

# Clydebank Housing Association Limited

**Report and Financial Statements**

**For the year ended 31st March 2016**

**Registered Housing Association No.HAL.86**

**FCA Reference No. 2191R(S)**

**Scottish Charity No. SCO033962**

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2016

### MANAGEMENT COMMITTEE

Thomas P Winter	Chairperson
Thomas McCormack	Vice Chairperson
Paul Shiach	Secretary
Chris Morgan	Treasurer
John Hillhouse	
Neil Crilley	
Patrick McGinley	
Patricia Betty	
Dorothy Bain	
Catherine McGarrity	
Nikki Robertson	
Kimberley Tennant	casual vacancy January 2016
Cllr John Mooney	co-opted member
Laura-Anne Murray	resigned February 2016
Rosemary McCormack	resigned October 2015
Fergus Russell	resigned April 2015

### EXECUTIVE OFFICERS

Sharon Keenan	Chief Executive Officer
Alison MacFarlane	Maintenance Manager
Joe 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

### INTERNAL AUDITORS

Wylie Bisset  
168 Bath Street  
Glasgow  
G2 4TP

### BANKERS

Bank of Scotland  
Sylvannia Way South  
Clyde Shopping Centre  
Clydebank  
G81 2TL

### SOLICITORS

Blackadders  
Standard Building  
94 Hope Street  
Glasgow  
G2 6QB

TC Young  
7 West George Street  
Glasgow  
G2 1BA

Brechin Tindall Oatts  
48 St Vincent Street  
Glasgow  
G2 5HS

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2016.

### Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2191R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SCO033962. The Association is registered with The Scottish Government as a Registered Property Factor, registration no. PF000231.

The Association is a member of the Scottish Federation of Housing Associations.

### Principal Activities

The principal activity of the Association is the provision of housing for let at rents affordable to the client groups for whom it intends to provide.

The Association became a Scottish Registered Charity on 10 December 2002. Financial Strength has been maintained which will allow our medium to long term major repairs programme to be funded as well as continuing to provide high levels of service to our tenants.

The Association has a greater involvement in identifying and participating in Wider Action activities within our area of operation for the benefit of our tenants and the wider community.

### Review of Business

The Association made a surplus of £1,227,342 in the year.

The Association remains in a strong financial position with over £6m deposited as cash funds. We aim to spend c. £1.8m in our major repairs investment programme in 2016/17 with kitchens and bathrooms due in a high proportion of properties. We have also provided for considerable funds over the next five years to continue our extensive major repairs programme, all of which has been costed and is incorporated into our financial plans.

### Scottish Social Housing Charter

The Association continues to monitor its performance against the Scottish Social Housing Charter with its third year statistical information submitted to the Scottish Housing Regulator in May 2016.

### The Future

During the year, the Association is delighted to have progressed a development opportunity (presented to us in October 2015) to deliver 44 units for affordable rent on the former La Scala/Gala Bingo site, Graham Avenue. The design and build project, in partnership with AS Homes commenced on site on 30 March 2016 and is expected to complete by the end of 2017. The Association secured Housing Association Grant to part fund the scheme, with private finance expected to fund the balance. A recent programming meeting with West Dunbartonshire Council and the Scottish Government confirmed that funding/expenditure for the Queen's Quay development is earmarked for CHA in 2018/19. The site will be developed in partnership with West Dunbartonshire Council, Wheatley Group and the developer, Dawn Construction and it is hoped that CHA will secure between 40-45 units.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

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

#### The Future (continued)

West Dunbartonshire Council is currently preparing its Strategic Housing Investment Plan (SHIP) which is to be submitted to the Scottish Government in November 2016. This year's SHIP review coincides with the review of the 5-yearly Local Housing Strategy and so it was an ideal opportunity for us to identify other potential sites/ development opportunities for inclusion. Therefore, in addition to the Queen's Quay development, the following sites have been identified within our area of operation and the Association has included them in our submission to West Dunbartonshire Council.

- Former St Andrew's school site (Owned by WDC, CHA interest noted but likely that WDC/Wheatley Group will develop)
- Thor Ceramics site (CHA previously looked at this site but further information required as to ownership and availability for social housing)

The Association continues to have the desire to grow by participating in development activities and taking advantage of the Scottish Government's renewed commitment to the building of 50,000 affordable homes (35,000 for social rent) over the lifetime of this parliament. Provided that proposed schemes stack up, meet West Dunbartonshire Council and Scottish Government priorities, are of a manageable scale and do not put the Association at undue financial risk, we will continue to explore opportunities that are presented to us.

#### Strategic Aims and Objectives

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

We promote the involvement of customers 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 strategic objectives are:

1. To provide good quality, affordable housing, which meets the changing needs of our customers and to widen and facilitate access to housing within our area.
2. To manage the houses provided, in a sensitive and cost effective manner, for the benefit of the local community.
3. To provide a first class maintenance service which offers value for money and ensures the comfort and safety of our residents while maintaining high levels of satisfaction.
4. To work in partnership with others, supporting our tenants and other customers, to maximise opportunities for regeneration in Clydebank.
5. To ensure that our community focus is underpinned by local decision making and community control, encouraging our tenants and other customers to influence our policy and to participate in decisions, which may affect them.
6. To ensure that our resources are adequate to deliver our objectives
7. To promote social inclusion by applying principles of equality and diversity to everything we do.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

### Operational Review

#### 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 Management Committee 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 as well as undertaking significant training in this regard.

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 the Association.

#### Corporate Issues

Tenant involvement and participation is a major part of our Aims and Objectives and we continue to review how the Association involves tenants in its activities. The Association is committed to involving tenants in decision making and policy making ensuring Scottish Housing Regulator (SHR) governance compliance as well as meeting the requirements of the Scottish Social Housing Charter (SSHC). This includes continued customer engagement (formation of a tenants' panel and focus groups, increase numbers on consultation register) and performance reporting.

#### 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. In this regard, Clydebank Housing Association Limited was awarded the Gold Standard for its Investors in People Accreditation in 2015. Meeting the Gold Standard means that the Association has not only met the core foundation of people management excellence but has provided significant evidence of many areas of good practice.

#### 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.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

### Services

We aim to deliver high quality services and we set ourselves the goal of achieving continuous improvement in everything we do. In our housing stock, we carried out major repairs in line with our recent stock condition survey and life cycle costings and are successfully working to improve gas servicing procedures, achieving 100% within the prescribed timescales in 2015/16.

Welfare reform continues to present a challenge; however, our rent arrears performance still remains well below peer group average. We continue to complete adaptations to existing properties, to meet the specific and changing needs of our tenants.

### Housing Issues

The Association 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 £18,005 which represents 0.48% of total rental income (2015 - £12,881).

### 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.

- 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.

### 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.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

### **Treasury Management**

The Association has a robust treasury management function, which operates in accordance with the Treasury Management Policy approved by the Management Committee, which recognises the importance of cash management and the administration and compliance with the terms set out in its loans with current lenders, Dexia and the Clydesdale Bank. 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 2016, the Association has a mix of fixed and variable rate finance, which it considers appropriate at this time.

### **Internal Financial Control**

The Management Committee 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 page 9.

### **Management Structure**

The Management Committee 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 Chief Executive Officer.

### **Budgetary Process**

Each year the Management Committee 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.

### **Rental Income**

The Association's Rent Policy is clear and transparent and is based on the size, type and makeup of the accommodation. The policy ensures that the rent structure is easy to administer and covers the different types of properties owned by the Association. This policy follows the generally accepted practice/principles of most Housing Associations.

### **Employee Involvement and Health & Safety**

The Association encourages employee involvement in all major initiatives.



# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

### **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. An interview is guaranteed to all those applicants who meet the minimum criteria. In the event of employees becoming disabled, every effort is made to re-train 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.

### **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 (2015: 3) properties under the Right to Buy scheme thereby allowing the tenants to achieve their aspiration of becoming home owners.

The Association has notified its tenants that the Right to Buy scheme will come to an end in Scotland on 1 August 2016.

### **Mortgage to Rent Scheme and Property Purchases**

During the year 2015/16, 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 three shared ownership properties where the sharing owners were facing serious financial difficulties and thereafter were able to remain in their properties under a standard Scottish Secure Tenancy Agreement. Another two properties were purchased in the year through our Open Market Purchase Policy.

### **Management Committee and Executive Officers**

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

Each member of the 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 are also Trustees of the Charity. Members of the are appointed by the members at the Association's Annual General Meeting.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

### Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Act 2014 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 Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements - 2015. 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.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

### Statement on Internal Financial Control

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

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

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

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

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2016. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

### Donations

During the year the Association made charitable donations amounting to £100 (2015 £100).

### Auditors

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

### By order of the Management Committee

Paul Shiach

### MR PAUL SHIACH

Secretary

21 June 2016

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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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 Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

### **Basis of Opinion**

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

### **Opinion**

In our opinion the Statement on Internal Financial Control on page 9 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls .

Alexander Sloan

**ALEXANDER SLOAN**  
Chartered Accountants

GLASGOW  
21 June 2016

We have audited the financial statements of Clydebank Housing Association Limited for the year ended 31st March 2016 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting standard of the United Kingdom Generally Accepted Accounting Principles.

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

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

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

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

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

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

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

**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 Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position 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

**ALEXANDER SLOAN**

Chartered Accountants

Statutory Auditors

GLASGOW

21 June 2016

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016 £	2015 £
<b>REVENUE</b>	2.	4,604,183	4,451,835
Operating Costs	2.	(3,316,090)	(3,295,573)
<b>OPERATING SURPLUS</b>	9.	1,288,093	1,156,262
Gain On Sale Of Housing Stock	7.	6,324	10,734
Provision against investment	24.	18,456	(36,973)
Interest Receivable and Other Income		61,150	62,341
Interest Payable and Similar Charges	8.	(98,417)	(109,657)
Other Finance Charges	11.	(48,264)	(37,623)
		(60,751)	(111,178)
<b>SURPLUS FOR YEAR</b>		<u>1,227,342</u>	<u>1,045,084</u>
<b>Other Comprehensive Income</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>1,227,342</u>	<u>1,045,084</u>
Tax on surplus on ordinary activities	10.	-	-
<b>SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>1,227,342</u>	<u>1,045,084</u>

All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The notes on pages 13 to 32 form part of these financial statements.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2016

	Notes	2016	2015
		£	£
<b>NON-CURRENT ASSETS</b>			
Housing Properties - Depreciated Cost	12.(a)	23,556,468	22,721,567
Other Non Current Assets	12.(b)	3,217,256	3,279,268
		<u>26,773,724</u>	<u>26,000,835</u>
<b>INVESTMENTS</b>			
Investment in subsidiaries	24.	293,091	274,634
		<u>293,091</u>	<u>274,634</u>
<b>CURRENT ASSETS</b>			
Receivables	14.	263,664	296,811
Cash at bank and in hand		6,404,046	7,143,695
		<u>6,667,710</u>	<u>7,440,506</u>
<b>CREDITORS: Amounts falling due within one year</b>	15.	<u>(1,070,767)</u>	<u>(1,193,630)</u>
<b>NET CURRENT ASSETS</b>		<u>5,596,943</u>	<u>6,246,876</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>32,663,758</u>	<u>32,522,345</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16.	<u>(3,318,538)</u>	<u>(4,242,255)</u>
<b>DEFERRED INCOME</b>			
Social Housing Grants	18.	(13,741,083)	(13,903,292)
Other Grants	18.	-	-
		<u>(13,741,083)</u>	<u>(13,903,292)</u>
<b>NET ASSETS</b>		<u>15,604,137</u>	<u>14,376,798</u>
<b>EQUITY</b>			
Share Capital	19.	193	196
Revenue Reserves		15,603,944	14,376,602
		<u>15,604,137</u>	<u>14,376,798</u>

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 21 June 2016.

Thomas P. Winter

*Chairperson*

Thomas McCormack

*Vice-Chairperson*

Paul Shiach

*Secretary*

The notes on pages 13 to 32 form part of these financial statements.



# CLYDEBANK HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016 £	2015 £
<b>Net Cash Inflow from Operating Activities</b>	17.	1,481,609	1,658,520
<b>Investing Activities</b>			
Acquisition and Construction of Properties		(1,760,867)	(251,717)
Purchase of Other Fixed Assets		(17,232)	(16,413)
Social Housing Grant Received		457,456	26,936
Proceeds on Disposal of Properties		34,200	53,600
<b>Net Cash Outflow from Investing Activities</b>		(1,286,443)	(187,594)
<b>Financing Activities</b>			
Interest Received on Cash and Cash Equivalents		67,150	43,575
Interest Paid on Loans		(94,417)	(111,116)
Loan Principal Repayments		(907,556)	(430,529)
Share Capital Issued		8	21
<b>Net Cash Outflow from Financing</b>		(934,815)	(498,049)
<b>(Decrease) / Increase in Cash</b>		(739,649)	972,877
<b>Opening Cash &amp; Cash Equivalents</b>		7,143,695	6,170,818
<b>Closing Cash &amp; Cash Equivalents</b>		6,404,046	7,143,695
<b>Cash and Cash equivalents as at 31 March 2016.</b>			
Cash at bank and in hand		6,404,046	7,143,695
		6,404,046	7,143,695

The notes on pages 13 to 32 form part of these financial statements.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY

31st MARCH 2016

	Share Capital	Revenue Reserve	Total
	£	£	£
<b>Balance as at 1st April 2014</b>	188	13,331,518	13,331,706
Issue of Shares	21		21
Cancellation of Shares	(13)		(13)
Surplus for the year		1,045,084	1,045,084
<b>Balance as at 31st March 2015</b>	<u>196</u>	<u>14,376,602</u>	<u>14,376,798</u>
<b>Balance as at 1st April 2015</b>	196	14,376,602	14,376,798
Issue of Shares	8		8
Cancellation of Shares	(11)		(11)
Surplus for Year		1,227,342	1,227,342
<b>Balance as at 31st March 2016</b>	<u>193</u>	<u>15,603,944</u>	<u>15,604,137</u>

The opening Revenue Reserve balance at 1 April 2014 has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 PRINCIPAL ACCOUNTING POLICIES

##### Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for registered social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

##### Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised when expenditure is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of of the asset to which it relates.

##### Retirement Benefits

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

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for a high quality corporate bond.

##### Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
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 system	15 years
Lifts	20 years

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

#### Depreciation And Impairment Of Other Non-Current Assets

Non-Current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	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
	Door entry system	15 years
	Lifts	10 years
	Heating System	10 years
	Doors & Windows	20 years
	Land	Not depreciated
Furniture and Fittings		5 years
Computer Equipment		3 years
Office Equipment		5 years

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

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

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

When components are replaced remaining deferred Social Housing Grant on these components is written off to the Statement of Comprehensive Income.

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

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

#### Sales Of Housing Properties

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

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

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

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

#### **Works to Existing Properties**

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

#### **Development Interest**

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

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying Clydebanks Housing Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

#### **Key Judgements made in the application of Accounting Policies**

##### *a) Exemptions taken in the transition to FRS 102*

The Association has considered and taken advantage of the following exemptions in its first time application of FRS 102:

- i) The Association has not revisited previous accounting estimates
- ii) The Association has not revisited the accounting of previous business combinations

##### *b) The Categorisation of Housing Properties*

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

##### *c) Identification of cash generating units*

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

#### **Estimation Uncertainty**

##### *Rent Arrears - Bad Debt Provision*

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, arrangements in place, and court action.

##### *Life Cycle of Components*

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

##### *Useful life of properties, plant and equipment*

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this.

##### *Costs of shared ownership*

The Association allocates costs to shared ownership properties on a percentage basis split across the number of properties the Association owns.

##### *Pension Liability*

In March 2016 the Association received details from the Pension Trust of the provisional valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions. The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Board feel this is the best available estimate of the past service liability.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

#### **Financial Instruments - Basic**

The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard

The Association's debt instruments are measured at amortised cost using the effective interest rate method

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	Notes	2016			2015		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
<b>Affordable letting activities</b>	3.	4,284,768	2,919,859	1,364,909	4,218,122	2,943,109	1,275,013
<b>Other Activities</b>	4.	319,415	396,231	(76,816)	233,713	352,464	(118,751)
<b>Total</b>		<u>4,604,183</u>	<u>3,316,090</u>	<u>1,288,093</u>	<u>4,451,835</u>	<u>3,295,573</u>	<u>1,156,262</u>

#### 3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared ownership £	2016 Total £	2015 Total £
<b>Revenue from Lettings</b>				
Rent Receivable Net of Service Charges	3,554,128	104,820	3,658,948	3,605,387
Service Charges	61,025	4,012	65,037	38,900
<b>Gross income from rent and service charges</b>	3,615,153	108,832	3,723,985	3,644,287
<b>Less:</b> Rent losses from voids	18,005	-	18,005	12,881
<b>Net Rents Receivable</b>	3,597,148	108,832	3,705,980	3,631,406
Grants released from deferred income	548,455	30,333	578,788	586,716
<b>Total turnover from affordable letting activities</b>	<u>4,145,603</u>	<u>139,165</u>	<u>4,284,768</u>	<u>4,218,122</u>
<b>Expenditure on affordable letting activities</b>				
Management and maintenance administration costs	1,116,297	39,859	1,156,156	1,285,534
Service Costs	65,037	-	65,037	38,900
Planned and cyclical maintenance, including major repairs	328,596	-	328,596	312,661
Reactive maintenance costs	476,923	-	476,923	492,404
Bad Debts - rents and service charges	41,642	-	41,642	23,497
Depreciation of affordable let properties	818,698	32,807	851,505	790,113
<b>Operating costs of affordable letting activities</b>	<u>2,847,193</u>	<u>72,666</u>	<u>2,919,859</u>	<u>2,943,109</u>
<b>Operating surplus on affordable letting activities</b>	<u>1,298,410</u>	<u>66,499</u>	<u>1,364,909</u>	<u>1,275,013</u>
<b>2015</b>	<u>1,202,849</u>	<u>72,164</u>		

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been restated to reflect the requirements of the Housing SORP 2014. Comparative figures have been restated on the same basis.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2016	Operating Surplus / (Deficit) 2015
	£	£	£	£	£	£	£	£	£
Wider Role Activities	149,259	-	-	142,640	291,899	-	376,914	(85,015)	(127,271)
Factoring	-	-	-	11,708	11,708	-	12,551	(843)	57
Development and construction of property activities	3,120	-	-	-	3,120	-	1,813	1,307	823
Other activities	-	-	-	12,688	12,688	-	4,953	7,735	7,640
<b>Total From Other Activities</b>	<u>152,379</u>	<u>-</u>	<u>-</u>	<u>167,036</u>	<u>319,415</u>	<u>-</u>	<u>396,231</u>	<u>(76,816)</u>	<u>(118,751)</u>
<b>2015</b>	<u>91,487</u>	<u>-</u>	<u>-</u>	<u>142,226</u>	<u>233,713</u>	<u>-</u>	<u>352,464</u>	<u>(118,751)</u>	

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been restated to reflect the requirements of the Housing SORP 2014. Comparative figures have been restated on the same basis.



# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.

	2016	2015
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>66,673</u>	<u>64,805</u>
Compensation payable to Officers for loss of Office	<u>-</u>	<u>55,165</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>6,617</u>	<u>6,457</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>66,673</u>	<u>64,805</u>
Total Compensation paid to key management personnel	<u>205,148</u>	<u>191,176</u>

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

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

#### 6. EMPLOYEE INFORMATION

	2016	2015
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>28</u>	<u>28</u>
The average total number of Employees employed during the year was	<u>31</u>	<u>33</u>
Staff Costs were:	£	£
Wages and Salaries	757,428	839,488
Social Security Costs	69,921	73,805
Other Pension Costs	52,905	61,987
	<u>880,254</u>	<u>975,280</u>

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	2016	2015
	£	£
Sales Proceeds	34,200	53,600
Cost of Sales	27,876	42,866
Gain On Sale Of Housing Stock	<u>6,324</u>	<u>10,734</u>

#### 8. INTEREST PAYABLE & SIMILAR CHARGES

	2016	2015
	£	£
On Bank Loans & Overdrafts	<u>98,417</u>	<u>109,657</u>

#### 9. SURPLUS FOR YEAR

	2016	2015
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	909,650	903,516
Auditors' Remuneration - Audit Services	7,500	7,140
Auditors' Remuneration - Other Services	1,194	-
Loss on sale of fixed assets	<u>6,324</u>	<u>10,734</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.

#### 11. OTHER FINANCE INCOME / CHARGES

	2016	2015
	£	£
Unwinding of Discounted Liabilities	<u>48,264</u>	<u>37,623</u>

# CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
<b>COST</b>				
As at 1st April 2015	31,896,247	-	1,749,584	33,645,830
Additions	1,356,275	404,592	-	1,760,867
Disposals	(321,796)	-	-	(321,796)
Schemes Completed	109,212	-	(109,212)	-
As at 31st March 2016	<u>33,039,937</u>	<u>404,592</u>	<u>1,640,372</u>	<u>35,084,901</u>
<b>DEPRECIATION</b>				
As at 1st April 2015	10,211,803	-	712,460	10,924,263
Charge for Year	797,598	-	32,807	830,405
Disposals	(226,235)	-	-	(226,235)
Transfers	43,614	-	(43,614)	-
As at 31st March 2016	<u>10,826,780</u>	<u>-</u>	<u>701,653</u>	<u>11,528,433</u>
<b>NET BOOK VALUE</b>				
As at 31st March 2016	<u>22,213,157</u>	<u>404,592</u>	<u>938,719</u>	<u>23,556,468</u>
As at 31st March 2015	<u>21,684,444</u>	<u>-</u>	<u>1,037,124</u>	<u>22,721,567</u>

Additions to housing properties includes capitalised development administration costs of £nil (2015 - £nil) and capitalised major repair costs to existing properties of £1,131,220 (2015 £119,604)

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £1,246,661. The amount capitalised is £1,131,220 with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £830,291 and improvement of £300,929.

The Association's Lenders have standard securities over Housing Property with a carrying value of £14,991,588 (2015 - £15,000,790).

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 12. NON CURRENT ASSETS (Continued)

b) Other Tangible Assets	Computer Hardware £	Other Premises £	Furniture & Equipment £	Total £
<b>COST</b>				
As at 1st April 2015	166,707	3,925,779	140,723	4,233,209
Additions	6,269	7,832	3,131	17,232
Eliminated on Disposals	(8,613)	-	-	(8,613)
As at 31st March 2016	164,363	3,933,611	143,854	4,241,828
<b>AGGREGATE DEPRECIATION</b>				
As at 1st April 2015	166,707	646,511	140,723	953,941
Charge for year	2,090	76,529	626	79,245
Eliminated on disposal	(8,613)	-	-	(8,613)
As at 31st March 2016	160,183	723,040	141,349	1,024,573
<b>NET BOOK VALUE</b>				
As at 31st March 2016	4,179	3,210,572	2,505	3,217,256
As at 31st March 2015	-	3,279,268	-	3,279,268

Other premises includes the Office Premises, the Social Economy Centre, and Centre 81.

#### 13. CAPITAL COMMITMENTS

	2016 £	2015 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	4,698,893	-

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

#### 14. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Arrears of Rent & Service Charges	100,059	70,177
<b>Less:</b> Provision for Doubtful Debts	(84,745)	(44,882)
	15,314	25,295
Social Housing Grant Receivable	19,128	13,419
Other Receivables	229,173	244,297
Amounts Due from Group Undertakings	50	13,800
	263,664	296,811

#### 15. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Housing Loans	364,921	434,175
Trade Payables	141,676	213,986
Rent in Advance	174,221	165,088
Other Taxation and Social Security	18,508	17,653
Other Payables	8,500	9,990
Liability for Past Service Contributions	131,259	126,904
Accruals and Deferred Income	231,683	225,834
	1,070,767	1,193,630

At the balance sheet date there were pension contributions outstanding of £17,949 (2015 £17,460)

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 16. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2016 £	2015 £
Liability for Past Service Contributions (SHAPS)	633,437	718,851
Housing Loans	2,685,101	3,523,404
	<u>3,318,538</u>	<u>4,242,255</u>
<i>Housing Loans</i>		
Amounts due within one year	364,921	434,175
Amounts due in one year or more but less than two years	398,635	487,076
Amounts due in two years or more but less than five years	1,132,891	1,652,756
Amounts due in more than five years	1,153,576	1,383,572
	<u>3,050,022</u>	<u>3,957,579</u>
Less: Amount shown in Current Liabilities	364,921	434,175
	<u>2,685,101</u>	<u>3,523,404</u>
<i>Liability for Past Service Contributions (SHAPS)</i>		
Amounts due within one year	131,259	126,904
Amounts due in one year or more but less than two years	127,911	126,190
Amounts due in two years or more but less than five years	386,469	363,492
Amounts due in more than five years	119,057	229,169
	<u>764,696</u>	<u>845,755</u>
Less: Amount shown in Current Liabilities	131,259	126,904
	<u>633,437</u>	<u>718,851</u>

The Association has a number of long-term housing loans the details of which are as follows:

Lender	Security	Effective Interest Rate	Maturity	Variable / Fixed
Dexia	Standard Security over 261 properties	5.23%	2019	Fixed
Clydesdale Bank	Standard Security over 117 properties	2.31%	2022	Fixed
Clydesdale Bank	Standard Security over 117 properties	LIBOR + 0.3%	2022	Variable
Clydesdale Bank	Standard Security over 20 properties	LIBOR + 1.7%	2034	Variable
Clydesdale Bank	Standard Security over 20 properties	LIBOR + 1.7%	2034	Variable

All of the Association's bank borrowings are repayable on a monthly or quarterly basis with the principal being amortised over the term of the loans.

#### Past Service Pension Contributions

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 2.64% (2015 - 3.58%)

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 17. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to balance as at 31st march 2016</i>	<b>2016</b> £	<b>2015</b> £
Operating Surplus	1,288,093	1,156,262
Depreciation	930,747	903,516
Amortisation of Capital Grants	(578,788)	(586,716)
Change in debtors	32,855	(13,839)
Change in creditors	(143,023)	236,933
Unwinding of Discount on Pension Liability	(48,264)	(37,623)
Share Capital Written Off	(11)	(13)
	<u>1,481,609</u>	<u>1,658,520</u>

#### 18. DEFERRED INCOME

<i>Social Housing Grants</i>	<b>2016</b> £	<b>2015</b> £
Balance as at 1st April 2015	13,903,292	14,466,642
Additions in year	463,165	23,861
Released / Repaid as the result of property disposal	(46,586)	(495)
Amortisation in Year	(578,788)	(586,716)
Balance as at 31st March 2016	<u>13,741,083</u>	<u>13,903,292</u>

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

	<b>£</b>	<b>£</b>
Amounts due within one year	578,788	586,716
Amounts due in one year or more	13,162,295	13,316,576
	<u>13,741,083</u>	<u>13,903,292</u>

#### 19. SHARE CAPITAL

<b>Shares of £1 each Issued and Fully Paid</b>	<b>£</b>
At 1st April 2015	196
Issued in year	8
Cancelled in year	(11)
At 31st March 2016	<u>193</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.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	<b>2016 No.</b>
General Needs - New Build	942
General Needs - Rehabilitation	135
Shared Ownership	49
	<hr/>
	1,126
	<hr/> <hr/>

#### 21. RELATED PARTY TRANSACTIONS

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

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.

Transactions with governing body members (and their close family) were as follows:

	£
Rent Received from Tenants on the Management Committee	21,932
Factoring Charges received from owners on the Management Committee	1,335

At the year end total rent arrears owed by the tenant members of the Committee (and their close family members) were £46.

#### 22. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principle place of business is 77-83 Kilbowie Road, Clydebank, G81 1BL.

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

#### 23. GOVERNING BODY MEMBER EMOLUMENTS

Management Committee members received £2,870 in the year by way of reimbursement of expenses.(2015 - £2,314). No remuneration is paid to Management Committee members in respect of their duties in the Association.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 24. INVESTMENTS

	2016 £	2,015 £
<b>Investments in Subsidiaries</b>		
As at 31st March 2016 & 31st March 2015	<u>2,328,850</u>	<u>2,328,850</u>
<b>Impairment</b>		
As at 1 April	(2,054,216)	(2,017,243)
Impairment Charge	18,456	(36,973)
	<u>(2,035,760)</u>	<u>(2,054,216)</u>
<b>As at 31 March</b>		
<b>Net Book Value</b>		
As at 31 March	<u>293,090</u>	<u>274,634</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 Ltd. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The following transactions took place between the entities during the year:

Clydebank Housing Association Limited charged CHA Power Ltd £11,800 (2015 - £13,800) in respect of management fees and insurance

At the balance sheet date CHA Power Ltd owed Clydebank Housing Association Limited £50 (2015 - £13,800) in respect of management fees and insurance.

The aggregate amount of capital and reserves and the results of CHA Power Ltd for the year ended

	2016 £	2015 £
Capital & Reserves	<u>293,090</u>	<u>274,633</u>
Profit for the year	<u>18,456</u>	<u>(36,973)</u>

The Association has a 100% owned subsidiary Radnor Park Homes Limited. The company was incorporated in February 2014 and, as at 31 March 2016, is dormant.

	2016 £	2015 £
<b>Cost</b>		
As at 1st April 2015 & 31st March 2016	<u>1</u>	<u>1</u>
Capital & Reserves	<u>1</u>	<u>1</u>
<b>Total Investments Held</b>	<u>293,091</u>	<u>274,634</u>



# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 25. 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.

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 FRS102 represents the employer contribution payable.

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

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

Based on the provisional valuation the Scheme has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals the Association will make payments of £132,852 from 1 April 2017. Payments are expected to increase by 3% per annum and continue until February 2022. Once finalised the proposals will replace the original plan which was expected to have lasted 10 years.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £764,696 (2015 - £845,755). This was calculated by reference to the terms of the provisional valuation and funding plan and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 2.64% (2015: 3.58%).

The Association made payments totalling £215,424 (2015: £224,827) to the pension scheme during the year.

# CLYDEBANK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 26. TRANSITION TO THE FINANCIAL REPORTING STANDARD

In accordance with the Statement of Recommended Practice the Association has adopted the Financial Reporting Standard for UK & Ireland (FRS 102) for the accounting period beginning on 1 April 2015. As a result of this the comparative figures for the period ending 31 March 2015 have been restated in accordance with FRS 102.

The transition to FRS 102 has resulted in a number of changes in accounting policies compared with those used previously.

The following describes the differences between the assets and liabilities and income and expenditure as presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ending 31 March 2016.

Reconciliation of Capital & Reserves							
At 31 March 2015				At 31 March 2014			
	Note	As previously Stated £	Effect of Transition £	As Restated £	As previously Stated £	Effect of Transition £	As Restated £
Non Current Assets	(i)	10,105,025	15,895,810	26,000,835	10,332,612	16,359,334	26,691,946
Investment		274,634	-	274,634	311,608	-	311,608
Debtors due after more than a year		-	-	-	-	-	-
Negative Goodwill		-	-	-	-	-	-
Current Assets		7,440,506	-	7,440,506	6,570,447	-	6,570,447
Current Liabilities	(ii)	(1,066,726)	(126,904)	(1,193,630)	(827,213)	(123,111)	(950,324)
Non Current Liabilities	(ii)	(3,523,404)	(718,851)	(4,242,255)	(4,002,972)	(822,354)	(4,825,326)
Deferred Income	(i)	-	(13,903,292)	(13,903,292)	-	(14,466,645)	(14,466,645)
Capital & Reserves		(13,230,035)	(1,146,763)	(14,376,798)	(12,384,482)	(947,224)	(13,331,706)

Reconciliation of Retained Surpluses for the Year			
Year Ended 31 March 2015			
Note	As previously Stated £	Effect of Transition £	As Restated £
Revenue	(i)	3,865,119	4,451,835
Operating Costs	(i) & (ii)	(2,948,417)	(3,295,573)
Other Income		13,132	10,734
Exceptional item		(36,973)	(36,973)
Interest Receivable		62,341	62,341
Interest Payable		(109,657)	(109,657)
Change in Fair Value of Financial Inst		-	-
Other Finance Income / Costs		-	(37,623)
Surplus		845,545	1,045,084

#### Notes to the Reconciliations

(i) - Social Housing Grants and Other grants have been accounted for in accordance with the SORP which has meant that grants are no longer deducted from the cost of the capital asset, but are instead treated as deferred income which is recognised in income over the useful life of the related asset.

(ii) - As the Association has entered into an agreement to make contributions to fund a deficit in the SHAPS pension scheme this has been recognised as a liability in accordance with the FRS. This liability was not previously recognised and payments made under this agreement were written off as operating costs.

(iii) - The liability recognised as a result of (ii) above has been discounted to its present value. The unwinding of the discount is recognised as a finance cost in accordance with FRS 102 para 28.13A.