities.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2012 £	Restated 2011 £
Surplus for the financial year	806,495	1,394,142
Prior year adjustment (as explained in Note 22)	<u>3,735,272</u>	<u>-</u>
<b>Total gains recognised since last annual report</b>	<u>4,541,767</u>	<u>1,394,142</u>

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## BALANCE SHEET AS AT 31st MARCH 2012

	Notes	£	2012 £	£	Restated 2011 £
<b>TANGIBLE FIXED ASSETS</b>					
Housing Properties - Depreciated Cost	11.(a)		30,562,104		30,576,120
<b>Less:</b> Social Housing Grant	11.(a)		(21,368,264)		(21,506,600)
			<u>9,193,840</u>		<u>9,069,520</u>
Other fixed assets	11.(b)		822,689		836,454
			<u>10,016,529</u>		<u>9,905,974</u>
<b>FIXED ASSET INVESTMENTS</b>					
Investment in subsidiaries	20.		311,025		296,851
<b>CURRENT ASSETS</b>					
Debtors	12.	380,538		531,283	
Cash at bank and in hand		5,632,882		4,979,432	
			<u>6,013,420</u>	<u>5,510,715</u>	
<b>CREDITORS:</b> Amounts falling due within one year	13.	(622,355)		(535,690)	
<b>NET CURRENT ASSETS</b>			<u>5,391,065</u>		<u>4,975,025</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>15,718,619</u>		<u>15,177,850</u>
<b>CREDITORS:</b> Amounts falling due after more than one year	14.		(4,799,318)		(5,065,052)
<b>NET ASSETS</b>			<u>10,919,301</u>		<u>10,112,798</u>
<b>CAPITAL AND RESERVES</b>					
Share Capital	16.		182		174
Designated Reserves	17.(a)		10,419,119		9,612,624
Revenue Reserves	17.(b)		500,000		500,000
			<u>10,919,301</u>		<u>10,112,798</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 19 June 2012.

**JOHN HILLHOUSE**  
*Chairperson*

**THOMAS P WINTER**  
*Vice-Chairperson*

**PAUL SHIACH**  
*Secretary*

**CLYDEBANK HOUSING ASSOCIATION LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED  
31st MARCH 2012**

	Notes	2012 £	2011 £
<b>Net Cash Inflow from Operating Activities</b>	15.	1,410,306	909,253
<b>Returns on Investment and Servicing of Finance</b>			
Interest Received		51,517	62,728
Interest Paid		(157,018)	(189,841)
<b>Net Cash Outflow from Investment and Servicing of Finance</b>		(105,501)	(127,113)
<b>Capital Expenditure and Financial Investment</b>			
Acquisition and Construction of Properties		(588,552)	(870,501)
Purchase of Other Fixed Assets		(20,851)	(45,445)
Social Housing Grant Received		93,733	218,655
Proceeds on Disposal of Properties		70,400	61,945
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>		(445,270)	(635,346)
<b>Net Cash Inflow before use of Liquid Resources and Financing</b>		859,535	146,794
<b>Financing</b>			
Loan Principal Repayments		(206,104)	(188,733)
Share Capital Issued		19	6
<b>Net Cash Outflow from Financing</b>		(206,085)	(188,727)
<b>Increase / (decrease) in Cash</b>	15.	653,450	(41,933)

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 PRINCIPAL ACCOUNTING POLICIES

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

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting

##### **Basis Of Consolidation**

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

##### **Turnover**

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

##### **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. 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

<i>Component</i>	<i>Useful Economic Life</i>
Structure	50 years
Kitchen	20 years
Bathroom	25 years
Gas Boiler	15 years
Radiator & pipe work	30 years
Electric heating	25 years
Rewiring	30 years
Ventilation units	10 years
Emergency lighting	10 & 15 years
Windows	30 years
External doors	30 years
Communal entrance & pass doors	20 years
Door entry systems	15 years
Lifts	20 years

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

##### **Depreciation And Impairment Of Other Fixed Assets**

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

Office Premises - structure	50 years
- Kitchen	20 years
- Bathroom	25 years
- Gas Boiler	15 years
- Radiators & Pipework	30 years
- Rewiring	30 years
- Ventilation Units	10 years
- Doors & Windows	30 years
Furniture and Fittings	5 years
Computer Equipment	3 years
Office Equipment	5 years

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

##### **Social Housing Grant And Other Grants In Advance/Arrears**

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

##### **Sales Of Housing Properties**

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

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

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2012			Restated 2011		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
<b>Social Lettings</b>	3.	3,275,752	2,301,185	974,567	3,151,526	2,122,484	1,029,042
<b>Other Activities</b>	4.	178,307	309,415	(131,108)	184,546	322,815	(138,269)
<b>Total</b>		<u>3,454,059</u>	<u>2,610,600</u>	<u>843,459</u>	<u>3,336,072</u>	<u>2,445,299</u>	<u>890,773</u>

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

	General Needs Housing £	Shared ownership £	2012 Total £	Restated 2011 Total £
<b>Income from Lettings</b>				
Rent Receivable Net of Identifiable Service Charges	3,145,843	104,807	3,250,650	3,129,132
Service Charges Receivable	33,123	2,332	35,455	32,053
<b>Gross Rents Receivable</b>	<u>3,178,966</u>	<u>107,139</u>	<u>3,286,105</u>	<u>3,161,185</u>
<b>Less:</b> Rent losses from voids	10,353	-	10,353	9,659
<b>Net Rents Receivable</b>	<u>3,168,613</u>	<u>107,139</u>	<u>3,275,752</u>	<u>3,151,526</u>
Revenue Grants from Scottish Ministers	-	-	-	-
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-
<b>Total Income From Social Letting</b>	<u>3,168,613</u>	<u>107,139</u>	<u>3,275,752</u>	<u>3,151,526</u>
<b>Expenditure on Social Letting Activities</b>				
Service Costs	35,456	-	35,456	33,649
Management and maintenance administration costs	1,027,444	44,892	1,072,336	948,989
Reactive Maintenance	477,349	-	477,349	451,323
Bad Debts - Rents and Service Charges	25,348	-	25,348	13,819
Planned and Cyclical Maintenance, including Major Repairs	335,982	-	335,982	359,440
Depreciation of Social Housing	348,253	6,461	354,714	315,264
<b>Operating Costs of Social Letting</b>	<u>2,249,832</u>	<u>51,353</u>	<u>2,301,185</u>	<u>2,122,484</u>
<b>Operating Surplus on Social Letting Activities</b>	<u>918,781</u>	<u>55,786</u>	<u>974,567</u>	<u>1,029,042</u>
<b>2011</b>	<u>971,962</u>	<u>57,080</u>		

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers £	Other Revenue Grants £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus / (Deficit) 2012 £	Operating Surplus / (Deficit) 2011 £
Wider Role Activities	59,308	5,658	92,642	157,608	-	285,442	(127,834)	(144,236)
Factoring	-	-	9,437	9,437	-	8,681	756	1,173
Development and construction of property activities	-	-	5,005	5,005	-	-	5,005	6,221
Other Activities	-	-	6,257	6,257	-	15,292	(9,035)	(1,427)
<b>Total From Other Activities</b>	<u>59,308</u>	<u>5,658</u>	<u>113,341</u>	<u>178,307</u>	<u>-</u>	<u>309,415</u>	<u>(131,108)</u>	<u>(138,269)</u>
<b>2011</b>	<u>6,368</u>	<u>75,581</u>	<u>102,597</u>	<u>184,546</u>	<u>322,815</u>	<u>-</u>	<u>(138,269)</u>	

Funding for wider role activities was received during the year from the Scottish Government (£59,308), Awards for All (£6,042) Nominett (£9,404) and Santander Bank (£8,900) for the ongoing wider role activities including, active life, confident you and IT classes.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### 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.	<b>2012</b>	<b>2011</b>
	£	£

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>60,896</u>	<u>60,238</u>
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Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>5,795</u>	<u>9,211</u>
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Emoluments payable to Chief Executive (excluding pension contributions)	<u>60,896</u>	<u>60,238</u>
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The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	<b>Number</b>	<b>Number</b>
£60,001 to £70,000	1	1

#### 6. EMPLOYEE INFORMATION

	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
The average monthly number of full time equivalent persons employed during the year was	<u>27</u>	<u>27</u>

Staff Costs were:	<b>£</b>	<b>£</b>
Wages and Salaries	695,918	687,301
Social Security Costs	52,358	50,560
Other Pension Costs	111,794	76,137
	<u>860,070</u>	<u>813,998</u>

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	2012	2011
	£	£
Sales Proceeds	70,400	61,944
Cost of Sales	15,281	6,040
	<u>55,119</u>	<u>55,904</u>
Amounts no longer payable under LSVT agreement	-	562,107
Gain On Sale Of Housing Stock	<u>55,119</u>	<u>618,011</u>

#### 8. INTEREST PAYABLE

	2012	2011
	£	£
On Bank Loans & Overdrafts	186,205	189,841
	<u>186,205</u>	<u>189,841</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £nil (2011 £nil).

Interest capitalised was incurred at varying rates of interest.

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

	2012	2011
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	389,328	351,206
Auditors' Remuneration - Audit Services	7,140	9,440
Amounts no longer payable under LSVT agreement	-	(562,107)
Gain on sale of fixed assets	<u>(55,119)</u>	<u>(55,904)</u>

#### 10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Completed Shared Ownership Properties £	Total £
<b>COST</b>			
As at 1st April 2011- restated	30,092,439	2,065,408	32,157,847
Additions	588,552	-	588,552
Disposals	(292,811)	-	(292,811)
Transfer	64,188	(64,188)	-
As at 31st March 2012	<u>30,452,368</u>	<u>2,001,220</u>	<u>32,453,588</u>
<b>DEPRECIATION</b>			
As at 1st April 2011- restated	1,511,341	70,386	1,581,727
Charge for Year	329,790	6,461	336,251
Disposals	(26,494)	-	(26,494)
As at 31st March 2012	<u>1,814,637</u>	<u>76,847</u>	<u>1,891,484</u>
<b>SOCIAL HOUSING GRANT</b>			
As at 1st April 2011- restated	19,716,211	1,790,389	21,506,600
Additions	94,237	-	94,237
Disposals	(232,573)	-	(232,573)
Transfer	66,330	(66,330)	-
As at 31st March 2012	<u>19,644,205</u>	<u>1,724,059</u>	<u>21,368,264</u>
<b>NET BOOK VALUE</b>			
As at 31st March 2012	<u>8,993,526</u>	<u>200,314</u>	<u>9,193,840</u>
As at 31st March 2011	<u>8,864,887</u>	<u>204,633</u>	<u>9,069,520</u>

Additions to housing properties includes capitalised development administration costs of £nil (2011 - £nil) and capitalised replacement components to existing properties (as detailed on page 2) of £391,193 (2011 £477,543).

All land and housing properties are freehold.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

b) Other Tangible Assets	Computer Hardware £	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>				
As at 1st April 2011- restated	198,275	3,919,837	129,739	4,247,851
Additions	17,276	-	3,575	20,851
Eliminated on Disposals	-	-	-	-
As at 31st March 2012	<u>215,551</u>	<u>3,919,837</u>	<u>133,314</u>	<u>4,268,702</u>
<b>GRANTS RECEIVED</b>				
As at 1st April 2011- restated	-	2,951,981	-	2,951,981
Received in year	-	-	-	-
Repaid on Disposal	-	-	-	-
As at 31st March 2012	<u>-</u>	<u>2,951,981</u>	<u>-</u>	<u>2,951,981</u>
<b>AGGREGATE DEPRECIATION</b>				
As at 1st April 2011- restated	197,398	148,067	113,950	459,415
Charge for year	6,320	21,224	7,073	34,617
Eliminated on disposal	-	-	-	-
As at 31st March 2012	<u>203,718</u>	<u>169,291</u>	<u>121,023</u>	<u>494,032</u>
<b>NET BOOK VALUE</b>				
As at 31st March 2012	<u>11,833</u>	<u>798,565</u>	<u>12,291</u>	<u>822,689</u>
As at 31st March 2011	<u>877</u>	<u>819,789</u>	<u>15,789</u>	<u>836,455</u>

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 12. DEBTORS

	2012	2011
	£	£
Arrears of Rent & Service Charges	220,191	206,842
<b>Less:</b> Provision for Doubtful Debts	(35,978)	(27,959)
	<u>184,213</u>	<u>178,883</u>
Other Debtors	196,325	352,400
	<u>380,538</u>	<u>531,283</u>

Included with arrears of rent & service charges is technical arrears of £176,263 (2011: £168,158) and former tenant arrears of £16,211 (2011: £9,226).

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

	2012	2011
	£	£
Housing Loans	236,883	177,254
Trade Creditors	141,807	82,291
Rent in Advance	20,902	35,691
Other Taxation and Social Security	14,831	13,442
Other Creditors	7,140	11,400
Accruals and Deferred Income	200,792	215,611
	<u>622,355</u>	<u>535,689</u>

At the balance sheet date there were pension contributions outstanding of £14,047 (2011 £10,321).

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

	2012	2011
	£	£
Housing Loans	4,799,318	5,065,052
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	236,883	177,254
Between one and two years	296,682	231,175
Between two and five years	1,242,088	1,031,896
In five years or more	3,260,548	3,801,981
	<u>5,036,201</u>	<u>5,242,306</u>
Less: Amount shown in Current Liabilities	236,883	177,254
	<u>4,799,318</u>	<u>5,065,052</u>

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 15. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2012 £	2011 £
Operating Surplus	843,459	890,773
Depreciation	389,328	351,206
Change in Debtors	179,680	(190,948)
Change in Creditors	(2,150)	(141,688)
Share Capital Written Off	(11)	(90)
Net Cash Inflow from Operating Activities	<u>1,410,306</u>	<u>909,253</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2012 £	£	2011 £	£
Increase / (decrease) in Cash	653,450		(41,933)	
Cash flow from change in debt	<u>206,105</u>		<u>188,733</u>	
Movement in net debt during year		859,555		146,800
Net debt at 1st April 2011		<u>(262,874)</u>		<u>(409,674)</u>
Net debt at 31st March 2012		<u>596,681</u>		<u>(262,874)</u>

<i>Analysis of changes in net debt</i>	At 01.04.11 £	Cash Flows £	Other Changes £	At 31.03.12 £
Cash at bank and in hand	4,979,432	653,450		5,632,882
Debt: Due within one year	(177,254)	177,254	(236,883)	(236,883)
Due after more than one year	<u>(5,065,052)</u>	<u>28,851</u>	<u>236,883</u>	<u>(4,799,318)</u>
Net Debt	<u>(262,874)</u>	<u>859,555</u>	<u>-</u>	<u>596,681</u>

#### *Major Non-Cash Transactions*

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 16. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2011	174
Issued in year	19
Cancelled in year	(11)
At 31st March 2012	<u>182</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.

#### 17. RESERVES

(a) Designated Reserves	Major	Total
	Repairs	
	£	£
At 1st April 2011 (as restated)	9,612,624	9,612,624
Transfer to / (from) Revenue Reserves	806,495	806,495
At 31st March 2012	<u>10,419,119</u>	<u>10,419,119</u>

  

(b) Revenue Reserves	Total
	£
At 1st April 2011 (as restated)	500,000
Surplus for the year	806,495
Transfer (to) / from Designated Reserves	(806,495)
At 31st March 2012	<u>500,000</u>

#### 18. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2012	2011
	No.	No.
General Needs - New Build	936	935
- Rehabilitation	135	135
Shared Ownership	59	60
	<u>1,130</u>	<u>1,130</u>

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 19. RELATED PARTY TRANSACTIONS

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

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

7 members are tenants of the Association

5 members are factored owners

2 members are relevant local councillors

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.

#### 20. FIXED ASSET INVESTMENT

	2012 £	2011 £
<b>Investments in Subsidiaries</b>		
<b>COST</b>		
As at 1st April 2011 & 2012	<u>2,328,850</u>	<u>2,328,850</u>
<b>Impairment</b>		
As at 1st April 2011	(2,031,999)	(2,044,470)
Reversal of impairment charge	<u>14,174</u>	<u>12,471</u>
As at 1st April 2012	<u>(2,017,825)</u>	<u>(2,031,999)</u>
As at 31st March 2012 & 31st March 2011	<u>311,025</u>	<u>296,851</u>

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

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

The aggregate amount of capital and reserves and the results of CHA Power Limited for the year ended 31st March 2012 were as follows:

	2012 £	2011 £
Capital & Reserves	<u>311,025</u>	<u>296,397</u>
Profit for the year	<u>14,628</u>	<u>12,017</u>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. RETIREMENT BENEFIT OBLIGATIONS

##### General

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

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

The Scheme offers five benefit structures to employers, namely:

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

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Clydebank Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31st March 2012 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1st April 2012.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Clydebank Housing Association Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

As at the balance sheet date there were 19 active members of the Scheme employed by Clydebank Housing Association Limited. The annual pensionable payroll in respect of these members was £564,402. Clydebank Housing Association Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

The last formal valuation of the Scheme was performed as at 30th September 2009 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295m. The valuation revealed a shortfall of assets compared with the value of liabilities of £160m (equivalent to a past service funding level of 64.8%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

#### Financial Assumptions

The financial assumptions underlying the valuation as at 30th September 2009 were as follows:

	% p.a.
- Investment return pre-retirement	7.4
- Investment return post-retirement - non pensioners	4.6
- Investment return post-retirement - pensioners	4.8
- Rate of Salary increases	4.5
- Rate of pension increases:	
pension accrued pre 6 April 2005 in excess of GMP	2.9
pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	3.0

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

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

##### Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable)</i>
Final salary - 60ths	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80ths	13.2
Career average 120ths	9.4

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

Following consideration of the results of the valuation it was agreed that the shortfall of £160m would be dealt with by the payment of additional contributions of 10.4% of pensionable salaries per annum with effect from 1st April 2011, increasing each 1 April in line with the rate of salary increases assumption.

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.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 22. PRIOR YEAR ADJUSTMENT

During the year, the Association changed its accounting policy in relation to housing properties and depreciation, as detailed in Note 1 of the Financial Statements, in order to incorporate component accounting. Major repairs which relate to identified components are capitalised, with major components being depreciated over the estimated useful economic lives of each identified component.

As a result of the change in accounting policy, a prior year adjustment has been required under Financial Reporting Standard 3 - Reporting Financial Performance and Financial Reporting Standard 18 - Accounting Policies, as follows:

	£
Increase in Net Book Value of Housing Properties	3,559,759
Increase in Net Book Value of Other Fixed Assets	175,513

The effect of adopting component accounting has been to increase reserves as at 1 April 2010 by £3,379,745.

The figures in the 2011 Financial Statements have been adjusted as follows:

	<b>Reported in 2011 Accounts</b>	<b>Restated 2011 figures</b>
	£	£
Housing Property	5,509,761	9,069,520
Office Premises & other properties	644,276	819,789
Designated Reserves	<u>5,877,352</u>	<u>9,612,624</u>
Housing Depreciation Charge	122,484	315,264
Other Depreciation Charge	64,785	35,942
Major Repairs Charge	<u>689,914</u>	<u>170,450</u>

The reported surplus in 2011 has been restated by £355,527 and now stands at £1,394,142