

PRECIS OF BUSINESS FOR THE AUDIT SUB-COMMITTEE MEETING HELD ON TUESDAY, 20 FEBRUARY 2018 AT 7 PM AT 53 BALLINDALLOCH DRIVE, GLASGOW

PRESENT

Mrs M Hutchison
Mr A Scott
Mrs R Tinney
Mr N Halls
Mrs A Irving
Mrs C McGuire
Councillor McDougall

IN ATTENDANCE

Mr A Benson (Director)
Mr D McPhail (Finance Manager)
Mrs G McGuinness (Estates Administrator)

1. FINANCE REPORT – QUARTER ENDED 31 DECEMBER 2017

a) Management Accounts– Quarter Ended 31 December 2017

An overview of the Statement of Financial Position (SFP) as at 31 December 2017 was completed. The update outlined the movements reported in the Accounts during the period including a commentary that the net assets are shown in the Statement of Financial Position as £16.89m. The Operating Surplus for the period was noted as £381k.

b) Covenant Compliance – Quarter Ended 31 December 2017

It was noted that the loan covenants are being met, and that the Association is fully compliant. Compliance of 212% was met against a covenant of 125%

c) Treasury Management Report/Investment Accounts

Total debt was noted at £12,970,885. The capital repaid for the year was noted at £707,311 with the weighted average cost of borrowing now 3.14% (3.13%). The Investment Account was due to be rolled over from 14th February 2018 for a further 6 months, however to protect our current cash position, £750,000 has been placed on a 32 day notice account earning 0.57% compared to the previous term deposit account paying 0.35%. The balance plus accrued interest has been placed in the current account to replace cash reduction due to planned early redemption of RBS debt.

2. FINANCIAL BUSINESS PLANNING

First cut draft budget for 2018/19 was shown. Normal practise & timing would also bring the 5 year projected budget and 30 year Financial Business Plan for discussion, however, after initial discussions with Clydesdale Bank over proposed new funding this has pushed back this process as they have requested a full re-evaluation of their properties in charge and a detailed Stock Condition Survey update. CBL have confirmed that the submission of a fully approved budget and supporting detail is not required at this time, as per our loan agreement, but they will be provided with full budget, financial business plan, cash-flows and funding proposal once the on-going Revaluation and Stock Condition Survey work is completed.

The One year draft budget presented was therefore for internal purposes only but is considered to reflect the known position for 2018/19. The new budget was noted and accepted by Committee.

3. PROPOSED NEW BORROWING

The proposed new borrowing was discussed and Committee appraised of the reasons for this approach and the need for new funds. Committee approved that the Director and Finance Manager should negotiate on new terms and conditions and present outcomes for full approval upon completion of negotiations.

4. TRANSFER TO SUSPENSE ACCOUNT

Two former tenant arrears cases, each greater than £200, were approved for transfer by Mrs M Hutchison and Mrs R Tinney.

5. OTHER BUSINESS

Auditor's letters of representation were submitted for signature.
Mrs L. Sichi signed on behalf of MPS.
Mr N. Halls signed on behalf of MCE

6. DATE OF NEXT MEETING

15th May 2018