

CLYDEBANK HOUSING ASSOCIATION LTD.

TO: MANAGEMENT COMMITTEE **REF:** /LL
FROM: HEAD OF FINANCE & CORPORATE SERVICES **DATE:** 20.08.20
**SUBJECT: AUDITED FINANCIAL STATEMENTS (AFS) RETURN
TO SHR – 2019/20**

Purpose of Report

The purpose of the report is for the Management Committee to review and consider information in order to approve the required annual 2019/20 Audited Financial Statements (AFS) Return which is required to be submitted to the Scottish Housing Regulator portal.

Potential impact on tenants and service users/Tenant Consultation requirements

There is no adverse impact on tenants and other service users as a result of information and decisions required in this report. Tenant/community consultation is not required.

Value for Money

CHA considers Value for Money in all aspect of its business including: -

- Managing our resources to provide quality services and homes to meet the needs of customers and the local community.
- Delivering the right service at the right time at the right cost.
- Planning for and delivering year on year improvements on our services based on customer priorities.
- Getting the most out of our assets and staff by operating efficiently and effectively.

Risk

There is no risk, financial or otherwise associated with any of the recommendations contained within this report.

Legal/constitutional Implications (Reference to Model Rules)

There are no adverse legal or constitutional implications as a result of this report and/or any decision required.

Relevant CHA Objectives:

- To provide quality, affordable housing that meets the changing needs of our customers and to ensure fair access to housing within our area.
- To manage the houses provided, in a professional and cost effective manner, for the benefit of our local community and the environment.

- To ensure that our resources are adequate to deliver our objectives by investing in our people, demonstrating value for money and through robust procurement practices.

Relevant SHR Regulatory Standards of Governance and Financial Management

- The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.
- The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.
- The governing body and senior officers have the skills and knowledge they need to be effective.
- The RSL ensures that any organisational changes or disposals it makes safeguard the interests of, and benefit, current and future tenants.

The Management Committee will require confirming that the contents of this report and decisions required do not constitute a breach, material or otherwise, of the above Standards.

Equalities

- No protected group is adversely affected by the proposals, recommendations or updates within this report. Our commitment to equal opportunities and fairness applies irrespective of factors such as race, sex, disability, age, gender reassignment, marriage & civil partnership, pregnancy & maternity, religion or belief and sexual orientation.

Please find attached the Association's completed Audited Financial Statements Return (AFS). This online return was formally known as the Accounts Consolidation Submission (ACS).

This is the now the twelfth year that the SHR has asked RSL's to submit the information from their accounts online, and this replaces the need to send an Statement of Operating Costs return. The information contained therein is derived from our audited Statutory Financial Statements to 31 March 2020.

Once approved by the Committee, it will be submitted online to the Scottish Housing Regulator (normally due by 30th September 2020 but has been extended to 31st December 2020 to accommodate delays arising from the pandemic).

I can also confirm that the following information has been uploaded to the SHR portal as in prior years:

- Signed PDF versions of the financial statements (CHA and CHA Power subsidiary accounts)
- Redacted signed PDF version of the financial statements (CHA only) – this is for GDPR requirements as these will be published on the RSL Directory
- PDF versions of the management letter and management response



Landlord Name:	Clydebank Housing Association Ltd
RSL Reg No.:	86
Report generated date:	20/08/2020 17:28:01

Approval

A1.1	Date approved	
A1.2	Approver	
A1.3	Approver job title	

Audited Financial Statements (AFS) 2019-2020

STATEMENT OF COMPREHENSIVE INCOME



Scottish Housing
Regulator

	Current Year	Prior Year
	£'000	£'000
Turnover	5,263.2	5,165.5
Operating costs	(3,882.0)	(3,830.1)
Gain/(loss) on disposal of property, plant and equipment	0.0	51.4
Exceptional items	0.0	0.0
Operating surplus/(deficit)	1,381.2	1,386.8
Share of operating surplus/(deficit) in joint ventures and associates	26.9	13.0
Interest receivable	64.5	46.3
Interest payable	(87.7)	(97.1)
Other financing (costs)/income	(18.0)	(23.0)
Release of negative goodwill	0.0	0.0
Movement in fair value of financial instruments	0.0	0.0
Decrease in valuation of housing properties	0.0	0.0
Reversal of previous decrease in valuation of housing properties	0.0	0.0
Total	(14.3)	(60.8)
Surplus/(deficit) before tax	1,366.9	1,326.0
Tax (payable)/recoverable	0.0	0.0
Surplus/(deficit) for the year	1,366.9	1,326.0
Actuarial (loss)/gain in respect of pension schemes	743.0	(440.1)
Change in fair value of hedged financial instruments	0.0	0.0
Total comprehensive income for the year	2,109.9	885.9

Audited Financial Statements (AFS) 2019-2020

STATEMENT OF CHANGES IN EQUITY

	Share capital	Revenue reserve Restricted fund	Revenue reserve Unrestricted fund	Restricted reserve	Revaluation reserve
	£'000	£'000	£'000	£'000	£'000
Balance at beginning of the year	0.2	20,106.5	0.0	(866.0)	0.0
Issue of shares	0.0	0.0	0.0	0.0	0.0
Cancellation of shares	0.0	0.0	0.0	0.0	0.0
Surplus/(deficit) from statement of comprehensive income	0.0	2,109.9	0.0	0.0	0.0
Transfer from revaluation reserve to revenue reserve	0.0	0.0	0.0	0.0	0.0
Transfer of restricted expenditure from unrestricted reserve	0.0	(866.0)	0.0	866.0	0.0
Balance at end of the year	0.2	21,350.4	0.0	0.0	0.0

	Total excluding non-controlling interest	Non-controlling interest	Total including non-controlling interest
	£'000	£'000	£'000
Balance at beginning of the year	19,240.7	0.0	19,240.7
Issue of shares	0.0	0.0	0.0
Cancellation of shares	0.0	0.0	0.0
Surplus/(deficit) from statement of comprehensive income	2,109.9	0.0	2,109.9
Transfer from revaluation reserve to revenue reserve	0.0	0.0	0.0
Transfer of restricted expenditure from unrestricted reserve	0.0	0.0	0.0
Balance at end of the year	21,350.6	0.0	21,350.6

Audited Financial Statements (AFS) 2019-2020

STATEMENT OF FINANCIAL POSITION



Scottish Housing
Regulator

	Current Year	Prior Year
	£'000	£'000
<u>Non-current assets</u>		
Intangible assets and goodwill	0.0	0.0
Housing properties - NBV	29,740.8	29,230.2
Negative goodwill	0.0	0.0
Net housing assets	29,740.8	29,230.2
Non-current investments	392.6	365.7
Other plant, property and equipment	3,003.0	3,006.3
Investments in joint ventures and associates	0.0	0.0
Total non-current assets	33,136.4	32,602.2
Receivables due after more than one year	0.0	0.0
<u>Current assets</u>		
Investments	0.0	0.0
Stock and work in progress	0.0	0.0
Trade and other receivables due within one year	609.5	672.0
Cash and cash equivalents	8,208.3	7,395.9
Total current assets	8,817.8	8,067.9
Payables: amounts falling due within one year	(1,707.0)	(1,542.5)
<u>Deferred income: amounts falling due within one year</u>		
Scottish housing grants (SHG)	(589.1)	(536.7)
Other grants	0.0	0.0
Total deferred income: amounts falling due within one year	(589.1)	(536.7)
Net current assets/(liabilities)	6,521.7	5,988.7
Total assets less current liabilities	39,658.1	38,590.9
Payables: amounts falling due after more than one year	(3,605.7)	(3,779.1)
Provisions	0.0	0.0
Pension asset/(liability)	0.0	(866.0)
<u>Deferred income: amounts falling due after more than one year</u>		
Scottish housing grants (SHG)	(14,701.8)	(14,705.1)
Other grants	0.0	0.0
Total deferred income: amounts falling due after more than one year	(14,701.8)	(14,705.1)
Total long term liabilities	(18,307.5)	(19,350.2)
Net assets	21,350.6	19,240.7
<u>Capital and reserves</u>		
Share capital	0.2	0.2
Revaluation reserves	0.0	0.0
Restricted reserves	0.0	0.0
Revenue reserves	21,350.4	19,240.5
Total reserves	21,350.6	19,240.7

Audited Financial Statements (AFS) 2019-2020

STATEMENT OF CASH FLOWS



Scottish Housing
Regulator

	Current Year	Prior Year
	£'000	£'000
Net cash inflow/(outflow) from operating activities	1,735.6	1,886.1
Tax (paid)/refunded	0.0	0.0
<u>Cash flow from investing activities</u>		
Acquisition and construction of properties	(1,340.4)	(2,491.3)
Purchase of other non-current assets	(99.3)	(24.7)
Sales of properties	0.0	52.5
Sales of other non-current assets	0.0	0.0
Capital grants received	621.4	57.7
Capital grants repaid	(34.7)	0.0
Interest received	64.5	46.4
Net cash inflow/(outflow) from investing activities	(788.5)	(2,359.4)
<u>Cash flow from financing activities</u>		
Interest paid	(87.7)	(66.4)
Interest element of finance lease rental payment	0.0	0.0
Share capital received/(repaid)	0.0	0.0
Funding drawn down	527.3	739.6
Funding repaid	(574.3)	(433.3)
Early repayment and associated charges	0.0	0.0
Capital element of finance lease rental payments	0.0	0.0
Withdrawal from deposits	0.0	0.0
Net cash inflow/(outflow) from financing activities	(134.7)	239.9
Net change in cash and cash equivalents	812.4	(233.4)
Cash and cash equivalents at beginning of the year	7,395.9	7,629.3
Cash and cash equivalents at end of the year	8,208.3	7,395.9

Particulars of turnover, operating costs and operating surplus or deficit – Current Year

	Turnover	Operating Costs	Operating Surplus/(Deficit)
	£'000	£'000	£'000
Affordable letting activities	4,904.7	(3,402.0)	1,502.7
Other activities	358.6	(480.0)	(121.4)
Total	5,263.3	(3,882.0)	1,381.3

Particulars of turnover, operating costs and operating surplus or deficit – Prior Year

	Turnover	Operating Costs	Operating Surplus/(Deficit)
	£'000	£'000	£'000
Affordable letting activities			
Other activities			
Total			

Audited Financial Statements (AFS) 2019-2020

Particulars of turnover, operating costs and operating surplus or deficit from affordable letting activities

	General Needs Social Housing	Supported Social Housing Accommodation	Shared Ownership Housing	Other	Current Year Total	Prior Year Total
	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable	4,119.1	0.0	97.4	0.0	4,216.5	4,072.1
Service charges	108.8	0.0	2.9	0.0	111.7	107.9
Gross income	4,227.9	0.0	100.3	0.0	4,328.2	4,180.0
Voids	(12.6)	0.0	0.0	0.0	(12.6)	(17.5)
Net income	4,215.3	0.0	100.3	0.0	4,315.6	4,162.5
Grants released from deferred income	564.6	0.0	24.5	0.0	589.1	536.8
Revenue grants from Scottish Ministers	0.0	0.0	0.0	0.0	0.0	0.0
Other revenue grants	0.0	0.0	0.0	0.0	0.0	0.0
Total turnover: letting	4,779.9	0.0	124.8	0.0	4,904.7	4,699.3
Management and maintenance administration costs	(1,325.8)	0.0	(41.2)	0.0	(1,367.0)	(1,328.7)
Service costs	(153.4)	0.0	0.0	0.0	(153.4)	(107.9)
Planned maintenance	(364.9)	0.0	0.0	0.0	(364.9)	(374.3)
Reactive maintenance	(463.8)	0.0	0.0	0.0	(463.8)	(484.2)
Bad debts written (off)/back	(42.6)	0.0	0.0	0.0	(42.6)	(53.3)
Depreciation: housing	(982.2)	0.0	(28.1)	0.0	(1,010.3)	(935.3)
Impairment	0.0	0.0	0.0	0.0	0.0	0.0
Operating costs	(3,332.7)	0.0	(69.3)	0.0	(3,402.0)	(3,283.7)
Operating surplus/(deficit)	1,447.2	0.0	55.5	0.0	1,502.7	1,415.6

Prior Year

Total turnover: letting	4,567.2	0.0	132.1	0.0
Operating costs	(3,212.4)	0.0	(71.3)	0.0
Operating surplus/(deficit)	1,354.8	0.0	60.8	0.0

Audited Financial Statements (AFS) 2019-2020

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	Other operating costs	Current Year Operating surplus/(deficit)	Prior Year Operating surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wider role	192.3	0.0	0.0	110.0	302.3	(416.3)	(114.0)	(87.6)
Care and repair	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment property activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Factoring	0.0	0.0	0.0	12.0	12.0	(12.8)	(0.8)	0.2
Support activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Care activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contracted out services undertaken for RSLs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contracted out services undertaken for others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Developments for sale to RSLs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Developments for sale to non-RSLs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Uncapitalised development administration costs	0.0	0.0	0.0	3.5	3.5	(17.8)	(14.3)	0.0
Other activities	0.0	0.0	0.0	40.7	40.7	(33.1)	7.6	7.2
Current Year Total	192.3	0.0	0.0	166.2	358.5	(480.0)	(121.5)	
Prior Year Total	275.6	2.2	0.0	188.4	466.2	(546.4)	(80.2)	

Audited Financial Statements (AFS) 2019-2020

ANALYSIS - UNITS

	General Needs Social Housing	Supported Social Housing Accommodation	Shared Ownership Housing	Other	Current Year Total	Prior Year Total
Units owned and managed at year end	1128	0	40	0	1168	1166
Units managed, not owned at year end	0	0	0	0	0	0
Units owned, not managed at year end	0	0	0	0	0	0
Units held for demolition at year end	0	0		0	0	0
Total units owned / managed	0	0	40	0	1168	1166

COST PER UNIT - Current Year

	General Needs Social Housing	Supported Social Housing Accommodation	Shared Ownership Housing	Other	Total
Management & maintenance administration	£1,175	-	£1,030	-	£1,170
Planned maintenance	£323	-	£0	-	£312
Reactive maintenance	£411	-	£0	-	£397
Total direct maintenance	£735	-	£0	-	£710
Total management & maintenance	£1,910	-	£1,030	-	£1,880

COST PER UNIT - Prior Year

	General Needs Social Housing	Supported Social Housing Accommodation	Shared Ownership Housing	Other	Total
Management & maintenance administration					
Planned maintenance					
Reactive maintenance					
Total direct maintenance					
Total management & maintenance					

Audited Financial Statements (AFS) 2019-2020

SUPPLEMENTARY ITEMS



Scottish Housing
Regulator

	Current Year	Prior Year
	£'000	£'000
Chief Executive emoluments excluding pension contributions	74.8	73.2
Total key management personnel emoluments	315.9	305.8
Total staff costs	1,129.2	1,118.1
External auditors' fees – audit	7.8	8.2
External auditors' fees – other	0.0	0.0
Capitalised maintenance costs	798.7	2,018.0
Capitalised development administration costs	0.0	0.0
Capitalised interest costs	0.0	0.0
Accumulated depreciation	14,414.1	13,588.4
Receivables - net rental	38.3	38.0
Total Pension deficit recovery payments due	138.5	0.0
Housing loans due within one year	709.5	589.3
Housing loans due after more than one year	3,578.4	3,779.1
Other loans due within one year	6.2	0.0
Other loans due after more than one year	27.3	0.0
Overdraft / bridging finance	0.0	0.0
Intra-group loans due within one year	0.0	0.0
Intra-group loans due after more than one year	0.0	0.0
Intra-group lending	0.0	0.0
Intra-group receivables (trading)	0.0	0.0
Other intra-group payables (trading)	0.0	0.0

Audited Financial Statements (AFS) 2019-2020

CONTEXTUAL INFORMATION



Scottish Housing
Regulator

Accounting year end	March		
Date financial statements authorised	16/06/2020		
Are the financial statements qualified?	No		
Were there any emphasis of matter points raised in the audit report?	No		
External auditors' name	Alexander Sloan		
Number of years since a full procurement exercise was undertaken for the external auditor	1		
Internal auditors' name	Wylie & Bisset		
Number of years since a full procurement exercise was undertaken for the internal auditor	1		
Do you have an Audit Committee?	No		
Do you have a Treasury Management Strategy?	Yes		
How do you account for capital grant income?	Accruals method		
Calendar year of last housing asset revaluation	N/A		
Contingent liabilities	Legal action		<input type="checkbox"/>
	LSVT contract compliance		<input type="checkbox"/>
	Pension		<input type="checkbox"/>
	Repayment of SHG		<input type="checkbox"/>
	Other		<input type="checkbox"/>
	None		<input checked="" type="checkbox"/>
SHAPS financial assessment risk rating	Low		
Are you appealing this risk rating?	No		
How many staff members not currently contributing to any scheme?	9		

Staff Pension Schemes

Which scheme(s) are you members of?	How many participating members in each scheme?
SHAPS DC	30

Audited Financial Statements (AFS) 2019-2020



Scottish Housing
Regulator

RATIOS

	Current Year	Prior Year	Prior Year Sector Median
Financial capacity			
Interest cover	2052.6%		404.8%
Gearing	(18.2%)		57.1%
Efficiency			
Voids	0.3%		0.6%
Arrears	0.9%		2.2%
Bad debts	1%		0.7%
Staff costs / turnover	21.5%		20.2%
Key management personnel / staff costs	28%		15.9%
Turnover per unit	£4,506		£5,121
Responsive repairs to planned maintenance ratio	2.5		1.8
Liquidity			
Current ratio	3.8		1.8
Profitability			
Gross surplus / (deficit)	26.2%		19.9%
Net surplus / (deficit)	26%		12.6%
EBITDA / revenue	30.3%		30.0%
Financing			
Debt burden ratio	0.8		2.1
Net debt per unit	(£3,328)		£6,784
Debt per unit	£3,700		£10,311
Diversification			
Income from non-rental activities	18%		18.0%

Comments

Page	Field	Comment
SOCI	Share of operating surplus/(deficit) in joint ventures and associates	Provision against investment. Surplus reported in Subsidiary Company, CHA Power Ltd
SOCI	Actuarial (loss)/gain in respect of pension schemes	per SHAPS Actuarial gains/(losses) on defined benefit pension plan
SOCE	Surplus/(deficit) from statement of comprehensive income - Non-controlling interest & Totals	Correct value
SOFP	Total deferred income: amounts falling due after more than one year comment	Correct value
SOCF	Acquisition and construction of properties	In 2019 accounts, £1.8m was spent on major repairs including £1.1m on bathroom contract at multi storey flats and £387k on works we received HEEPS interest free loan funding.
SOCF	Purchase of other non-current assets	Includes £39k for electric vehicles (funded by interest free loan), £24k on upgrading computer equipment and £25k for office renovation costs
SOCF	Capital grants received	£611k HAG received for developments (Queens Quay and Linnvale)
Analysis - Affordable Lettings	Voids	Correct value, decreased from 2019 due to decreased level of void properties.
Analysis - Affordable Lettings	Service costs	Correct value. Increased costs, mainly landscaping. Being reviewed and incorporated into service charge review 2020/21.
Analysis - Affordable Lettings	Bad debts written (off)/back	Correct value. Based on write offs required and approved to be written off.
Analysis - Other Activities	Wider role	Reduced letting income and increase costs for Centre81 wider role costs
Analysis - Other Activities	Factoring	£800 loss on factoring service due to increased direct costs. Budget for 2020/21 will be updated to reflect higher costs to be recovered.

Page	Field	Comment
Analysis - Other Activities	Other activities	Surplus on renting out office premises and recharge of management fee from Subsidiary company.
Supplementary Items	Capitalised maintenance costs	Less major repairs capitalised. Higher amounts in 2018-19 due to larger contracts.
Supplementary Items	Housing loans due within one year	An additional £104k due to new loans. Mainly £98k for interest free loan from Scot Government or FCMD