

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

Registered Housing Association No. HAL86

Financial Services Authority No. 2191 R(S)

Charity No. SCO33962

BAKER TILLY UK AUDIT LLP

Chartered Accountants

Glasgow

CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

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Registration Particulars

Financial Services Authority	Industrial and Provident Societies Act 1965 Registered Number 2191 R(S)
Scottish Housing Regulator	Housing (Scotland) Act 2001 Registered Number HAL86
Scottish Charities	Charity and Trustee Investment (Scotland) Act 2005 Scottish Charity Number SC033962

CLYDEBANK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

The Committee of Management present their report and audited financial statements for the year ended 31 March 2010.

Principal activity

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

Clydebank Housing Association is registered with the Financial Services Authority as an Industrial and Provident Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and Scottish Housing Regulator as a Registered Social Landlord.

Our 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.
6. Support and develop the Management Committee, to ensure the objectives of the organisation are met.
7. Ensure the work of the support teams, Finance and IT, help to maximise the productiveness of the core business teams.
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.

CLYDEBANK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

Business review

The Association made a deficit of £(290,330) in the year, as a result of our Major Repairs programme in the year. The Association remains in a strong financial position with over £5.0m deposited as cash funds, and has loan facilities available to it on demand. Clydebank continues to have a substantial major repair investment programme with attic insulation and central heating replacements due in a substantial proportion of properties over the year. We have also provided substantial funds over the next five years to meet our commitments under the Scottish Housing Quality Standards. Cash surpluses will continue to be made, subject to our planned major repair programme over the next few years.

Surplus for the year and transfers

The results for the year are shown in the Income and Expenditure Account on page 14.

Transfers to designated reserve:	£
- Major repairs reserve	(290,330)
Transfer to revenue reserve	-
Surplus for the year	<u>(290,330)</u>

Members of Committee of Management

The Members of the Management Committee of the Association during the year to 31 March 2010 were as follows:

Mr J Hillhouse (Chairperson)	Mrs M Reid
Mr T P Winter (Vice Chairperson)	Mr N Crilley
Mr J Mooney (Secretary)	Mr A Hamilton
Mr J B Hearn	Mr D Muir
Miss E Mackie	Mrs S Ferrier
Mr P Shiach	Mrs M Shiach
Cllr P McGlinchey (co-opted)	Mr T McCormack (appointed June 2009)
Cllr J McElhill (co-opted)	

Executive Officers

F Webster	Director
S Keenan	Depute Director
J Farrell	Senior Housing Officer
A MacFarlane	Senior Maintenance Officer

CLYDEBANK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

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.

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.

CLYDEBANK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

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 £2,877,401 on developing housing stock (2009 - £2,516,911) during the year, of which £2,708,272 (2009 - £342,930) 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 maximize our effectiveness in housing people in need and reduce our costs. The rent loss due to empty properties was £13,288 (2009 - £9,155). Work is continuing to improve this figure.

5. Other Areas

Risk Management Policy

The Committee has, with advice from their auditors, 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 have 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.

CLYDEBANK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

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 2010, 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 and 10.

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.

CLYDEBANK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

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 7).

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 decreased from £5,129,067 to £4,838,737 due to the spend in Major Repairs in 2009/10. 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 1 (2009: 4) property under right to buy and 0 (2009: 0) shared ownership tranche up sales in the year, thereby allowing a tenant to achieve their aspiration of becoming a home owner.

Mortgage to Rent and Shared Ownership buy-back Schemes

During the year 2009/10, 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 back one shared ownership property where the sharing owner was facing financial difficulty and was able to remain in the property under a standard Scottish Secure Tenancy Agreement.

CLYDEBANK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

Future developments

Following the completion of our award-winning development of 40 flats at Queens Quays, the Association is currently investigating a number of other sites in Clydebank, including Cable Depot Road, Stanford Street and the Riverside, for the provision of more affordable housing.

However, current funding restrictions may delay the commencement of any construction work until 2012, at the earliest.

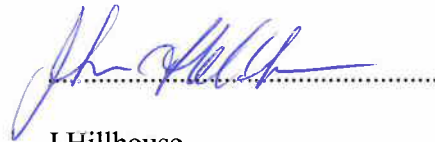
Information for Auditors

As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

On behalf of the Committee of Management



J Hillhouse
(Chairperson)

Date: ...15/06/10...

CLYDEBANK HOUSING ASSOCIATION LIMITED

STATEMENT OF COMMITTEE RESPONSIBILITIES

31 MARCH 2010

Under the legislation relating to Industrial and Provident Societies we are required 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 of that period. In preparing those financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the Association's assets;
- taking reasonable steps for the prevention and detection of fraud.

By order of the Committee of Management



J Hillhouse
(Chairperson)

Date: 15/06/10

CLYDEBANK HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

31 MARCH 2010

The Committee of Management acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments 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; and
- the safeguarding of assets (against unauthorised use or disposition).

It is the Committee of Management'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 include ensuring that;

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

CLYDEBANK HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

31 MARCH 2010
(Continued)

The Committee of Management have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2010 and until the below date. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Committee of Management



J Hillhouse
(Chairperson)

Date: 15/06/10

CLYDEBANK HOUSING ASSOCIATION LIMITED
AUDITORS' REPORT ON CORPORATE GOVERNANCE MATTERS
31 MARCH 2010

Corporate Governance

In addition to our audit of the financial statements, we have reviewed the Committee of Management's statement on pages 9 and 10 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 Bulletin 2006/5 that was 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 pages 9 and 10 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.


Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow

Date: 22.6.10.....

CLYDEBANK HOUSING ASSOCIATION LIMITED

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

We have audited the financial statements on pages 14 to 35, which have been prepared under the accounting policies set out on pages 17 to 21.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept 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 opinion we have formed.

Respective responsibilities of Committee of Management and auditors

The Management Committee's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Management Committee's Responsibilities.

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 Acts 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 not 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 director's remuneration and other 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 judgements made by the Committee of Management 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 mis-statement, whether caused by fraud or error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

CLYDEBANK HOUSING ASSOCIATION LIMITED

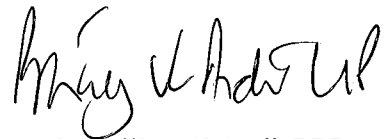
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLYDEBANK HOUSING ASSOCIATION LIMITED (contd)

Group accounts Section 14 (2) of the Friendly and Provident Societies Act 1968

We agree with the opinion of the Committee of Management of the Association that it would be of no real value to the members of the Association to consolidate or include the accounts of the Association's subsidiary, in the group accounts required to be prepared under Section 13 of the Friendly and Industrial and Provident Societies Act 1968 for the year ended 31 March 2010, because the business of the Association and that of the subsidiary are so different they cannot be treated as a single undertaking.

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 31 March 2010 and of its surplus 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.



Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow

Date: 22.6.10.....

CLYDEBANK HOUSING ASSOCIATION LIMITED

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £	2009 £
Turnover	2	3,718,829	7,411,592
Less: Operating costs	2	<u>(3,892,512)</u>	<u>(7,133,265)</u>
Operating (deficit)/surplus	2	(173,683)	278,327
Gain/(loss) on sale of fixed assets	4	26,140	(2,455)
(Impairment loss)/ reversal of impairment	9	(37,475)	1,733
Interest receivable		70,741	205,528
Interest payable and other charges	5	<u>(176,053)</u>	<u>(273,322)</u>
(Deficit)/surplus on ordinary activities before tax		(290,330)	209,811
Taxation on surplus on ordinary activities	6	<u>-</u>	<u>-</u>
(Deficit)/surplus for year	7	<u>(290,330)</u>	<u>209,811</u>

All activities relate to continuing activities within the year.

There have been no other recognised surpluses or deficits apart from those noted above.

CLYDEBANK HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2010

	Notes	2010	2009
		£	£
Tangible Fixed Assets			
Housing properties			
- gross cost less depreciation	8	26,973,414	24,219,324
Less: HAG	8	(21,467,511)	(18,759,239)
		5,505,903	5,460,085
Other Assets	8	680,281	739,382
		6,186,184	6,199,467
Investment	9	284,380	321,855
		6,470,564	6,521,322
Current Assets			
Stock	10	-	141,911
Debtors	11	340,336	607,838
Cash at hand and in bank		5,021,365	4,198,737
		5,361,701	4,948,486
Current Liabilities			
Creditors due within one year	12	(1,236,539)	(3,979,822)
Net Current Assets		4,125,162	968,664
		10,595,726	7,489,986
Creditors due after one year	13	(5,256,731)	(1,860,661)
Net Assets		5,338,995	5,629,325
Capital and Reserves			
Share capital	16	258	258
Designated reserves	7	4,838,737	5,129,067
Revenue reserves	7	500,000	500,000
		5,338,995	5,629,325

These financial statements were approved by the Committee of Management on and authorised for issue
15 June 2010 and signed on their behalf by:

Committee Member:

Committee Member:

Secretary:

CLYDEBANK HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

YEAR TO 31 MARCH 2010

	Notes	2010	2009
		£	£
Net cash (outflow)/inflow from operating activities	17	(138,326)	1,517,289
Returns on investments and servicing of finance			
Interest received		70,741	205,528
Interest paid		<u>(176,053)</u>	<u>(273,322)</u>
Net cash (outflow)/inflow from returns on investments and servicing of finance		(105,312)	(67,794)
Taxation			
Corporation tax paid		-	-
Less: Grants received		<u>-</u>	<u>-</u>
Net cash inflow on taxation		-	-
Investing activities			
Cash received on Sale of other fixed assets		-	-
Cash paid for construction and purchases		(2,877,401)	(2,516,911)
Housing association grant received		2,708,272	1,067,930
Other grants received		-	218,601
Sales of housing properties		29,480	155,227
Purchase of other fixed assets		(8,447)	(495,653)
Housing Association Grant repaid		-	(19,287)
Net cash (outflow) from investing activities		<u>(148,096)</u>	<u>(1,590,093)</u>
Net cash (outflow) before financing		(391,734)	(140,598)
Financing			
Loan received		1,399,545	-
Loan principal repayments		(185,194)	(112,130)
Increase in share capital		11	6
Net cash inflow/(outflow) on financing		<u>1,214,362</u>	<u>(112,124)</u>
Increase/(Decrease) in cash		<u>822,628</u>	<u>(252,722)</u>

Further details are given in note 17.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

1. Accounting Policies

(a) Introduction and accounting basis

The principal accounting policies of the Association are set out in the paragraphs (b) to (q) below.

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered by The Financial Services Authority. These financial statements are prepared under the historical cost convention and are based on the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice "Accounting by Registered Social Landlords", and in accordance with applicable accounting standards.

(b) Finance

The financial statements have been prepared on the basis that the capital expenditure referred to in note 8 will be grant aided, funded by loans or met out of reserves, or from proceeds of sales.

(c) Mortgages

Mortgage loans are advanced by private lenders under the terms of the individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval for Housing Association Grant.

(d) Housing Association Grants

Housing Association Grants (HAG) are utilised to reduce the amount of mortgage loan in respect of an approved scheme to the amount which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on the qualifying cost of the scheme in accordance with instructions issued from time to time by the grant awarding body. HAG and other grants are repayable under certain circumstances. These include the disposal of the properties to which the grants relate.

(e) Housing Association Grant - Acquisition and Development Allowances receivable

Acquisition and Development Allowances are advanced as grants. They are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Development allowances become available in instalments according to the progress of work on the scheme. These allowances are credited to development costs when they are receivable.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

(f) Fixed assets - Housing land and buildings (note 8)

Properties included in housing properties are stated at cost. The cost of such properties includes the following:

- (i) cost of acquiring land and buildings
- (ii) development expenditure including applicable overheads
- (iii) interest charged on the loans raised to finance the scheme

These costs are either termed "qualifying costs" for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities or they are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

Development costs are capitalised to the extent that they are attributable to specific schemes, where such costs are not felt to be excessive.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the scheme will not be developed to completion.

Interest on the loan financing the development is capitalised up to the relevant date of HAG completion.

(g) Depreciation

(i) 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, which is stated to be 50 years.

No depreciation is charged on the cost of land.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

(ii) **Other fixed assets**

The Association's assets are written off evenly over their expected useful lives as follows:

Office Property	-	over 20 years
Furniture & equipment	-	between 3 and 5 years

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

(h) **Impairment of fixed assets**

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the income and expenditure account. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units.

Impairment of assets would be recognised in the income and expenditure account.

(i) **Improvements**

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in rental income or
- a material reduction in future maintenance costs or
- a significant extension of the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the income and expenditure account.

(j) **Reserve**

Designated reserve - reserve for major repairs (note 7)

Accrued major repair expenditure, being the Association's commitment to undertake major repairs to its properties, is set-aside in a designated reserve to the extent that it is not met from HAG.

(k) **Apportionment of management expenses**

Direct employee administration and operating costs have been apportioned to the income and expenditure account on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealt with in those accounts.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

(l) Sale of housing properties

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

First tranche Shared Ownership disposals are credited to turnover on completion, the cost of construction of these sales is taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the income and expenditure account, in accordance with the Statement of Recommended Practice.

Disposals under shared equity schemes are accounted for in the income and expenditure account. The remaining equity in properties sold before 1 April 2008 is treated as a fixed asset investment, which is matched with the grant received. For properties sold after 1 April 2008 the standard security over the remaining equity lies with the Scottish Government and is therefore not reflected in the Association's balance sheet.

(m) Lease obligations

Rentals paid under operating leases are charged to the income and expenditure account on the accruals basis.

(n) Value added tax

The Association is VAT registered. However, a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT

(o) Pensions

The Association participates in the centralised SFHA Defined Benefit Pension Scheme and retirement benefits to employees of the Association are funded by 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.

The expected cost to the Association of pensions is charged to the Income and Expenditure Account so as to spread the cost of pensions over the service lives of the employees.

(p) Turnover

Turnover represents rental, service and management charges from properties, agency fees, revenue based grants receivable from the Scottish Ministers and first tranche sales of shared equity and shared ownership properties.

(q) Consolidation

The Association and its subsidiary undertaking comprise a group. The accounts represent the results of the Association and not of the group.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

(r) 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.

(s) Stock and work in progress

Completed properties and property under construction for outright sale are valued at the lower of costs and net realizable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sale price after allowing for all further costs of completion and disposal.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

2. Particulars of turnover, operating costs and operating surplus by class of business

	Turnover £	Operating Costs £	Operating Surplus/ (Deficit) £	Operating Surplus/ (Deficit) 2009 £
Social lettings	3,081,328	(3,173,241)	(91,913)	374,036
Other Activities	637,501	(719,271)	(81,770)	(95,709)
Total	3,718,829	(3,892,512)	(173,683)	278,327
2009	7,411,592	(7,133,265)	278,327	

Included within Operating Costs is an amount of £257,247 (2009 - £446,448) in relation to spending on wider action initiatives.

Revenue funding in respect of the Centre81 Wider Role Project of £108,810 (2009: £301,602) was received in the year (£13,333 WDC and £95,477 Scottish Executive)

Capital funding in respect of the Centre81 Wider Role Project in the sum of £9,050 (2009: £523,608) was received in the year (£9,050 Big Lottery Fund).

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

3a. Particulars of turnover, operating costs and operating surplus from social letting activities

	Housing Accommodation £	Shared Ownership £	2010 Total £	2009 Total £
Income from lettings				
Rent receivable net of				
Identifiable Service charges	2,956,070	106,731	3,062,801	2,903,220
Service charges receivable	28,202	3,613	31,815	26,148
Gross Rents Receivable	2,984,272	110,344	3,094,616	2,929,368
Less: Rent Losses from Voids	(13,288)	-	(13,288)	(9,155)
Total Income from Lettings	2,970,984	110,344	3,081,328	2,920,213
Expenditure on Letting Activities				
Service costs	28,628	-	28,628	24,021
Management and maintenance administration costs	910,257	33,397	943,654	533,900
Reactive maintenance costs	453,955	-	453,955	609,394
Planned and cyclical maintenance including major repairs costs	1,599,277	-	1,599,277	1,276,842
Rent losses from bad debts	28,116	-	28,116	13,204
Property depreciation	107,101	12,870	119,971	88,816
Total Expenditure on Lettings	3,126,974	46,267	3,173,241	2,546,177
Operating (Deficit)/Surplus on Letting Activities	(155,990)	64,077	(91,913)	374,036

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £2,909 (2009- £2,963).

The total amount of major repairs expenditure incurred in the year was £1,342,596 (2009: £1,046,897). No major repairs were capitalised (2009 - £nil).

The costs disclosed above in relation to repairs and maintenance costs for 2010 do not include an allocation of salary cost and central overheads which are now more appropriately classified under management and maintenance administration costs. The amount of salary and overhead allocated across repair categories in the previous year was £382,719. No prior year adjustment has been made as it is not felt that the change in allocation is fundamental to the understanding of the financial statements.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

3b – Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other income £	Total Turnover £	Operating costs – bad debts £	Other operating costs £	Operating surplus/ (deficit) £	2009 £
Wider action/wider role	95,477	13,332	-	75,055	183,864	-	(264,322)	(80,458)	(92,104)
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	8,994	8,994	-	(8,500)	494	487
Development activities	60,755	-	-	-	60,755	-	(63,821)	(3,066)	(10,422)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments and improvements for sale, (including first tranche shared ownership sales) to non registered social landlords	184,247	-	-	195,473	379,720	-	(379,720)	-	-
Other activities	-	-	-	-	-	-	-	-	-
Total from other activities	340,479	13,332	-	283,690	637,501	-	(719,271)	(81,770)	(95,709)

2009	1,962,970	41,904		2,486,505	4,491,379	-	(4,587,088)	(95,709)
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CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

4. Sales of Housing Properties

	2010 £	2009 £
Sale proceeds	29,480	155,227
Cost of sales	<u>(3,340)</u>	<u>(157,682)</u>
Gain/(Loss) on disposal	<u>26,140</u>	<u>(2,455)</u>

The sales of housing properties have occurred under the right to buy legislation.

5. Interest Payable

	2010 £	2009 £
Interest payable in the year has been charged as follows:		
Loans	176,053	273,322
Less: Capitalised	<u>-</u>	<u>-</u>
Income & expenditure account	<u>176,053</u>	<u>273,322</u>

6. Taxation

The Association was granted charitable status on 10 December 2002 and is not liable for Corporation Tax on its exempt activities.

7. Reserves

(a) Designated reserves

	Opening Balance £	Transfer from Revenue Reserve £	Closing Balance £
Major repairs reserve	<u>5,129,067</u>	<u>(290,330)</u>	<u>4,838,737</u>

No restrictions are placed upon this reserve, but the Committee has designated its use for specific purposes.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

(b) Revenue reserve

	2010 £	2009 £
Opening balance at 1 April 2009	500,000	500,000
(Deficit)/Surplus for year	(290,330)	209,811
Transfer from/(to) designated reserves	<u>290,330</u>	<u>(209,811)</u>
Closing balance at 31 March 2010	<u>500,000</u>	<u>500,000</u>

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

8. Tangible Fixed Assets

	Housing properties held for letting £	Housing properties in course of construction £	Completed shared ownership properties £	Housing properties total £	Office & commercial property £	Office fittings & equipment £	Total £
Cost							
At 1 April 2009	20,278,020	2,436,794	2,337,080	25,051,894	3,974,690	319,421	29,346,005
Additions during year	119,276	2,758,125	-	2,877,401	-	8,447	2,885,848
Transfers	5,194,919	(5,194,919)	-	-	-	-	-
Disposals in year	(3,372)	-	-	(3,372)	-	(7,227)	(10,599)
At 31 March 2010	25,588,843	-	2,337,080	27,925,923	3,974,690	320,641	32,221,254
Housing Association and other Grants							
At 1 April 2009	15,814,298	987,813	1,957,128	18,759,239	2,980,287	-	21,739,526
Additions during year	72,526	2,635,746	-	2,708,272	-	-	2,708,272
Transfers	3,623,559	(3,623,559)	-	-	-	-	-
Repaid and abated during year	-	-	-	-	-	-	-
At 31 March 2010	19,510,383	-	1,957,128	21,467,511	2,980,287	-	24,447,798
Depreciation							
At 1 April 2009	741,625	-	90,945	832,570	289,970	284,472	1,407,012
Provided during year	107,101	-	12,870	119,971	48,163	19,384	187,518
Eliminated on disposal	(32)	-	-	(32)	-	(7,226)	(7,258)
At 31 March 2010	848,694	-	103,815	952,509	338,133	296,630	1,587,272
Net book value							
As at 31 March 2010	5,229,766	-	276,137	5,505,903	656,270	24,011	6,186,184
As at 31 March 2009	3,722,097	1,448,981	289,007	5,460,085	704,433	34,949	6,199,467

None of the Association's properties is held under a lease. Capitalised development and interest costs in the year amounted to £20,111 (2009- £Nil).

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

9. Investments

	2010 £	2009 £
Opening balance	321,855	320,122
Additions in year	-	-
(Impairment loss)/reversal of impairment	(37,475)	1,733
Closing balance	<u>284,380</u>	<u>321,855</u>

Company	Holding	Turnover £	(Deficit) for period £	Capital and reserves £
CHA Power Limited	<u>100%</u>	<u>169,144</u>	<u>(37,475)</u>	<u>284,380</u>

10. Stock – New supply shared equity

	2010 £	2009 £
Cost of developing properties	-	236,622
Grant received to develop properties	-	(94,711)
Completed properties held for sale	<u>-</u>	<u>141,911</u>

11. Debtors

	2010 £	2009 £
Amounts falling due within one year:		
Gross Rents arrears	65,303	70,473
Bad debt provision	<u>(30,060)</u>	<u>(29,016)</u>
	35,243	41,457
Housing benefit due	129,373	122,940
Trade debtors	35,646	53,934
Prepayments and accrued income	140,074	346,139
Other debtors	-	43,368
	<u>340,336</u>	<u>607,838</u>

12. Creditors due within one year

Loans	174,308	2,356,027
Trade creditors	130,695	123,846
Other creditors	588,790	880,970
Accruals and deferred income	326,680	587,105
Rents in advance	16,065	31,874
	<u>1,236,539</u>	<u>3,979,822</u>

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

13. Creditors due after one year

	2010	2009
	£	£
Loans	5,256,731	1,860,661
Other creditors	-	-
	<u>5,256,731</u>	<u>1,860,661</u>

Loans are secured by specific charges on the Association's properties. Loans are repayable at varying rates of interest of 1.19% to 6.84% (2009 – 1.25% to 7.14%) in instalments due as follows:

In one year or less	174,308	2,356,027
Between two and five years	1,035,814	442,360
In five years or more	4,220,917	1,418,301
	<u>5,431,039</u>	<u>4,216,688</u>

14. Employees

Staff costs during year	2010	2009
	£	£
Wages and salaries	651,602	700,641
Social security costs	47,380	52,730
Other pension costs	78,686	77,093
	<u>777,668</u>	<u>830,464</u>

The average full time equivalent number of persons employed by the Association during the year were as follows:

	No	No
Administration and maintenance	<u>26.5</u>	<u>29.5</u>

The Directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Directors or the Management Committee whose total emoluments exceed £60,000 per year. There are no directors whose emoluments exceed £60,000 per year.

	£	£
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>58,947</u>	<u>58,039</u>

The Association's contributions for the Director in the year amounted to £9,009 (2009 - £8,854).

No member of the Committee of Management received any emoluments in respect of their services to the Association.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

15. Auditors' Remuneration

	2010 £	2009 £
The remuneration of the auditors (including expenses and excluding VAT for the year)	8,900	8,300
Remuneration of the auditors in respect of services other than those of external auditors	556	12,094
	<u>9,456</u>	<u>20,394</u>

16. Share Capital

Shares of £1 fully paid and issued at beginning of year	258	264
Shares issued during year	11	6
Shares cancelled in year	(11)	(12)
Shares issued at end of year	<u>258</u>	<u>258</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. Notes to the Cash Flow Statement

- (a) Reconciliation of surplus to net cash inflow from operating activities

(Deficit)/Surplus for year	(290,330)	209,811
Net interest (received)/payable	105,312	67,794
Operating (deficit)/surplus for the year excluding interest and tax payable	<u>(185,018)</u>	<u>277,605</u>
Share capital surrendered	(11)	(12)
Depreciation	187,518	158,358
Impairment loss/(Reversal of Impairment)	37,475	(1,733)
Gain/(Loss) on sale of property	(26,140)	2,455
Decrease in debtors	267,502	991,446
Decrease/(increase) in stock	141,911	(141,911)
(Decrease)/increase in creditors	(561,563)	231,081
	<u>(138,326)</u>	<u>1,517,289</u>

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

17. Notes to the Cash Flow Statement (contd.)

	2010 £	2009 £		
(b) Reconciliation of net cash flow to movement in net debt				
Increase/(decrease) in cash for the year	822,628	(252,722)		
Loans received	(1,399,545)	-		
Loan repayments	185,194	112,129		
Change in net debt	(391,723)	(140,593)		
Net debt as at 1 April 2009	(17,951)	122,642		
Net debt as at 31 March 2010	(409,674)	(17,951)		
(c) Analysis of Changes in net debt				
	As at 31 March 2009 £	Cash Flow £	Other Changes £	As at 31 March 2010 £
Cash at bank and in hand	4,198,737	822,628	-	5,021,365
Overdraft	-	-	-	-
Debt due within one year	(2,356,027)	2,181,719	-	(174,308)
Debt due after one year	(1,860,661)	(3,396,070)	-	(5,256,731)
	(17,951)	(391,723)	-	(409,674)

18. Capital Commitments

	2010 £	2009 £
Expenditure authorised by the committee of management contracted less certified	-	896,002

19. Contingent Liabilities

The Association, as part of the transfer agreement with the former Communities Scotland for the LSVT properties, undertook to repay to the Scottish Government, Right to Buy receipts in excess of the stated total. The amount of £562,107 may be repayable in 2010/11.

Clydebank Housing Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2009. As of that date the estimated employer debt for Clydebank Housing Association was £3,052,403. The Association has no current plans to withdraw from the scheme.

At 31 March 2010, the Association had no other contingent liabilities (2009 -£Nil).

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

20. Pension Commitments

General

Clydebank Housing Association Limited 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.

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

During the accounting period Clydebank Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were nineteen active members of the Scheme employed by Clydebank Housing Association Limited. 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 employer 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.

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 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 £268 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £54 million, equivalent to a past service funding level of 83.4%.

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%.

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

20. Pension Commitments (continued)

General

The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in Autumn 2010.

The key valuation assumptions used to determine the assets and liabilities of the SFHA Pension Scheme are:

2006 Valuation Assumptions		% 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 post 6 April 2005	2.2
(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:

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

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

Benefit structure	Long-term joint contribution rate (% of pensionable salaries per annum)
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 £54 million 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:

CLYDEBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

20. Pension Commitments (continued)

General

Benefit structure	Joint contribution rate (% of pensionable salaries per annum)
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%

Following a change in legislation in September 2005 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 buy-out 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 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 has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for was £3,052,403.

21. Housing Stock

The number of units in Management at 31 March was as follows: -

	2010 No	2009 No
General Needs Housing	1,065	1,024
Supported Housing Accommodation	-	-
Shared Ownership Housing	64	65
	<u>1,129</u>	<u>1,089</u>

22. Related parties

Various members of the Management Committee are tenants of the Association. The transactions with the Association are all done on standard terms, as applicable to all tenants.